brac | Uganda Bank Ltd

Now you can do more



2025 ANNUAL INTEGRATED REPORT

SUSTAINABLE CUSTOMER-CENTERED GROWTH



“The passion of my lifetime has been to work with people living in poverty and to see them, with the right resources and opportunities, transform into agents of change in their own lives, families and communities.”

Sir Fazle Hasan Abed
Founder, BRAC

From Compassion to Collective Power

BRAC’s journey began in **1972** when **Sir Fazle Hasan Abed** responded to the immense suffering faced by families displaced by conflict in Bangladesh.

In a village still emerging from war, he recognised that recovery required more than relief. It demanded dignity, agency, and the means for people to rebuild their own lives. What started as a modest effort to stand with refugees has grown over five decades into one of the world’s most influential development organisations.

Today, BRAC works alongside more than 100 million people across Asia, Africa, and beyond. These communities live with the pressures of poverty and inequality yet demonstrate remarkable resilience and ambition. BRAC’s enduring contribution has been its ability to turn that ambition into practical, scalable solutions that strengthen livelihoods, expand opportunity, and place confidence directly in people’s hands. Rooted in the Global South and shaped by decades of learning in real world conditions, BRAC remains grounded in evidence, humility, and a deep respect for the people it serves.

CONTENTS

1 Introduction

Navigating our Integrated Report	08
BRAC International	09
BRAC across the World	10
About BRAC Uganda Bank Limited	12
The 2025 Theme	14
Board Responsibility Statement	16
Welcome to our 2025 Integrated Report	17

2 BRAC Uganda Bank Limited at a Glance

Our Vision, Mission and Values	22
Where We Operate	23
Financial Highlights	24
Creating Value for Our Stakeholders	25
Our Banking Products	26

3 Banking On Purpose: Customer Centred Growth

Reflections from the Chairman	30
Message from the Managing Director	32
Our Business Model	34
Integrated Stakeholder Value Framework	36
Determining Materiality	42
Our Value Creating Strategy	46

4 Governing For Impact

Governing for Sustainable Customer Centred Growth	60
Our Tone at the Top	62
Board of Directors	64
Senior Management Team	70
Our Corporate Governance Structure	72
Evaluating Our Governance Effectiveness	85
Report from the Board Audit Committee	86
Report from the Board Human Resources and Nominations Committee	88
Report from the Board Social Performance Management Committee	90
Report from the Board Credit Committee	92
Report from the Board Assets and Liabilities Committee	94
Report from the Board Risk, Compliance and IT Committee	96

5 Responsible And Sustainable Banking

Our 2025 Sustainability Report	100
Our Sustainability Framework	101
Our economic Value Generated	105
Our Natural Capital	111

6 Managing Risk

Managing Risk	114
Emerging Risks	115
Our Current Risk Exposures	118

7 Customer Centred Outcomes: Our 2025 Value Creation Story

Financial Capital	122
Manufactured Capital	130
Human Capital	132
Intellectual Capital	137
Social and Relationship Capital	140

8 Financial Statements

Directors Report	150
Independent Auditors Report	155
Financial Statements	158

Integrated Annual Report - 2025

1

Introduction

Navigating our Integrated Report	08
BRAC International	09
BRAC across the World	10
About BRAC Uganda Bank Limited	12
The 2025 theme	14
Board responsibility statement	16
Welcome to our 2025 Integrated Report	17

Katushabe Loyce, a Microfinance Group Customer from Ntungamo

Integrated Annual Report - 2025

Navigating our Integrated Report

To enhance navigation, this report uses a consistent set of icons across key sections.

The Capitals we manage			
	Financial Capital		Social and Relationship Capital
	Manufactured Capital		Intellectual Capital
	Human Capital		Natural Capital



Our Strategic Pillars

- Responsible inclusive finance
- Innovative product development
- Digitalisation of field operations
- Management development and decision-making
- Talent management
- Growth for impact

Our Primary SDG's



Membership in professional bodies

GRI 2 – 28

- Uganda Bankers' Association
- World Savings and Retail Banking Institute (WSBI)
- Global Alliance for Banking on Values
- Uganda Institute of Banking and Financial Services (UIBFS)
- Association of Micro-finance Institutions of Uganda

BRAC International Microfinance

Lasting change at scale requires economic and social progress to advance together. Financial inclusion sits at the centre of this philosophy, opening pathways for people who would otherwise remain outside formal financial systems and equipping them with the means to invest in their futures, strengthen their families, and contribute to the wellbeing of their communities.

BRAC's microfinance journey began in Bangladesh in 1974, positioning the organisation among the earliest pioneers of global microfinance. In 2002, this work expanded beyond Bangladesh for the first time, and today BRAC's microfinance footprint spans eight countries across Africa and Asia, including Myanmar, Tanzania, Uganda, Kenya, Rwanda, Sierra Leone, Ghana and Liberia. Together, these entities serve more than one million customers, the vast majority of whom are women, reflecting BRAC's enduring commitment to women's economic empowerment and inclusive growth.

BRAC's Microfinance mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty, in rural and hard-to-reach areas to create self-employment opportunities, build financial resilience and harness women's entrepreneurial spirit by empowering them economically.



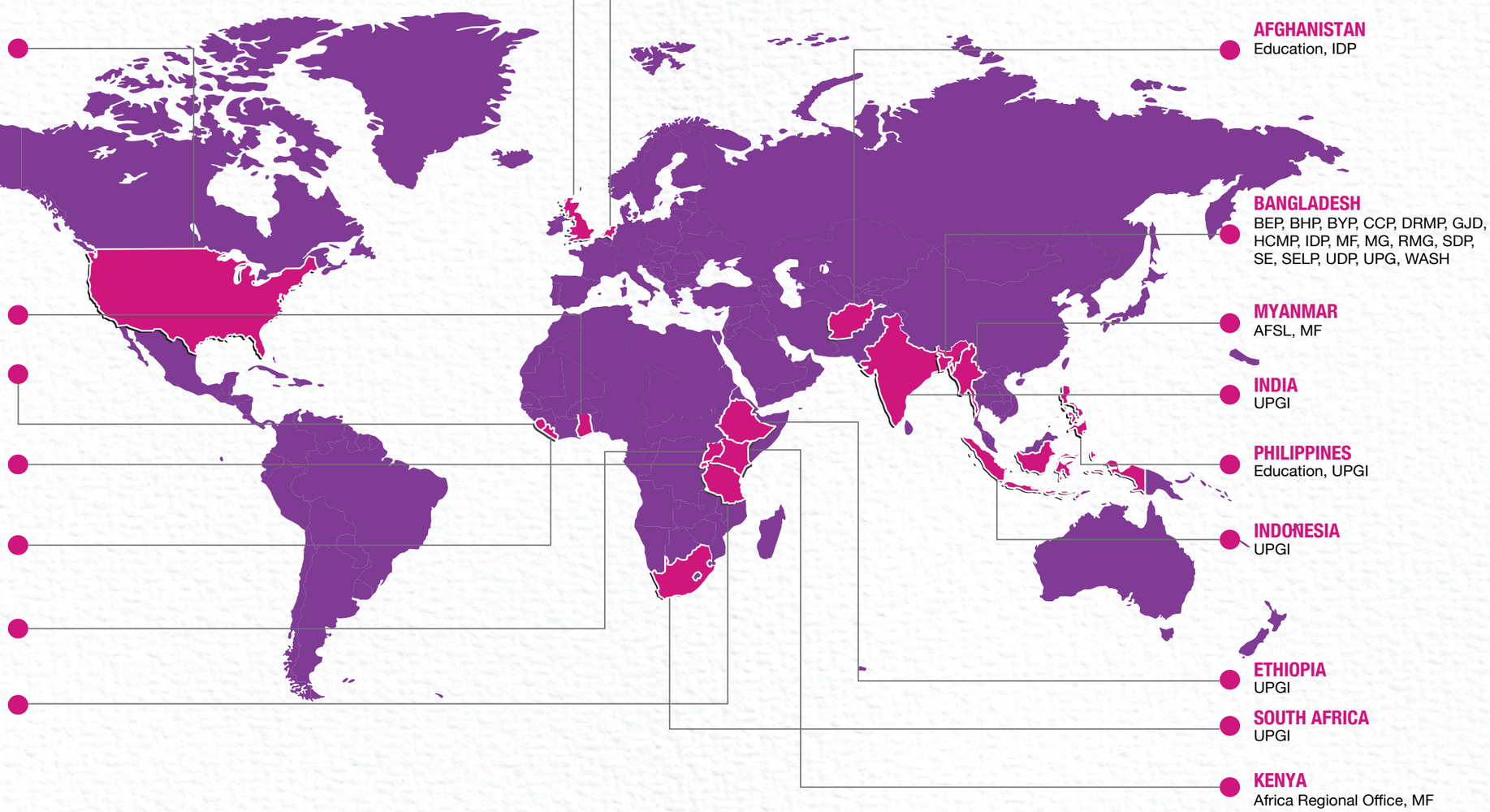
8 Countries

1,011,810 Borrowers

849,498 Savers

96% of Customers are Women

BRAC across the World



AFSL: Agriculture, Food Security and Livelihood
BEP: BRAC Education Programme
BHP: BRAC Health Programme
BYP: BRAC Youth Platform
CCP: Climate Change Programme
DRMP: Disaster and Risk Management Programme
ECD: Early Childhood Development
EPRP: Emergency Preparedness and Response Programme
GJD: Gender Justice and Diversity
HCMP: Humanitarian Crisis Management Programme
IDP: Integrated Development Programme
MF: Microfinance
MG: Migration
RMG: Readymade Garments
SDP: Skills Development Programme
SE: Social Enterprises
SELP: Social Empowerment and Legal Protection
UDP: Urban Development Programme
UPG: Ultra Poor Graduation
UPGI: Ultra Poor Graduation Initiative
WASH: Water, Sanitation and Hygiene
YE: Youth Empowerment

Integrated Annual Report - 2025

About BRAC Uganda Bank Limited GRI 2-1

BRAC Uganda Bank Limited's History

BRAC introduced microfinance operations in Uganda in 2006 as part of its broader Social Development programmes, extending financial services to communities traditionally excluded from formal banking. This work later evolved into a regulated financial institution, culminating in the transformation into a Tier 2 Credit Institution and the establishment of BRAC Uganda Bank Ltd in 2019.

Today, BRAC Uganda Bank Ltd operates the largest network of banking services in the country, delivering inclusive financial solutions that enable low-income households to build sustainable livelihoods and participate more fully in Uganda's economic growth.

2006

Microfinance operations begin in Uganda.

We began our journey in Uganda in 2006, introducing microfinance services as part of our broader social development programs. This initiative aimed to empower low-income communities, particularly women, through access to affordable credit.

2010

BRAC Uganda Microfinance Ltd (by guarantee) commences trading.

In 2010, BRAC Uganda Microfinance Limited (by guarantee) officially commenced operations, formalizing our microfinance activities and expanding outreach across the country.

2017

2017 BRAC Uganda Bank Limited incorporated.

Our transformation into a fully regulated financial institution began with the incorporation of BRAC Uganda Bank Limited on June 6th, 2017. This marked a major milestone in our organisation's growth, paving the way for broader financial services.

2019

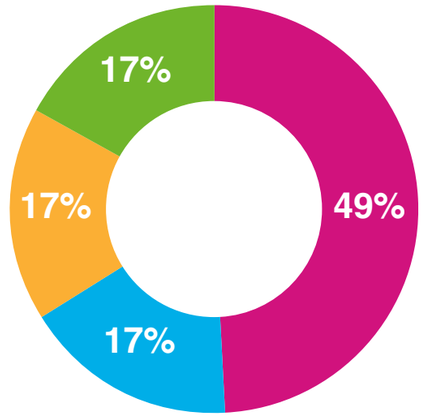
2019 Tier II (Credit Institution) License awarded by Bank of Uganda.

On March 7th, 2019, the Bank of Uganda granted BRAC Uganda Bank Limited a Tier II Credit Institution license, authorizing it to accept deposits in addition to providing loans.

Shortly after, on April 3rd 2019, the bank was officially launched in Kampala, signifying it's evolution from a microfinance institution into a licensed Credit Institution.

Later that year, the bank assumed the business, assets, and liabilities of BRAC Uganda Microfinance Limited (by guarantee), consolidating its operations under one entity.

BRAC Uganda Bank Limited's Ownership Structure



17%

ASN Microkredietpool (AMP),
is a €400M fund that was established by ASN Bank and Oxfam Novib in 1999. The fund allows private individuals to invest in financial service providers by issuing shares that can be traded daily. AMP invests in expanding and mature financial service providers in Africa, Asia, Eastern Europe, and Latin America. AMP was the first microfinance investment fund with a listing in Europe (October 2015).

17%

ShoreCap III LP,
is a private equity fund, established in 2017 and managed by Equator Capital Partners, that invests in inclusive financial institutions across Sub Saharan Africa to expand access to affordable financial services for underserved populations. Its investors include a range of development finance institutions such as the African Development Bank, British International Investment (formerly CDC Group), the European Investment Bank, KfW, and OeEB.

17%

DEG (Deutsche Investitions- und Entwicklungsgesellschaft),
is a German development finance institution and a subsidiary of the state-owned KfW Group. Founded in 1962, DEG is one of the world's leading private-sector development financiers. DEG finances and advises private companies, financial institutions, and infrastructure projects in developing and emerging markets across Africa, Asia, Latin America, and Eastern Europe to promote sustainable economic growth, job creation, and climate resilience.

49%

BRAC International Holdings B.V.

Founded in 2010 as a private limited liability company under the laws of the Netherlands and a wholly owned subsidiary of Stichting BRAC International. BRAC International Holdings B.V is a socially responsible for-profit organisation, engaging people in economic activities, and creating sustainable income-generating activities for themselves. It provides funding for the social development programmes under Stichting BRAC International.

Prior to its licensing as a Tier II Credit Institution, BRAC Uganda Bank Ltd was wholly owned by BRAC International Holdings B.V. Following the transition, BRAC International Holdings B.V. remains the largest shareholder.

The 2025 Theme

In 2025, BRAC Uganda Bank Limited anchored its strategy and operations around the theme ***Sustainable Customer-Centred Growth*** reflecting a deliberate commitment to expand the Bank's reach and strengthen its balance sheet while remaining firmly focused on the people it serves.

Building on the ***"Good to Great"*** transformation of 2024, the theme marked a clear progression in our journey, shifting from internal strengthening to outward, purpose-driven growth. The customer remained at the centre of every decision, ensuring that business remained both responsible and sustainable.

During the year, we deepened savings mobilisation as a stable and cost-effective source of funding, strengthened strategic partnerships to extend our reach, and continued to invest in the talent and culture required to support growth at scale.

Growth was not treated as an end in itself, but as a means to advance financial inclusion, particularly for women, youth and underserved communities at the bottom of the pyramid.

By aligning financial performance with customer outcomes, we reinforced our role as both a resilient financial institution and a driver of inclusive development.

Nantatya Norah, a Microfinance Group Customer from Jinja

Integrated Annual Report - 2025

Board Responsibility Statement GRI 2-14

As members of the Board of Directors of BRAC Uganda Bank Limited, supported by the Board Audit Committee, we reaffirm our commitment to upholding the integrity, accuracy, and transparency of this 2025 Integrated Report.

We have undertaken a comprehensive and collaborative review of this Integrated Report and are satisfied that it has been prepared in accordance with the principles of the Integrated Reporting <IR> Framework, the disclosure requirements of the Global Reporting Initiative (GRI) Standards and the Financial Institutions Act, Cap. 57. This report reflects our continued commitment to sound governance, transparency, and accountability.

We confirm that the report presents a fair, balanced, and holistic account of the Bank's performance, strategic direction, governance practices, and impact for the year ended 31 December 2025. Our intention was to provide stakeholders with clear insights into our value creation journey, demonstrating how value has been created, preserved, and, where relevant, eroded during the year. It also reaffirms our mission to responsibly deliver a diverse range of financial services to people at the bottom of the pyramid, with a deliberate focus on women in rural, urban, and hard-to-reach areas, while fostering inclusive growth across Uganda.

The audited financial statements for the year ended 31 December 2025 were approved by the Directors on 23rd March 2026, discussed with the Bank of Uganda on 16th April 2026, and authorised for issue by the Board on 29th April 2026. The Independent Auditor's Report issued by KPMG, Certified Public Accountants, expressed an unmodified opinion.

We encourage all stakeholders to engage with the contents of this report and share their feedback on our performance, strategic priorities, and disclosures. Your insights remain essential to the continuous improvement of our services, governance practices, and delivery of long-term stakeholder value.

Approval by the Board

.....

Mr. Albert Elasu Obongonyinge
Board Chairperson · BRAC Uganda Bank Limited

Assurance GRI 2-5

brac | Uganda Bank Ltd

Selected non-financial information has been subjected to internal review by the Bank's Internal Audit function.

KPMG

Independent assurance on the BUBL's audited financial statements has been provided by KPMG Uganda, in accordance with International Standards on Auditing, resulting in an unmodified audit opinion.

Online: This report with additional information is available on our website

Welcome to our 2025 Integrated Report

Reporting Period GRI 2-2, 2-3

This Integrated Annual Report presents the operations and performance of BRAC Uganda Bank Limited (BUBL) for the financial year ended 31 December 2025. It also considers any material events occurring from the reporting date up to the date of Board approval on 23rd March 2026. This report encompasses all activities undertaken under the Bank's direct management and control across its network of regulated branches and satellite offices in Uganda.

Boundary and scope

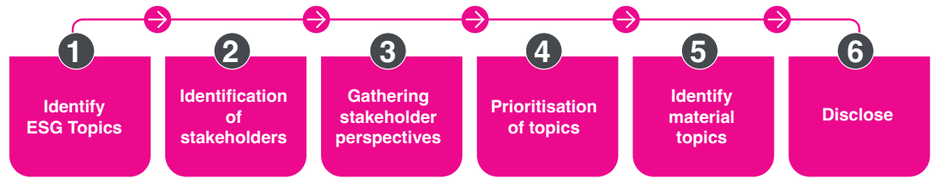
This report covers both financial and non-financial information relating to BRAC Uganda Bank Limited for the year ended 31 December 2025, including its economic performance, governance practices, operational activities, and social and environmental impact. Unless otherwise stated, all information pertains solely to the Bank, with prior-year comparatives included where relevant to illustrate trends. This disclosure is considered by the Board to be aligned with the Bank's commitment to transparency. The report has been prepared in line with the principles of materiality, transparency, accuracy, completeness, comparability, and conciseness, and in accordance with applicable regulatory requirements, the Integrated Reporting Framework, and industry best practice. It excludes the operations of BRAC International and other BRAC entities outside Uganda, except where contextual or historical references are necessary.

Restatements GRI 2-4

The 2024 financial information has been restated. For more information refer to Note 42 on page 230.

Materiality

Our materiality assessment is informed by structured engagements with our principal stakeholder groups, together with the perspectives of our Board Committees, senior management, and insights drawn from our prudential supervisory dialogue with the Bank of Uganda. This process ensures that the issues reflected in the report represent those most relevant to our stakeholders and most critical to the Bank's ability to create, preserve, and protect value over time.



BUBL determines the information that is most significant to its ability to create and sustain value over time. Further details on the material matters identified, as well as the methodology applied, are provided on page 42.

Reporting Frameworks

This Integrated Report has been prepared in alignment with the following Board, Standards, and Frameworks.

Integrated Reporting <IR> Framework

Issued by the IFRS Foundation. Provides the principles-based foundation for connected concise communication of how strategy, governance, performance and prospects create value over time.

King IV Report on Corporate Governance™

Applied on an "apply and explain" basis across our governance disclosures, complementing the Financial Institutions (Corporate Governance) Regulations, 2024.

United Nations Sustainable Development Goals

Five SDGs are central to our impact: SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities) and SDG 13 (Climate Action).

GRI Standards

Issued by the Global Reporting Initiative. Used for our economic, environmental, social and governance disclosures; a GRI content index is provided on page 236.

IFRS Accounting Standards

Used as the basis of preparation for our audited financial statements.

Financial Institutions Act, Cap. 57

The Financial Institutions Act, Cap. 57 provides the core legal and prudential framework governing the licensing, regulation, and supervision of banks and Tier 2 credit institutions in Uganda.

Non-financial data, including environmental, social and governance (ESG) information, has been compiled using internal reporting systems and, where applicable, with reference to relevant sustainability and industry guidelines.

Unless otherwise stated, non-financial information has not been subject to external assurance. However, management applies rigorous internal review processes to ensure the accuracy, consistency and integrity of the information presented.

To support a comprehensive understanding of how BRAC Uganda Bank Limited generates, maintains and enhances value, readers are encouraged to refer to the following sections of this report:

Customer Centred Outcomes	**Page 120**	**Governance and Oversight**	**Page 58-97**
Our Business Model	**Page 34-35**	**Social and Relationship Capital**	**Page 141-147**

The Bank's approach to long-term value creation is anchored on set of key drivers that shape both performance and impact. Further detail is provided in the following sections:

Financial Highlights	**Page 24**	**Key Risks and Opportunities**	**Page 112-119**
Our Value Creating Strategy	**Page 46-57**	**Stakeholder Expectations and Interests**	**Page 37-41**

By aligning our resources, strategic priorities, and stakeholder expectations, this report provides an integrated view of how the Bank creates sustainable value for its customers, employees, communities, and the wider Ugandan economy.

Driving Inclusive Growth through Community Impact

We demonstrate our commitment to this purpose through meaningful engagement with communities, a strong emphasis on advancing women's economic participation, and focused programs designed to expand financial access in rural and under served regions. Our strategic direction is closely aligned with the UN Sustainable Development Goals (UNSDGs), informed by a thorough evaluation of risks, opportunities, and the priorities of our stakeholders.

Our approach to sustainability is guided by three core global pillars that shape our contribution to the UN Sustainable Development Goals (UNSDGs):



Our approach to integrated thinking

We adopt an integrated approach to planning, decision-making and execution, recognising that the drivers of value creation are interconnected and must be managed holistically. By strengthening our understanding of how financial, operational and stakeholder considerations interact, we are better positioned to respond to emerging dynamics, align our strategy, and adapt to evolving stakeholder needs, ensuring that our actions consistently support sustainable, customer centred growth.

2.

BRAC Uganda Bank Limited at a Glance

Our Vision, Mission and Values	22
Where We Operate	23
Financial Highlights	24
Creating Value for Our Stakeholders	25
Our Banking Products	26



Nnalongo Teopista Mirembe, a Microfinance Group Customer dealing in Farming in Masaka

Our Vision, Mission, and Values

Vision

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

Mission

To provide a range of financial services responsibly to people at the bottom of the pyramid in Uganda. We particularly focus on women living in poverty, in rural and hard-to-reach areas to create self-employment opportunities, build financial resilience and harness women's entrepreneurial spirit by empowering them economically.

Values

Integrity

Inclusiveness

Innovation

Effectiveness

Mandate and Impact Framework

BRAC Uganda Bank Limited remains committed to delivering responsible and inclusive financial services to underserved populations, with a continued focus on women at the base of the economic pyramid. Through tailored microfinance solutions and accessible financial products, the Bank supports self-employment, strengthens financial resilience, and enables sustainable livelihoods across both rural and urban communities.

Our operations are guided by a broader vision of a world free from exploitation and discrimination, with a strong emphasis on expanding financial inclusion, advancing gender equity, and contributing to sustainable development. As a mission-driven institution, our success is measured not only by financial performance, but by the positive and lasting impact we create in the lives of our customers.

In delivering on this mandate, we continue to uphold the Universal Standards for Social and Environmental Performance Management (USSEPM) and the Client Protection Principles (CPP), ensuring that client well-being remains central to our strategy, governance, and service delivery.

Our approach to measuring social performance has continued to evolve since 2019. The Bank applies the USSEPM as a guiding framework, while client-level outcomes are assessed using the Lean Data methodology.

Through this process, we monitor impact across five priority social dimensions:

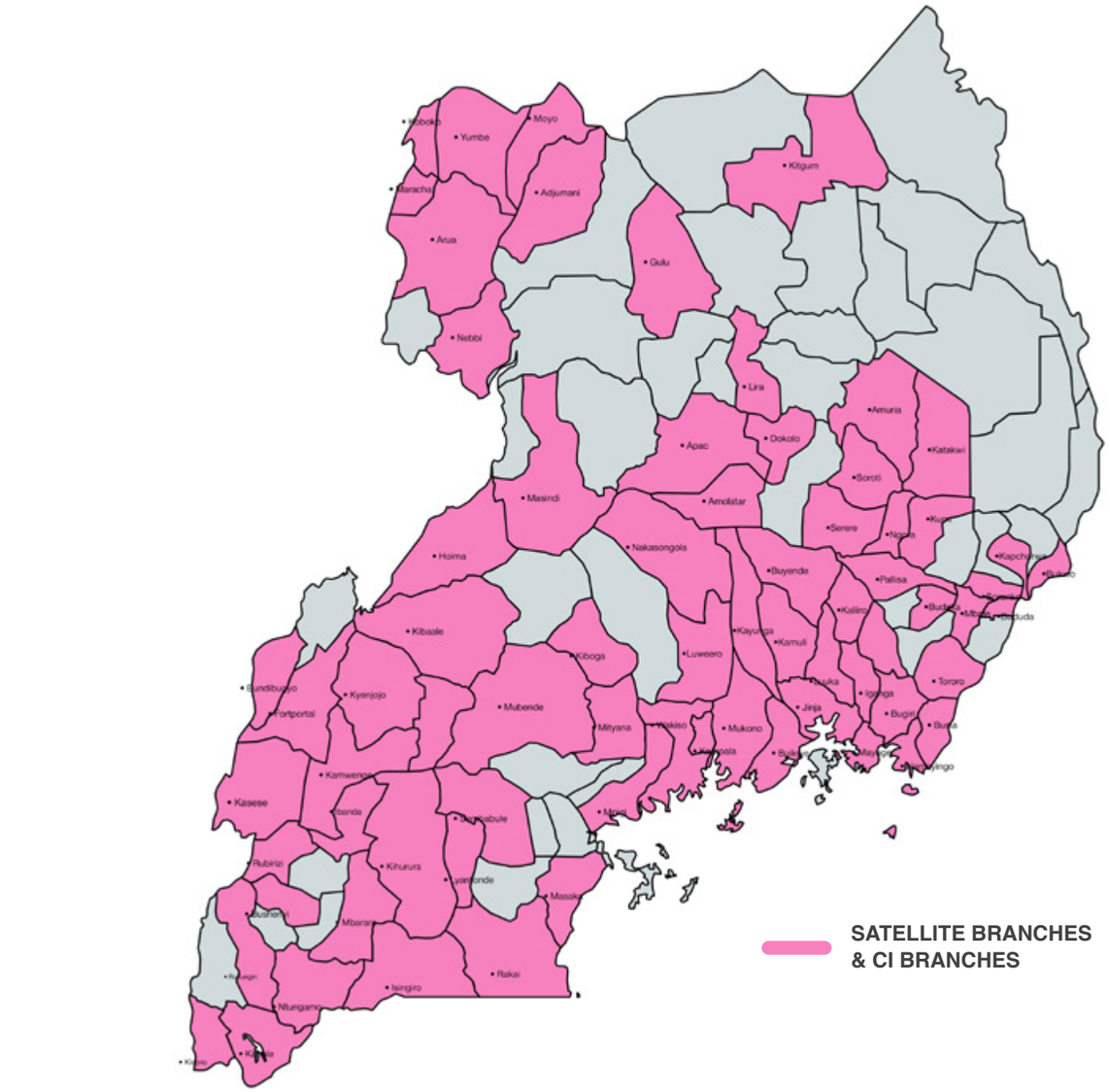
Quality of Life	Financial Resilience	Women's Economic Empowerment	Self-Employment and Livelihood Opportunities	Household Welfare

Refer to page 101 for our sustainability approach.

Where We Operate

Branch Network GRI 2-1

BRAC Uganda Bank Limited provides financial services through 161 locations.



Financial Highlights

In 2025, BRAC Uganda Bank Limited delivered solid financial performance, reporting a Profit After Tax of Ushs 6.6 billion and total assets of Ushs 321.3 billion. This growth was supported by a 26% increase in customer deposits to Ushs 154.2 billion signaling increasing customer confidence. The Bank maintained a robust capital position, that remained above regulatory requirements, reinforcing resilience and the ability to expand financial inclusion sustainably.

Statement of Financial Position	2021 Ushs (000)	2022 Ushs (000)	2023 Ushs (000)	2024 (Restated) Ushs (000)	2025 Ushs (000)	Relative Change %
Total assets	228,980,943	262,921,467	265,614,815	295,313,118	321,253,026	9%
Total deposits	5,676,141	64,101,856	76,119,464	122,096,300	154,181,169	26%
Net loans and advances	143,669,606	149,736,356	184,179,823	196,828,562	207,615,176	5%
Total equity	50,861,786	51,911,511	52,911,304	59,270,568	65,187,408	10%
Cash and cash equivalents	15,008,845	22,442,435	21,626,574	37,689,953	46,751,973	24%

Statement of Comprehensive Income	2021 Ushs (000)	2022 Ushs (000)	2023 Ushs (000)	2024 (Restated) Ushs (000)	2025 Ushs (000)	Relative Change %
Total revenue	88,704,836	93,062,247	104,063,980	118,397,259	127,719,125	8%
Operating costs	66,256,175	74,511,413	78,734,939	84,183,539	91,793,413	9%
Interest expense	20,023,383	16,694,477	18,794,532	19,950,710	22,468,988	13%
Expected credit losses	1,207,277	83,754	3,790,445	5,114,836	4,645,270	(9%)
Profit after tax	683,925	1,049,690	999,793	6,359,262	6,574,800	3%

Capital Adequacy	2021	2022	2023	2024 (Restated)	2025	Relative Change %
Tier 1 Capital Ratio (Limit: >12.5%)	17.63%	17.43%	15.61%	18.69%	21.67%	15.9%
Total Capital Ratio (Limit: >14.5%)	18.68%	18.51%	16.72%	19.80%	22.78%	15.1%

Other Ratios	2021	2022	2023	*2024 Restated	2025	Relative Change %
Cost to Income ratio (with impairments)	98.63%	98.10%	97.36%	92.27%	93.10%	0.9%
Cost to income ratio (without Impairments)	97%	98%	94%	88%	89%	1.1%
Non-Performing Loans ratio	11.97%	3.72%	2.94%	3.47%	3.14%	-9.5%
Return on Assets	0.3%	0.4%	0.4%	2.2%	2.0%	-9.1%
Cash and cash equivalents /Total assets	7%	9%	8%	13%	15%	14%
Net Loans to Deposit Ratio	219%	234%	242%	161%	135%	-16.5%

Creating Value For All

For Our Customers and Society

185,511
2024: 183,403 borrowers

93%
2024: 94% of our borrowers are women

89%
of customers live in rural areas

Ushs 487.9 Bn
USD 133 million disbursed through 296,300 loans

163,134
Customers access banking services via their phone

161
2024: 159 service points across Uganda

73%
2024: 66% Social outcomes index score

71%
living under Ushs 25,000 (US $ 6.85)

511,096
savers build the discipline required to be financially independent

27,755
Women benefitted from financial, digital and life skills training

96% of customers report improved quality of life

95% of customers report improved ability to manage finances

96% of customers report improved increase in income

81% of women report increased influence in household decisions

For Our Employees

1,870
Gainfully employed (2024: 1,896)

84.9%
Retention ratio (2024: 87%)

81%
Workforce that is female (2024: 82%)

Ushs 955.8m
Invested in staff training and development (2024: Ushs 933.6 million)

Ushs 52.2 Bn
Incurred in remunerating our staff (2024: 47.04 billion)

For Our Shareholders

Ushs 6.6 Bn
Profit after tax (2024: Ushs 6.4 Bn)

2.0%
Return on Assets (2024: 2.2%)

10.1%
Return on equity (2024: 10.7%)

Ushs 65.2 Bn
Shareholders' funds (2024: Ushs 59.3 Bn)

21.67%
Tier 1 capital ratio (2024: 18.69%)

22.78%
Total capital ratio (2024: 19.8%)

Ushs 1.3 Bn
Proposed dividend (2024: Ushs 658M)

93.10%
Cost to income ratio (2024: 92.27%)

Our Banking Products

GRI 2-6

Loan Products

Group Loan
Ushs 200,000 – 12,000,000

- 12-48 Weeks Tenure
- Collateral Free
- Weekly, Bi-weekly and Monthly repayments
- Credit Life Insurance
- Top up Loans

Individual Loan
Ushs1,000,000 – 500,000,000

- 6-24 Months Tenure
- Individual Lending
- Monthly payments
- Credit Life Insurance
- Payments through digital channels

Salary Loan
Ushs 500,000 and above
3-60 Months Tenure

- Salary/Individual lending
- Employer undertaking
- Monthly payments
- Credit Life Insurance
- Top up Loans

Agri Finance Loan
Ushs 300,000 – 10,000,000

- 6-12 Months Tenure
- Solidarity Groups
- Collateral free
- Variable repayment structure
- Credit Life Insurance

Deposit Products

Fixed Deposit with longer-term incentive

Fixed Deposit
- All customers
- Market driven interest rate
- Minimum balance fixed:Ushs 200,000
- Interest incentivising long-term savings

Community savings groups (SACCOs, ROSCAs, CBOs)

Corporate
- Corporates, businesses, schools, NGOs
- 3% p.a. above Ushs 1M
- Minimum balance:
- Ushs 200,000
- Regular savings

Purpose savings with limited withdrawals

Safe Save
- VSLAs, SACCOs,CBOs and all savers
- 5% p.a. for balances above Ushs 500,000
- Minimum balance: Ushs 50,000
- Regular savings

Transactional account for anybody

Wise Save
- Businesses and salary earners
- 2% - 6% p.a. for balances above Ushs 50,000
- Minimum balance:Ushs 5,000

Flex Save
- All borrowers and low-mid income households
- 2% p.a. for balances above Ushs 50,000
- Minimum balance: Ushs 5,000
- Transaction fees of 1000 - 2000



Staff members pose for a picture with customers at the launch of the agrifinance product at Kasambya Satellite

3.

Banking On Purpose: customer centred growth

Reflections from the Chairman	30
Message from the Managing Director	32
Our Business Model	34
Integrated stakeholder Value Framework	36
Determining Materiality	42
Our Value Creating Strategy	46



Ssalongo John and his wife pose for a picture at their school in Masaka that they built with support from BRAC Uganda bank Ltd

Integrated Annual Report - 2025

Reflections from the Chairman

GRI - 2-22



I believe that true growth is only meaningful when it builds relationships, enhances resilience, and improves the wellbeing of the communities we serve.

Customer Centred Growth

In 2025, my colleagues and I remained firmly anchored in our commitment to customer centred growth, guided by the belief that sustainable impact is realised not only by maintaining a strong Balance Sheet, but through deepening trust with our customers who depend on us as their primary financial partner. I believe that true growth is only meaningful when it builds relationships, enhances resilience, and improves the wellbeing of the communities we serve.

Strong financial performance

Despite a dynamic operating environment, the Bank delivered strong financial results that reinforce its long term sustainability. Uganda's economy in 2025 recorded GDP growth of approximately 5.5%, supported by improved agricultural output, recovery in manufacturing, and continued investment in infrastructure.

Albert Elasu Obongonyinge

Board Chairperson

Inflation moderated to an average of 3–4%, aided by stable food prices and prudent monetary policy, while private sector credit growth strengthened as lending conditions improved. Within this context, Profit After Tax closed at Ushs 6.6 billion, and Total Assets grew to Ushs 321 billion, supported by our disciplined risk management and strengthened capital adequacy. Customer confidence remained a defining feature of our performance.

Advancing impact through inclusion

Our impact is ultimately defined by the lives we touch. In 2025, we continued to serve a broad and diverse customer base, with women and rural communities remaining at the heart of our efforts. Independent assessments reaffirmed the value of our services, with customers reporting improvements in their quality of life and business resilience. Customer sentiment remained strong, reflecting high levels of satisfaction and trust in the Bank's services.

Governing for sustainable growth

Strong governance remains central to delivering sustainable outcomes. In 2025, the Board undertook a comprehensive evaluation that confirmed the effectiveness of the Boards oversight and strategic guidance. We strengthened our governance and reporting environment by formally adopting the Integrated Reporting Framework and approving a structured ESG Policy, ensuring that environmental, social, and governance considerations are embedded across decision-making processes.

I am pleased to report that our commitment to excellence was recognised at the 2025 FiRe Awards where the Bank won first place in its reporting category, and the successful attainment of the ISO/IEC 27001 certification that will improve our data security and digital operations.

Leadership transitions

On behalf of the Board, I also extend our sincere appreciation to Ms. Annette Mbabazi Rumanyika Mulira, a long serving Board Member, who retired on 9th June 2025. Her contribution to the Bank's governance journey, especially in strengthening oversight and institutional maturity, remains deeply appreciated. Mr. William Mawejje, our former Executive Director and Chief Operating Officer, also retired in May 2025. His distinguished service and contributions have shaped the Bank's growth, culture, and strategic direction.

Delivering value to our shareholders

In recognition of the Bank's strong performance and the sustainability of its growth trajectory, the Board has proposed a final dividend of Ushs 1.3 billion, representing a doubling of the previous year's payout. This decision reflects our commitment to delivering value to shareholders while maintaining the capital strength required to support future growth and expanded outreach.

Looking Ahead

As we move into 2026 under the theme "Building a Performance Driven Culture for Greater Impact," the Board remains confident in the Bank's ability to scale responsibly and sustainably. Key priorities will include expanding agricultural lending, strengthening digital capabilities, and introducing targeted products such as school fees financing to better meet customer needs.

We remain firmly committed to our vision of a world free from exploitation and discrimination. With the continued support of our shareholders, partners, and staff, I am confident that BRAC Uganda Bank Limited will continue to deepen its customer focus, scale its impact, and play a leading role in advancing inclusive growth and resilience across Uganda.

Integrated Annual Report - 2025

Message from the Managing Director

GRI 2-22



Our ability to deliver on our strategy is driven by the strength of our people.

Sustainable Customer Centred Growth

The year 2025 marked a defining step forward for BRAC Uganda Bank Limited. Guided by our theme, we remained focused on delivering inclusive financial services to women and underserved communities at the bottom of the pyramid.

In a changing economic environment, our priority was to scale responsibly, ensuring that growth translated into meaningful and measurable outcomes for our customers.

Resilient financial performance

Our performance in 2025 reflects the strength of our business model and the continued trust of our stakeholders. We delivered a Profit After Tax of Ushs 6.6 billion, supported by disciplined risk management and a resilient loan book that closed at Ushs 207.7 billion. Customer confidence remained central to this performance, with deposits growing by 26% to Ushs 154 billion, strengthening our liquidity position and providing a solid foundation for continued outreach.

Nkosilathi Moyo

Managing Director / CEO

Delivering impact where it matters most

Our impact continues to be defined by the lives we touch. In 2025, the Bank served over 511,096 savers and 185,511 borrowing customers, with 93% of borrowers being women and 89% residing in rural communities.

Independent client impact assessments reaffirmed the Bank's social mission: 96% of customers reported an improved quality of life, and our Net Promoter Score rose to 54 from 51 in 2024, a testament to our improving customer relationships. These outcomes demonstrate that customer centred growth is not just a slogan but a lived reality for the communities we serve.

Advancing digital transformation

To extend our reach and improve service delivery, we continued to invest in the digitalisation of field operations, enabling more efficient and accessible services for our customers.

We strengthened our information security framework and reinforced confidence in our digital systems. Alongside digital investments, we expanded our physical presence to ensure that our services remain accessible to rural communities.

People and culture

Our ability to deliver on our strategy is driven by the strength of our people. In 2025, we advanced our Culture Transformation journey, focusing on leadership, accountability, and execution. We also enhanced our employee value proposition by improving staff benefits, reinforcing our commitment to well-being and long term career development.

Ushs 6.6Bn
Profit After Tax

26%
deposits growth to Ushs 154 Bn

511,096
Savers

185,511
Borrowers

93%
Female Borrowers

Looking Ahead

Looking ahead to 2026, we will execute our new theme, **"Building a performance driven culture for greater impact"** with targets to grow our borrowing base to 218,000 customers and deposits to Ushs 198 billion. Our strategy focuses on deepening rural outreach through VSLA digitalisation and scaling key products like agriculture and school fees loans. While navigating the potential macroeconomic volatility of a presidential election year, we remain anchored by Uganda's projected 6.5% to 7% GDP growth.

Through a comprehensive culture transformation journey, we are committed to building the leadership and talent required to remain a resilient partner for those at the bottom of the pyramid.

Our Business Model GRI 2-6

Key Inputs

Icon	Availability of Capital	Capital inputs
	Our strong capital base and diverse funding sources ensure financial stability. This enables us to support customers through credit access, seamless transactions, and consistent dividends for shareholders.	→ Ushs 65 Bn shareholders' funds. → Ushs 154 Bn deposits. → Ushs 70 Bn borrowings.
	Our success is anchored in our dedicated employees, vibrant culture, and collective expertise. By harnessing diverse skills and experiences, we deliver innovative and competitive solutions tailored to the unique needs of our customers.	→ 1,870 gainfully employed staff. → 27,792 training hours. → 81% of total workforce is female.
	Intangible assets including brand strength, reputation, franchise value, research and development capabilities, team expertise, and strategic partnerships that fuel innovation and reinforce our ability to respond to the needs of those at the bottom of the pyramid.	→ Robust digital and information security capabilities. → 20 years of experience in including the excluded. → Strong brand trust and reputation.
	Our structure and processes and physical assets like property and equipment, and digital tools including products, channels, and IT systems. Together, they enable daily operations and support value creation.	→ Widest physical reach in Uganda through 161 locations and satellites. → Digital banking services. → IT and physical infrastructure.
	We build strong stakeholder relationships through active community engagement, supporting wellbeing, development, and a resilient financial ecosystem.	→ Over Ushs 463.9 Mn invested in CSR activities through partnership with BRAC NGO. → Partner in addressing Governments development plans.
	We manage energy, water, and emissions responsibly to reduce our environmental impact.	**Natural inputs**

Resource	2025	2024
Water (l)	20.5 Mn	23.6 Mn
Power (Kwh)	471,477	530.220
Fuel (l)	87,729	84,314

Strategic Pillars	Creation Drivers	Outcomes
Responsible Inclusive Finance	→ Promotion of financial literacy through community-based training. → Embed ESG principles across operations for sustainable impact. → Transition of AIM participants	→ Profit after tax: Ushs 6.6 Bn → Proposed Dividend: Ushs 1.3 Bn → 2.0% return on total assets → 10.1% return on equity → 27,755 customers trained in financial literacy
Innovative Product Development	→ Use structured market research to tailor products. → Build cross-functional teams for product development.	

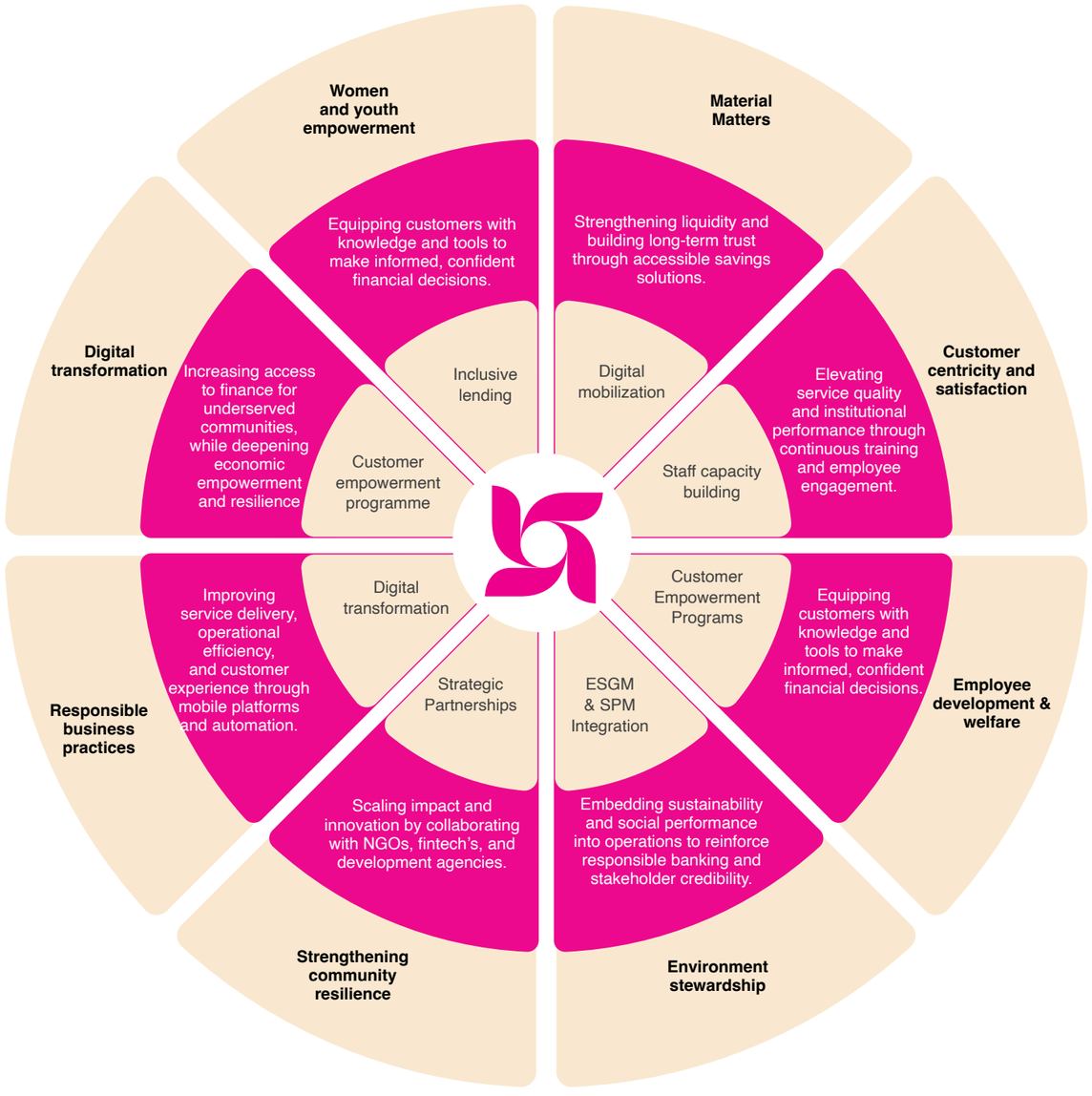
Emissions	2025	2024
Scope 1	235	226
Scope 2	48	54
Scope 3	N/A	N/A
Total emissions	283	280

GRI - 305-1, 305 -2

Digitalisation of field Operations	→ Resolve upgrade gaps to ensure smooth banking operations. → Expand mobile banking access. → Digitize internal workflows	→ 185,511 borrowing customers (93% female). → Net Promoter Score (NPS) of 54%. → 96% of customers reported improved quality of life.
Management Development and Decision-making	→ Engage the Board through training and succession planning. → Promote gender equity by increasing the number of women in leadership by 50%. → Drive performance with 90% achievement of the Annual strategic plan.	→ ISO/IEC 27001 certification → Proven microfinance model tailored to women and rural communities. → ICPAU FiRe Award (Tier 2 Winner). → Inclusive Banking and Social Impact award by World Savings and Banking Institute.
Talent Management	→ Coach line managers to enhance team leadership. → Train staff to support banking operations. → Use job rotations and placements for continuous learning	→ 90 merit-based staff promotions → Improved staff retention through enhanced benefits (Provident Fund from 4.2% to 5%)
Growth for Impact	→ Mobilize savings to lower funding costs. → PAR closed at 3.9% → Build a debt portfolio with low-cost providers.	→ Opened 2 new locations (Nakasongola, Rakai). → Expanded digital banking and USSD channels. → Optimized branch network through strategic relocations.

Integrated Stakeholder Value Framework

GRI 2-6



Strategic Value Creation for all Stakeholders

Our value creation strategy is anchored in inclusive finance, ethical governance, and shared prosperity. In line with Uganda's national development priorities, guided by the ten-fold growth strategy, we focus on expanding access, strengthening resilience, and scaling impact across all stakeholder groups.

- Customers receive affordable, reliable financial services that support income growth and resilience.
- Employees benefit from an inclusive, performance driven culture.
- Shareholders gain sustainable returns backed by disciplined capital management.
- Government and Regulators receive a compliant, well governed institution contributing to national development and financial sector stability.
- Suppliers engage with a transparent and ethical business partner.
- Development Partners leverage a trusted force multiplier for high impact programs.
- Communities experience improved livelihoods and long term socio economic progress.

Customers	Employees	Shareholders	Government and Regulators
Empower informed financial decision-making We equip customers with accessible, affordable financial services and practical financial literacy, enabling them to plan confidently, build resilience, and pursue personal and livelihood goals.	**Enable meaningful work and job creation** Through our national footprint and inclusive culture, we create employment opportunities and invest in staff development, strengthening capability, motivation, and long term career growth.	**Deliver sustainable, disciplined returns** We balance profitability with social impact, maintaining financial discipline and investing in scalable, inclusive growth that protects long term value.	**Uphold public trust and advance national priorities** We safeguard customer assets, protect data, and comply with all regulatory requirements. By serving people at the bottom of the pyramid, we contribute to Uganda's financial inclusion agenda and broader national development goals.

Suppliers	Communities	Development Partners
Strengthen local enterprise and supply chain resilience Through transparent procurement and prioritised local sourcing, we support small businesses, stimulate enterprise growth, and reinforce supply chain reliability.	**Support vulnerable and underprivileged households** We deliver targeted citizenship and inclusion programs that enhance livelihoods, build resilience, and expand opportunities for underserved households.	**Act as a reliable multiplier for impact** We collaborate with development partners to scale high impact programs, align with national priorities, and advance inclusive, sustainable development across Uganda.

Our Stakeholder Engagements

GRI 2-29

In 2025, we continued to strengthen our stakeholder engagements to ensure that our banking services remained closely aligned with the needs and expectations of those we serve and impact. We engaged a wide range of stakeholders to ensure consistency in how we understand and respond to their needs. For each stakeholder category, we assessed why they matter, what they expect, how we engage, and the value exchanged. This approach ensures that stakeholder perspectives are systematically captured and directly linked to our material matters and strategic responses.

Customers

Why they matter

Customers are the driving force behind our mission. They are the core beneficiaries of microloans and savings products and as a result are co-creators of impact.



Our approach

- Segmented product design for VSLA groups, youth and farmers.
- Digital access via mobile banking.
- Integrated financial literacy within group operations.
- Feedback-driven innovation using Lean Data and call center analytics.
- Human-centred service delivery.

Platforms

- Branch network.
- Field operations.
- Digital channels.
- Customer feedback mechanisms.

Key expectations

- Affordable and accessible financial services.
- Financial literacy training.
- Quick loan processing.
- Trust, dignity, and excellent customer experience.

Value exchanged

- Affordable financial services.
- Trust and protection.
- Inclusion and access.
- Improved livelihoods and resilience.

Employees

Why they matter

Employees are essential to our impact. Their engagement drives service quality, innovation, and trust, while their insights shape strategy and transformation. A motivated team powers inclusive finance and strengthens community outcomes.



Our approach

- Inclusive leadership.
- Talent retention and growth.
- Strategic alignment.
- Purpose-driven culture

Platforms

- Training, performance management.
- Internal communication.
- Employee forums.

Key expectations

- Competitive remuneration.
- Job security.
- Career development.
- Alignment with BRAC's social mission.
- Medical coverage.
- Provident fund.

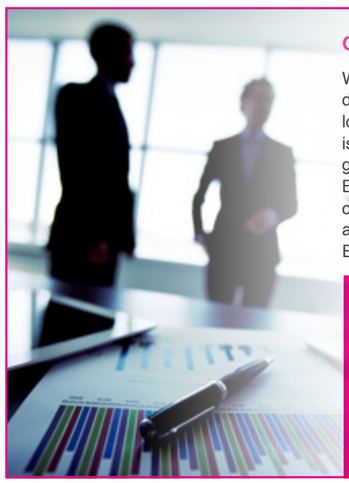
Value exchanged

- Meaningful employment opportunities.
- Fair compensation and enhanced benefits.
- A performance driven, inclusive culture.
- A safe, supportive work environment.

Shareholders

Why they matter

Shareholders are the custodians of our mission and the reason for our existence. Their capital enables scale, but their oversight ensures discipline. They bring global perspectives, challenge assumptions, and reinforce our commitment to inclusive growth.



Our approach

We view our shareholders as purpose driven partners who enable the Bank's long term mission. Our engagement is anchored in transparency, ethical governance, and disciplined execution. Beyond financial reporting, we maintain continuous strategic dialogue to ensure alignment with global standards including ESG, GRI, and the UNSDGs.

Platforms

- Board meetings and engagements.
- Reporting.
- Annual General Meeting.

Key expectations

- Social impact alongside financial sustainability.
- Governance compliance.
- Strong growth in outreach and efficiency (impact at scale).

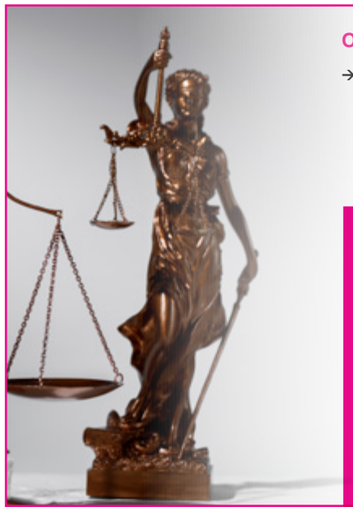
Value exchanged

- Sustainable financial returns.
- Transparent reporting and governance.
- Long-term value creation.

Government and regulators

Why they matter

The Government of Uganda and our regulators influence policies on financial inclusion, taxes, economic stability, and national development.



Our approach

- We engage the Government and our Regulators as partners in responsible growth through compliance, transparency, and policy dialogue.

Platforms

- Statutory reporting.
- On-site supervision.
- Policy dialogues.
- Strategic briefings.
- Public disclosures.

Key expectations

- Support towards National Development priorities.
- Promoting financial inclusion especially for women living in poverty, rural and hard-to-reach areas.
- Compliance with Ugandan laws and the payment of taxes and statutory dues.

Value exchanged

- Regulatory compliance and sector stability.
- Protection of customer assets and data.
- Advancement of national financial inclusion priorities.
- Contribution to Uganda's socio economic development.
- Transparent reporting accountability.

Suppliers

Why they matter

Suppliers are key enablers of our mission. They support efficient service delivery, promote inclusive economic growth, uphold ethical and sustainable practices, and function as strategic partners in innovation and resilience.



Our approach

- Empower local vendors, supporting community-based suppliers to drive inclusive growth and resilience.
- Ensure performance and compliance, with regular monitoring against quality benchmarks, regulations, and ESG consideration.
- Foster mutual value, building long-term partnerships that encourage innovation, efficiency, and shared impact.
- Build supplier capacity, through training, feedback, and collaborative development initiatives.

Platforms

- Supplier performance tracking.
- Meetings and engagement on specific procurements.
- Open dialogue between contract managers and suppliers during contract execution.

Key expectations

- Value for money procurements.
- Clear and fair contracting process.
- Data protection commitments.
- Long-term partnerships.

Value exchanged

- Fair and transparent procurement processes.
- Consistent and reliable business opportunities.
- Clear standards and accountability.

Communities

Why they matter

Communities are central to BRAC Uganda Bank's purpose and performance. They form its customer base, fulfill its mission of empowerment, and drive sustainable impact. As a Tier II institution, BRAC is expected to serve communities responsibly making their well-being essential to long-term success.



Our approach

Our approach is human-centred, combining financial access with capacity building, health and safety support, and values-driven service delivery. By integrating community needs into product design, service channels, and social performance metrics, BUBL ensures that its growth is both inclusive and sustainable.

Platforms

- Community outreach.
- Financial literacy initiatives.

Key expectations

- Employment and empowerment opportunities.
- Ethical banking practices.
- Local engagement and trust building.

Value exchanged

- Expanded access to finance.
- Livelihood enhancement.
- Targeted social impact initiatives.
- Community development partnerships.
- Long term socio economic uplift.

Development partners

Why they matter

Development partners are essential to our mission. They provide funding, technology, expertise, and operational support aligned with their development priorities. Strategic alliances help scale inclusive finance, while collaborations with NGOs strengthen service quality, deepen outreach, and enhance social impact across underserved communities.



Our approach

We manage development partner relationships through strategic alignment, transparent communication, and shared impact goals. By co-creating initiatives, reporting outcomes clearly, and fostering mutual accountability, we strengthen collaboration and scale inclusive finance.

Platforms

- Strategic Partnerships and Alliances.
- Proposal writing.
- Programme implementation.
- Donor reporting intervals.

Key expectations

- Transparent Communication and reporting.
- Strong Governance and Risk Management.
- Alignment with ESG and Social Performance Goals.
- Innovative product development and delivery that drives development impact.
- Compliance funding agreements.

Value exchanged

- A trusted platform for scaling impact.
- Alignment with national development priorities.
- Reliable execution and accountability.

Determining Materiality GRI 3-1

In this section, we highlight the matters that most significantly influence our ability to create value over the short, medium and long term. These matters shape our strategic direction, inform our risk management approach, and guide how we prioritise opportunities for growth and impact.

Our materiality determination process reflects our operating context and is informed by the dynamics of Uganda's banking environment as well as the expectations and perspectives of our stakeholders. Through this process, we ensure that the issues we prioritise remain relevant, responsive and aligned to our purpose.

Materiality Assessment Process

BUBL followed a structured six step materiality process to identify and disclose the matters that most significantly influence long term value creation.

Identify topics	We begin by scanning our internal operations, industry trends, regulatory developments, and global sustainability frameworks to identify environmental, social, and governance matters relevant to our business and stakeholders.
Identification of stakeholders	We categorise our key stakeholders based on their influence, interests, and engagement with the Bank.
Gathering stakeholder perspectives	Through surveys, consultations, feedback mechanisms, and ongoing dialogue, we gather insights into stakeholder expectations, concerns, and priorities.
Prioritization of topics	Using a structured evaluation framework, we assess each topic based on its potential impact on our strategy, performance, and long term value creation, as well as its importance to stakeholder interests.
Identify material topics	We then prioritise topics that are further reviewed and validated through internal governance processes, ensuring alignment with our strategic objectives, risk management approach, and reporting commitments.
Disclose	Finally, confirmed material topics are integrated into our Integrated Report in line with the Guiding Principle of Materiality. This ensures our disclosures remain relevant, balanced, and responsive to stakeholder needs.

Evaluation and Prioritization of Topics GRI 3-2

We assess each topic using a structured framework that considers its strategic impact, risk implications, and contribution to long term value creation. Prioritisation reflects both stakeholder expectations and the significance of each issue to the Bank's performance and purpose.

Impact

Severity
How grave Is the impact

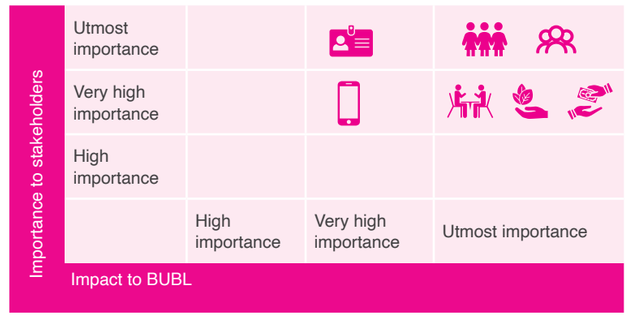
Score
How widespread is the impact

Likelihood
How likely is it that the impact will occur and if so, how frequently?

Irremediable character
How hard is it to counteract the negative impact, restore the original state, or improve it?

Leverage
How high is the contribution and influence of the Bank to the impact?

Outcome



- Women and Youth Empowerment
- Employee Welfare and Development
- Customer Satisfaction and Customer Centricity
- Digital Transformation
- Strengthen Community Resilience
- Environmental Stewardship
- Responsible Business Practices

Our Material Matters

	Customer Satisfaction And Centricity	Women And Youth Empowerment	Digital Transformation	Employee Welfare And Development	Responsible Business Practices	Strengthening Community Resilience	Environmental Stewardship
Why It matters	Customer-centricity underpins service delivery through expanded outreach, effective complaint resolution, and tailored, responsible financial products supported by robust data.	A predominantly female customer base necessitates targeted empowerment initiatives, youth-focused programmes, and efforts to advance economic participation and leadership inclusion.	Digital capabilities are essential for expanding outreach, improving operational efficiency, and enhancing service delivery while maintaining a balance between innovation and human interaction.	Workforce capability, wellbeing and engagement directly influence service quality, operational effectiveness, and the overall customer experience.	Strong governance, ethical conduct and regulatory compliance sustain trust and ensure continued licence to operate in a highly regulated environment.	Inclusive finance and financial literacy initiatives support households and small enterprises in building resilience and improving economic participation.	Responsible resource use and a growing focus on environmental and climate considerations contribute to institutional resilience and long-term sustainability.
Key risks	Limited understanding of customer needs may lead to reduced satisfaction and potential loss of customers to competitors.	Products and initiatives may not fully align with the evolving needs of core customer segments.	Increased digital adoption heightens exposure to cyber threats and potential data breaches.	Attrition and skills gaps, particularly in remote locations, may affect service delivery and operational performance.	Regulatory, conduct, or reputational failures may weaken stakeholder confidence and disrupt operations.	Over-indebtedness and competition from informal lenders may negatively impact customer wellbeing.	Climate-related and transition risks may affect customers, portfolio performance and operational continuity.
Key opportunities	A strong customer focus enables the attraction and retention of under served and dissatisfied customers through relevant, accessible and trusted financial solutions.	Responsive product design and targeted initiatives enhance impact and strengthen outcomes for the majority of customers served.	Adoption of appropriate technologies improves efficiency, reduces cost-to-serve and enhances customer experience.	Investment in people and a performance-driven culture supports long-term capability, engagement and leadership development.	A strong reputation for integrity enhances trust, strengthens partnerships and supports sustainable value creation.	Financial literacy and responsible outreach deepen impact and support long-term community resilience.	ESG-aligned financing and environmentally responsible practices create new pathways for sustainable growth.
BUBL response	Our customer experience is strengthened through expanded access points, structured feedback mechanisms, tailored product design, and continuous monitoring of service quality and satisfaction.	Empowerment is advanced through targeted financial products, capacity building initiatives, and programmes that support meaningful participation in economic activity.	Digital platforms and field technologies are enhanced to improve efficiency, extend outreach, and ensure secure, reliable service delivery.	Talent development is deepened through stronger performance management, continuous learning, and a culture that promotes accountability and sustained capability building.	Governance is reinforced through robust internal controls, comprehensive compliance frameworks, ethical standards, and transparent reporting.	Financial literacy programmes and responsible lending practices are delivered to support sustainable livelihoods and long term community resilience.	Environmental considerations are integrated into operations and lending, with growing exploration of opportunities for ESG aligned financing.
Capitals Impacted							

Integrated Annual Report - 2025

Our Value Creating Strategy

Profit After Tax
Ushs 6.6 Bn

Return on assets
2.0%

Total Revenues
Ushs 127.7 Bn

Return on equity
10.1%

Economic Growth Trends

Uganda's economic performance strengthened through oil related construction, resilient agriculture, and recovering domestic demand. Medium term projections indicate average annual growth of 6.5–7% over the next five years, driven by continued investment in oil and gas, improved domestic revenue mobilisation, and export promotion initiatives.

Inflation eased to 3.1% in December 2025, down from 3.3% a year earlier, reflecting favourable food and energy prices. The Uganda shilling is expected to remain broadly stable, trending around Ushs 3,738–3,718 per USD through 2025/26, supported by strong export inflows and prudent monetary policy .

Forward-looking risks include global commodity price volatility, geopolitical tensions affecting trade flows, and climate related disruptions to agriculture. Nonetheless, the economic outlook for FY2025/26 remains positive, underpinned by private sector support measures, continued rollout of the Parish Development Model, and accelerated oil sector development.

Financial Stability Outlook

Uganda's fiscal consolidation remained gradual throughout FY2025, constrained by tight external financing conditions and repeated supplementary budgets that widened the fiscal deficit. While revenue enhancing measures progressed as planned, lower than expected grants, shortfalls in concessional project financing, and challenges in securing commercially viable external debt continued to limit external inflows. As a result, government reliance on domestic borrowing increased at elevated interest rates, further reducing fiscal headroom.

Looking ahead to 2026 and beyond, Uganda's growth outlook remains supported by national priorities under NDP IV (2026–2030), including full monetisation of the economy, accelerated export development, and strengthened private sector competitiveness.

The rollout of the Parish Development Model and Emyooga, continued investment in oil and gas infrastructure (EACOP and the National Oil Refinery), and targeted measures to reduce the cost of doing business are expected to reinforce medium term growth.

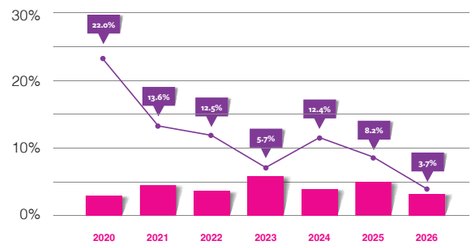
Climate resilience interventions and improved fiscal governance supported by ongoing IMF guided reforms will remain critical to sustaining stability and enabling inclusive economic transformation.

Inflation and consumer price Index (CPI)

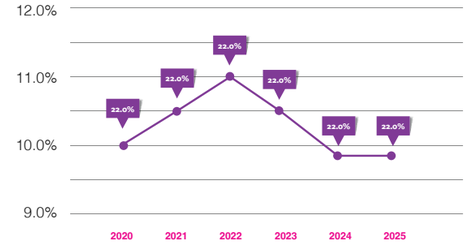
Uganda maintained a stable inflation environment throughout 2025, with headline inflation easing to 3.1 percent in December 2025 (average 4.87%), supported by favorable food and energy prices and consistent monetary policy implementation.

The Consumer Price Index reflected moderate price movements across the year, with limited volatility in key consumption categories such as food, transport and energy. Core inflation remained aligned with the Bank of Uganda's medium term objective of maintaining annual core inflation close to 5 percent. The Central Bank Rate stood at 9.75 percent in December 2025, unchanged from 2024, reinforcing a steady policy stance that anchored inflation expectations and supported orderly financial conditions. Uganda's low and predictable inflation profile continues to position the country among the region's most stable macroeconomic environments heading into 2026.

Average Inflation Vs BUBL Cost Growth



Average Policy Rate

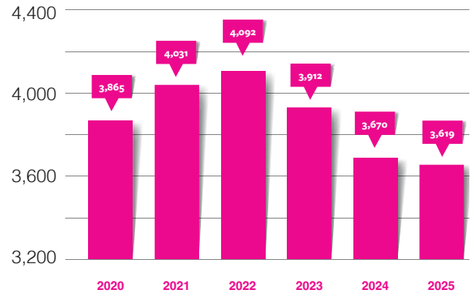


Foreign exchange rates

Uganda's exchange rate remained stable throughout 2025, supported by steady export inflows and a consistent monetary policy stance. The shilling traded within a narrow range across the year, with an average rate of Ushs 3,605.47 per USD and a closing rate of Ushs 3,619.73 per USD.

This reflected a slight appreciation from the Ushs 3,670.27 per USD closing rate recorded in 2024 and signaled limited volatility in the foreign exchange market. The stable currency helped maintain predictable import costs and supported overall macroeconomic conditions heading into 2026.

USD:Ushs rate



Integrated Annual Report - 2025

Financial Inclusion in Uganda

According to the Bank of Uganda's Financial Capability Survey (2020), financial inclusion is defined as the ability of individuals to access and use affordable, quality financial services that strengthen their financial security.

Recent FinScope tracker findings highlight significant momentum beyond the 2023 baseline:

- Overall Financial Access: Expanded to over 80% of Ugandan adults, driven by deeper penetration of mobile money, agency banking, and Tier III/Tier IV institutions.
- Formal Financial Access: Surpassed the 58% mark recorded in 2023, catalyzed by regulated digital channels, expanded branch networks, and microfinance growth.

This national progress provides a robust foundation for BRAC Uganda Bank Limited (BUBL) to further its mission of expanding responsible financial access to underserved communities.

BUBL's 2025 Strategic Response

In 2025, BUBL advanced customer-centric growth by accelerating digital transformation, improving service delivery, and reinforcing responsible financial inclusion. Key operational highlights include:

1. Client-Centered Product & Impact

- **Targeted Support:** Refined loan products and credit processes tailored for women, youth, and rural households.
- **Client Protection & Literacy:** Embedded robust client protection practices and continued financial literacy training to drive better long-term outcomes.

2. Digital Transformation & Efficiency

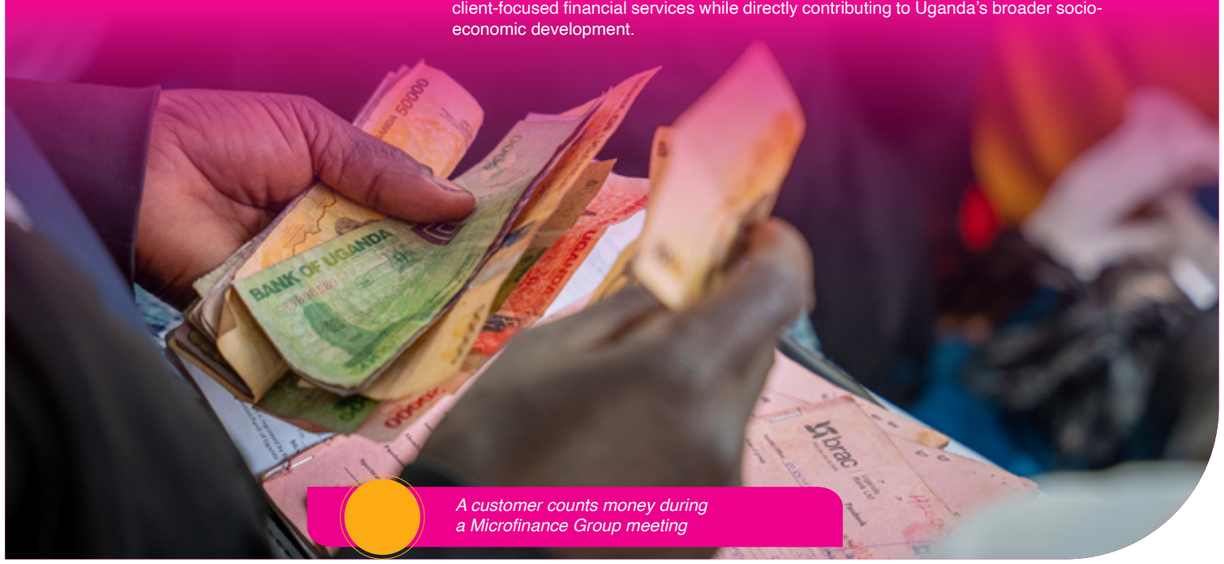
- **Channel Scaling:** Expanded mobile banking capabilities to increase accessibility and operational efficiency.
- **System Optimization:** Stabilized core banking systems and increased process automation to streamline service delivery.

3. Capability & Partnerships

- **Institutional Capacity:** Invested in staff development and skills training.
- **Strategic Ecosystems:** Leveraged strategic partnerships to drive product innovation and widen community outreach.

As a mission-driven bank, BUBL continues to carry out annual impact surveys using the Lean Data Methodology. The results of our 2025 Annual Impact Survey shows that the bank continues to drive positive outcomes in the lives of our clients, in each of our five outcome areas namely of: improvement in quality of life, self-employment and livelihood opportunities, financial resilience, women's economic empowerment and household welfare. Our average social outcomes index across the five outcome areas increased by 7 percentage points from 66% in 2024 to 73% in 2025.

Through these targeted initiatives, BUBL reinforced its commitment to responsible, client-focused financial services while directly contributing to Uganda's broader socio-economic development.



A customer counts money during a Microfinance Group meeting

Awards and Accolades

1. Inclusive Banking and Social Impact – Award by WSBI (World Saving and Banking Institute)



2. Overall Tier 2 skills Training – Uganda Institute of Banking and Financial Services



3. ISO/IEC 27001 Certification – Sentinel Africa Consulting Ltd



4. World Savings and Retail Banking Institute (WSBI) for Inclusive Banking and Social Impact



Integrated Annual Report - 2025

Moving from “Good to Great” to “Sustainable Customer-Centred Growth”

In 2025, the focus shifted from internal strengthening to delivering sustainable customer-centred growth, reinforcing the commitment to responsible, inclusive finance across Uganda. Guided by a strong social purpose and a disciplined approach to value creation, emphasis was placed on expanding access, strengthening operational efficiency, and deepening impact among underserved communities, particularly women and youth in rural and hard-to-reach areas. This approach supported continued growth, as reflected in the 2025 performance highlights (see pages 24-25).

Our strategy continues to be anchored in six strategic pillars, which provide a clear framework for growth, stakeholder confidence, and long-term impact. Building on an established foundation of empowerment and resilience, the Three S Model of Simplicity, Sustainability, and Scalability remain central, ensuring that solutions are practical, adaptable, and responsive to the needs of the communities served.

Guiding Principles of our Strategic Execution

What?

How?

Focus on target market

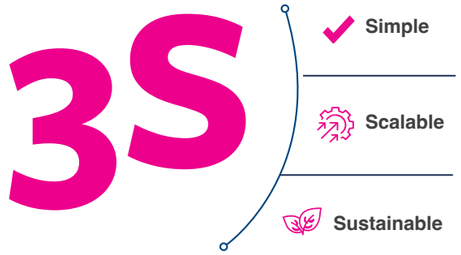
- Women
- Rural
- Poor
- Youth

Sustainable Customer-Centred Growth

- Alternative delivery channels.
- New products.
- Financial literacy and resilience.

Reinforce Existing Capabilities

- Refine market tested products and services.
- Simplify processes.
- Pioneer scalable, technology driven propositions.



Decision-making and Execution

- Socially impactful and responsible.
- Evidence based implementation.
- Building customer loyalty.
- Accountability.
- Agility.

How Strategy Shapes Our Performance

In 2025, we advanced the third year of our 2023–2026 Strategic Plan, building strong momentum as we translated our vision of a just and inclusive world into disciplined execution across the Bank. This year was defined by customer centred growth, as we translated strategic intent into practical improvements across the Bank strengthening responsible financial inclusion, enhancing service delivery, accelerating digital adoption, and embedding client protection and social performance practices into everyday operations. These actions deepened our impact, improved client outcomes, and reinforced BUBL’s role as a trusted partner for underserved communities across Uganda.

Strengthen sustainability by building on existing competencies, developing competitive customer value propositions through product refinement and innovation to optimise opportunities within the BRAC ecosystem.

2023 (what we set out to do)

Strategic plan in time (We are here)

2025 (what we have done)

Largest socially driven Bank accelerating financial innovation for the bottom of the pyramid, inspiring financial resilience and implementing simple affordable solutions for empowering communities in Uganda especially, women.

2026 (what we shall do)



Microfinance Group sitting in Mukono

Responsible Inclusive Finance

Objective

To deepen access to affordable and responsible financial services for underserved populations, while ensuring that every client is protected and supported to build long-term financial resilience.

Why it matters

Inclusive finance lies at the core of the institution's purpose. Expanding access to those traditionally excluded from the formal financial system, particularly women and youth at the bottom of the pyramid, translates mission into measurable impact while strengthening a loyal and growing customer base. Delivering these services responsibly is essential to protecting customers, sustaining trust, and reinforcing the foundation on which long-term relationships and growth depend.

2025 in Numbers

185,511
Active borrowers

93%
Women customers

ESG
Screening in lending

Our focus in 2025

- Extended affordable credit and savings to women, youth and MSMEs.
- Scaled financial-literacy outreach across branches and digital channels.
- Embedded ESG criteria and client-protection principles into lending.
- Continued integrating AIM graduates into formal banking.

Looking to 2026

- Client Protection Principles certification.
- ESG-compliance audit programme.
- Credit-scoring for faster, fairer appraisals.

Delivery Against Plan

		Target	Actual
Deepen inclusive reach for women and youth	Achieved	93%	93%
Scale financial-literacy outreach	Partially Achieved	30,000	27,755
Strengthen ESG integration in the bank	In progress	Developed ESG Strategy and Policy	Developed ESG Strategy and Policy
Increase the Net Promoter Score by 10 percentage points	Partially Achieved	61	54

Material Matters

Community resilience | Customer centricity | Women & youth

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Capitals impacted

Innovative Product Development

Objective

Develop market-led products and delivery channels tailored to the needs of women, youth, MSMEs and green enterprises.

Why it matters

Products that genuinely fit our customers deepen inclusion, set us apart in a crowded market, and open new sources of growth. Innovation, guided by research, keeps our offer relevant and affordable.

Our focus in 2025

- Grounded product design in structured market research.
- Refined products for women, youth and MSMEs.
- Green and clean-energy financing planned for 2026.

Looking to 2026

- Scale up youth, Agri-Finance & salary loans.
- Credit scoring and risk based pricing.
- Human-centred products (school fees).

Delivery Against Plan

		Target	Actual
Refine products for women, youth & MSMEs	Achieved	Completed	Completed Review
Pilot Credit Scoring and Risk Based Pricing	In progress	4	4
Scale agri-finance group loans	Achieved	20	20

Material Matters

Digital Transformation | Customer centricity | Women & youth

1 NO POVERTY | 2 ZERO HUNGER | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Capitals impacted

Digitalisation of Field Operations

Objective

To digitise service delivery and internal operations in order to expand outreach, improve efficiency, reduce cost-to-serve, and enhance productivity across the organisation.

Why it matters

Digitalisation enables access to remote and underserved communities in a cost-effective manner, while improving the speed and quality of service delivery. It also enhances operational efficiency by streamlining processes and enabling staff to focus on higher-value customer engagement. At the same time, increased digital adoption requires careful management of cyber security risks, with appropriate controls to safeguard systems, data, and customer trust.

Our focus in 2025

- Scaled the mobile app and USSD.
- Digitise internal workflows.
- Reinforce cyber and information-security governance.

Looking to 2026

- Scale digital channels network-wide.

Item	Benefit
Implementation of Privileged Access Management (PAM).	To strengthen Identity and Access Management (IAM), enhance control over privileged accounts, and improve monitoring and accountability of privileged user activities.
Implementation of Information Security Management System (ISMS)	Strengthening the organisation's overall information security governance, risk management, policies, controls, and compliance framework.
Implementation of Security Information and Event Management (SIEM)	Deployed Wazuh SIEM to enhance centralized security log collection, monitoring, analysis, review, and retention. This has improved our ability to detect, investigate, and respond to potential security incidents.

Delivery Against Plan

Scale digital channels across the network	Achieved
Reinforce cyber & information security	Achieved
Digitise internal workflows	In progress

Material Matters

- Digital Transformation
- Customer centricity

8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Capitals impacted

Management Development and Decision-Making

Objective

To strengthen leadership capability, enhance data-driven decision-making, and reinforce performance management to support effective delivery of the strategic plan.

Why it matters

Strong management ensures that strategy is translated into disciplined and consistent execution. Effective leadership, combined with decisions grounded in data and evidence, builds a performance-driven culture and strengthens the institution's ability to sustain growth. Over time, well-informed decisions made at the right level contribute to improved outcomes and long-term value creation.

Our focus in 2025

- Developed leaders and decision-makers across the Bank.
- Embedded performance management end-to-end.
- Advanced the Culture Charter: Leadership, Execution, Accountability, Professionalism.
- Sustained strong Board engagement and governance.

Looking to 2026

- Pay to the market minimum.
- Senior-management exposure visits to BRAC International.
- Grow women in management towards 50%.

2025 in Numbers

Culture Charter embedded

4
Culture pillars

Board
Strong board engagement

Delivery Against Plan

Embed performance management & the Culture Charter	Achieved
Sustain Board engagement and governance	Achieved
Achieve 90% of the annual strategic plan	In progress

Material Matters

- Employee welfare and development
- Responsible business

8 DECENT WORK AND ECONOMIC GROWTH | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Capitals impacted

Talent Management

Objective

Build, retain, and develop a high-performing, purpose-driven workforce while accelerating gender equality across all levels of leadership.

Why it matters

People are at the centre of service delivery, and their capability, engagement, and wellbeing directly influence the value created for customers and other stakeholders. Investing in talent, leadership, and culture strengthens organisational resilience, enhances performance, and builds the capability required to deliver sustainable growth and long-term impact.

Our focus in 2025

- Invest in learning and leadership development.
- Enhance the employee value proposition.
- Advance the Culture Transformation journey.
- Strengthen succession planning and internal mobility.

Looking to 2026

- Pay to the market minimum.
- Senior-management exposure visits to BRAC International.
- Grow women in management toward 50%.

2025 in Numbers

27,792
Training hours

90
Promotions

90%
Roles filled internally

81%
Women in the workforce

Delivery Against Plan

Enhance the employee value proposition	Achieved
Advance the Culture Transformation journey by improving employer Provident fund contribution from 4.2% to 5.% of employee's basic pay	In progress
Strengthen internal mobility & succession	Achieved

Material Matters

Employee welfare & development

Capitals impacted

Growth for Impact

Objective

To drive sustainable growth through strong mobilisation of low-cost deposits and disciplined lending, ensuring that expansion supports impact while maintaining asset quality and delivering sustainable returns.

Why it matters

Sustainable growth underpins the long-term delivery of our mission. A stable, low-cost funding base combined with disciplined portfolio management strengthens resilience and enables continued lending across economic cycles. This balance ensures that financial strength is consistently translated into expanded outreach and deeper impact.

Our focus in 2025

- Mobilised low-cost deposits to reduce the cost of funds.
- Lend with discipline and actively manage portfolio quality.
- Diversify funding and reduce reliance on wholesale borrowing.
- Strengthened capital to underpin future growth.

Looking to 2026

- Improve cost optimisation.

2025 in Numbers

Ushs 154.2Bn
Customer Deposits

Ushs 207.6Bn
Net Loans

Ushs 6.6Bn
Profit After Tax

22.78%
Total capital ratio

Delivery Against Plan

		Target	Actual
Grow the loan book to deepen reach (Shs) Bn	Achieved	219	207.6
Maintain a satisfactory Core Capital Adequacy position	Achieved	17.40%	21.67%
Grow customer deposits (Shs) Bn	In progress	168	154

Material Matters

Responsible Business | Customer centricity | Women & youth

Capitals impacted

4

Governing for Impact

Governing for Sustainable Customer Centred Growth	60
Our Tone at the Top	62
Board of Directors	64
Senior Management Team	70
Our Corporate Governance Structure	72
Evaluating Our Governance Effectiveness	85
Report from the Board Audit Committee	86
Report from the Board Human Resources and Nominations Committee	88
Report from the Board Social Performance Management Committee	90
Report from the Board Credit Committee	92
Report from the Board Assets and Liabilities Committee	94
Report from the Board Risk, Compliance and IT Committee	96

Board Members and Senior Management Team engage customers during trade visit

Integrated Annual Report - 2025

Governing for sustainable customer centred growth

GRI 2-11

As members of the Board of Directors of BRAC Uganda Bank Limited, supported by the Board Audit Committee, we reaffirm our commitment to upholding the integrity, accuracy, and transparency of this 2025 Integrated Report.

Supporting sustainable growth through sound governance

Throughout 2025, the Board ensured that governance was applied as an enabler of sustainable value creation rather than a compliance exercise. We focused on outcomes that strengthen long term performance and support the customers who rely on us, especially women in rural and hard-to-reach areas.

A key milestone was the Board's adoption of our inaugural ESG Policy, which embeds environmental and social considerations into governance, strategy, and decision-making. This policy strengthens our alignment with long term value creation and reinforces our commitment to responsible banking.

Strengthening oversight through independent evaluations

Our Board emphasises regular, rigorous evaluations as essential for effective governance. In this regard, the Board underwent a comprehensive 360 degree evaluation conducted by the Institute of Corporate Governance of Uganda. I am encouraged by the 92% response rate and the overall Board performance score of 91.6%, which affirms our alignment with governance best practice and our commitment to continuous improvement.

Leadership transitions and continuity

In line with King IV's principle of ensuring succession and continuity, I oversaw the following key leadership transitions during the year:

- **Ms. Annette Mbabazi Rumanyika Mulira,** a long serving Board Member, retired on 9th June 2025.
- **Mr. William Mawejje,** the former Executive Director and Chief Operating Officer, who retired in May 2025.
- The Board appointed **Ms. Lillian Kabateera** as Company Secretary effective Q1 2026, replacing Mr. Max Manzi who transitioned from the service of the Bank in the third quarter of the year.

I am pleased to report that these transitions were carefully managed to preserve institutional knowledge while positioning the Bank for its next phase of growth.

Looking Ahead

As we enter 2026, I remain focused on strengthening oversight, to deepen stakeholder engagement, and supporting the critical enablers of the inclusive growth we aspire to deliver. My commitment is unwavering: to lead with integrity, discipline, and purpose; to safeguard the trust placed in us; and to ensure that BRAC Uganda Bank Limited continues to contribute meaningfully to inclusive growth and resilience across Uganda.

Albert Elasu Obongonyinge
Board Chairperson



ALBERT ELASU OBONGONYINGE

Board Chairperson

Our Tone at the Top

At BRAC Uganda Bank Limited, robust corporate governance remains the foundation of institutional sustainability and the effective delivery of impact. Our governance framework is anchored in the principles of transparency, accountability, and ethical leadership, guided by the Financial Institutions (Corporate Governance) Regulations 2024 and the King IV principles.

Leadership at the highest level is focused on steering the organisation towards Sustainable Customer-Centred Growth, ensuring that financial performance is consistently aligned with social impact. Environmental, Social and Governance considerations are embedded into our decision-making processes, reinforcing the link between responsible growth and long-term value creation.

BUBL is one of the few financial institutions with a dedicated Board Social Performance Committee, which reviews and assesses both our ESG performance and the impact we deliver for our customers. We embed ESG considerations and client impact outcomes in our decision-making, reinforcing the link between responsible growth and long-term value creation. Refer to page 101 for our sustainability and impact approach.

How the Board functions

The Board of Directors serves as the highest governing body, providing strategic oversight, independent judgment, and direction to the Bank.

Composition and diversity GRI 2-9

As at 31 December 2025, the Board comprised nine directors, including one Executive Director and eight Non Executive Directors, ensuring a clear separation between governance and management in line with King IV. The Board reflects a balanced and diverse mix of expertise spanning finance, risk management, law, and social development, capabilities that strengthen its ability to provide effective oversight and long term value creation. Women constitute 56% of the Board, bringing depth, diversity, and lived experience to decision-making, particularly important given that both our employee base and customer base are predominantly female.

Meeting cadence

The Board meets semi-annually, except for social performance committee which meets twice a year, All other Board committees meet quarterly with additional meetings convened as required. During 2025, the Board held seven meetings, comprising four scheduled sessions and three additional meetings to address emerging priorities. Refer to page 76 for more details.

Committee oversight

To support its mandate, the Board operates through six specialised committees, each chaired by an independent Non-Executive Director. These include the Audit, Assets and Liabilities; Risk, Compliance and IT; Credit; Human Resource and Nominations, and Social Performance Management Committees. See pages 78-97 for more committee structures.

Continuous improvement

Regular Board evaluations remain a key component of sound corporate governance. The most recent independent assessment, conducted by the Institute of Corporate Governance of Uganda, resulted in an overall Board performance score of 91.6%, reflecting strong alignment with established governance standards.



56%
of the Board is constituted by Women



Role of the Board

The Board is ultimately accountable for the Bank's strategic direction, financial soundness, and risk management framework. Its core responsibilities include:

Strategy and Policy	Approval and oversight of the five-year strategic plan, annual budgets, and key policies, ensuring alignment with long-term objectives.
Risk and Compliance:	Oversight of a robust risk management framework to manage operational, credit, and strategic risks, while ensuring full compliance with regulatory requirements. Refer to page 112 for more on risk management.
Leadership & Succession planning	Monitoring the performance of senior management including the Managing and Executive Directors and overseeing succession planning to maintain continuity and organisational resilience.
Sustainability oversight	Defining ESG priorities and ensuring the allocation of resources required to deliver sustainable impact at scale, including initiatives such as the transition towards net zero.
Stakeholder protection	Safeguarding the rights and interests of all stakeholders including shareholders, employees, customers, suppliers, communities, regulators, government, and development partners while upholding integrity, transparency, and accountability in every decision.

Evolving regulatory landscape

In 2025, the regulatory environment continued to evolve, introducing changes that reinforce sustainability, strengthen consumer protection, and enhance governance and reporting standards. These developments have direct implications for how the Bank manages risk, delivers services, and positions itself for long-term resilience and responsible growth.

Environmental Sustainability & Climate Risk

- Introduction of climate-related risk guidelines requiring integration into governance, strategy, and capital assessment processes
- Preparatory steps towards the adoption of sustainability disclosure standards.

Consumer Protection and Financial Inclusion

- Elimination of stamp duty on loan agreements, reducing borrowing costs for customers.
- Mandatory credit reference checks for all loan applications using national identification.

Governance, Compliance and Risk Oversight

- Strengthened AML/CFT requirements, including enhanced management of politically exposed persons.
- Improved cyber security governance and reporting structures.
- Continued compliance with tax transparency obligations.
- Alignment of Board remuneration with updated governance regulations.

Company secretary

The Company Secretary is responsible for ensuring that Board and Committee procedures, charters, and all applicable legislation and regulations are properly observed. The role includes providing Directors with guidance on governance, compliance, and fiduciary responsibilities, and overseeing the preparation of meeting agendas, circulation of Board papers, and accurate recording of minutes.

Meeting agendas are discussed in advance with the Board Chairperson and the respective Committee Chairpersons to ensure alignment with strategic priorities and to support effective, well structured deliberations.

Following a formal written assessment, the Board is satisfied that the Company Secretary possesses the requisite competence, qualifications, knowledge, and experience to discharge the responsibilities of a public interest entity company secretary. In accordance with the principles of King IV™, the Company Secretary is not a Director of BRAC Uganda Bank Limited and, in the Board's view, maintains sufficient independence to serve as an effective steward of the Bank's corporate governance.

As at 31 December 2025, the Board confirms that an arm's length relationship between the Board and the Office of the Company Secretary was maintained throughout the year. The role was held by Mr. Max Manzi until 31 July 2025, after which an Acting Company Secretary oversaw Board support and governance administration for the remainder of the year. To ensure continuity and strengthen governance capability, the Board appointed Ms. Lillian Kabateera as substantive Company Secretary, effective 2 January 2026. This structured transition ensured that the Bank continued to benefit from competent, independent, and professionally grounded secretarial support in line with the principles of King IV™.



Board of Directors

Integrated Annual Report - 2025

Governance Structure & Composition

GRI 2-9



Mr. Albert Elasu Obongonyinge
Board Chairperson (INED)

Tenure: 5 years
Membership: Board Chairperson (INED)

Education
- M.Sc. Computer Science, Obafemi Awolowo University, Nigeria
- PGDip. Computer Science, Makerere University
- B.Sc. Chemistry Makerere University
- FCCA, CPA



Ms. Peace Kabatangare
Chair, BAC (INED)

Tenure: 2 years
Membership: (BAC) (BRCITC)(BSPMC)

Education
- Certified Public Accountant (CPA), Institute of Certified Public Accountants
- Masters of Business Administration, Edinburg Business School, Heriot Watt University
- Certified Internal Auditor (CIA)
- Association of Chartered Certified Accountants (ACCA)
- B.Sc. Agric. Land Use Management
- Sustainability Leadership-Strathmore School of Business



Ms. Orsolya Farkas
Member (BALCO) (BCC) (BHRNC)

Tenure: 5 years
Membership: (BALCO) (BCC) (BHRNC)

Education
- MSc. Public Affairs, Princeton University



Ms. Florence Nsubuga Nakimbugwe
Chair, BHRNC (INED)

Tenure: 5 years
Membership: (BHRNC) (BRCITC) (BAC)

Education
- MA Economic Policy & Planning, Makerere University
- B. Commerce, Makerere University



Mr. Anthony Peter Wainaina Kamau
Chair, BCC & BRCITC (INED)

Tenure: 4 years
Membership: (BCC) (BRCITC) (BAC)

Education
- MA Business Administration (Finance & Marketing), Georgetown University, Washington
- BSc. Agricultural Economics, Wye College, University of London



Ms. Laurie Jean Spengler
Chair, BALCO & BSPMC (INED)

Tenure: 4 years
Membership: (BALCO) (BSPMC) (BHRNC)

Education
- Juris Doctor, Harvard Law School
- B.A. Economics, Stanford University



Ms. Bridget Lee Dougherty
Non-Executive Director (BALCO) (BCC) (BRCITC)

Tenure: 2 years
Membership: (BALCO) (BCC) (BRCITC) (BSPMC)

Education
- BA Liberal Arts and Sciences. University of Illinois at Urbana Champaign



Mr. Seewoosagur Domun
Member (BALCO) (BCC) (BSPMC)

Tenure: 3 years
Membership: (BALCO) (BCC)(BSPMC)

Education
- MA Business Administration (MBA2 in Global Banking & Finance), Universidad Catolica de Murcia (UCAM), Spain
- Certified Expert in Micro Finance, Frankfurt Business School Germany
- Diploma in Telecommunication Management Studies (DTMS)
- BT Consult, Bath, United Kingdom
- Association of Chartered Certified Accountants (ACCA)



Mr. Nkosilathi Moyo
Managing Director / CEO

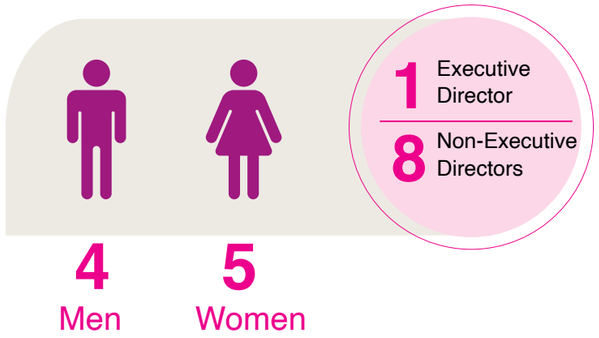
Tenure: 4 years
Membership: N/A

Education
- MA Business Leadership, University of South Africa
- B.SC Honors, University of Zimbabwe
- Diploma in Training Management, Zimbabwe

Independence GRI 2-15

In line with King IV principles, the Board is comprised of a majority of non-executive directors, promoting independent oversight, objective decision-making, and a clear distinction between governance and management roles.

Independent non executive directors who have served for more than nine years are, in line with King IV™, considered to have diminished independence due to length of service and are therefore ineligible to serve as Board Chairperson or Committee Chairperson. For the year ended 31 December 2025, the Board confirms that no director exceeded the nine year threshold, and all independent non executive directors continued to meet the criteria for independence, objectivity, and effective oversight.



To reinforce transparency and accountability, declarations of independence and disclosures of potential conflicts of interest are tabled at every Board and Committee meeting, forming a standing requirement for all Board proceedings in line with King IV™ and the Financial Institutions (Corporate Governance) Regulations 2024. These declarations ensure that Directors continually affirm their independence, disclose any interests that may affect objective judgment, and uphold the ethical leadership expected of a public interest entity.

	2025	2024
Board meetings where declarations of independence were made	100%	100%
Board meetings where conflicts of interest were declared	100%	100%



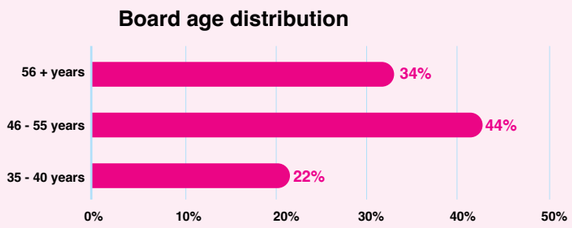
Inclusive governance



Women represent 56% of the Board, reflecting King IV's emphasis on diversity of thought, equitable representation, and inclusive governance. This composition is intentional: it mirrors the profile of our organisation, where both our employee base and customer base are predominantly women. By ensuring that women's voices are strongly represented at the highest level of oversight, the Board lives our commitment to progressive governance practices and stakeholder responsive leadership.

Board age distribution

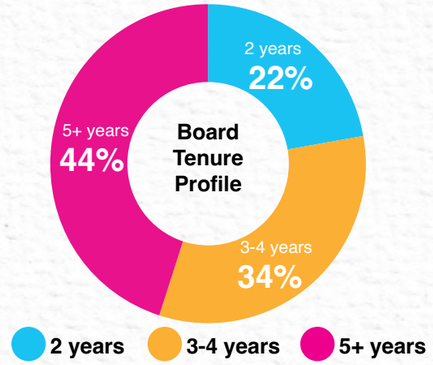
Our Board composition supports dynamic, stable, and contextually responsive governance in line with King IV's emphasis on cognitive diversity, effective oversight, and consists of a balanced mix of generational perspectives: with members aged 35–40 that contribute innovation and fresh thinking; members aged 40–49 offer seasoned leadership, and members above who are and 50 bring deep experience and strategic insights.



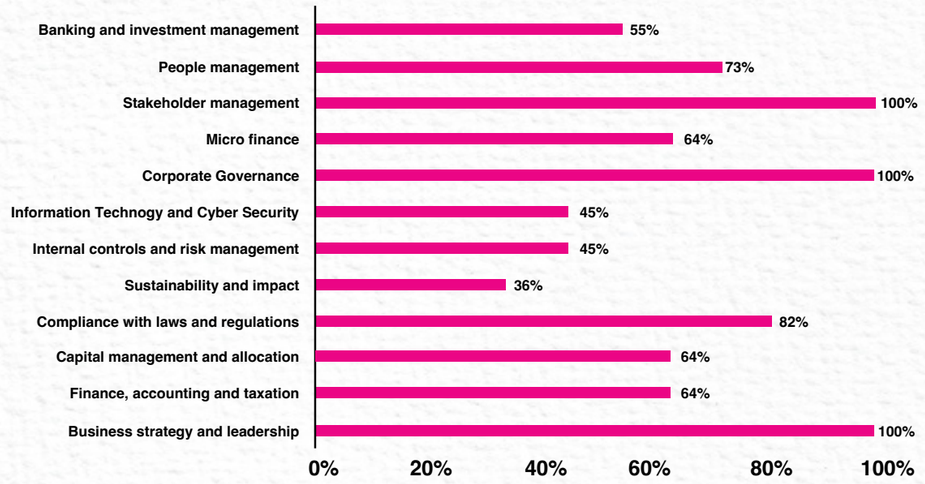
Age Group	Number of Directors	% of Board	Key contribution
35–45 years	2	22%	Younger professionals bringing innovation, ICT expertise, and fresh perspectives.
46–55 years	4	44%	Mid career leaders with strong backgrounds in finance, law, and sustainability.
56+ years	3	34%	Senior directors with over 20 years' governance and banking experience, providing institutional memory and stability.

Tenure on the Board

The Board's tenure profile demonstrates a healthy balance between continuity and renewal. Two directors have served for two years, contributing fresh perspectives and renewed energy to Board deliberations. Three directors fall within the three to four year range, providing stability, active committee engagement, and growing institutional familiarity. Four directors have served for five years or more, ensuring the retention of institutional knowledge, strategic consistency, and a deep understanding of the Bank's operating environment.



Board skills and experience GRI 2-17



BUBL requires a diverse skill set to deliver sustainable value, especially for stakeholders at the bottom of the pyramid. The Board regularly reviews its composition to align with strategic shifts and a changing environment, ensuring it remains equipped to guide the Bank's inclusive growth.

Senior Management Team

GRI 405 - 1



Mr. Nkosilathi Moyo
Managing Director/CEO



Mr. Kevin Andrew Ntege Ssengendo
Head of Risk/Acting Executive Director



Ms. Stella Agaba
Head of Finance



Ms. Jenah Kirabo
Head of Banking Operations



Mr. Bob Paul Lusembo
Head of Business Growth



Mr. Jonathan Kiggundu
Manager Marketing Communications and Customer Experience



Mr. Lawrence Omony
Head of Compliance/MLCO



Ms. Anne Ritah Namunyaako
Head of Internal Audit



Mr. Polycarp Mugizi
Head of ICT



Ms. Catherine Kyomugisha
Head of Human Resource



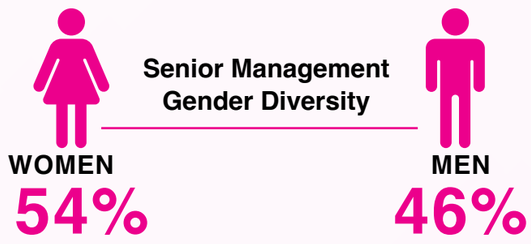
Ms. Nalugya Irene
Manager Strategy



Ms. Esther Namakula
Ag Head of Risk



Ms. Georgina Namukwaya
Procurement Manager



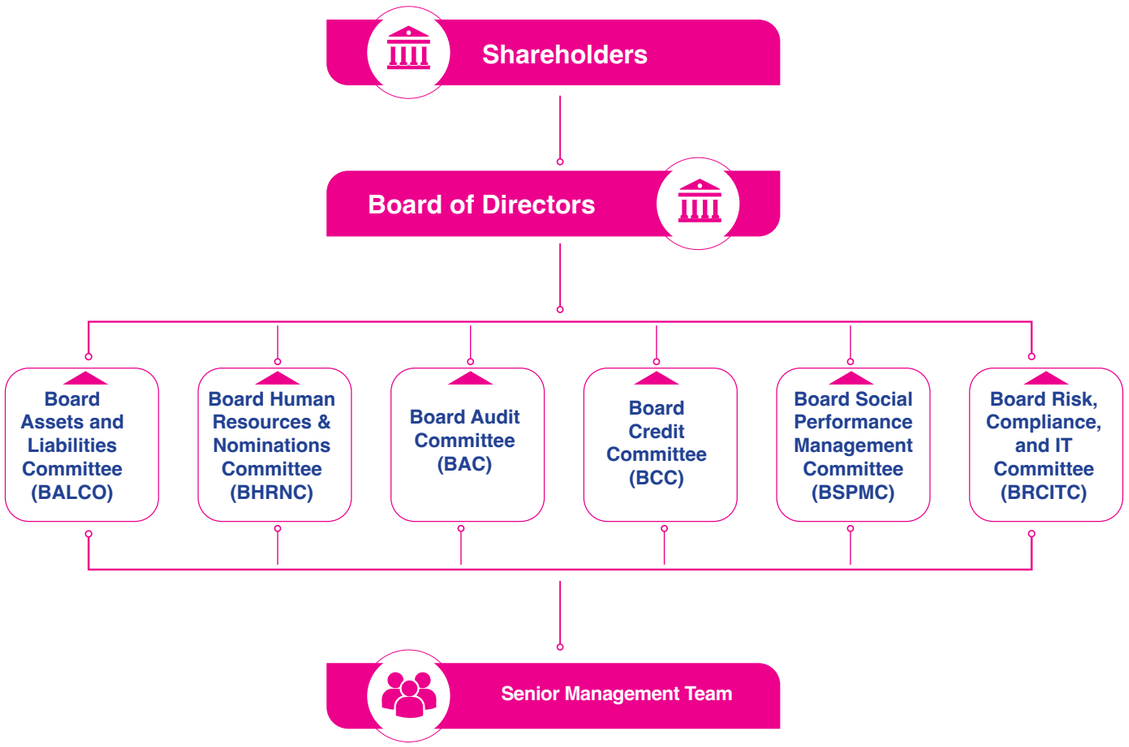
Integrated Annual Report - 2025

Our Corporate Governance Structure

GRI 2-9, 405-1- 2-13

The Board of Directors is the highest governing body of BRAC Uganda Bank Limited, entrusted with providing strategic leadership, oversight, and accountability. The Board ensures organisational performance, ethical conduct, and regulatory compliance in a manner that protects and advances stakeholder interests.

Our governance architecture is grounded in Ugandan regulatory requirements and strengthened by global best practices, including the King IV Report on Corporate Governance, which guides our approach to ethical and effective leadership, inclusive decision-making, and sustainable value creation. To support robust oversight and clear delegation of authority, the Bank has established six specialised Board Committees in accordance with the Financial Institutions Act, Cap. 57.



Each Committee is chaired by an Independent Non-Executive Director and reports transparently to the Board, ensuring clear lines of accountability and balanced oversight. Senior Management plays a critical role in enabling the Board and its Committees to function effectively by providing timely, accurate, and relevant information that supports informed, evidence-based decision-making.

Board Committees

Board Assets and Liabilities Committee (BALCO)



Ms. Laurie Jean Spengler (Chairperson)

Purpose

The Board Asset and Liability Management Committee (BALCO) advises the Board on sound asset and liability management policies and procedures. Its mandate is to ensure that BUBL operates in full compliance with applicable laws, Central Bank regulations, and prudential guidelines while supporting the institution's strategic objectives and financial sustainability.

Membership and Meetings

- BALCO shall have not less than two nonexecutive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least two members.

Members

- Ms. Orsolya Farkas
- Mr. Seewoosagur Domun
- Ms. Bridget Lee Dougherty

Meetings held/attended

5/5

Overall 2025 committee attendance

100%

Board Human Resources and Nominations Committee (BHRNC)



Ms. Florence Nakimbugwe Nsubuga (Chairperson)

Purpose

The Board Human Resource & Nominations Committee (BHRNC) provides oversight of recruitment and remuneration framework for the Board, senior management, and other key personnel. It ensures that the design and implementation of compensation systems align with BRAC's culture, long-term strategy, risk appetite, and internal control environment.

Membership and Meetings

- BHRNC shall have not less than two non-executive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least two members.

Members

- Ms. Laurie Jean Spengler
- Ms. Orsolya Farkas

Meetings held/attended

4/4

Overall 2025 committee attendance

100%

Board Audit Committee (BAC)


Ms. Peace Kabatangare (Chairperson)

Purpose

The Board Audit Committee (BAC) supports the Board in fulfilling its oversight responsibilities across four key areas:

- Integrity of the financial reporting process.
- Effectiveness of accounting systems, internal controls, and financial risk management.
- Independence and quality of the audit process; and
- Compliance with applicable laws, regulations, and BRAC's Code of Business Conduct.

Membership and Meetings

- BAC shall have not less than three nonexecutive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least three members.

Members

- Ms. Florence Nsubuga Nakimbugwe
- Mr. Anthony Peter Wainaina Kamau

Meetings held/attended

5/5

Overall 2025 committee attendance

100%

Board Credit Committee (BCC)


Mr. Anthony Peter Wainaina Kamau (Chairperson)

Purpose

The Credit Committee (BCC) provides oversight on credit operations in line with the banks credit strategy.

Membership and Meetings

- BCC shall have not less than two nonexecutive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least two members.

Members

- Mr. Seewoosagur Domun
- Ms. Bridget Lee Dougherty
- Ms. Orsolya Farkas

Meetings held/attended

4/4

Overall 2025 committee attendance

100%

Board Risk, Compliance, and IT Committee (BRCITC)


Mr. Anthony Peter Wainaina Kamau (Chairperson)

Purpose

The Board Risk, Compliance & Information Technology Committee (BRCITC) provides strategic oversight of BRAC's enterprise-wide risk management framework. It monitors senior management's activities in identifying, assessing, and mitigating key risks including credit, market, liquidity, operational, legal, ICT, information security, and other emerging risks ensuring alignment with the institution's risk appetite and regulatory obligations.

Membership and Meetings

- BRCITC shall have not less than two nonexecutive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least two members.

Members

- Ms. Florence Nsubuga Nakimbugwe
- Ms. Bridget Lee Dougherty
- Ms. Peace Kabatangare

Meetings held/attended

5/5

Overall 2025 committee attendance

100%

Board Social Performance Management Committee (BSPMC)


Ms. Laurie Jean Spengler (Chairperson)

Purpose

The Board Social Performance Management Committee (BSPMC) serves as a standing advisory committee to the Board, established to safeguard BRAC's social mission and drive measurable impact. It supports the Board in integrating social performance oversight into governance structures ensuring that defined impact objectives are achieved in tandem with financial sustainability.

Membership and Meetings

- BSPMC shall have not less than two nonexecutive directors with an Independent Non-Executive Chairperson.
- Quorum for meetings is at least two members.

Members

- Mr. Seewoosagur Domun
- Ms. Bridget Lee Dougherty
- Ms. Peace Kabatangare

Meetings held/attended

2/2

Overall 2025 committee attendance

100%

Board meeting attendance

In 2025, the Board of Directors convened seven times, four statutory quarterly meetings and three ad hoc sessions. These meetings provided a platform for strategic oversight, policy approval, and monitoring of performance. The ad hoc meetings were particularly important for addressing emerging issues such as the auditor transition, deposit growth management, and credit innovation rollouts.

Director	Independent Yes/No	Number of meetings attended/ possible meetings held
Mr. Albert Elasu Obongonyinge	Yes	7/7
Ms. Florence Nakimbugwe Nsubuga	Yes	7/7
Ms. Peace Kabatangare	Yes	7/7
Mr. Anthony Peter Wainaina Kamau	Yes	7/7
Ms. Laurie Jean Spengler	Yes	7/7
Ms. Orsolya Farkas	No	7/7
Ms. Bridget Lee Dougherty	No	7/7
Mr. Seewoosagur Domun	No	7/7
Mr. Nkosilathi Moyo	No	7/7

Board Changes (2025)

The following key changes to the Board and the Office of the Company Secretary occurred during the year and immediately thereafter. Ms. Annette Mbabazi Rumanyika Mulira, Independent Non Executive Director, retired from the Board on 9 June 2025. Mr. William Mawejje, Executive Director and Chief Operating Officer, concluded his service on 31 May 2025, and Mr. Max Manzi stepped down as Company Secretary on 31 July 2025. Following these transitions, an Acting Company Secretary supported the Board for the remainder of the year, ensuring continuity of governance processes. Effective 2 January 2026, Ms. Lillian Kabateera was appointed as the substantive Company Secretary.



Staff members taking a group photo in the staff retreat.

Members of a Microfinance Group in Kangulumira

Key Actions of the Board and Its Committees

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

BAC | **BRCITC** | **BCC** | **BALCO** | **BHRNC** | **BSPMC**

Q1 2025

- Adopted Q1 Board Committee reports
- Recommended KPMG as 2025 external auditors for AGM approval.
- Approved 2025 Capital Plan and IFRS 9 model documentation review.
- Ratified Q1 loan write-offs.
- Approved policy amendments introduced a new Information Security Policy and adopted an annual policy-review cycle.
- Approved the Risk Register & Basel II-Pillar 3 disclosures.
- Adopted Board Evaluation Report and Action Matrix.
- Approved 2025 revised salary structure.

- Reviewed internal audit outcomes and management responses.
- Strengthened escalation of unresolved assurance matters.
- Monitored progress on customer due diligence and control improvements.
- Considered internal audit resourcing, independence and governance requirements.

- Reviewed technology, information security, compliance and risk reports.
- Considered risk-register and regulatory disclosure matters.
- Supported updates to information security and related governance policies.
- Monitored technology resilience and system-transition readiness.

Q2 2025

- Adopted Q2 Board Committee reports
- Ratified Q2 loan write-offs.
- Approved MF & SEP policy amendments and introduced a new School Fees Loan Product.
- Approved reprioritisation of the Annual Strategic Plan (ASP).
- Approved Table of Authority amendments and 2025 counterparty limits.
- Adopted culture-audit report; directed management-led 100-day remedial plan.

- Reviewed internal audit reporting and agreed management follow-up actions.
- Considered internal audit capability and professional development needs.
- Supported continued alignment with audit governance expectations.
- Maintained focus on timely closure of assurance findings.

- Reviewed technology, security, compliance and enterprise-risk reporting.
- Strengthened fraud, whistleblowing and capital adequacy policy governance.
- Reviewed emerging digital-risk themes and control responses.
- Maintained focus on regulatory alignment and timely risk mitigation.

Q3 2025

- Adopted Q3 Board Committee reports.
- Ratified Q3 loan write-offs.

- Approved internal audit planning priorities for the next cycle.
- Reviewed audit governance documents and independence safeguards.
- Considered external assurance matters in line with governance requirements.
- Directed continued improvement in assurance coverage and reporting quality.

- Reviewed risk, compliance and information security performance.
- Approved enhancements to cyber-risk protection and continuity governance.
- Considered business-continuity and sustainability-related policy matters.
- Directed disciplined oversight of technology investment and resilience planning.

Q4 2025

- Adopted Q4 Board Committee reports.
- Approved the ESG Strategy and Policy.
- Ratified the Q4 loan write-offs.
- Approved the revised legal section of the Table of Authority.

- Reviewed assurance, financial performance and control-environment reports.
- Noted internal audit independence and professional standards alignment.
- Directed management to strengthen technology, continuity and control remediation.
- Reviewed leadership performance and future audit objectives.

- Reviewed technology, security, compliance and risk reports for the quarter.
- Considered regulatory disclosures, stress testing and climate-risk governance.
- Approved sustainability governance matters with clearer committee accountability.
- Directed continued improvement in resilience, monitoring and recovery arrangements.

Q1 2025

- Reviewed credit performance and portfolio-quality trends.
- Considered credit write-off matters in line with policy and regulation.
- Supported repayment and credit-process improvements to enhance customer outcomes.
- Reinforced collateral, approval and portfolio-monitoring controls.

- Reviewed finance performance, capital planning and financial-reporting governance.
- Considered liquidity, funding and capital adequacy matters.
- Reviewed cost-allocation and financial-management improvements.
- Supported disciplined financial oversight and regulatory alignment.

- Reviewed people performance and workforce governance matters.
- Considered Board effectiveness and remuneration governance reports.
- Reviewed Board succession and independence requirements.
- Directed follow-up on leadership inclusion and organisational effectiveness.

- Reviewed the results of the Annual Lean Data Survey report for 2024 and management's proposed action plans to improve outcome areas and customer experience.
- Reviewed social performance and customer-outcome reporting.
- Directed localisation of sustainability policy content to the Bank's operating context.
- Considered responsible-finance initiatives and risk-based pricing.

Q2 2025

- Reviewed credit reporting and related portfolio-quality actions.
- Considered lending-policy updates to support responsible growth.
- Aligned business growth priorities with prudent credit-risk management.
- Maintained oversight of customer affordability, collections and portfolio resilience.

- Reviewed quarterly finance reporting and delegated authority matters.
- Considered counterparty governance using aggregated risk information.
- Reviewed statutory and tax-compliance matters.
- Maintained focus on financial control, accountability and compliance follow-up.

- Reviewed people reporting and mobility-policy governance.
- Considered internal audit people matters and Board succession updates.
- Reviewed culture findings and management's response plan.
- Supported senior leadership capacity planning and continuity.

Q3 2025

- Reviewed credit performance and approved policy refinements.
- Strengthened collateral and underwriting governance.
- Advised continued focus on client retention and portfolio quality.
- Monitored credit-risk controls and customer-impact considerations.

- Reviewed finance reporting and related policy governance.
- Considered asset, tax and payments governance matters.
- Reviewed funding and reporting improvements at a strategic level.
- Supported stronger financial dashboards and management information.

- Maintained oversight of people strategy and organisational culture.
- Reviewed leadership continuity and talent-development priorities.
- Considered governance actions arising from Board and management reviews.
- Directed continued focus on accountability, inclusion and workforce resilience.

- Reviewed social performance reporting and long-term customer insights.
- Reviewed and refined sustainability policy content.
- Supported digital financial-literacy and customer-capability initiatives.
- Directed continued tracking of inclusive-finance outcomes and client value.

Q4 2025

- Reviewed credit performance, statutory write-off matters and portfolio trends.
- Approved lending policy and operating procedure updates.
- Considered product-governance matters and deferred items needing further refinement.
- Directed phased testing of credit tools and continued focus on retention and deposits.

- Reviewed financial performance and long-outstanding receivables.
- Considered funding and liquidity planning at portfolio level.
- Directed further analysis of productivity, regulatory indicators and exposure monitoring.
- Maintained oversight of financial resilience and board-level decision support.

- Reviewed people reporting, governance updates and leadership continuity matters.
- Considered senior role planning and regulatory approval processes.
- Advanced culture transformation, succession planning and performance governance.
- Maintained focus on workforce stability, accountability and long-term capability.

Inputs linked to King IV	Actions taken during the year	Strategic Priorities
Ethical and effective leadership	→ Engaged in robust operational and strategic deliberations across all board and committee meetings during the year. → Ratified the decisions to approve new and amended policies throughout the year and adopted an annual policy-review cycle. → Adopted the culture-audit report and directed a Management-led 100-day remedial plan, advancing staff mission-alignment (“Proudly BRAC”). → Contextualised the ESG Policy to the Bank’s model, established the ESG risk universe and carbon-footprint tracking, and joined the Global Alliance for Banking on Values (GABV). → Advanced the social mission through Social Performance Management reporting, the six-year Lean Data reflection, AIM 2.0 (extended to 2030) and financial-literacy training of trainers.	**Responsible inclusive finance** **Talent management** **Growth for impact**
Strategy, performance and reporting	→ Approved reprioritisation of the Annual Strategic Plan and directed a sharper, outcome-focused 2026 budgeting process. → Approved the 2024 Audited Financial Statements, Audit Results Report and Management Letter (KPMG unmodified opinion) for AGM adoption. → Recommended a 15% dividend declaration (Ushs 657.96 M) assessed under a stressed-capital scenario. → Approved the 2024 ICAAP Report, the 2025 Capital Plan and the ILAAP Policy. → Adopted quarterly financial-performance reports and Basel II-Pillar 3 market disclosures. → Enhanced CEO / ASP reporting through a “so-what” strategic-implication column, Gross vs Net PAR, and savers targets.	**Growth for impact** **Management development & decision-making** **Digitisation of field operations**
Governing structures and delegation	→ Recommended and onboarded a new Independent Non-Executive Director; updated the Board Succession Policy (maximum directors 10 to 11) and director-tenure provisions in line with the BoU Corporate Governance Regulations 2025. → Adopted the Board Evaluation Report and action matrix, benchmarked against Tier I/II peers and explored quarterly evaluations. → Approved amendments to the Table of Authority and delegation thresholds, and the 2025 counterparty limits and exceptions. → Recommended the appointment of KPMG as 2025 external auditors for AGM approval. → Approved the bidirectional structure.	**Management development & decision-making** **Talent management** **Growth for impact**

Inputs linked to King IV	Actions taken during the year	Strategic Priorities
Risk governance	→ Adopted the quarterly Risk Registers, Risk Reports and Stress-Testing Reports across Q1–Q3. → Delineated mobile-banking fraud as a standalone risk to enable focused monitoring and mitigation. → Ratified quarterly loan write-offs (Q1 Ushs 1.79 Bn, Q2 Ushs 2.00 Bn, Q3 Ushs 1.72 Bn) with enhanced documentation and accountability from originator to approver. → Directed mandatory collateral perfection before disbursement and reduced the maximum amount secured by unregistered land (Ushs 100 M to 80 M). → Approved amendments to the Risk Management Policy, Fraud Risk Management Policy and Business Continuity Management Framework.	**Growth for impact** **Responsible inclusive finance** **Management development & decision-making**
Technology and information governance	→ Adopted the quarterly IT and IT-Security reports, with progress towards ISO/IEC 27001 alignment. → Approved procurement of cyber-liability insurance and oversaw disaster-recovery and data-backup arrangements. → Subjected the IT budget to Committee approval and resolved the outright purchase of 2026 ICT infrastructure over leasing. → Oversaw the Digital Field Application, mobile-banking scale-up and core-banking stabilisation.	**Digitisation of field operations** **Growth for impact**
Compliance governance GRI 2-26, 27	→ Adopted the quarterly Compliance reports across Q1–Q3. → Approved policy amendments for regulatory alignment, including the separation of the Whistleblowing Policy, and the KYC, Procurement and Records Management policies. → Adopted the 2019–2024 NSSF clean-audit report and approved settlement of the URA stamp-duty liability (Ushs 282 M). → Oversaw tax and transfer-pricing governance, deferring the KPMG transfer-pricing engagement over a potential conflict of interest.	**Management development & decision-making** **Growth for impact**
Remuneration governance	→ Approved the 2025 revised salary structure and performance-based increments (Ushs 405 M, within budget). → Approved the Internal Audit salary review and professional-certification sponsorship. → Formalised the EUR 200 committee-chair sitting allowance and adopted the Board Remuneration Survey for shareholder consideration. → Approved amendments to the Board Remuneration Policy.	**Talent management**

Integrated Annual Report - 2025

Inputs linked to King IV	Actions taken during the year	Strategic Priorities
Assurance	→ Adopted the quarterly Internal Audit reports and approved the Internal Audit Strategy 2026–2028. → Approved 2026 Annual Audit Plan & Budget (19 branches,76 Satellites, one regional and six head-office audits, plus surprise checks). → Approved amendments to the Internal Audit Charter/ Manual and the BAC Charter, and the 2026 External Auditor Independence Policy. → Introduced a tiered escalation mechanism for unresolved audit issues and directed a combined-assurance approach with Risk and Compliance.	**Management development & decision-making**
Stakeholder relationships	→ Approved the MF & SEP policy amendments and Group Lending Policy reviews (collateral threshold and interest deferral on public holidays). → Approved the new School Fees Loan Product and strengthened agri-finance and crop-insurance client sensitisation. → Approved the transition to bi-weekly repayments and directed a social-impact review of the Gates Foundation credit-scoring / risk-based-pricing framework. → Directed a women-in-leadership root-cause analysis and a 50% leadership-diversity target, leveraging the Girls-for-Girls mentorship programme. → Directed a sustained focus on client retention, portfolio quality and enhanced financial-literacy delivery.	**Responsible inclusive finance** **Innovative product development** **Talent management**

Board future outlook

In line with its forward-looking mandate, the Board has set the strategic theme for 2026 as “Building a performance driven culture for greater impact.” This theme reflects the Bank’s commitment to strengthening execution discipline, deepening financial inclusion, and enhancing value creation for all stakeholders.

To support this direction, the Board approved the following 2026 strategic targets and operational priorities.

2026 strategic targets

Strategic Area	2025 Baseline	2026 Target
Product expansion	Agri-finance loans in 26 locations	Scale to 30 additional satellites
School fees loans	Loan product developed and approved	Pilot school fees loans and scale based on pilot results
Risk based pricing	Pilot in 4 locations	Review results and scale to 40 locations based on review results

Evaluating our Governance Effectiveness GRI 2-18

The 2025 independent Board Evaluation conducted by the Institute of Corporate Governance of Uganda (ICGU) confirmed that BRAC Uganda Bank Limited’s Board is performing at a consistently high level of effectiveness, with strong governance maturity across all dimensions assessed. The evaluation benchmarked against the Financial Institutions (Corporate Governance) Regulations 2024, King IV principles, and ICGU standards affirmed the Board’s commitment to ethical leadership, strategic oversight, and responsible stewardship.

The Board achieved an overall performance score of 91.6%, reflecting exceptional clarity of roles, effective committee structures, and strong alignment with the Bank’s mission and strategic priorities. Board Committees demonstrated similarly high performance, with an average score of 94.4%, led by standout results from the Audit Committee (96.2%), ALCO (96.8%), and the Social Performance Management Committee (95.4%). The Board Chairperson’s leadership was rated 95.4% (Exceptional), underscoring effective guidance, cohesion, and tone from the top.

The evaluation also highlighted targeted areas for enhancement, including strengthening succession planning, reinforcing remuneration competitiveness, and deepening structured stakeholder engagement. These insights have informed the Board’s forward-looking governance priorities for 2025–2026, ensuring continued effectiveness, resilience, and alignment with long term strategic goals



Senior, Regional and Branch Management teams pose for a picture after the 2025 Annual Retreat in Jinja

Report from the Board Audit Committee



Dear Stakeholders,

In 2025, my colleagues and I strengthened the Bank's assurance and internal control environment to support operational resilience, regulatory compliance, and sustainable value creation. The Committee ensured that assurance activities remained forward-looking and responsive to changes in the operating, regulatory, and technological landscape.

Strengthening assurance and internal controls

The Committee provided continuous oversight of internal audit activities, reviewing the adequacy and effectiveness of key operational, financial, and system controls. Particular emphasis was placed on improving data integrity, enhancing risk management practices, and ensuring that audit recommendations were implemented in a timely and disciplined manner. All audit issues were assigned clear ownership at Executive Committee (EXCO) level, reinforcing accountability and driving closure of long outstanding items.

Financial reporting and performance insight

The Committee supported improvements in financial reporting quality, including enhancements to performance reporting formats to enable clearer trend analysis and more informed decision-making. This contributed to stronger transparency and alignment with regulatory expectations and the Bank's integrated reporting approach.

Technology, cybersecurity, and operational resilience

Oversight of technology risk remained a priority. The Committee monitored core banking system performance, cybersecurity controls, access governance, and disaster recovery preparedness. The Committee also reviewed management's actions to address identified system vulnerabilities and supported initiatives to strengthen IT service delivery capacity, recognising technology as a critical enabler of customer experience and operational continuity.



Chairperson,
Board Audit Committee



Looking Ahead

In 2026, the Committee will continue to promote strategic alignment between assurance functions, deepen continuous auditing practices, and maintain disciplined issue closure. The Committee will also sustain robust oversight of emerging risks including digital, operational, and regulatory risks to ensure sound governance and long term value creation.

Report from the Board Human Resources and Nominations Committee

GRI 2-10, 19, 20



Dear Stakeholders,

In 2025, the Committee focused on strengthening the Bank's human capital foundation to support a performance driven culture and ensure organisational readiness for future growth. Our work centred on talent development, staff welfare, leadership continuity, and remuneration governance.

Human Capital Priorities Delivered in 2025

- Maintained strong employee relations, with no unresolved staff complaints reported during the year.
- Enhanced staff welfare, including medical insurance, staff meals, group life cover, and performance based incentive schemes.
- Strengthened retirement security by improving the Provident Fund contribution from 4.2% to 5%, effective 1 April 2025.
- Invested in staff development, with training and development expenditure of Ushs 955.8 million.
- Reinforced leadership capability, guided by succession planning insights from the 2024 Board Evaluation.
- Sustained gender diversity, with women representing 81% of the Bank's 1,870 employees.
- Continues to build a Performance-Driven Culture at BUBL by strengthening leadership behaviors, accountability and engagement to support performance and service excellence

Remuneration Governance

The Committee continued to strengthen remuneration oversight to ensure competitiveness and alignment with performance. The Board resolved to retain the existing annual retainer structure for Independent Non-Executive Directors.

Chairperson,

Board Human Resources and Nominations Committee



Directors' Fees	2025 (Ushs '000)	2024 (Ushs '000)
Fees for services of directors	405,110	391,037

A broader review of Senior Management and staff remuneration commenced during the year and will be concluded in 2026 to ensure alignment with market benchmarks and the Bank's strategic priorities.

Looking Ahead

In 2026, the Committee will continue to strengthen leadership development, succession planning, and remuneration competitiveness, ensuring that BRAC Uganda Bank remains a mission aligned, high performing institution powered by its people.

Report from the Board Social Performance Management Committee

GRI 203-2, 413-1



Dear Stakeholders,

Over the course of 2025, the Committee expanded the Bank's social impact agenda to ensure that financial performance was pursued hand in hand with positive social and environmental outcomes. The Committee's oversight reinforced the Bank's identity as a socially driven institution, ensuring that growth translated into meaningful benefits for customers, communities, and the environment.

Advancing social responsibility and inclusion

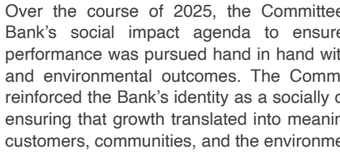
The Committee monitored initiatives aimed at delivering positive outcomes for customers, employees, and communities. Oversight focused on financial inclusion, community development, customer welfare, and stakeholder engagement, ensuring that programmes aligned with national socio-economic priorities and created shared value.

Deepening impact and outcomes

The Bank's reach expanded to 185,511 borrowers, more than 93% of them women, while financial literacy outreach was extended across the network in support of the National Financial Inclusion Strategy. The social outcomes index rose to 73%, up from 66% in 2024, and 96% of clients reported improved quality of life, clear evidence that services are delivering tangible benefits to households and enterprises. The Lean Data survey also showed that clients who stay with the Bank longer report stronger improvements in their lives and livelihoods, which suggests impact deepens over time. This makes client retention an impact priority as well as a commercial one, and it is informing the Bank's focus on reducing client dropout.

Strengthening environmental stewardship

The Committee welcomed the Board's approval of the ESG Strategy and Policy, embedding environmental and social considerations more deeply into lending and operations. Operational footprint was reduced, with water and electricity consumption both falling over the year, reinforcing the Bank's commitment to sustainability.



Chairperson,

Board Social Performance Management Committee

Key achievements in 2025

- Served 185,511 borrowers, with 93% women.
- Extended financial literacy outreach to over 27,000 customers.
- Social outcomes index improved to 73%.
- 96% of customers reported improved quality of life.
- Commenced the measurement of Scope 1 and Scope 2 carbon emmissions

Looking Ahead

In 2026, the Committee will deepen inclusive reach for women, youth, and rural communities, advance the ESG agenda, strengthen environmental stewardship, and enhance measurement of social outcomes ensuring that the Bank's growth continues to translate into measurable impact and long term shared value for the people and communities it serves.



The Management team pose for a picture with customers during a field visit.

Report from the Board Credit Committee



Dear Stakeholders,

In 2025, the Committee advanced the Bank's credit risk oversight to support disciplined growth, portfolio quality, and sustainable value creation. The Committee oversaw the prudent management of lending activities, the Bank's principal income-generating function and a cornerstone of financial inclusion, ensuring growth was supported by robust risk controls.

Enhancing credit governance and risk oversight
The Committee provided continuous oversight of the credit portfolio, monitoring concentrations, emerging risks, and the effectiveness of risk mitigation strategies. Targeted updates to credit policies and products, together with safeguarding portfolio quality and sustainability close monitoring of asset quality indicators, provisioning levels, and recovery performance enabled early identification of risks and timely interventions. Regular portfolio quality reviews provided insights into sector trends and guided management actions, ensuring that growth was anchored in quality.

Key achievements in 2025

- Net loans grew 5% to Ushs 207.6 billion.
- Finance was extended to 185,511 borrowers, over 93% women, advancing financial inclusion.
- Nonperforming loan ratio held at a low 3.14%, with prudent provisioning maintained.
- Piloted risk based credit scoring through Core Banking integration with Credit Info, improving assessments and speeding decisions.

Chairperson,
Board Credit Committee



Looking Ahead

In 2026, the Committee will sustain the balance between growth and quality, embed risk based credit scoring across the portfolio based on pilot review result and deepen recovery and provisioning discipline. These priorities will ensure the Bank continues to expand its reach and impact without compromising the strength of its balance sheet or long-term sustainability.

Integrated Annual Report - 2025

Report from the Board Assets and Liabilities Committee



Dear Stakeholders,

Throughout 2025, the committee strengthened the Bank's financial resilience and balance sheet management to support sustainable growth, affordable financial services, and long term value creation. The Committee ensured that liquidity, funding, and capital remained robust, enabling the Bank to navigate market cycles with confidence.

Enhancing liquidity and funding resilience

The Committee oversaw liquidity management to ensure obligations were met, customer needs supported, and regulatory requirements complied with. Emphasis was placed on mobilizing stable, cost effective deposits and building strategic partnerships to diversify funding, broaden market access, and enhance stakeholder value.

Optimizing capital structure and balance sheet growth

Oversight focused on prudent management of the debt to equity mix, strengthening financial stability and sustainability. The Committee supported quality balance sheet expansion, ensuring assets and liabilities were managed responsibly through the interest rate and liquidity cycle.

Key achievements in 2025

- Total assets grew 9% to Ushs 321 billion.
- Deposits increased by 26% to Ushs 154 billion, reinforcing affordable lending capacity.
- Net loans expanded 5% to Ushs 207.6 billion.
- Shareholders' equity rose 10% to Ushs 65 billion.
- Capital strength was maintained, with Tier 1 at 21.67% and total capital at 22.78%, well above regulatory minimums.

Chairperson,

Board Assets and Liabilities Committee



Looking Ahead

In 2026, the Committee will continue to support quality balance sheet growth and impact at scale. Priorities include mobilizing stable low cost deposits, deepening funding diversification, and sustaining prudent liquidity and capital ratios , reinforcing the Bank's commitment to a sustainable balance sheet and maximization of shareholder value over the medium and long term.

Report from the Board Risk, Compliance and IT Committee



Dear Stakeholders,

In 2025, the Committee reinforced the Bank's risk governance, compliance oversight, technology transformation, and operational resilience, ensuring the institution remained resilient, well governed, and positioned for sustainable growth in an environment of macroeconomic uncertainty, evolving regulation, rapid digitalisation, and heightened cyber threats.

Risk governance and resilience

Oversight of the Bank's risk management framework ensured the institutional risk profile stayed within the Board approved appetite and was assessed as Moderate. Focus remained on credit quality, portfolio monitoring, liquidity, funding concentration, and capital adequacy, supported by regular stress testing and ICAAP/ILAAP reviews.

Technology transformation and operational continuity

Digital capability advanced with the rollout of new mobile banking services and integration of the Core Banking System with Credit Info to support risk based credit scoring. Operational resilience was strengthened through solar deployment across off grid branches and strategic investment in new data center infrastructure.

Cybersecurity and information security

Cyber resilience remained a priority, marked by ISO 27001 certification and the rollout of a SIEM (Security Information and Event Management) solution to strengthen monitoring and incident response. These efforts were supported by vulnerability testing, patch management, phishing awareness, and Multifactor Authentication for the Core Banking System.

Chairperson,
Board Risk, Compliance and IT committee

Compliance and governance framework

Governance was enhanced through the introduction of an annual policy review cycle and approval of key frameworks, including ICAAP, Information Security, Whistleblowing, Fraud Risk Management, and the ESG Strategy and Policy.

Key Highlights in 2025

- Maintained a Moderate risk profile within Board approved appetite.
- Expanded digital services with new mobile banking and Core Banking integration with Credit Info.
- Strengthened resilience through 20 solar deployments and investment in new data center infrastructure.
- Enhanced cyber security with ISO 27001 certification and SIEM implementation.
- Improved governance via annual policy reviews and adoption of key frameworks.

Looking Ahead

In 2026, the Committee will focus on enhancing cyber resilience, overseeing critical technology upgrades including new data center hardware and additional solar systems, and integrating climate related financial risk guidelines into capital planning. Continued attention will be given to liquidity and funding risk management, with initiatives to mobilize stable, low-cost deposits and maintain prudent funding ratios. The Committee remains committed to supporting innovation, resilience, sustainable banking.



The Management team pose for a moment with customers during a field visit.

5. Responsible and Sustainable Banking

Our 2025 Sustainability Report	100
Our sustainability framework	101
Our economic value generated	105
Our natural capital	111



Our Manager Marketing, Communications and Customer experience hands over a gift hamper to Ayebazibwe Moses and his wife in Mbarara.

Our 2025 Sustainability Report

In 2025, BRAC Uganda Bank Limited advanced its sustainability agenda under the theme Impact at Scale, deepening its commitment to Environmental, Social, and Governance (ESG) principles while expanding inclusive financial services across Uganda.

Guided by the vision of a world free from exploitation and discrimination, the Bank served over 511,096 savers and 185,511 borrowing customers, of whom 93% are women and 71% live below USD 6.85 per day, reaching rural and hard-to-reach communities with affordable, responsible financial solutions.

ESG is now fully embedded in the Bank's value creation model. Sustainability considerations shape strategy, governance, risk management, and service delivery.

As a result, we have been able to decarbonise operations through the installation of solar photovoltaic systems in 20 satellite offices making the total number of satellites powered by solar 23 and measure client level social outcomes through independent Lean Data assessments and the Bank's Social Outcomes Index, which improved to 73% in 2025.

During the year, the Bank's ESG priorities were anchored in six strategic focus areas:

Customer centred growth and outreach expansion
- → Deeper rural coverage.
- → Product refinement.

Digital transformation of field operations
- → Mobile banking rollout.
- → VSLA digitisation.

Operational excellence and process simplification
- → Improving efficiency and data integrity.
- → Enhanced customer experience.

Responsible, inclusive finance and client protection
- → Social Performance Management (SPM).
- → Client Protection Principles.
- → Enhanced outcomes measurement.

Talent management and institutional capacity
- → Strengthening Leadership.
- → Staff development.
- → ESG awareness across the network.

Advancing the sustainability and ESG reporting agenda
- → Adoption of the Bank's inaugural ESG Policy and Reporting Framework.
- → Alignment with IFRS S1/S2, and preparation for BOU climate risk reporting requirements.

Key 2025 Sustainability Milestones

Economic
- → Total borrowers: 185,511
- → Total savers: 511,096
- → Loan disbursements: Ushs 487.9 billion.
- → Deposits reached Ushs 154.18 billion.
- → Ushs 6.1 billion in donor funds supporting AIM, Agri Finance, and client impact programs.

See pages 103-105 for more details.

Environmental
- → Installed solar photovoltaic systems in 20 satellite offices making the total number of satellites powered by solar 23.
- → Climate risk now integrated.
- → Future Clean Energy Product Pipeline.

See pages 105-106 for more details.

Social/society
- → Served 511,096 savers and 185,511 borrowers, 93% women, 71% living below USD 6.85/day.
- → Client outcomes measurement enhanced.
- → Financial literacy and client protection initiatives.
- → Opened 2 new satellites/digital satellites targeting rural areas.
- → Product Innovation for Vulnerable Groups.

See page 107-109 for more details.

Governance
- → Inaugural ESG Policy & Reporting Framework.
- → First Annual Integrated Report issued in 2024.
- → ESG Governance Strengthening.
- → Enhanced client protection and SPM Governance.
- → Regulatory alignment enhanced through on-going progress to meet BOU climate risk guidelines.

See page 102 for more details.

Our Sustainability Approach GRI 2-24

Social

We apply structured frameworks such as Social Performance Management, Client Protection Principles, Lean Data assessments, and poverty profiling to ensure responsible, client centred service delivery across all segments. Our approach strengthens inclusive finance, financial literacy, and staff development to reinforce a values driven and accountable organisational culture.

Environmental

We integrate the Bank of Uganda Climate Related Financial Risk Guidelines and IFRS S1 and S2 into governance, risk management and disclosure practices to strengthen climate resilience. Our operational approach includes expanding solar installations and preparing clean energy and sanitation finance solutions within the Bank's product development roadmap.

Economics

We align ESG principles with resource allocation, digital transformation and disciplined risk governance to support long term financial sustainability. Our approach promotes responsible growth, operational efficiency and transparent reporting to ensure sustained value creation for all stakeholders.



Our Sustainability Frameworks

We apply globally recognized reporting frameworks to strengthen transparency, accountability, and alignment with sustainability principles. These frameworks shape our disclosures, improve comparability, and ensure our reporting reflects leading global practice while remaining locally relevant. Our approach integrates from the following standards and Board to deliver clear, credible, and decision useful sustainability reporting.

GRI GLOBAL REPORTING INITIATIVES | INTEGRATED REPORTING <IR> | ISSB | SUSTAINABLE DEVELOPMENT GOALS

ESG Governance Structure GRI 2-12

Governance is grounded in ethical leadership, transparency, and strategic oversight. The Bank upholds a robust Code of Conduct that aligns workplace behavior with our core values, supports leadership continuity through structured succession planning and board diversity, and conducts annual board evaluations to reinforce accountability.

ESG risks are embedded as principal risks within the broader enterprise risk management framework, ensuring they remain central to decision-making. We maintain open communication on our sustainability performance through regular reporting, and our whistleblower mechanism strengthens integrity by providing a safe, confidential channel for stakeholders to report misconduct.



Board Oversight of ESG Integration

ESG governance is led through strategic leadership across three core Board structures, each reinforcing accountability and integration of BUBL's sustainability priorities.

- **Board of Directors:** Provides overarching oversight of ESG integration, allocates resources for effective policy implementation, and strengthens accountability through transparent reporting and ethical safeguards, including the whistleblower mechanism.
- **Board Risk, Compliance, and Information Technology Committee:** Embeds ESG risks within the enterprise risk management framework, monitors compliance with regulatory and digital governance requirements, and ensures structured reporting that protects regulatory and technological integrity.
- **Board Social Performance Management Committee:** Guides ESG strategy by identifying opportunities, setting performance targets, and aligning sustainability initiatives with business objectives and regulatory expectations.
- **Linkage to management committees:** ESG governance is operationalized through strong alignment between Board structures and management committees. Senior Management translates Board level ESG priorities into executable plans, while Department Heads integrate sustainability objectives into functional strategies, risk processes, and performance monitoring. Employee ESG Champions reinforce this cascade by driving awareness, embedding day-to-day behavioural change, and supporting data collection and reporting.

Our 2025 metrics and targets at a glance

BUBL delivered strong, mission aligned performance across all ESG pillars in 2025. We believe that we are well positioned to achieve our 2026 targets, provided we maintain the momentum we have built in digital transformation, climate risk integration, product innovation, and governance strengthening.

Pillar	Metric	2025 Target (Budget/Plan)	2025 Actual Performance	Remarks
Social	Active borrowers	220,386	**185,511**	84.2% of target
	Savers	666,618	**511,096**	77% of target
	Women borrowers	≥90%	**93%**	Exceeded
	Rural outreach	≥85%	**89%**	Exceeded
	Financial literacy	30,000 customers	**27,755**	92.5% of target
	Youth inclusion	1,200 youth borrowers	**1,551**	Exceeded
	Social Outcomes Index	70%	**73%**	Exceeded
	Customer complaint resolution	≥90%	**91–97%**	Exceeded
Environmental	Solar powered offices	15 offices	**20 offices**	Exceeded
	Climate risk governance	Gap analysis + IFRS S1/S2 prep	**Completed**	Achieved
	Green finance readiness	Roadmap developed	**Initiated**	Achieved
Economic	Total loan disbursements (000)	530,911,000	**487,934,775**	92% of target
	Microfinance disbursement (000)	384,853,532	**353,626,475**	92% of target
	SEP disbursement(000)	139,058,000	**128,173,150**	92% of target
	Agri Finance disbursement (000)	4,000,000	**3,511,750**	88% of target
	Salary loans	3,000,000	**2,623,400**	87% of target
	Deposits(000)	168,000,000	**154,180,000**	91.8% of target
	Profit after tax	6.5B	**6.57B**	Achieved
Governance	Board evaluation score	90%	**91.6%**	Achieved
	Committee effectiveness	≥4.5/5	**4.79/5**	Exceeded
	Company Secretary score	≥95%	**96.80%**	Exceeded
	Board meetings	7	**7**	Achieved
	CAMELs Satisfactory Rating	100%	**60%**	In progress

Our 2025 contribution and impact to the Economy

Advancing Uganda's National Development Priorities Through Inclusive Finance

In 2025, BRAC Uganda Bank Limited deepened its role as a national enabler of inclusive growth by aligning its business model with the priorities of NDP IV (2026–2030), the Government's ten-Fold Growth Strategy, and the strategic ATMs sectors: Agriculture, Tourism, and Manufacturing.

Through expanding rural credit, scaling Agri finance, digitizing financial services, and supporting micro manufacturers and tourism linked enterprises, the Bank will continue to advance Uganda's goals of household income growth, enterprise formalization, job creation, and full monetization of the economy.

Expanding Access to Financial Services

With 161 locations across 86 districts, BUBL maintains one of Uganda's widest microfinance footprints, ensuring last-mile access to affordable financial services.

Digital adoption accelerated significantly:

Ushs 48.1 Bn Increase in 2025 of Mobile banking collections from Ushs 39.3 billion (2024) demonstrating strong uptake of digital channels.

27,755 Customers received financial literacy training, strengthening financial capability, responsible borrowing, and digital readiness.

Supporting Small Business Growth

In 2025, BRAC Uganda Bank Limited significantly strengthened its support to Uganda's micro, small, and agricultural enterprises core drivers of the country's transformation agenda. Through tailored loan products, expanded rural outreach, and enhanced digital channels, the Bank enabled thousands of women led and rural businesses to grow, diversify income, and build resilience.

Loan category	2024 Ushs (000)	2025 Ushs (000)	2025 loan numbers
Microfinance Group Loans	342,758,630	353,626,475	267,577
Small Enterprise Programme	118,494,699	128,173,150	24,516
Agri-Finance Group Loan	438,500	3,511,750	4,029
Staff Loans	1,127,200	2,623,400	178
Total	**462,819,029**	**487,934,775**	**296,300**

Microfinance Group Loans

Microfinance lending remained the backbone of BUBL's inclusive finance model. In 2025, the Bank disbursed Ushs 353.6 billion to group borrowers most of whom are women in rural and hard-to-reach areas. This financing supported small retail traders, market vendors, home based producers, and micro manufacturers, enabling them to expand inventory, stabilize cashflows, and increase household incomes. Group lending continues to be the most effective mechanism for reaching low income women with affordable credit.

Small Enterprise Programme

SEP lending grew to Ushs 128.2 billion, supporting Uganda's emerging small businesses across trade, services, tourism linked enterprises, and light manufacturing. SEP customers typically employ between 2–10 people, meaning this portfolio directly contributes to job creation, enterprise formalization, and local economic development. The growth in SEP disbursements reflects rising demand for working capital and asset financing among small enterprises transitioning into higher value production.

Agri Finance Group Loan

The most notable growth occurred in agriculture financing. Disbursements increased from Ushs 438.5 million to Ushs 3.51 billion an eight-fold increase. This aligns strongly with the agriculture pillar of ATMs and national priorities to increase productivity, expand commercialization, and support rural livelihoods.

Building Youth Skills and Employment

Youth empowerment remained a core pillar of BUBL's social impact. Through financial literacy, business training, and access to starter loans, the Bank strengthened young women's transition into economic activity.

The 2025 Lean Data Assessment shows

96% of customers reported increased business income

96% improved ability to cover household expenses.

92% improved ability to afford children's education

72% had no prior access to a comparable loan

96% customers reported improved quality of life

Economic value generated GRI 201-1

In 2025, BRAC Uganda Bank Ltd strengthened its role as a driver of inclusive finance and sustainable development across Uganda. Guided by our mission to economically empower women and youth in underserved areas, we supported small businesses, expanded access to financial services, and aligned with national development priorities. We continued evolving into a purpose-driven institution focused on long-term impact. In line with GRI 201-1, our value-added statement outlines the economic value generated and distributed across employees, government, shareholders, and communities.

Economic value added Value added	2025 Ushs '000	2024 Ushs '000
Income earned by providing banking services	121,575,700	113,109,903
Cost of Services	(61,593,422)	(56,610,397)
Value added by banking services	**59,982,278**	**56,499,506**
Non-banking income	6,143,425	5,287,356
Impairment charges for loans and other losses	(4,645,270)	(5,114,836)
Value addition	**61,480,433**	**56,672,026**
Value allocation		
To employees		
Salaries, Wages and Other Benefits	(52,205,108)	(47,042,370)
To government		
Income Tax	(2,236,654)	(2,788,912)
To communities		
Donations	(463,871)	(481,482)
To expansion for future growth	**6,574,800**	**6,359,262**

Our 2025 contribution and impact to the Environment

Advancing Climate Resilience and Low Carbon Operations

In 2025, BRAC Uganda Bank Limited strengthened its environmental stewardship by aligning operations with emerging national and sectoral climate requirements, including the Bank of Uganda's 2025 Guidelines for the Management of Climate Related Financial Risk, and the adoption of IFRS S1 and IFRS S2 for sustainability and climate disclosures. The Bank continued transitioning towards cleaner, more resilient operations reducing reliance on fossil fuels, improving energy efficiency, and preparing for climate risk integration across governance, strategy, and risk management.

Decarbonising Operations Through Solar Energy

With 161 locations across 86 districts, BUBL maintains one of Uganda's widest microfinance footprints, ensuring last-mile access to affordable financial services. In 2025, we installed solar photovoltaic (PV) systems across 20 satellite offices, making the total number of satellites powered by solar 23 transitioning these locations from grid and generator-dependent power to clean, renewable solar energy. The rollout covered offices in both rural and peri-urban areas, where grid reliability has historically been a challenge to operations, impacting both the environment and institutional sustainability.

Impact achieved

20 offices converted to solar energy

50% reduction in monthly grid and generator fuel consumption across converted sites

Improved service reliability for rural customers

Reduced operational emissions and energy costs

Strengthening Climate Risk Governance and Compliance

In 2025, BUBL began a structured transition toward climate risk compliance, embedding climate related considerations into its ICAAP, stress testing, and scenario analysis frameworks. In line with emerging regulatory expectations, institutions were required to integrate climate risks into capital adequacy assessments and forward-looking risk models, with formal reporting to the Bank of Uganda set to commence in June 2026.

Key actions

- Conducted a comprehensive climate risk gap analysis.
- Initiated integration of climate related risks into the risk appetite framework.
- Updated internal controls to reflect climate risk considerations.
- Prepared for IFRS S1 and IFRS S2 adoption.
- Strengthened ESG governance through the Bank's inaugural ESG Policy and Reporting Framework.

Environmental Responsibility Through Product Innovation

Our product development roadmap includes future expansion into clean energy and green finance products, aligned with national sustainability priorities.

This direction supports:

- → Renewable energy adoption.
- → Sanitation and clean water financing.
- → Environmentally responsible micro enterprise growth.

Environmental impact through socially responsible operations

- → Responsible water utilization driving improved usage from 23.6Mn liters to 20.5Mn liters .
- → Improved fuel consumption driven by solar installation across 20 additional satellites.

Our Environmental Footprint

20.5
(2024: 23.6)
Water consumption (Mn Litres)

471,477
(2024: 530,200)
Electricity consumption: (kWh)

87,729
(2024: 84,314)
Fuel consumption: (Litres)

14,200
(2024: 12,960)
Paper consumption: (Reams)

Our 2025 contribution and impact to Society

Empowering Women, Youth, and Rural Communities through inclusive finance

In 2025, we deepened our social mission by expanding access to responsible financial services for women, youth, and rural households, the core segments of Uganda's inclusive development agenda. With 93% women customers, 89% rural outreach, and 71% of customers living below USD 6.85/day, we continue to serve Uganda's most financially excluded populations, directly advancing NDP IV priorities on poverty reduction, household income growth, youth empowerment, and rural development.

Social impact is not an adjunct to our strategy, it is embedded in how we design products, deliver services, and measure outcomes. In 2025, the Bank strengthened client protection, expanded financial literacy, improved customer experience, and delivered measurable improvements in business performance and household wellbeing.

Reaching Those Who Need It Most

Our outreach model ensures that women in rural and hard-to-reach areas can access affordable, safe, and reliable financial services. The Bank's 161 locations across 86 districts and extensive satellite network (the widest in Uganda) enable last-mile access where formal banking is limited.

Who We Serve

185,511 borrowers and **511,096 savers**, expanding financial inclusion.

93%
of whom are women

89%
rural customers

71%
living below USD 6.85/day

6.1 people
Average household size

40%
of customers are tenured (3+ years), demonstrating loyalty and sustained engagement.

Impact story
Akiki Susan at her shop in Jinja



I grew up in a family of three. After three years, my parents separated. I was staying with my stepfather. I wanted to go back to school again. My stepfather was having another child. He told the father, "Don't pay this one because it's not your daughter".

I stopped in Senior One only. I started working in a factory where I got 5,000 for a living. It was not easy for me to start the business because I had little money. BRAC Uganda [NGO] came to us to select a business. They trained us and gave us start-up capital.'

After I established my business, I needed more capital to expand. I went to open an account at BRAC Uganda Bank and joined a microfinance group. In our microfinance group, I met many friends. We are all doing business and saving. We are all happy. Now, I have a salon, I sell shoes and operate mobile money. I even bought a plot of land. I used to suffer, but now I cannot go back to where I came from.

Akiki Susan

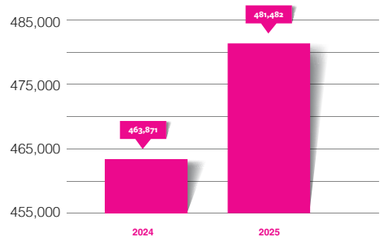
Integrated Annual Report - 2025

Investing in our communities

GRI 413-1, 203-2

BUBL advances community wellbeing through a targeted, values driven CSR agenda that is fully aligned with its mission to uplift people at the bottom of the pyramid.

In 2025, this commitment translated into strategic, high impact investments, prioritising interventions where financial inclusion directly enables social transformation.



Strengthening financial capability and resilience

Financial, digital, and life skills training remained a cornerstone of our social impact strategy. 27,755 clients were reached with the training, bringing the total number of clients reached to 95,585 of which 32.28% are young women aged 18-35. The training is being implemented in partnership with the Mastercard Foundation targeting women in the bank's microfinance group loan portfolio.

Training focused on:

- Budgeting and household financial planning
- Digital literacy and safe mobile banking
- Business management for micro entrepreneurs
- Responsible borrowing and debt management

These interventions directly support NDP IV's goals on financial resilience, monetization, and household income growth.

Measurable Improvements in Business Performance

Our 2025 Lean Data assessment confirms strong business outcomes:

96%
of customers reported increased business income.

39%
report income '**very much increased**' (up from 34% in 2024).

Business impact highlights

96% increased business income

86% Improved saving balances

95% improved ability to manage day-to-day finances

90% reduced financial stress

88% invested in home improvements

99% intend to continue with BUBL next year

These results demonstrate that BUBL's microfinance model continues to drive sustainable enterprise growth for women led and rural businesses.

Improving Household Wellbeing

The Bank's loans and savings products contributed to meaningful improvements in household welfare.

96%
report improved ability to cover household expenses

92%
report improved ability to afford children's education

Household impact highlights

- Better access to education and healthcare
- Improved nutrition and housing
- Increased savings and financial stability
- Reduced vulnerability to shocks

Social Outcomes Index: Highest Score Since 2023

Our Social Outcomes Index score increased by 7 percentage points, from 66% in 2024 to 73% in 2025. This composite index measures improvements across:

- Business performance
- Household welfare
- Financial resilience
- Quality of life

The 2025 score is the strongest in three years, confirming deepening social impact and alignment with global benchmarks.

Youth empowerment and first-time access to credit

BRAC Uganda Bank and BRAC Uganda [NGO] have been collaborating in the Mastercard Foundation Accelerating Impact for young women in Partnership with BRAC (AIM) program, since 2023.

The Mastercard Foundation Accelerating Impact for Young Women in Partnership with BRAC is equipping 1.2 million adolescent girls and young women, with age-appropriate entrepreneurship, employability, and life-skills training, as well as the tools to start and scale their own businesses.

The five-year program applies BRAC's proven approaches using microfinance, youth empowerment, agriculture and skills development to improve lives and livelihoods. It currently operates in seven African countries: Sierra Leone, Liberia, Uganda, Tanzania, Rwanda, Ghana, and Kenya.

The program is being implemented under the Mastercard Foundation's Young Africa

Works strategy, which seeks to enable 30 million young Africans to access dignified and fulfilling work by 2030, 70 percent of whom will be young women. It will also contribute to BRAC's bold vision to empower 40 million people by 2026, especially women, children, and youth, with interventions in financial, health and education services.

This program builds on previous partnerships between the Mastercard Foundation and BRAC that delivered access to financial services and youth livelihoods, enabled secondary education for 5,000 young people, and allowed BRAC to grow, innovate and achieve scale in Uganda.

Through the program BRAC Uganda bank continued to expand youth inclusion through:

- Youth friendly loan products
- VSLA digitization
- Life skills and financial literacy training
- Collaboration with BRAC Uganda NGO programs to drive access to finance, reaching 1,154 VSLAs, 11,298 young savers, and 1,551 young borrowers. This strengthened youth participation in productive economic activity and supports NDP IV's human capital development agenda.

Client protection and responsible finance

In 2025, we advanced our client protection agenda through:

Through these actions we reduced over indebtedness, improved customer experience, and reinforced the trust and confidence our customers place in us.

Pre disbursement orientation

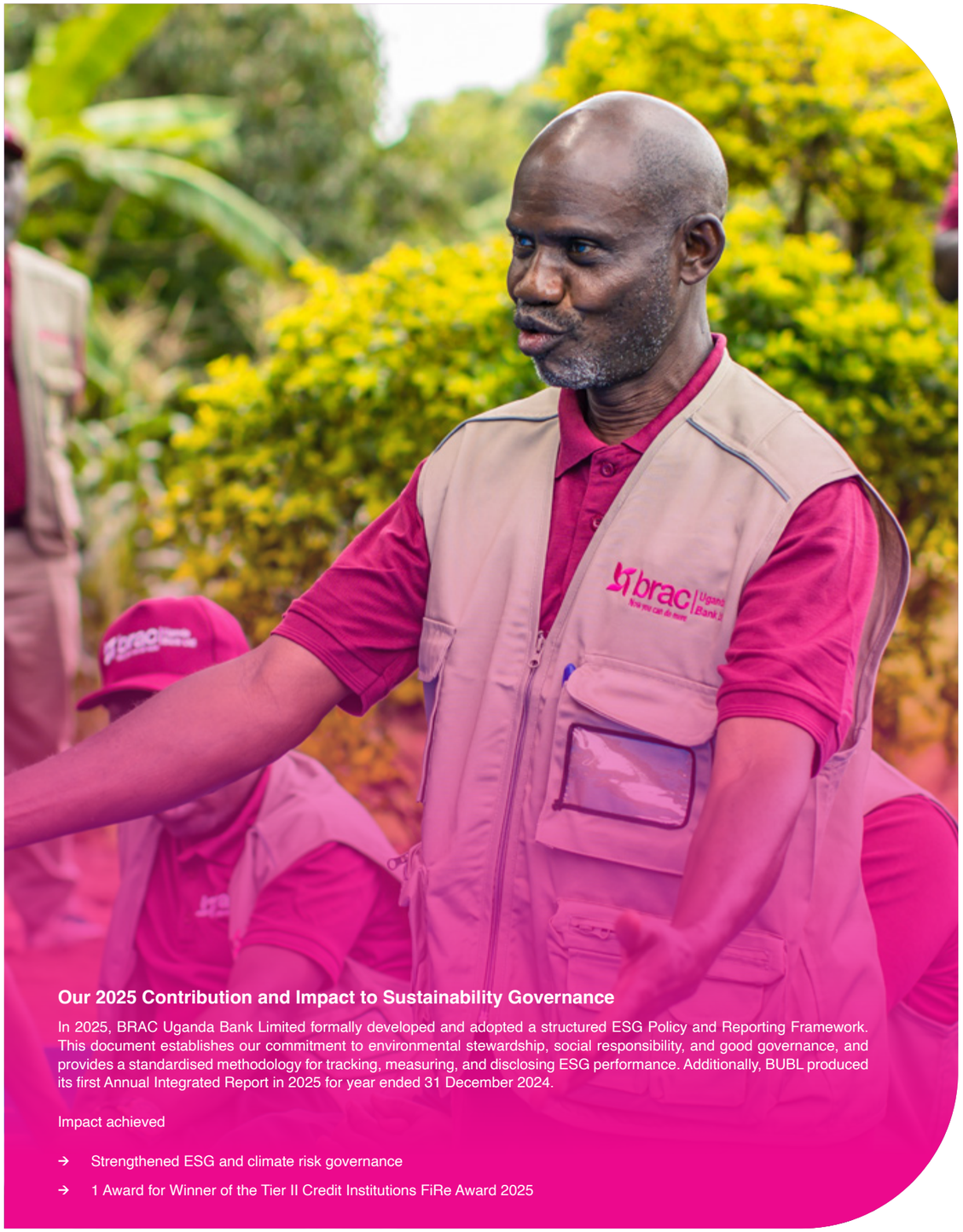
Transparent pricing

Strengthened grievance redress mechanisms

Digital safeguards

Credit scoring enhancements

Preparation for CPP certification

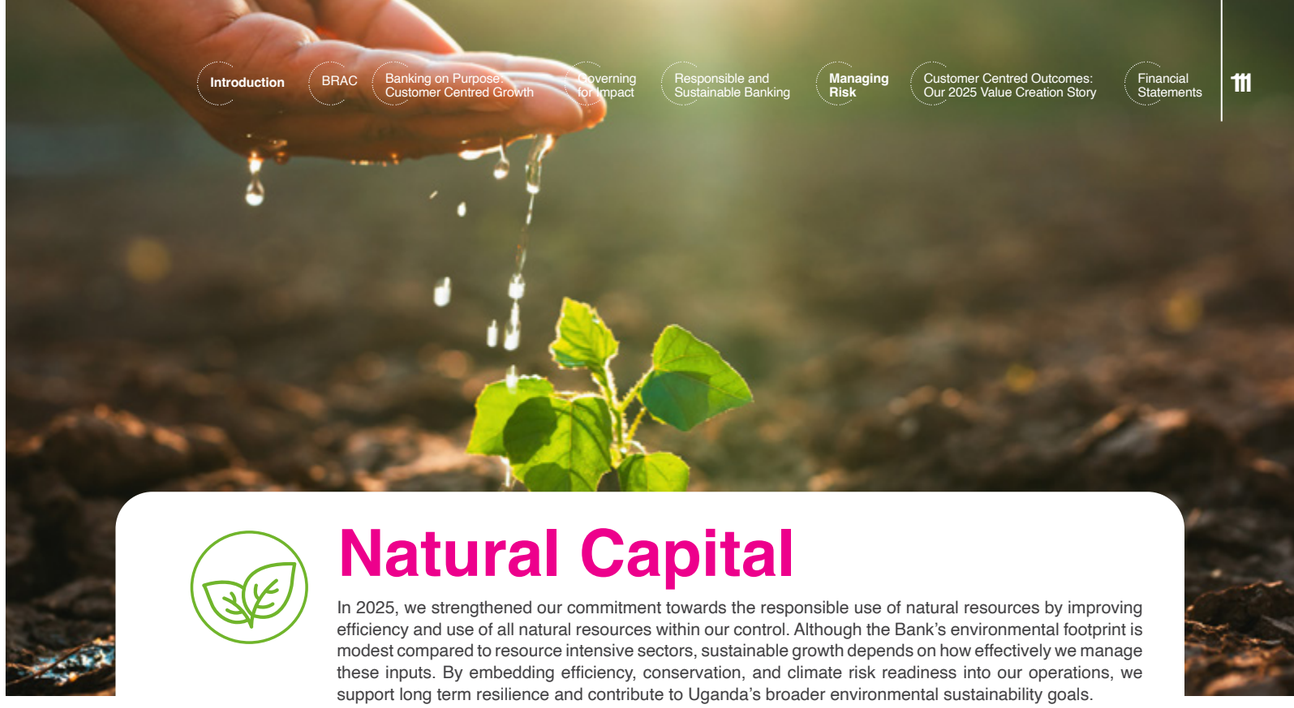


Our 2025 Contribution and Impact to Sustainability Governance

In 2025, BRAC Uganda Bank Limited formally developed and adopted a structured ESG Policy and Reporting Framework. This document establishes our commitment to environmental stewardship, social responsibility, and good governance, and provides a standardised methodology for tracking, measuring, and disclosing ESG performance. Additionally, BUBL produced its first Annual Integrated Report in 2025 for year ended 31 December 2024.

Impact achieved

- → Strengthened ESG and climate risk governance
- → 1 Award for Winner of the Tier II Credit Institutions FiRe Award 2025



Natural Capital

In 2025, we strengthened our commitment towards the responsible use of natural resources by improving efficiency and use of all natural resources within our control. Although the Bank's environmental footprint is modest compared to resource intensive sectors, sustainable growth depends on how effectively we manage these inputs. By embedding efficiency, conservation, and climate risk readiness into our operations, we support long term resilience and contribute to Uganda's broader environmental sustainability goals.

How our natural capital impacts other capitals

Social and Relationship Capital

Efficient use of energy, fuel, and paper through digitalisation strengthens service reliability and accessibility for customers while reducing environmental strain.

Human Capital

Cleaner, solar powered and resource efficient workplaces improve employee wellbeing, safety, and productivity across branches and satellite offices.

Financial Capital

Lower fuel, electricity, and paper consumption reduces operating costs and enhances profitability, enabling reinvestment into growth and financial inclusion.

Intellectual Capital

Systems for monitoring and managing resource use build institutional knowledge, strengthen climate risk readiness, and support sustainable innovation.

Manufactured Capital

Solar powered branches, digital infrastructure, and efficient equipment reduce dependence on high emission inputs and improve operational resilience and service uptime.

Natural Resource	Consumption (2025)	Consumption (2024)	Impact	UN SDG
Water	**20.5 million liters**	23.6 million liters	Essential for branch operations and staff welfare; increased use highlights need for conservation.	
Electricity	**471,477 kWh**	530,220 kWh	Powers branches and digital infrastructure; rising demand underscores energy efficiency needs.	
Fuel	**87,729 litres**	84,314 liters	Supports logistics and cash movement; contributes to greenhouse gas emissions.	
Paper	**14,200 reams**	12,960 reams	Heavy reliance for transactions and record-keeping; gradually reduced by digital banking adoption.	

6. Managing Risk

Managing Risk	114
Emerging Risks	115
Our Current Risk Exposures	118



The Managing Director together with BRAC NGO Country Director handing over maternity items to Kawempe Mulago referral Hospital Management during BRAC day 2025 annual celebration

Integrated Annual Report - 2025

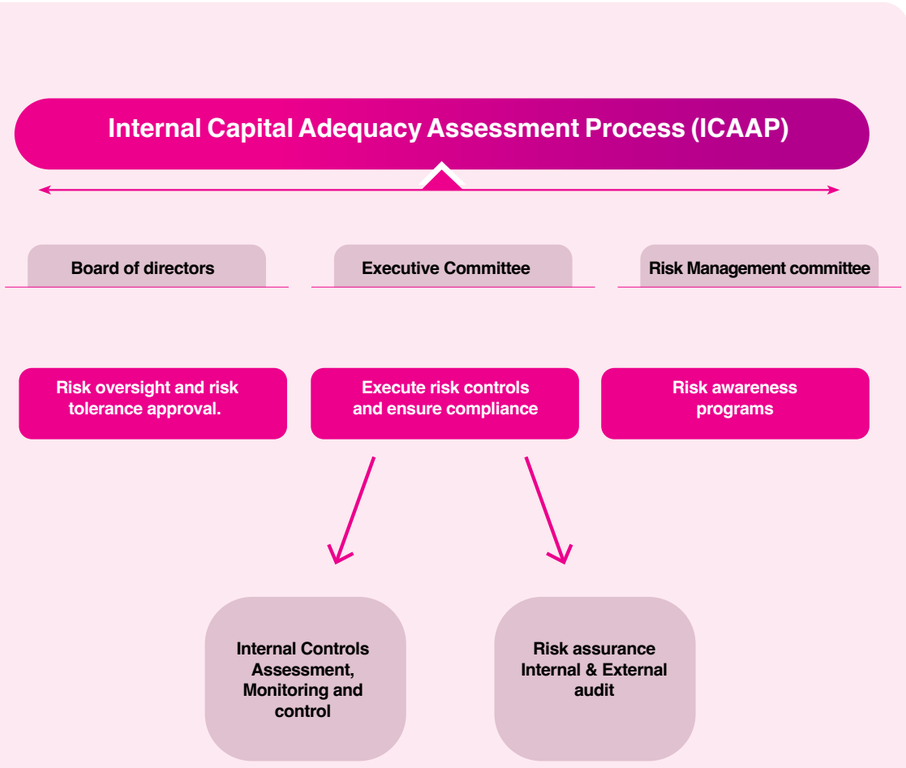
Managing Risk

BRAC Uganda Bank Limited maintains robust risk management practices to safeguard its capital base, ensure regulatory compliance, and support long term institutional sustainability. Recognising that evolving risk dynamics directly influence financial performance and stakeholder value, the Bank maintained a structured, enterprise wide approach anchored in a dedicated Management Risk Committee (MRC) composed of cross functional senior leaders.

Operating under the strategic oversight of the Chief Executive Officer and formally mandated by the Management Committee, the MRC provides central coordination for identifying, assessing, and managing risks across operational, financial, regulatory, IT, credit, and strategic domains. This governance structure enables proactive monitoring, timely escalation, and forward-looking responses to emerging risks, while supporting the Bank's ability to pursue opportunities that enhance value creation across all six capitals.

Our Risk Management Framework

The Bank's risk management framework ensures that risks arising from all business activities are consistently identified, assessed, measured, monitored, mitigated, and reported at both business line and enterprise levels. In 2025, this framework supported stronger internal controls, enhanced compliance with the Financial Institutions Act and Bank of Uganda guidelines, and improved alignment with the Bank's strategic priorities and sustainability commitments.



Emerging Risks

GRI 201-2, GRI 2-25

Environmental risks

BRAC Uganda Bank Limited faced increasing exposure to environmental risks, driven by climate change, extreme weather patterns, and evolving regulatory expectations on environmental stewardship. These developments introduce operational, financial and reputational considerations that require stronger integration of climate-related risk management into both lending and internal operations.



Risk drivers	Implications	Management actions
• **Climate risk integration:** The introduction of the Guidelines for the Management of Climate-related Financial Risk (2025) requires the integration of climate considerations into governance, strategy, and capital assessment processes. • **Sustainability reporting:** The introduction of IFRS S1 and IFRS S2 introduces a more structured approach to sustainability disclosures across the sector. • **Global economic pressures:** Increased oil price volatility linked to geopolitical developments created inflationary pressures that affected customer activity and funding costs.	• These guidelines mandate that financial institutions integrate climate risks into their governance, strategy, and Internal Capital Adequacy Assessment Process (ICAAP). Failure to comply could lead to regulatory sanctions and a weakened ability to manage long-term capital shocks. • The introduction of these standards increases the requirement for standardized transparency regarding the Bank's sustainability-related financial information. It necessitates more sophisticated data collection systems to track carbon and energy footprints. • Escalating geopolitical tensions contribute to global oil price volatility, which creates inflationary pressures in Uganda. This can lead to increased funding costs for the Bank and reduced repayment capacity for borrowers.	• The Bank is conducting a comprehensive gap analysis to align its internal policies with the new requirements. Management is also integrating climate-related financial risks into the Bank's risk appetite and internal control frameworks • BUBL has initiated mapping of material ESG topics and is building technical capacity within its finance and risk teams to prepare for full reporting compliance. • Management is proactively monitoring macroeconomic developments and the situation in the Middle East to consider the any financial consequences in subsequent reporting and business planning.

Social Risk

Social risks remain closely linked to the realities faced by customers, employees, and communities. These include financial exclusion, customer protection, and evolving community expectations, all of which have a direct influence on trust, reputation, and operational stability.



Risk drivers

- **Reduced Cost of Access:** The removal of stamp duty on financial agreements reduced borrowing costs, improving affordability for microfinance customers.
- **Enhanced Credit Discipline:** Mandatory submission of all credit applications to Credit Reference Bureaus using National Identification Numbers strengthened credit assessment and identification practices.
- **Customer Resilience Pressures:** An increase in customers reporting financial or business challenges, from 23% in 2024 to 29% in 2025, highlighted the need for more flexible support mechanisms and responsive service delivery.

Implications

- While a positive development for customers, the reduction in stamp duty on agreements and deeds requires internal updates to loan documentation and fee structures
- A higher proportion of customers reporting business or personal challenges indicates an increased risk of delinquency and non-performing loans (NPLs) within the microfinance portfolio.
- The requirement for Credit Reference Bureau (CRB) checks on all loans using National Identification Numbers (NIN) increases the data compliance burden and potentially impacts the speed of loan processing for small borrowers.

Management actions

- The Bank effectively implemented the legislative changes on 1 July 2025, passing the cost savings directly to its micro finance borrowers to enhance their financial resilience.
- BUBL is monitoring vulnerable client segments more closely and tailoring support where needed. The Bank also utilizes its semi-automated credit scoring solution to improve the quality of credit decisions at the point of origination.
- The Bank is updating its credit appraisal processes to ensure every application complies with the new identification requirements.

Governance and compliance risks

Governance remains central to ensuring integrity, transparency, and accountability. Emerging risks in this area are primarily linked to data protection, cyber security, regulatory compliance, and organisational continuity. These factors influence stakeholder confidence and the institution's ability to sustain impact over time.



Risk drivers

- **Enhanced PEP Framework:** Adoption of the FIA PEP Guidance Note 2025 introduced a more structured, risk-based approach to managing politically exposed persons.
- **Information Security Strengthening:** Attainment of ISO/IEC 27001 certification reinforced the control environment for data protection and cyber security.
- **Election Preparedness:** Proactive monitoring of the anticipated impact of the 2026 general elections supported the activation of business continuity measures.
- **Leadership Continuity:** The successful management of key leadership transitions ensured stability and continuity in strategic oversight.

Implications

- The risk-based approach to managing Politically Exposed Persons (PEPs) requires more rigorous vetting and a comprehensive register to avoid AML/CFT compliance breaches and reputational damage.
- As digital services expand, the risk of customer data breaches or misuse remains high, requiring constant vigilance to maintain the integrity of the Bank's information systems.
- National elections often lead to subdued economic activity and potential disruptions in the business environment, which could impact lending growth and collection rates.
- The retirement of key board and senior management leaders in 2025 could present risks to strategic momentum if not managed effectively.

Management actions

- The Bank has adopted the new guidance and is updating its Anti-Money Laundering policies to maintain an accurate and regularly updated PEP Register
- Following the successful ISO/IEC 27001 certification, the Bank has streamlined the reporting lines for the Chief Information Security Officer (CISO) to ensure greater independence and robust oversight of its digital infrastructure.
- Management has proactively activated its Business Continuity Plans (BCP) and is monitoring the political landscape to adjust business strategies and plans accordingly to ensure uninterrupted client service.
- The Bank successfully managed these transitions through its structured succession planning framework, ensuring that the new leadership was well-integrated into the Bank's "Good to Great" journey.

Integrated Annual Report - 2025

Our Current Risk Exposures

Strategic and Impact Risk Management

Strategic risk arises when shifts in the operating environment, ineffective decision-making, poor execution, or failure to respond to competitive pressures reduce profitability or weaken the institution's capital position. It also encompasses the risk that the Bank fails to deliver on its social impact mission alongside its financial objectives. As a regulated financial institution, we maintain a disciplined and forward-looking approach to strategic risk, including impact risk, to ensure resilience, protect stakeholder value, and support long-term sustainability.

Management Actions

Board Oversight
The Board provides full oversight of strategic direction and decision-making, supported by governance structures established in accordance with the Financial Institutions Act. Independent evaluation confirms strong performance in leadership, committee effectiveness, and strategic stewardship.

Strategic Planning
A multi-year strategic plan and annual budget guide institutional priorities. These are reviewed regularly to incorporate macro-economic trends, SWOT insights, regulatory developments, stress-testing results, and performance feedback from business units.

Execution and Risk Assessment
Senior management is responsible for executing strategy and continuously assessing strategic risks. Stress testing, scenario analysis, and management risk committee deliberations ensure timely identification and mitigation of threats that could affect capital, profitability, or growth.

Monitoring SystemsA strengthened Management Information System (MIS) provides timely, data-driven insights that support monitoring of strategic risk exposures across credit, operations, IT, compliance, and market dynamics.

Governance and Controls
Internal and external audits routinely test the effectiveness of strategic risk controls. Findings from audit reviews, Board committees, and regulatory engagements inform improvements to governance, internal controls, and enterprise-wide risk management.

Compliance Risk Management

Compliance risk is the potential for legal or regulatory sanctions, financial loss, or reputational damage arising from failure to adhere to laws, prudential guidelines, supervisory directives, industry standards, or codes of conduct applicable to our operations.

Management Actions

Ethical Culture
The Board and senior management actively promote a culture of honesty and integrity, setting the tone for ethical conduct across the institution. Independent evaluation confirmed strong governance maturity, with a Board average Individual Director's performance score of 90.4% and committee effectiveness of 4.79/5, reinforcing disciplined oversight of compliance obligations.

Compliance Framework
A Board-approved Compliance Risk Management Framework guides our approach to compliance. Its execution is led by the Head of Compliance, who also serves as the Anti-Money Laundering Officer, ensuring dual accountability for regulatory adherence and AML/CFT controls.

Staff Engagement
Targeted awareness programs strengthen compliance culture among staff involved in high-risk processes, reinforcing adherence to prudential norms, customer protection standards, and internal policies.

Legal and Regulatory Alignment
Compliance risks are identified and managed through obligations arising from legislation, prudential guidelines, and regulatory directives. Continuous monitoring, internal audits, and regulatory engagements ensure full alignment with the Financial Institutions Act, Bank of Uganda requirements, and other statutory frameworks.

Market Risk

Market risk arises from fluctuations in interest rates and foreign exchange rates that can affect the value and cash flows of financial instruments. It stems from open positions exposed to broad market movements and volatility. The objective of market risk management is to control these exposures within acceptable limits while optimizing risk-adjusted returns.

Management of Market Risks

Overall responsibility for managing market risk rests with the Chief Executive Officer. Management develops detailed market risk policies and is accountable for their day-to-day implementation, ensuring that exposures are monitored, assessed, and managed in line with regulatory expectations and the Bank's risk appetite.

Operational Risk

Operational risk refers to potential direct or indirect losses arising from failures or disruptions in internal processes, personnel, systems, infrastructure, or external factors such as legal and regulatory obligations. It excludes credit, market, and liquidity risks.

Management of Operational Risk

We aim to manage operational risk by minimizing financial loss and reputational damage while maintaining cost efficiency and avoiding overly restrictive controls that hinder innovation and initiative. Management ensures adherence to Bank standards through a structured compliance review programme. Periodic assessments are conducted by the compliance department, with findings actively reviewed and discussed with relevant programme managers. Summarized outcomes are escalated to senior management to inform oversight and strategic decision-making.

Liquidity Risk

Liquidity risk is the potential inability to fund operations or meet financial obligations promptly and cost effectively. It arises from mismatches in the size and maturity of assets and liabilities.

Management Actions

- We monitor our balance sheet profile, funding needs, and cash flows to ensure adequate liquidity at all times. Liquidity projections are simulated to confirm that future obligations can be met through internally generated working capital and available facilities from financial institutions.
- We proactively align debt maturities with projected cash flows to maintain uninterrupted funding and meet financial obligations efficiently.

Currency Risk

We face transactional foreign exchange risk from receiving funds in non-local currencies and holding minimal foreign currency deposits with licensed institutions. The primary exposure arises from USD-denominated term loans, which are sensitive to movements in exchange rates.

Management Action

To manage this exposure, we monitor currency fluctuations through regular cash flow and budget forecasts, ensuring that foreign currency positions remain within acceptable thresholds and aligned with our risk appetite.

Interest Rate Risk

Interest rate risk refers to the potential for financial loss arising from changes in prevailing interest rates that may expose the Bank to unfavourable positions.

Management Action

We manage interest rate risk by maintaining fixed rate borrowings and loans, ensuring predictable cash flows and financial stability. We avoid speculative interest rate activities, aligning with our mission of prudent, inclusive finance. This conservative approach supports long term planning, protects margins, and reinforces stakeholder trust.

Credit Risk

Credit risk refers to the potential financial loss incurred if a customer or counterparty fails to meet contractual obligations, primarily arising from loans and advances to customers. Our credit policy mandates proactive measurement, monitoring, and management of all credit exposures.

Management Action

The Bank delegates oversight of unsecured group loan risk to the Chief Executive Officer and the Risk Department, ensuring strict adherence to the repayment framework and reinforcing group discipline through targeted supervision. The Bank also uses collateral as a fallback position for the SEP loans to reduce credit risk.

7. Customer Centred Outcomes: Our 2025 Value Creation Story

Financial Capital	122
Manufactured Capital	130
Human Capital	132
Intellectual Capital	137
Social and Relationship Capital	140



Managing Director engages customers during a field visit.

Integrated Annual Report - 2025

Financial Capital

Financial capital at BRAC Uganda Bank Limited is the core enabler of sustained value creation, supporting the Bank's ability to deliver inclusive financial services and remain resilient in a dynamic operating environment. It reflects the strength of our balance sheet, disciplined capital allocation, and prudent stewardship that fuels growth in lending, stable deposit mobilisation, and continued investment in technology and operational capacity. By managing financial resources responsibly, the Bank strengthens its capacity to innovate, enhance efficiency, and respond to stakeholder needs. In turn, financial capital amplifies value across the human, social and relationship, intellectual, natural, and manufactured capitals, ensuring BRAC Uganda Bank Limited continues to empower customers, strengthen communities, and contribute to Uganda's long term socio economic progress.

How our Financial capital impacts other capitals

Social and Relationship Capital

We nurture trusted relationships with customers, communities, regulators and partners. These connections enhance inclusion, deepen loyalty and support long term value creation.

Human Capital

We invest in capable, motivated people who deliver quality service and uphold our purpose. Their skills, commitment and leadership strengthen performance and drive sustainable impact.

Natural Capital

Targeted financing supports sustainable agriculture and climate resilient initiatives.

Intellectual Capital

We build and refine the systems, data, processes and insights that enhance decision-making and innovation. Our institutional knowledge strengthens agility and service excellence.

Manufactured Capital

We maintain and expand the physical and digital infrastructure that enables efficient, reliable and accessible service delivery. These platforms support growth and operational resilience.

Inputs	How we deploy	Outputs	Outcomes and impact
→ Equity Ushs 65.2 Bn.	→ Inclusive lending.	→ Net loans Ushs 207.6 Bn	→ More resilient communities.
→ Deposits Ushs 154.2 Bn.	→ Savings mobilisation.	→ Revenue Ushs 127.7 Bn	→ Social outcomes index rose to 73%,
→ Borrowings Ushs 70.7 Bn.	→ Prudent asset–liability management.	→ Profit after tax Ushs 6.57 Bn	→ 96% of clients reported improved quality of life
	→ Reinvestment in people and digital initiatives.	→ Dividend Ushs 1.31 Bn	
		→ 185,511 borrowers	
		→ 93% Women	
		→ Capital strengthened 22.78%	

Key opportunities	Challenges
→ Access to lower cost funding and stable deposits that strengthen liquidity and support affordable lending.	→ Tradeoffs between operating sustainably and future growth and expansion.
→ Efficiency gains from optimised operations that reduce costs and enhance productivity.	→ Choosing to continue to provide access to capital for those at the bottom of the pyramid at the expense of safe investments.
→ Growth in diversified income streams driven by product innovation, digital expansion and stronger client engagement.	→ Adverse economic shifts and trends that impact our operations.

How we grow our Financial Capital

→ Strengthening profitability through disciplined cost management and quality portfolio growth.

→ Maintaining robust capital adequacy supported by prudent risk management.

→ Mobilising stable, diversified deposits that reinforce liquidity and funding resilience.

→ Attracting strategic funding partnerships that expand lending capacity and support inclusive growth.



Message from the Head of Finance



Fueling Sustainable Customer-Centred Growth

In 2025, our financial strategy was anchored on Sustainable Customer Centred Growth. Financial performance and balance sheet strength worked together to support our mission of expanding access, deepening inclusion, and empowering women and underserved communities across Uganda.

During the year, the Bank restated its 2024 financial statements to enhance accuracy and alignment with applicable reporting standards. The restatement improved comparability and transparency, and the detailed disclosures are provided on pages 230-235.

Despite a dynamic operating environment, the Bank delivered disciplined and resilient results. Profit After Tax increased from Ushs 6.34 billion in 2024 to Ushs 6.6 billion in 2025, representing three percent year on year growth. Total Assets expanded from Ushs 295.31 billion in 2024 to Ushs 321.25 billion in 2025, a nine percent increase driven by stronger liquidity, higher balances with banks, and continued expansion of a quality loan book.

Customer trust remained central to our progress. Deposits grew from Ushs 122.10 billion in 2024 to Ushs 154.18 billion in 2025, a twenty six percent increase that strengthened our funding base and supported continued lending to microfinance groups, small enterprises, and rural households.

Net Loans and Advances increased from Ushs 196.83 billion in 2024 to Ushs 207.62 billion in 2025, a five percent rise supported by enhanced credit assessment, disciplined risk based pricing with a 4-location pilot and a sustained focus on portfolio quality.



Stella Agaba

Head of Finance

Our capital position remained robust, with Tier 1 at 21.67 percent and Total Capital at 22.78 percent, both well above regulatory thresholds and reflective of disciplined balance sheet management. Sustained profitability enabled the Board to propose a Ushs 1.314 billion dividend, doubling the prior year's payout and reaffirming our commitment to delivering value to purpose driven shareholders.

Looking ahead to 2026, we will continue strengthening the financial foundations that enable impact. We will expand agricultural lending, accelerate digital transformation, and deepen our reach into underserved communities.

Profit after Tax
Ushs 6.6 Bn
(2024: 6.34 Bn)

Total Assets
Ushs 321.3 Bn
(2024: 295.3 Bn)

Deposits
Ushs 154.2 Bn
(2024: 122.1 Bn)

Cost to Income Ratio
93.1%
(2024: 92.3%)

Return on Equity
10.1%
(2024: 10.7%)

Capital Ratio	Limit	2025	2024 Restated
Tier 1	12.50%	21.67%	18.69%
Total	14.50%	22.78%	19.80%



BRAC Bank Uganda Team receives the Tier 2 category 2025 FiRe awards awarded by Institute of Certified Public Accountants of Uganda (ICPAU) at the FiRe annual awards

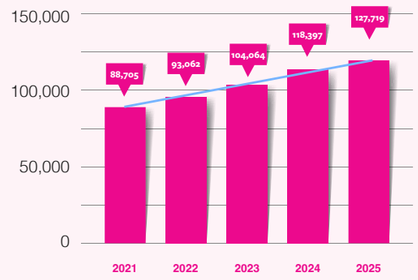
Summary statement of comprehensive income

	2021 Ushs 000	2022 Ushs 000	2023 Ushs 000	2024 (Restated) Ushs 000	2025 Ushs 000	Change %
Total revenue	88,705	93,062	104,064	118,397	127,719	▲ 8%
Operating costs	66,256	74,511	78,735	84,184	91,793	▲ 9%
Interest expense	20,023	16,694	18,795	19,951	22,469	▲ 13%
Impairment	1,207	84	3,790	5,115	4,645	▼ (9%)
Income tax	534	723	1,744	2,789	2,237	▼ (20%)
Profit after Tax	684	1,050	1,000	6,359	6,575	▲ 3%

Total revenue

Revenues rose steadily from Ushs 88.7 billion in 2021 to Ushs 127.7 billion in 2025, reflecting sustained growth in the Bank's core intermediation activities. Between 2024 and 2025, revenues increased from Ushs 118.4 billion to Ushs 127.7 billion, representing 8 percent year on year growth. This performance was driven by expansion of the loan book, rising interest income, strong deposit mobilisation that supported lending capacity, and the effective use of partnerships and grants to diversify income streams. The Bank's ability to grow revenues consistently demonstrates effective customer outreach and positions it well for sustainable long term growth.

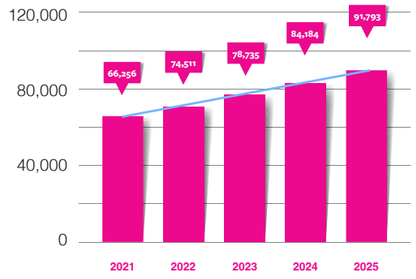
Total revenues Ushs 000



Operating Costs

Operating costs increased from Ushs 66.3B in 2021 to Ushs 91.8B in 2025, reflecting deliberate investment in staff welfare, operational capacity, and digital transformation. Between 2024 and 2025, total operating costs rose from Ushs 84.18B to Ushs 91.79B, representing a 9 percent year on year increase. The rise was driven by an enhanced employee value proposition, including medical insurance, provident fund contributions, and salary adjustments, as well as expansion into new locations and continued investment in digital systems. While these costs compress margins in the short term, they strengthen long term resilience, improve service quality, and support sustainable growth.

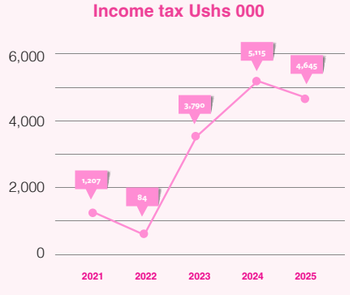
Operating costs Ushs 000



Impairment

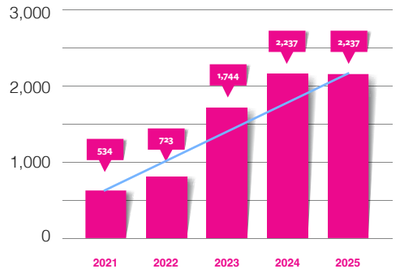
Impairments remained volatile over the five-year period, falling to Ushs 84 million in 2022, rising sharply to Ushs 3.8 billion in 2023, increasing further to Ushs 5.1 billion in 2024, and then moderating to Ushs 4.6 billion in 2025. These movements reflect shifts in credit risk and delinquency within the loan portfolio, particularly in microfinance segments that are more sensitive to economic pressures. Strengthened risk management practices, improved credit monitoring, and enhanced recovery efforts contributed to the reduction in impairment levels in 2025.

Income tax Ushs 000



Income Tax

Tax expenses increased gradually from Ushs 534 million in 2021 to Ushs 2.2 billion in 2025, reflecting improved operating profits and continued compliance with tax obligations. The rise in tax expense is aligned with the Bank's strengthening earnings capacity, demonstrating that profitability growth is translating into higher contributions to national revenue.



Summary statement of Financial Position

	2021	2022	2023	2024	2025	Change %
Total assets	228,981	262,921	265,615	295,313	321,253	▲ 9%
Loans and advances	143,670	149,736	184,180	196,829	207,615	▲ 6%
Customer deposits	65,676	64,102	76,119	122,096	154,181	▲ 26%

Statement of Financial Position

Assets

	2025 Ushs 000	2024 Ushs 000	Change Ushs	Change %
Cash and bank	2,439,617	2,466,889	(27,272)	(1%)
Deposits and balances due from banks	74,744,477	55,597,370	19,147,107	34%
Government securities	7,525,003	4,586,555	2,938,448	64%
Related party receivables	109,694	4,682,677	(4,572,983)	(98%)
Loans and advances to customers	207,615,176	196,828,562	10,786,614	6%
Other assets	4,113,441	3,306,361	807,080	25%
Income tax recoverable	41,911	41,911	-	0%
Deferred tax asset	2,420,236	4,656,890	(2,236,654)	(48%)
Property and equipment	5,737,521	6,123,141	(385,620)	(6%)
Right-of-use assets	9,761,167	7,342,857	2,418,310	33%
Capital work in progress	1,786,227	1,820,513	(34,286)	(1%)
Intangible assets	4,958,556	7,859,392	(2,900,836)	(37%)
Total assets	**321,253,026**	**295,313,118**	**25,939,908**	**9%**

Liabilities and Equity

	2025 Ushs 000	2024 Ushs 000	Change Ushs	Change %
Deposits from customers	154,181,169	122,096,300	32,084,869	26%
Related party payables	1,892,315	7,365,293	(5,472,978)	(289)
Borrowings	70,748,374	77,346,701	(6,598,327)	(9%)
Other liabilities	11,762,248	11,673,779	88,469	1%
Donor funds	6,567,539	8,318,387	(1,750,848)	(21%)
Lease liabilities	10,913,973	9,242,090	1,671,883	18%
Total liabilities	**256,065,618**	**236,042,550**	**20,023,068**	**9%**

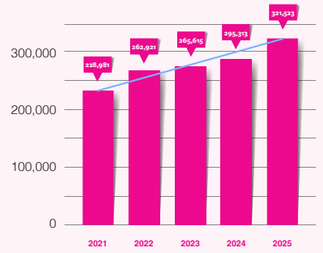
Equity

	2025 Ushs 000	2024 Ushs 000	Change Ushs	Change %
Share capital	54,421,880	54,421,880	-	0%
Retained earnings	8,723,988	3,724,988	4,999,000	134.2%
Proposed dividends	1,314,960	657,960	657,000	99.9%
Regulatory credit risk reserve	726,580	465,740	260,840	56.0%
Total equity	**65,187,408**	**59,270,568**	**5,916,840**	**10.0%**

Total Assets

Total assets grew from Ushs 228.9 billion in 2021 to Ushs 321.3 billion in 2025, a cumulative increase of 40 percent. Growth in 2025 alone was 9 percent, rising from Ushs 295.31 billion to Ushs 321.25 billion, driven by expansion of the loan portfolio, stronger liquidity, and higher balances with banks. This consistent strengthening of the asset base reflects the Bank's ability to mobilise deposits and reinvest in impact creating activities, positioning the institution for long term stability and scalability.

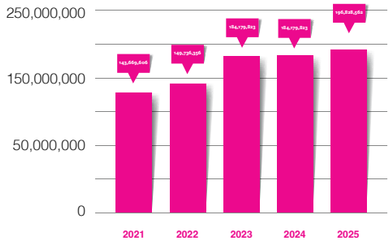
Total assets Ushs 000



Loans and advances to customers

Loans and advances increased from Ushs 143.7 billion in 2021 to Ushs 207.6 billion in 2025, representing 44 percent growth over the five year period. This expansion reflects the Bank's deepening outreach and commitment to financial inclusion, particularly through microfinance and small enterprise lending. The steady rise between 2023 and 2025 was supported by strengthened credit risk management and improved digital loan processing systems. Despite fluctuations in impairment levels, overall portfolio quality remained strong, and the 5.5 percent increase in 2025 demonstrates continued growth in the loan book aligned with customer needs.

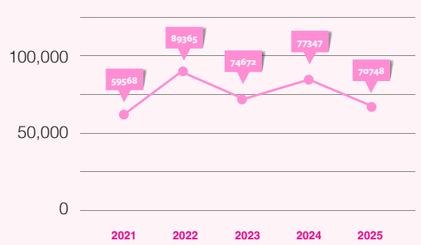
Loans and advances to customers Ushs 000



Borrowings

Borrowings fluctuated over the five year period, rising from Ushs 59.6 billion in 2021 to a peak of Ushs 89.4 billion in 2022, before declining to Ushs 70.7 billion in 2025. The reduction reflects deliberate debt management decisions aimed at optimising the cost of funds and supporting asset growth through internal financing. Between 2024 and 2025, borrowings decreased from Ushs 77.35 billion to Ushs 70.75 billion, a 9 percent year on year reduction consistent with the Bank's strategy to minimise external exposure while maintaining adequate capital buffers. This disciplined approach strengthened solvency and contributed to improved capital adequacy ratios, with Tier 1 and Tier 2 levels remaining well above regulatory minimums.

Borrowings Ushs 000



Cashflow Analysis

Operating cash flow increased significantly from Ushs 9.3 billion in 2024 to Ushs 15.9 billion in 2025, a 71% rebound driven by interest revenues. Investing outflows eased to Ushs 2.6 billion, showing responsible handling of the capital expenditure, while financing shifted from an inflow of Ushs 8.7 billion to an outflow of Ushs 4.0 billion as we deliberately managed debt to support asset growth. These movements lifted cash and cash equivalents to Ushs 46.8 billion, a 24% increase that strengthens liquidity, sustains operations, and positions us for continued growth.

Cashflows Trend	2021 Ushs 000	2022 Ushs 000	2023 Ushs 000	2024 (Restated) Ushs 000	2025 Ushs 000	Change %
Net Cahsflows from (used in) Operating activities	17,605,692	(17,617,916)	15,114,064	9,283,553	15,851,714	▲ 71%
Net Cashflows from (used in) Investing activities	(2,475,295)	(3,305,179)	(3,168,770)	(2,892,318)	(2,588,466)	▼ (11%)
Net Cashflows from (used in) financing activities	(41,015,901)	28,885,372	(12,611,271)	8,715,415	(3,965,816)	▼ (146%)
Cash and cash equivalents	15,008,845	22,442,435	21,626,574	37,689,954	46,751,973	▲ 24%

IFRS Sustainability



IFRS S1 and S2 our progress so far

BRAC Uganda Bank Ltd. (BUBL) remains committed to advancing sustainability reporting in line with global standards. In September 2024, Uganda formally adopted the IFRS Sustainability Disclosure Standards IFRS S1 and IFRS S2, positioning the country among early adopters in Africa. In 2025, the Bank of Uganda issued the Climate Related Financial Risk Management Guidelines, requiring financial institutions to integrate climate risks into governance, strategy, ICAAP, stress testing, and scenario analysis. Semi annual climate risk reporting will begin in June 2026, with transition plans due by December 2026.

BUBL has actively engaged in this transition, aligning internal reporting structures with the national roadmap led by the Institute of Certified Public Accountants of Uganda (ICPAU). The Bank has initiated capacity building for finance and risk teams, completed a climate risk gap analysis, mapped material ESG topics, and begun integrating climate related disclosures into strategic planning and risk frameworks. Climate risks are now being incorporated into the Bank's risk appetite and internal control systems to ensure long term resilience.

While mandatory reporting for financial institutions is scheduled to begin in 2028, BUBL is taking early steps to embed sustainability into governance, data systems, and stakeholder engagement. This proactive approach reflects our commitment to transparency, resilience, and long term value creation, especially for communities at the bottom of the pyramid.

As we move forward, BUBL will continue collaborating with regulators, industry peers, and the Uganda Integrated Reporting Committee to ensure readiness and relevance in applying IFRS S1 and IFRS S2. Our journey is not only about compliance; it is about strengthening how financial institutions contribute to sustainable development.

Looking Ahead

Drive efficiency

Lower the cost-to-income ratio through a performance-driven culture and digital scale.

Fund inclusion sustainably

Grow low-cost deposits to reduce reliance on wholesale borrowing and widen the lending base.

Protect resilience

Hold capital above regulatory minimums and keep non performing loans in check through disciplined underwriting.

Integrate climate

Embedding IFRS S1 and S2 climate-related financial disclosures into capital planning will ensure that climate risks, opportunities and transition considerations are fully integrated into forward-looking capital allocation, strengthening resilience and supporting long-term value creation.

Manufactured Capital

Our manufactured capital is the backbone of our operations, made up of the physical and digital infrastructure that enables us to deliver inclusive, client centred financial services. Through our nationwide branch network, satellite offices, and expanding digital channels, we bring banking closer to communities, respond quickly to customer needs, and scale sustainably. Recent investments in ICT systems, digital platforms, and renewable energy solutions have strengthened operational efficiency while reducing our environmental footprint, in line with emerging climate risk guidelines. By modernising our infrastructure and embedding digitisation across service delivery, our manufactured capital supports innovation, empowers our people, and creates lasting value across all other capitals.

How our Manufactured capital impacts other capitals

Social and Relationship Capital

Through a network of 161 locations across 86 districts, BUBL continues to strengthen trust and deepen community relationships. This reach enables faster, more accessible services for customers in rural and hard-to-reach areas, reinforcing our role as a dependable financial partner.

Human Capital

Investments in modern infrastructure, digital tools, and efficient resource use have improved staff morale and productivity, creating healthier and more sustainable workplaces for our 1,870 employees. These efforts ensure that our people remain empowered to deliver high quality, client centred services.

Natural Capital

Solar energy now powers 23 satellite offices, and ongoing digitisation aims to reduce reliance on paper and fuel based logistics. These actions aim at lowering the Bank's carbon footprint and demonstrate our commitment to environmental stewardship in line with emerging climate risk guidelines.

Intellectual Capital

With upgraded IT systems, enhanced digital platforms, and continuous learning embedded across operations, BUBL fosters innovation and ensures knowledge flows seamlessly throughout the institution. These improvements support smarter decision-making, stronger risk management, and more efficient service delivery.

Financial Capital

Enhanced infrastructure and digital platforms have increased transaction volumes, reduced paper and fuel costs, and strengthened operational efficiency. These improvements support sustainable revenue growth, improve profitability, and reinforce long term value creation for shareholders.

Inputs	How we deploy	Outputs	Outcomes and impact
→ 161 locations across 86 districts	→ Digital platforms and upgraded IT system.	→ Expanded service points and mobile channels.	→ Employee wellbeing
→ IT systems	→ Infrastructure is strategically positioned.	→ Solar-powered offices and paperless processes.	→ Sustainable profitability
			→ Environmental Stewardship
			→ Financial inclusion

Key opportunities	Challenges
→ Upgrading physical spaces to create more efficient, professional environments that enhance customer care and support higher service standards across the branch network.	→ Managing rising maintenance and security costs as digital infrastructure expands and exposure to cyber risks increases, requiring stronger controls and continuous system upgrades.
→ Enhancing alternative delivery channels through mobile banking to provide customers with reliable, convenient 24/7 access to financial services.	→ Overcoming customer resistance to shifting from traditional, face-to-face interactions toward digital solutions, especially among rural and first time users.
→ Strengthening the digital backbone by upgrading core systems and rolling out the Digital Field Application to streamline loan origination, improve credit scoring, and accelerate turnaround times	→ Improving operational efficiency while balancing the heavy cost base of a wide physical presence, ensuring that branch and satellite networks remain productive and financially sustainable.

How we grow our manufactured capital

→ Strengthening our digital backbone by investing in modern systems and applications that streamline processes, reduce paperwork, and deliver faster, more inclusive services.

→ Upgrading our physical spaces to create efficient, professional environments that enhance customer care and provide better workplaces for our staff.

→ Expanding our reach by extending our footprint into underserved areas, ensuring more communities have access to inclusive financial services.

→ Enhancing alternative delivery channels through mobile platforms that offer customers convenient 24/7 access to banking services.

Looking Ahead

Branch network optimisation

Continue strengthening service points to balance efficiency with reach, ensuring customers remain well-served across regions.

Technology investment

Expand digital platforms and core banking systems to improve speed, reliability, and customer experience.

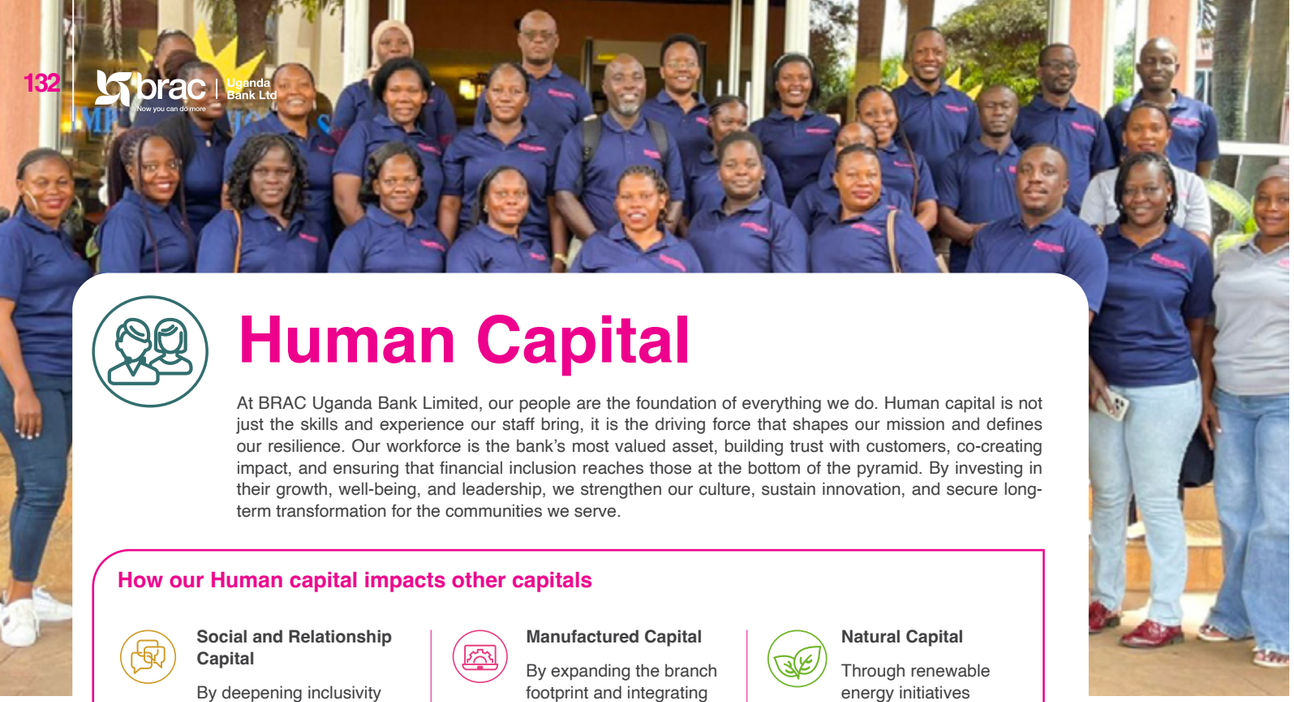
Infrastructure resilience

Upgrade facilities and equipment to support sustainable operations and reduce environmental footprint.

Sustainability integration

Embed energy-efficient practices and green infrastructure in future capital projects.

Integrated Annual Report - 2025



Human Capital

At BRAC Uganda Bank Limited, our people are the foundation of everything we do. Human capital is not just the skills and experience our staff bring, it is the driving force that shapes our mission and defines our resilience. Our workforce is the bank's most valued asset, building trust with customers, co-creating impact, and ensuring that financial inclusion reaches those at the bottom of the pyramid. By investing in their growth, well-being, and leadership, we strengthen our culture, sustain innovation, and secure long-term transformation for the communities we serve.

How our Human capital impacts other capitals

Social and Relationship Capital

By deepening inclusivity and building trusted client relationships, employees enhance community wellbeing and advocacy, positioning BUBL as a leading partner for low income households.

Manufactured Capital

By expanding the branch footprint and integrating digital platforms, staff improve accessibility and efficiency, ensuring services reach underserved communities while reducing reliance on manual processes.

Natural Capital

Through renewable energy initiatives and sustainable infrastructure practices, employees reduce fuel and grid dependence, lower the carbon footprint, and reinforce climate resilience across the network.

Intellectual Capital

Through culture transformation, succession planning, and client training, human capital embeds professionalism and leadership while extending financial literacy to our customers, creating long term knowledge value.

Financial Capital

Our investments in staff costs and learning and development lead to long-term financial capital value creation that enable as expand our reach and impact.

Inputs	How we deploy	Outputs	Outcomes and impact
→ 1.1,870 gainfully employed staff.	→ Coaching line managers to strengthen leadership and team performance	→ 90 merit-based staff promotions in 2025	→ 90 merit-based staff promotions
→ 2. 27,792 training hours.	→ Training staff to support banking operations, including digital systems and customer service	→ Improved staff retention supported by enhanced benefits (Provident Fund at 5%, medical cover)	→ Improved staff retention through enhanced benefits (Provident Fund at 5% from 4.2% of employee's basic pay)
→ 3. 81% of total workforce is female.	→ Job rotations, shadowing, placements, and critical-experience assignments to build multi-skilled teams	→ Strengthened leadership pipeline through coaching and management development	→ Higher productivity and improved turnaround times due to better-skilled staff
→ 4. Enhanced Employee Value Proposition (EVP.	→ Culture-building initiatives such as Proudly BRAC, long-service awards, and regional staff engagements.	→ Increased staff competence in digital banking, credit processes, and customer service	→ Stronger alignment with mission and values, reinforced by culture-transformation initiatives
		→ Higher training coverage across all departments	→ Reduced attrition and improved morale due to competitive EVP.

Key opportunities	Challenges
→ Targeted learning interventions to strengthen productivity and retention, supported by the Bank's 27,792 annual training hours and expanded leadership development programmes.	→ Difficulty attracting skilled staff in remote areas, coupled with persistent attrition and abscondment, disrupts service delivery — a challenge explicitly noted in the Business Plan ("High staff turnover and abscondment").
→ Structured talent pipelines to ensure readiness for critical leadership and field positions, aligned with succession planning actions highlighted in the Business Plan and Board Evaluation Report	→ Staff productivity requires further improvement, while adaptation to digital models (DFA, mobile banking, VSLA digitisation) demands careful cultural transition and stronger change management support.

How we grow our human capital

→ Significant investment in learning and development, averaging 15 hours per employee in 2025.

→ Structured programmes with external partners and HR led initiatives like Back to HR Basics.

→ Use of talent pools to fill field positions and prepare successors for critical roles.

→ Zero incidents of discrimination or misconduct, supported by a strong Code of Conduct and regular conflict of interest declarations.

Attracting and retaining the best talent GRI 401-1

In 2025 we welcomed 258 new employees (2024: 297), recruited through a transparent and merit based process that ensures equal opportunity and builds a workforce reflective of the communities we serve. Each new colleague brings fresh energy and perspective, strengthening our capacity to deliver inclusive financial services and advance our mission across Uganda.



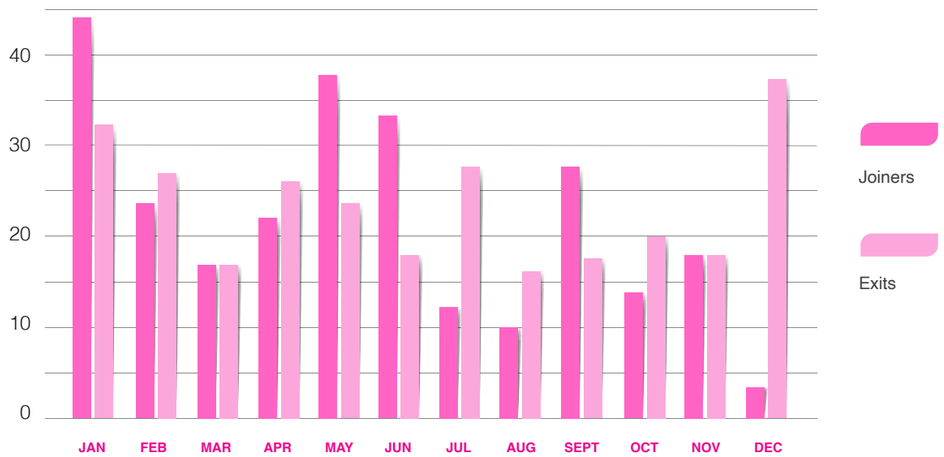
1,870 Total staff

27,792 Total training hours

Staff departures

During the same period, 283 staff exited, a reduction from 294 in 2024. Most departures were linked to career transitions, relocations, and personal development choices. This level of movement, which reflects a voluntary attrition rate of about 15 percent, remains healthy and manageable for an institution of our size. It shows the natural progression of a dynamic workforce and affirms the strength of our retention practices and the continued appeal of BRAC Uganda Bank Ltd as an employer of choice

Joiners and exits by month 2025



Diversity and Inclusiveness (GRI 405 1)

Diversity and inclusion are at the heart of how we work, lead, and grow. The clearest expression of this commitment is in the composition of our workforce. Of our 1,870 colleagues, 1,518 are women, representing 81 percent of the team. This balance demonstrates our dedication to gender equity and mirrors the predominantly female client base we serve, creating a genuine source of competitive advantage in reaching women at the bottom of the pyramid.



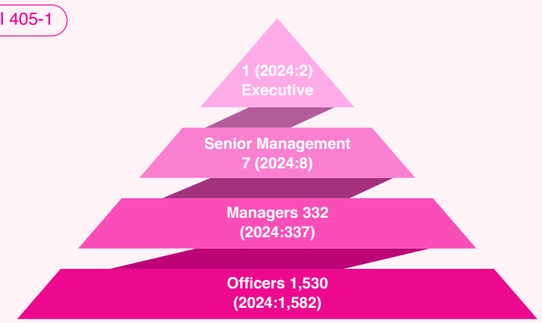
Geographical distribution of employees GRI 2-7

At BRAC Uganda Bank Limited, the geographical distribution of our employees is a direct expression of our mission to extend responsible financial services. By 31 December 2025, we had built a workforce of 1,870 staff strategically positioned along 161 locations across 86 districts. This presence ensures that our services are not only accessible but also deeply embedded in the communities we exist to serve.

Region	2025	2024	Women	Men
Head Office	113	107	62	51
Central	375	555	326	49
Western	470	564	379	91
Eastern	512	382	428	84
Northern	400	288	323	77
Totals	1,870	1,896	1,518	352

Staff Composition by grade GRI 405-1

Our organizational structure is intentionally designed for effective front line delivery. Officer level colleagues form the backbone of our operations, numbering 1,530 and representing about 82 percent of our workforce. They engage directly with customers, supported by 332 managers below senior level and a lean executive and senior management team. The slight year on year reduction in officer numbers reflects ongoing optimization of roles across service points.



Nondiscrimination GRI 406-1

Throughout the year, no incidents of discrimination or corrective actions were reported. This outcome highlights the Bank's unwavering commitment to building a workplace defined by respect, inclusion, and shared values. It reflects not only the effectiveness of our policies but also the everyday conduct of our colleagues, who uphold fairness and integrity in all interactions. By fostering such an environment, we reinforce trust, safeguard dignity, and ensure our values are consistently lived across the organisation.

Employee wellbeing and wellness GRI 403-3, 403-6

We sustain wellbeing through a culture of open dialogue and proactive listening, branch visits, town halls, leadership fireside chats and regular HR clinics give employees accessible, responsive channels to raise concerns and be heard. The result is a stronger sense of belonging and faster responsiveness to employee needs.

Remuneration and benefits GRI 203-1, 401-2

Our remuneration policy is built to attract and retain a motivated, skilled workforce within a transparent and equitable framework that ensures fairness and consistency across all levels. The Employee Value Proposition was enhanced during the year through improved benefits, the introduction of a provident fund and a medical-insurance scheme, as part of our deliberate efforts to uplift total Employee Value Proposition. The Bank's full approach to fair and responsible remuneration is set out in the remuneration report.

Ethics and conduct GRI 205-2

Ethical conduct is non-negotiable. The Bank maintains a strict zero-tolerance stance on fraud and misconduct, anchored in a robust Code of Conduct, with staff required to declare potential conflicts of interest throughout the year and during execution of critical and sensitive duties. These practices strengthen internal accountability and safeguard trust across the institution.

Disciplinary cases GRI 205-2

At BRAC Uganda Bank Limited, ethical conduct is a core expectation. We uphold a strict zero tolerance approach to fraud and misconduct, guided by a robust Code of Conduct. Every staff member is required to regularly declare any potential conflicts of interest, ensuring transparency and reinforcing a culture of integrity. These practices strengthen accountability within the Bank and safeguard the trust that underpins our relationships with customers, partners, and communities.

Learning and development GRI 404-1

In 2025, we deepened our commitment to capability building. The Bank delivered 27,792 hours of learning, representing a 7.7 percent increase from 2024 and averaging about 15 hours for every employee. Learning covered technical, leadership, and relationship management disciplines. Programmes ranged from structured leadership development with external partners to the HR team's monthly Back to HR Basics sessions. Talent pools were actively used to fill field positions and strengthen succession planning for critical roles. The concentration of learning hours within the Business Growth function reflects our deliberate investment in front line teams, ensuring that colleagues who serve customers directly are equipped with the skills and confidence to deliver sustainable impact.

Department	2025	2024
Business Growth	22,326	23,035
Banking Operations	2,423	2,677
Human Resource	790	36
Risk	33	59
Information Technology	690	-
Compliance	605	-
Internal Audit	856	-
Legal	43	-
Procurement	28	-
Grand Total	**27,792**	**25,807**

Promotions GRI 404-2, GRI 404-3

Growing talent from within is one of the strongest indicators of a healthy organisation, and 2025 showed real progress. The Bank recorded 90 internal promotions, a 25 percent increase from the previous year and part of a clear upward trend. Of these, 49 were at manager level and 41 at officer level, with promotions spread across all regions. More than 90 percent of vacancies were filled internally, which reflects the depth of our talent pool and the strength of a leadership pipeline that continues to be built from within.

During the year 100% of staff were subjected to annual performance appraisals.

Promotions	2025	2024
Manager level	49	41
Officers	41	31
Total	**90**	**72**

Promotions at Regional level	2025	2024
Head Office	7	14
Central	18	21
Western	20	17
Eastern	25	12
Northern	20	8
Total	**90**	**72**

Looking Ahead

Build a performance-driven culture

Embed the Culture Charter and recognise top performers to lift productivity and accountability.

Strengthen the employer brand

Attract, develop and retain talent through partnerships with learning institutions and professional bodies.

Deepen the leadership pipeline

Reinforce succession planning and bench strength for business continuity.

Invest in capability

Expand learning and digital upskilling across the network.

Intellectual Capital

Intellectual Capital represents the knowledge based assets that support BRAC Uganda Bank Limited's competitive strength and operational reliability. It includes the core banking system, digital platforms, credit risk models, data analytics capability, information security controls, and the policies and procedures that guide daily operations. It also includes the accumulated expertise of staff captured in training materials, manuals, and institutional practices. Unlike physical or financial resources, Intellectual Capital grows as it is used. Each system upgrade, each improvement in data quality, and each training session adds to a shared base of organisational knowledge that strengthens service delivery, improves risk management, and supports the Bank's long term resilience.

How Intellectual Capital creates value across other capitals

Social and Relationship Capital

Digital channels (USSD, mobile push-pull) and certified information security let customers transact conveniently and safely, deepening trust and access.

Manufactured Capital

Digitisation of field operations and the core banking system connect the Bank's 161 physical locations into a single operating network, extending the reach of each branch and satellite office.

Natural Capital

Digital channels and paperless field applications reduce paper use and client/staff travel; digitisation also supported the solar rollout at 20 satellite offices making the total number of satellites powered by solar 23 by enabling remote monitoring.

Financial Capital

Statistical credit-risk models (PD/LGD/EAD) and the forward-looking ECL framework improve provisioning accuracy, automation of credit scoring and risk-based pricing supports margin management and the Bank's positive bottom line.

Human Capital

Structured training systems, including the Bangladesh immersion programme and Customer Relationship Management training, convert institutional knowledge into staff capability, improving productivity and service quality

Inputs

- Digital and information-security capabilities, including ISO/IEC 27001-aligned controls
- Core banking system, digital field application, audit software, HRMIS (Human Resource Management)Information System, SMS integration, ESB, and other intangible assets
- More than twenty years of experience serving excluded communities
- Strong brand trust and reputation
- Policies, procedures, manuals, and training curricula that capture institutional know-how
- Proven microfinance methodology tailored to women and rural customers

How we deploy

- Board engagement through training, oversight, and succession planning
- Strengthening decision-making through management development programmes
- Expanding digital channels and improving system reliability
- Promoting gender equity by increasing the number of women in leadership.

Outputs

- ISO/IEC 27001 certification maintained
- Enhanced digital systems and upgraded software platforms
- ICPAU FiRe Award (Tier 2 Winner)
- A proven microfinance model that continues to reach women and rural communities

Outcomes and impact

- More consistent and reliable service delivery across branches and digital channels
- Better credit-risk assessment supported by improved data and analytics
- Stronger leadership pipeline, with more women in management roles
- Higher operational efficiency due to improved systems and processes

Key opportunities	Challenges
→ Scaling the newly automated credit-scoring solution beyond its initial rollout to cover a larger share of the loan book, improving both speed and consistency of credit decisions. → Scaling risk-based pricing to 40 locations after a 4 location pilot review, rewarding customer loyalty and allowing the Bank to price credit more precisely by client risk profile. → Deepening the GABV network membership to access global values-based banking knowledge, peer benchmarking and impact-measurement practice.	→ The evolving cyber-threat landscape requires continuous investment in information security beyond the point of initial ISO/IEC 27001 certification, to maintain rather than merely achieve assurance. → Technology and digitisation investment carries near-term cost implications, reflected in a cost-to-income ratio that rose slightly in 2025 even as long-term capability was being built. → Integrating new digital tools (credit scoring automation, digitised field applications) with legacy systems and processes across a widely dispersed branch network of 161 locations remains operationally demanding.

How we grow our intellectual capital

→ Sustained investment in digitisation, with Ushs 2.67 billion spent on software development and maintenance in 2025 alone, building on similar investment in prior years.

→ Continued build-out of statistical and analytical capability for credit risk, including regular refreshing of PD/LGD/EAD model inputs and forward-looking macroeconomic scenario weightings.

→ Structured knowledge-transfer programmes, such as the Bangladesh immersion programme for Heads of Department and CRM training for frontline officers, embedding capability directly into staff rather than relying solely on systems.

→ Board-level oversight of technology and knowledge risk through the Board Risk, Compliance and IT Committee, which met four times (plus one ad hoc session) during 2025.

→ Active participation in industry and values-based banking networks, including GABV membership secured during the year, to keep the Bank's practice benchmarked against global peers.

Staff development

The Bank's knowledge base lives, ultimately, in its people. BUBL treats staff development as a direct investment in Intellectual Capital. Capability built into individuals is capability the Bank can deploy across its 161 locations, long after any single training session ends.

- Ushs 955.8 million was spent on staff training and development during 2025 (2024: Ushs 933.6 million), funding structured learning interventions across the Bank.
- A holistic Microfinance Management training programme was delivered to all Heads of Department, complemented by an immersion programme in Bangladesh to deepen understanding of BRAC's microfinance business model and strengthen strategic alignment with the wider BRAC network.
- Frontline credit officers underwent Customer Relationship Management training aimed at enhancing service quality and improving the overall customer experience.
- The Bank received an award for Capacity Building from the Institute of Banking and Financial Services, in collaboration with the Uganda Bankers Association, external recognition of the strength of its staff development programme.
- Career progression and retention are reinforced through a Long Service Award (from five years of service and every five years thereafter) and an improved Provident Fund contribution, raised from 4.2% to 5% of gross pay effective April 2025.

Leadership and governance

Sound governance itself is a form of Intellectual Capital, the accumulated policies, oversight structures and institutional discipline that keep decision-making consistent, transparent and accountable even as the Bank grows and its leadership changes over time.

Customer Financial Literacy

Financial literacy is a knowledge asset the Bank builds directly into its client base, not just its staff, it is curriculum, content and delivery capability that BUBL has developed and refined over years of lending to first-time borrowers.

- 27,755 customers were reached with financial and digital literacy training during 2025, delivered as a structured part of the client relationship rather than a one-off add-on.
- All new borrowing customers receive financial literacy orientation before loan disbursement, covering credit terms, obligations and responsible borrowing, so that financial knowledge precedes financial exposure.
- Client education continues throughout the relationship, covering budgeting, savings behaviour and digital-channel usage, reinforcing knowledge transfer as customers' needs evolve.

Looking Ahead

Agriculture & Education Loans

Focus on expanding tailored financial solutions that directly support farmers, households, and education financing.

Digital Literacy Expansion

Strengthening client capacity through digital inclusion, financial literacy, and responsible borrowing practices.

Governance & ESG Transparency

Embedding ESG principles and governance structures to ensure accountability, sustainability, and stakeholder trust.

Performance-Driven Culture

Building a results-oriented culture that aligns with Uganda's national development goals and enhances institutional impact.



Head of Marketing engages customers during trade visit

Social and Relationship Capital

At BRAC Uganda Bank Limited, the true measure of impact lies not only in financial transactions but in the trust and relationships that sustain them. The institution's model thrives on the bonds between loan officers and rural customers, the reputation it has cultivated in communities, and the collective discipline that makes group lending possible. These connections are more than intangible goodwill they are the foundation upon which financial inclusion is built.

How Social and Relationship Capital drives value across all capitals

Human Capital

Strong relationships build trust, which supports financial literacy, confidence, and reduced stress for customers. This enables staff to work more effectively with communities and strengthens the quality of engagement across the Bank.

Financial Capital

Reliable relationships lower credit risk, improve customer retention, and support long-term value creation. Customers who trust the Bank are more consistent in repayment and more likely to deepen their financial relationship over time.

Intellectual Capital

Close community ties provide practical local insights and market intelligence. These insights help refine credit-risk models, strengthen product design, and improve decision-making across the institution.

Natural Capital

Trust ensures that loans are used for productive and sustainable purposes such as livestock, farming inputs, and home improvements. This supports responsible resource use and contributes to environmental stability in the communities we serve.

Manufactured Capital

Community trust makes branches and satellite offices more effective. It enables the Bank to reach rural customers with accessible financial services and ensures that physical and digital infrastructure is fully utilised.

Inputs	How we deploy	Outputs	Outcomes and impact
→ Ushs 463.9 million invested in community programmes through partnership with BRAC NGO.	→ Digitalisation of field operations to improve client experience and reduce turnaround times.	→ 185,511 borrowing customers, of whom 93 percent are women. Net Promoter Score of 54.	→ Higher client satisfaction and trust reflected in NPS and Lean Data findings.
→ Strong alignment with Government development plans and national priorities	→ Resolving system-upgrade gaps to ensure smooth banking operations.	→ Ninety-six percent of customers reporting improved quality of life.	→ Better financial resilience among customers due to improved access to regulated financial services.
→ Long-standing relationships with customers, communities, regulators, and development partners.	→ Expanding mobile-banking access to reach more customers with convenient services.	→ Expanded mobile-banking access and improved digital-field operations.	→ Stronger community ties that support repayment discipline and portfolio stability.
→ A group-based microfinance model that reaches women and rural households.	→ Digitising internal workflows and budgeting systems to strengthen reliability and responsiveness.		→ More reliable service delivery through improved digital systems and field operations.

Key opportunities	Challenges
→ **Compounding returns on tenure.** The data shows relationship depth pays off (78% vs 67% Social Outcomes Index for tenured vs new customers), so investing further in retention and relationship continuity has a clear multiplier effect.	→ **Scaling relational quality.** As the client base grows, maintaining the personal, high-trust relationship model becomes harder and more resource-intensive.
→ **Trust as competitive moat.** With 63% of customers saying they struggle to find a comparable lender, relationship capital is a genuine barrier to competitor entry.	→ **Measurement difficulty.** Unlike financial capital, Social and relationship capital is hard to quantify on a balance sheet, making it easy to underinvest in relative to more visible capitals.
→ **Cross-capital reinforcement.** Strengthening social capital (e.g., staff training in client care) has visible downstream effects on financial resilience and household wellbeing outcomes.	→ **Vulnerability to macro shocks.** Gains were partly aided by favorable macroeconomic conditions trust built during good times can be fragile if not reinforced with consistent service during downturns.

Creating value for our stakeholders

For Customers

Driving Financial Inclusion through digitisation

Digital expansion remained a core priority in 2025, with technology platforms positioned as the primary enabler of service delivery in remote and hard to reach areas. The Bank's ESG priorities for the year formally recognised digital transformation of field operations as a strategic focus area, reflecting the shift from traditional branch centric models to integrated digital service channels.

USSD Banking (226#)*
USSD provides low bandwidth access to core banking functions for customers without smartphones, supporting balance checks, transactions, and basic services in areas with limited connectivity.

Mobile Money Push–Pull
Push–pull integrations link BUBL accounts to mobile money wallets, enabling real time transfers and improving liquidity management for customers who rely on mobile money channels.

Combined Impact
These platforms form a multi channel digital architecture that expands formal financial access and complements the physical network. The 2025 client impact survey showed that 72 percent of customers had no prior access to a comparable loan, demonstrating the role of digital channels in reaching excluded populations.

Data protection and security GRI 418

We continued to prioritise strong Information Security Assurance practices to safeguard the Bank's digital infrastructure and maintain stakeholder trust. In 2025, information security remained a core operational discipline, supported by structured governance and continuous improvement across all digital channels. The Bank strengthened its enterprise risk framework to ensure ongoing monitoring, assessment, and enhancement of information security controls. Advanced encryption technologies are in place across critical systems, and regular vulnerability assessments are conducted to identify and address potential threats proactively.

Compliance with cybersecurity standards remained a central focus throughout the year. The Bank maintained alignment with regulatory expectations and continued to reinforce resilience across digital platforms, ensuring that information security practices evolve in step with emerging risks and technological developments.

Net Customer Losses Due To Fraud	2024	2025
Amounts in Shs'M		
	100.7	53.3

Responding to customers

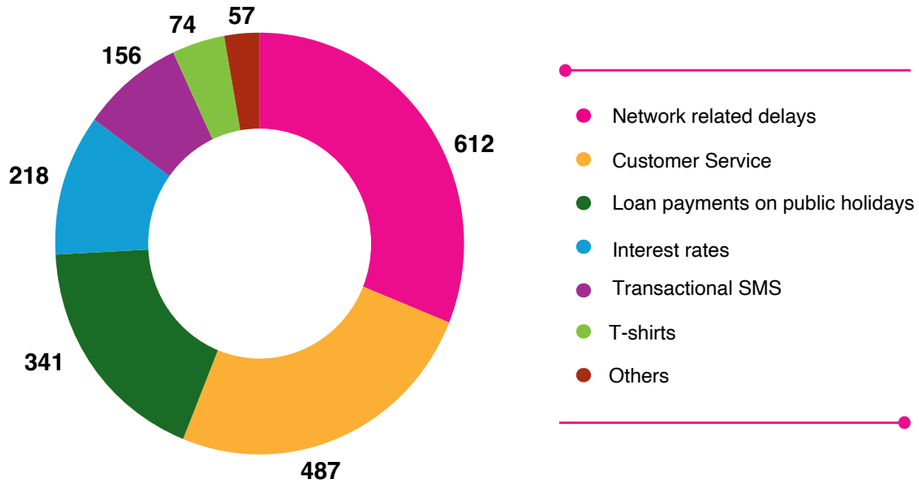
BUBL's annual independent client survey tracks the proportion of customers experiencing challenges as a core measure of service quality. In 2025, 29 percent of surveyed customers reported experiencing a challenge, up from 23 percent in the previous year. Management has treated this increase as a priority signal, given its direct link to client satisfaction, retention, and overall service reliability.

The Bank continued to track key customer service indicators to strengthen responsiveness and service quality. Resolution turnaround time consistently exceeded 90 percent across all months of the year ended 31 December 2025.

In addition, the Bank has put in place whistleblowing channels via email and telephone to collect customer feedback. These mechanisms are designed to ensure concerns are raised and addressed promptly, reinforcing transparency and accountability in our engagement with customers.

Resolving customer concerns	Customer satisfaction statistics	
	2025	2024
Average time taken to answer a call in the call Centre	10 secs	10 secs
Number of customers complaints received	1,945	1,519
Number of customer complaints resolved	1,945	1,519
Type of enquiry channel used by customers	**2025**	**2024**
Number of enquiries received over USSD	76	112
Number of enquiries received over social media	71	54
Number of enquiries received over branch channels	3,938	63

2025 Customer complaints by category



7 Years of Impact Measurement



2300 Voices, **7** Years

What have we learnt from 7 years of listening to our clients?

Since 2019, BUBL has partnered with 60 Decibels (60dB), listening to over 2,000 clients to measure social outcomes, experience, and satisfaction in line with the bank's impact framework, enabling us to get high-quality impact data at scale. The results are benchmarked against microfinance peers through the 60dB Microfinance Index using standard impact metrics across access, impact and client experience. Seven years of surveys and four years of participation in the 60db Microfinance Index show BUBL consistently achieving strong client impact and outperforming peers on most metrics.

The BRAC borrower is typically a 42-year-old woman living in a family of 6 in a rural area. 29% of our clients are youth aged 18-35, and 90% live in rural areas. 71% of BUBL's clients live below $6.85 per day, placing the bank in the top 40% in terms of inclusivity and above the 60db benchmarks.

The percentage of clients whose quality of life 'very much increased' has steadily increased over the years from 7% in 2021 to 49% in 2025, revealing an improving depth of impact following the recovery of clients from the Impacts of the COVID-19. Other impact indicators including increase in business income and financial resilience follow a similar pattern over the past 7 years.

Notably, the percentage of customers whose savings balances 'very much increased' after engaging with the bank rose from 9% in 2021 to 36% in 2025 as customers embrace savings following the transformation of the bank to a deposit-taking institution, coupled with financial, digital and life skills training.

The bank continues to measure the impact of its services through these lean data surveys to ensure that it is on the path towards achieving its mission of economic empowerment, especially for women living in poverty in rural and hard-to-reach areas.

Integrated Annual Report - 2025

Customer testimonials

BUBL's relationship with its customers is built around more than the transaction of a loan. The Bank's group lending model pairs credit with business training and savings mobilisation and is delivered through an integrated approach with BRAC Uganda (NGO) that follows customers from first outreach and selection, through training and start-up capital, into an ongoing peer network of savings groups that customers continue to draw on long after their first loan is repaid. It is this combination relationship-based lending, continuous engagement, and peer community that customers describe when asked what they have gained from BRAC.

Nnalongo Mirembe Teopista



This is Nnalongo Mirembe Teopista, a Microfinance Customer in Masaka that is currently doing piggery farming.

When I dropped out of school at a very young age, I never imagined that one day I would be able to build a better life for myself and my family. For many years, I lived with my family in a small house in Masaka, simply doing my best to make ends meet. Then, I heard about BRAC in my village.

I decided to take a chance. My journey started with just one dairy cow. She produced about 15 litres of milk a day which I sold to meet the daily needs of my family. Slowly, that little business began to change our lives.

The income helped me pay school fees and provide for my children and grandchildren. But I wasn't ready to stop there. I later took another loan from BRAC and ventured into piggery. What started with a few pigs grew to six, and before long, they were giving birth to many piglets. With the income from the business, I was able to build a better home for myself and the grandchildren I continue to care for.

Looking back, I can only say I have earned a lot from this journey, and I have no regrets. BRAC has been faithful to me, and I believe that faithfulness works both ways. My advice to others is simple: work hard, use your loan wisely, and pay it back on time. When you keep your word, you build a relationship based on trust.

Female - 40

I like BRAC because when I want money (loan) I receive it on time. They are hospitable and friendly, and the interest rate is also fair just that the period they give me to pay back their full loan(money) is too long.

Female - 32

The time I have spent with BRAC, I have never gotten any problem with them, and the process to secure a loan is a bit fast as long as I have all the requirements needed.

They are friendly and hospitable because I even recommend friends to BRAC.

Female - 31

They are good people and even paying, they don't put under unwanted pressure as long as I communicate with madam (loan officer) on time and she understands.

Female - 29

BRAC is quick and very fast when issuing loans, one doesn't have to wait for along time to receive their money .We also don't incur transport costs taking back the money because its picked from our groups by the loans officers.

Nambagala Betty



This is Nambagala Betty, a Microfinance Customer in Mbale District that is currently doing cattle rearing.

My journey began with a simple hustle. I would collect clothes that people no longer wanted, wash them, and sell them on the streets of Kikiindu, a nearby slum in Mbale. While trying to make ends meet, I met a BRAC staff member who introduced me to BRAC and explained how I could access a loan to grow my business.

I started with a loan of Shs 150,000, which I repaid diligently. Because of my commitment to repayment, I gradually became eligible for bigger loans. In 2006, I received Shs 350,000 and used the money to travel to Busia, where I purchased jackets at wholesale prices to meet the growing demand from my customers. Over the years, my business continued to grow steadily. As I maintained a strong repayment record, I was able to access bigger loans that helped me purchase a dairy cow, which provided milk for my family and for sale.

One of my greatest achievements has been educating my children. Through the income from my businesses, I was able to support my firstborn daughter to study Nursing, my second daughter to pursue Public Administration, and my youngest daughter, who is set to graduate in Teaching this November. I also diversified my income by venturing into the events business. I purchased 100 chairs, which I hire out for weddings, meetings, and other functions at Shs 300 per chair.

Today, I am building two rental houses that will provide more income and help secure my family's future. Looking back, I am proud of how far I have come and I urge my fellow women to embrace a strong culture of loan repayment and financial discipline BRAC can offer them more money to improve their livelihood.

Creating Impact for our suppliers GRI 204

Social and Relationship Capital extends beyond the client relationship. BUBL's ability to deliver its mission depends on a wider web of relationships with the vendors and partners who supply and fund its operations.

BUBL treats its vendors and service providers as long-term partners rather than transactional suppliers, recognising that reliable procurement relationships underpin service delivery to customers.

- A clear and fair contracting process governs how the Bank engages vendors and service providers.
- Explicit data protection commitments are embedded in vendor and service-provider contracts, extending the Bank's information-security discipline across its supply chain.
- The Bank prioritises long-term partnerships over one-off procurement, consistent with its stakeholder analysis expectation of value-for-money procurement delivered through stable, ongoing relationships.

	Budget Ushs 000	Actual Invoice Ushs 000	Actual Savings Ushs 000
Procurements 2024	8,035,139	5,683,998	2,113,802
Procurements 2025	15,388,284	12,908,835	2,479,450

Development Partners

Development partners institutions such as Mastercard Foundation, the Gates Foundation, the Long-Term Foundation, WSBI and the Global Alliance for Banking on Values (GABV) provide funding, technical assistance and impact support that extend BUBL's reach beyond what its own balance sheet could finance alone.

- BUBL aligns its programming with the Sustainable Development Goals (SDGs), particularly those relating to poverty reduction, gender equality and decent work, giving development partners a recognised framework against which to assess impact.

- Impact data and transparency are shared with development partners to support joint accountability and continuous learning, reinforcing BUBL's role as a reliable delivery channel for donor and investor capital directed at financial inclusion in Uganda.

Donor and development-finance capital allows BUBL to scale its outreach into rural and hard-to-reach districts faster than retained earnings alone would permit. BUBL has drawn on development-finance partnerships to fund expansion of lending to rural micro and small enterprises, including a €7.5 million (approximately Ushs 30 billion) facility from Oikocredit directed at scaling operations for rural small enterprises and broadening economic participation in underserved areas

Donor contributions	2025 Ushs 000	2024 Ushs 000
Master Card Foundation (MCF) –AIM	1,921,917	3,044,578
Kiva Micro funds	0	22,856
Long Term Foundation	603,119	660,706
European Investment Bank		496,782
Gates Foundation	3,603,822	3,997,647
FMO – Dutch Development Bank	0	0
European Investment Bank (EIB)	30,794	0
Total	**6,159,652**	**8,222,569**

Key highlights include:

The largest single donor contribution in 2025, at Ushs 3.60 billion , sustaining BUBL's core programs in financial inclusion and poverty-focused lending, despite a modest year-on-year decline.

No grant income was recognized from EIB in 2025, but a receivable of Ushs 30.79 million remains outstanding as at year-end, suggesting the relationship is transitioning rather than closed.

No new grant funding was recorded from Kiva in 2025. However, Kiva's support continues through a separate, active channel. BUBL's long-standing hosting agreement lets the Bank raise interest-free loan capital via the Kiva platform

Continuing its strategic partnership, MCF contributed Ushs 1.92 billion in 2025, sustaining BUBL's youth empowerment, financial literacy, and enterprise development programs. While the funding tapered from prior years, it remains a foundational pillar of BUBL's inclusive growth agenda.

This enduring partnership contributed Ushs 603.12 million in 2025, continuing to support BUBL's resilience-building efforts, particularly among women-led businesses and climate-affected communities.

For the Regulators

As a licensed Tier II Credit Institution, BUBL's relationship with its regulators -principally Bank of Uganda (BOU), the Financial Intelligence Authority (FIA), the Uganda Revenue Authority (URA) and the National Social Security Fund (NSSF) is foundational to its ability to operate and to the trust customers place in it as a formal financial institution.

- The Bank operates in compliance with the regulatory framework governing microfinance/credit institutions, as well as the broader laws affecting its operating environment.

- Climate-smart products are offered in support of national environmental sustainability commitments, an area of increasing regulatory and policy interest.

- The Bank contributes to national revenues through tax compliance and job creation, and its stakeholder analysis records regulator expectations of sound risk management, regular reporting and audit readiness, and financial stability - all managed through the Bank's governance and compliance functions.

For Shareholders

BUBL's principal shareholder, BRAC International Holdings B.V., expects the Bank to deliver social impact alongside financial sustainability, sound governance, and continued growth in outreach and efficiency. In 2025, the Bank sought to meet these expectations as follows:

- Expanding outreach to economically marginalised communities, especially women, in line with BRAC's mission and the shareholder's impact mandate.

- Maintaining financial sustainability through efficient operations and responsible lending practices, balancing growth with prudent risk management.

Demonstrating transparency, strong governance and credible impact metrics including the independently verified Lean Data results and the Bank's first formal ESG Policy that give shareholders and co-investors confidence in the institution's direction and performance.

For our Employees

BUBL's frontline staff are the primary channel through which the Bank's relationship with customers is built and sustained, and the Bank's stated commitments to employees reflect this. Training and capacity-building programmes are offered to enhance employees' skills and support career growth. Fair compensation, job security, and opportunities for advancement are provided within the organisation, alongside medical coverage and a provident fund, matching the expectations recorded in the Bank's stakeholder analysis.

These commitments are made in direct service of BUBL's social mission. Motivated, well-supported staff are what allow the Bank to sustain the trust-based, relationship-driven model of service delivery described throughout this section.

8

Financial Statements

Directors Report	150
Independent Auditors Report	155
Financial statements	158



Integrated Annual Report - 2025

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

The directors have pleasure in submitting their report and financial statements of BRAC Uganda Bank Limited ("the Bank") for the year ended 31 December 2025, which disclose the state of affairs of the Bank.

A) REGISTRATION
BRAC Uganda Bank Limited a company limited by shares was incorporated on 6 June 2017 and acquired the business, assets and liabilities of BRAC Uganda Microfinance Ltd (by guarantee) that had commenced trading as a microfinance entity offering micro loans to its customers from 01 January 2010. The Bank has four shareholders namely, a) BRAC International Holdings B.V b) ASN Microkredietpool, c) DEG Deutsche Investitions- und Entwicklungsgesellschaft and d) Shorecap III LP.

Prior to 6 June 2017, the business was being conducted by BRAC Uganda Microfinance Limited incorporated on 27 August 2008 under the Companies Act, Cap 106 Laws of Uganda as an independent company limited by guarantee. The Bank prior to incorporation was a component of BRAC Uganda which was first incorporated as BRAC Foundation in January 2006, and it commenced business in June 2006. In March 2007, the name was changed to BRAC through the Registry of Companies. Later the Microfinance and Non-Microfinance Programmes were incorporated as independent companies in August 2008 and September 2009 respectively.

On 30 September 2009, at a duly convened meeting of the Governing Board, BRAC transferred all assets and liabilities that relate (or are in any way connected with the Microfinance activity it had been operating in Uganda) to BRAC Uganda Microfinance Limited (by guarantee).

The Company effectively commenced trading independently on 1st January 2010 as BRAC Uganda Microfinance Limited (by guarantee).

On 7 March 2019, BRAC Uganda Bank Limited was awarded a licence by Bank of Uganda authorising the company to operate as a Credit Institution. Therefore, in addition to the lending, the Bank also accepts call and time deposits.

(B) VISION
A world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential.

(C) MISSION
The Bank's mission is to provide a range of financial services responsibly to people at the bottom of the pyramid in Uganda. We particularly focus on women living in poverty in rural, urban and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

(D) OUR VALUES
Innovation: we have been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground breaking development initiatives.

Integrity: we value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Bank holds these to be the most essential elements of our work ethic.

Inclusiveness: we are committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness: We strive for effectiveness to better serve people in poverty.

(E) PRINCIPAL ACTIVITIES
The Bank provides microfinance services to improve the livelihood of poor people in over 80 districts in Uganda focusing on extending loan facilities.

Following the licence to operate as a credit institution (Tier 2 financial institution) granted by Bank of Uganda, the Bank includes the provision of call and time deposits as part of the financial services offered to people in Uganda.

(F) CAPITAL ADEQUACY
The Bank monitors the adequacy of its capital based on requirements contained in the Financial Institutions Act. As at 31 December, the Bank's regulatory ratios were as follows:

	2025	2024* Restated
	Ushs '000	Ushs '000
Tier 1 Capital	53,562,610	44,005,602
Tier 2 Capital	2,723,167	2,599,850
Total Tier 1 + Tier 2 capital	**56,285,777**	**46,605,452**
Total risk weighted assets	**247,128,261**	**235,394,028**
Tier 1 capital ratio (Required 12.5%)	**21.67%**	**18.69%**
Total capital ratio (Required 14.5%)	**22.78%**	**19.80%**

Further information about capital adequacy is disclosed in Note 32 to the financial statements.

COMPOSITION OF DIRECTORS
The Directors who served during the year and up to the date of this report are set out on page 56.

DIRECTORS' BENEFITS
During the year the directors received a retainer of Ushs 405 million as directors' fees recorded under governance/board costs, note 17 (iii) (2024: Ushs 391 million).

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

(I) CORPORATE GOVERNANCE
The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing, the directors confirm that:

- The Board of Directors met regularly throughout the period.
- They retain full and effective oversight over the Bank.
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

As at 31 December 2025, the Board of Directors had nine (9) directors comprising Executive and Non-Executive Directors (NEDs), with deliberate skills blend from financial, social and legal practice. The Board of Directors composition for the reporting period was as indicated below:

Classification	Number
Executive Directors	**1**
Non-Executive Directors	**8**

The Board continued to carry out its role of formulating policies and strategies of the Bank, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the Bank are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

The Board has established six board committees to ensure adequate oversight of the Bank's risk management. The committees comprise Assets and Liabilities Committee, Risk, Compliance, Information Technology Committee, Credit Committee, Audit Committee, Human Resource and Nominations Committee and Social Performance Management Committee.

In furtherance of its oversight function, the Board and the Committees meet at least quarterly to consider matters relating to the performance and operations of the Bank. Below is the summary of the Committee composition and the Board Committee meetings held during 2025.

Meeting	Composition	Meetings held
Full Board	**9**	7 (4 quarterly; 3 ad hoc)
Board Assets and Liabilities Committee	**4**	5 (4 quarterly;1 ad hoc)
Board Human Resources and Nominations Committee	**4**	4
Board Audit Committee	**3**	5 (4 quarterly; 1 ad hoc)
Board Credit Committee	**4**	4
Board Risk, Compliance and IT Committee	**4**	5 (4 quarterly; 1 ad hoc)
Board Social Performance Management Committee	**4**	2

Apart from the statutory quarterly meetings, the Board held a number of ad hoc meetings that deliberated and dealt with a number of issues that were beneficial and impactful to the Bank.

Board Committee Composition

Board Committee	Membership
Board Assets & Liabilities Committee	1. Laurie Jean Spengler (Committee Chairperson) 2. Orsolya Farkas 3. Seewoosagur Domun 4. Bridget Lee Dougherty
Board Credit Committee	1. Anthony Peter Wainaina Kamau (Committee Chairperson) 2. Seewoosagur Domun 3. Bridget Lee Dougherty 4. Orsolya Farkas
Board Human Resource & Nominations Committee	1. Florence Nakimbugwe Nsubuga (Committee Chairperson) 2. Laurie Jean Spengler 3. Orsolya Farkas
Board Risk, Compliance & IT Committee	1. Anthony Peter Wainaina Kamau (Committee Chairperson) 2. Florence Nakimbugwe Nsubuga 3. Peace Kabatangare 4. Bridget Lee Dougherty
Board Audit Committee	1. Peace Kabatangare (Committee Chairperson) 2. Anthony Peter Wainaina Kamau 3. Florence Nakimbugwe Nsubuga
Board Social Performance Management Committee	1. Laurie Jean Spengler (Committee Chairperson) 2. Bridget Lee Dougherty 3. Seewoosagur Domun 4. Peace Kabatangare

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

(J) RISK MANAGEMENT
The risk management framework of the Bank is disclosed in note 32 to the financial statements.

(K) MANAGEMENT STRUCTURE
The Bank is under the supervision of the Board of Directors, and the day-to-day management is entrusted to the Chief Executive Officer who is assisted by the Chief Operations Officer and other heads of departments and units. The organisation structure of the Bank comprises the following departments/Units:

1.	Finance and Accounts
2.	Business Growth
3.	Internal Audit
4.	Compliance and Anti Money Laundering
5.	Banking Operations and Administration
6.	Information and Communication Technology
7.	Human Resource and Training
8.	Strategy
9.	Procurement
10.	Legal and Company Secretarial
11.	Risk Management
12.	Marketing, Communication and Customer Experience
13.	Information security

(L) RELATED PARTY DISCLOSURES
Related party transactions and balances are disclosed in note 17 to the financial statements.

(M) FUTURE DEVELOPMENT PLANS
The theme for 2026 is "Building a performance driven culture for greater Impact" with strategic objectives including: Deepening outreach in existing markets by growing net borrowers by 16% from 185,000 to 218,000 and leveraging on key strategic partnerships; Drive growth of deposits from Ushs 154bn to Ushs 198bn and drive cultural transformation and talent management. The specific projects to support the growth strategy include:

- Scale-up the agriculture loan product to additional locations to accommodate customers engaged in agriculture as their livelihood.
- Scale up risk-based pricing to 40 locations after a 4 location pilot review to reward customer loyalty.
- Pilot school fees loan product.
- Leveraging on strong collaborations with strategic partners.
- Leverage on mobile banking and VSLA digitisation to grow sticky deposits.

(N) KEY ACHIEVEMENTS IN 2025

- Opened 2 locations (Nakasongola and Rakai) and relocated Kampala Road for strategic business alignment.
- Obtained ISO/IEC 27001 certification upon successful audit of information systems.
- Awarded Tier 2 winners of the 2025 FiRe award by the Institute of Certified Public Accountants of Uganda.
- Member recognition -joining the Global Alliance for Banking on Values (GABV).
- Award for Capacity Building by Institute of Banking and Financial Services in collaboration with Uganda Bankers Association.
- Growth in deposits by 26% year on year and 92% achievement of the annual budget of 2025.

(O) SOLVENCY
The Board of Directors has reasonable expectation that the Bank will have adequate resources to continue in operational existence for the foreseeable future. The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

(P) GENDER PARITY
As at 31 December 2025, the Bank had 1,870 staff (2024: 1,896). The female staff were 81% (2024: 82%).

(Q) WELFARE OF EMPLOYEES

Relationship between management and employees
There were continued good relations between employees and management for the period. There were no unresolved complaints received by management from the employees during the year.

Staff continued to get performance incentive schemes during the period. Grievance handling guidelines were circulated to all employees to clearly understand their rights as well as guiding the supervisors.

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training
Employee empowerment through capacity building and targeted learning interventions remains a core strategic priority and a key driver of the Bank's productivity, staff retention, and engagement. These initiatives serve as an important benchmark for measuring employee commitment and organisational performance. During the period, the Bank implemented a holistic Microfinance Management training for all Heads of Department, complemented by an immersion programme in Bangladesh to strengthen strategic alignment and deepen understanding of the microfinance business model. In addition, frontline officers underwent Customer Relationship Management training aimed at enhancing service quality and improving overall customer experience.

Medical assistance
The Bank provides medical insurance for all the staff and one dependent for each staff member, and adding employees' dependents gradually is subject to its continued performance improvement.

Retirement benefits
All eligible employees are members of the National Social Security Fund (NSSF). The Bank contributes 10% of the employees' gross salary and the employee contributes 5%.

The NSSF is a defined contribution scheme with BRAC Uganda Bank Limited having no legal or constructive obligation to pay further top-up contributions.

Long Service Award
An employee will be given a Long Service Award for the first five (5) consecutive years of service to the BRAC Uganda Bank Limited and thereafter, every five years' service completed with the Bank.

Staff who have served the Bank for a period of 5 years and are still in service are awarded a long service certificate while those who have served the Bank for a period of 10 years are awarded a long service certificate and a cash reward equivalent to one-month gross salary for every ten years served. The cash reward is provided for when the employee qualifies for the benefit and paid within twelve months.

Provident Fund
The Bank's contribution to the Provident Fund (that was approved by the Board and implemented effective 01 April 2024) was improved from 4.2% to 5% of the employee's gross pay effective 01 April 2025. Staff contribution to this fund is 3% of their gross pay.

(R) DIVIDENDS
The Directors have proposed a final dividend of Ushs 1,314 million for the year ended December 2025 (2024: Ushs 657 million) in accordance with the provisions of Article 138 of the Company's Articles of Association and Clause 14.1 of the Shareholders' Agreement.

(S) AUDITOR
KPMG was appointed as the Bank's external auditor in 2025 in accordance with Section 167(2) of the Companies Act, Cap. 106 (Laws of Uganda), and Section 62(1) of the Financial Institutions Act, Cap. 57. Being eligible for reappointment, the auditor has expressed willingness to continue in office in 2026.

(T) APPROVAL OF THE FINANCIAL STATEMENTS
The financial statements were approved by the directors at a meeting held on 23 March 2026 discussed with Bank of Uganda on 16 April 2026 and authorised for issue by the Board of Directors on 29 April 2026.

By order of the Board

Signed: .....

SECRETARY

Integrated Annual Report - 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

The Companies Act, Cap. 106 Laws of Uganda requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of financial affairs of BRAC Uganda Bank Limited ("the Bank") as at the end of the financial year and of the results of operations of the Bank for that year. It also requires the Directors to ensure the Bank keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap. 106, Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda. The Directors are of the opinion that the financial statements of BRAC Uganda Bank Limited ("the Bank") set out on pages 158–235 give a true and fair view of the state of the financial affairs of the Bank and of its profit in accordance with IFRS Accounting Standards and have been prepared in the manner required by the Companies Act Cap. 106, Laws of Uganda and the Financial Institutions Act Cap. 57 Laws of Uganda. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors have assessed the Bank's ability to continue as a going concern. In performing this assessment, the Bank's paid up minimum capital was above the prudential requirement as at 31 December 2025.

The Directors hereby report that nothing has come to their attention to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Preparation of the financial statements

The Tax Procedures Code Act Cap. 343 requires a tax payer with an annual turnover of Ushs 500 million to furnish, with the tax payer`s return of income, audited financial statements prepared by an accountant registered by the Institute of Certified Public Accountants of Uganda (ICPAU). The financial statements are prepared by the Bank's accountant under the oversight of the directors.

The financial statements for BRAC Uganda Bank Limited for the year ended 31 December 2025 have been prepared by CPA Stella Agaba (FM/2095).

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Signature

Approval of the financial statements

The financial statements were approved by the Board of Directors on 23 March 2026, discussed with Bank of Uganda on 16 April 2026 and authorised for issue by the Board of Directors on 29 April 2026.

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Chairperson, Board of Directors

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Director

.....

Managing Director

.....

Company Secretary

INDEPENDENT AUDITOR'S REPORT.
TO THE SHAREHOLDERS OF BRAC UGANDA BANK LIMITED

KPMG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC Uganda Bank Limited ("the Bank") set out on pages 150 to 235, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap. 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Uganda, and we have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Expected Credit Loss on loans and advances The disclosures associated with loans and advances are set out in the Financial Statements in the following notes: Note 3 (a) - Significant accounting policies, judgements, estimates and assumptions Note 33 - Financial risk management Note 15 - Loans and advances to customers	
The Bank has recognized Expected Credit Losses ("ECL") on loans and advances which involves significant judgement and estimates. ECL on loans and advances to customers is considered a key audit matter because the directors make significant judgements over both timing of recognition of impairment and the estimation of the size of any such impairment. As at 31 December 2025, the Bank's loans and advances to customers net of ECL amounted to Ushs 207 billion, representing 64% of total assets, with total expected credit loss ("ECL") allowances of Ushs 4.3 billion recognized. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of ECL are: → Model estimations - inherently judgmental modelling is used to estimate ECL which involves determining probabilities of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD models used in the portfolios are the key drivers of the Bank's ECL results and are therefore the most significant judgmental aspect of the Bank's ECL modelling approach.	Our audit procedures in this area included: → Performing end to end process walkthroughs to identify and assess the design and implementation and the operating effectiveness of key controls used in the system applications and controls in the ECL processes. → Selecting a sample of facilities from the Bank's loan book and evaluating whether the facilities sampled are correctly staged/classified and valued in accordance with on IFRS 9 considering the bank's definition of significant increase in credit risk and default. → Obtaining on a sample basis the key inputs used in the ECL calculations to macroeconomic forecasts, PD, LGD and EAD by agreeing the key inputs such as historical macroeconomic data, customer details, customer outstanding balances, interest rates and unique collateral data to source documentation and involving our specialist to reperform the PDs and economic forecasts. → Evaluating key aspects of the Bank's SICR considerations by assessing the qualitative factors and quantitative factors such as days past due that were used by management in their evaluation of the classification of the financial instruments into stages 1, 2 and 3. This included performing credit reviews and re-aging the loan portfolio to evaluate the days past due.

INDEPENDENT AUDITOR'S REPORT. *(continued)*
TO THE SHAREHOLDERS OF BRAC UGANDA BANK LIMITED

KPMG

Key audit matter	How the matter was addressed in our audit
Expected Credit Loss on loans and advances The disclosures associated with loans and advances are set out in the Financial Statements in the following notes: Note 3 (a) - Significant accounting policies, judgements, estimates and assumptions Note 33 - Financial risk management Note 15 - Loans and advances to customers	
→ Significant Increase in Credit Risk (SICR'); the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12-month or lifetime provision is recorded. → Economic scenarios; IFRS Financial Instruments requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant judgement is applied in determining the forward-looking information (FLI) economic scenarios (i.e. base case, optimistic case and pessimistic case) used and the probability weightings applied to them. → Presentation of the key assumptions and judgements made in the financial statements.	→ With the help of our financial risk modeling specialists our procedures on ECL included; Evaluating the appropriateness of the Bank's ECL impairment methodologies by benchmarking them with the requirements of IFRS 9. Challenging the appropriateness of the assumptions used in modelling the probability of default and loss given default by benchmarking the parameters used such as time to realisation and historic default rates against actual outcomes for reasonability. Challenging key assumptions made by the Bank in determining forward-looking information, including the completeness of the macro-economic variables considered such as gross domestic product, government final consumption, Imports goods and services, total final consumption and total domestic demand to model the economic scenarios and probability weightings made to the economic scenarios and the correlation between the bank's credit risk parameters and the macro-economic variables. → Assessing the adequacy of disclosures in the financial statements with regards to the key assumptions, judgements and credit risk disclosures in accordance with IFRS 7 Financial Instruments Disclosures.

Emphasis of matter - comparative information
We draw attention to Note 42 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information
The financial statements of the Bank as at and for the year ended 31 December 2024, excluding the retrospective adjustments described in note 42 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 April 2025.

As part of our audit of the financial statements as at and for the year ended 31 December 2025, we also audited the retrospective adjustments described in note 42 to the financial statements that were applied to restate the comparative information presented as at and of the year ended 31 December 2024.

We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2024, other than with respect to the retrospective adjustments described in note 42 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the retrospective adjustments described in note 42 to the financial statements are appropriate and have been properly applied.

Other information
The directors are responsible for the other information. The other information comprises the information included in the BRAC Uganda Bank Limited Annual report and Financial Statements for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT. *(continued)*
TO THE SHAREHOLDERS OF BRAC UGANDA BANK LIMITED

KPMG

Directors' responsibilities for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Companies Act, Cap. 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

→ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

→ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

→ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

→ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

→ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
As required by the Companies Act, Cap. 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda we report to you, solely based on our audit of the financial statements that;

→ We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

→ In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

→ The statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Stephen Ineget– P0401.

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Certified Public Accountants
CPA Stephen Ineget
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

Date: 29 April 2026

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 Ushs '000	Restated* 2024 Ushs '000
Interest income on loans and advances	5	105,203,752	101,003,728
Other interest income	6	6,277,604	3,445,276
Interest expense on borrowings	7(a)	(10,755,273)	(10,413,863)
Other finance costs	7(b)	(11,713,715)	(9,536,847)
Net interest income		**89,012,368**	**84,498,294**
Membership fees and other charges	8(a)	7,099,215	6,394,812
Net finance income	9	74,526	44,471
Revenue		**96,186,109**	**90,937,577**
Other income	8(b)	2,920,603	2,221,616
Expected credit loss on financial assets	16	(4,645,270)	(5,114,836)
Grant income	27(e)	6,143,425	5,287,356
Staff costs	10	(52,205,108)	(47,042,370)
Other operating expenses	11	(33,211,955)	(30,607,694)
Depreciation of property and equipment	19	(2,522,504)	(2,765,055)
Amortisation of software	21	(1,071,417)	(1,222,608)
Depreciation of right-of-use assets	22(a)	(2,782,429)	(2,545,812)
Profit before tax		**8,811,454**	**9,148,174**
Income tax charge	12(a)	(2,236,654)	(2,788,912)
Net profit for the year		**6,574,800**	**6,359,262**
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		**6,574,800**	**6,359,262**

* The comparative information has been restated to correct a material error relating to the non-accrual of management fees and the resultant impact on tax balances and donation expenses, as disclosed in Note 42.

The accounting policies and notes set out on pages 162 to 235 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2025

ASSETS	Note	2025 Ushs '000	Restated* 2024 Ushs '000
Cash and bank	13(a)	2,439,617	2,466,889
Deposits and balances due from banks	14	74,744,477	55,597,370
Government securities	13(b)	7,525,003	4,586,555
Related party receivables	17(a)	109,694	4,682,677
Loans and advances to customers	15	207,615,176	196,828,562
Other assets	18	4,113,441	3,306,361
Income tax recoverable	12(c)	41,911	41,911
Deferred tax asset	12(b)	2,420,236	4,656,890
Property and equipment	19	5,737,521	6,123,141
Right-of-use asset	22(a)	9,761,167	7,342,857
Capital work in progress	20	1,786,227	1,820,513
Intangible assets	21	4,958,556	7,859,392
Total assets		**321,253,026**	**295,313,118**
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	24	154,181,169	122,096,300
Related party payables	17(b)	1,892,315	7,365,293
Borrowings	25	70,748,374	77,346,701
Other liabilities	26	11,762,248	11,673,779
Donor funds	27	6,567,539	8,318,387
Lease liabilities	22(e)	10,913,973	9,242,090
Total liabilities		**256,065,618**	**236,042,550**
Equity			
Share capital	28	54,421,880	54,421,880
Retained earnings	28	8,723,988	3,724,988
Proposed dividends	28	1,314,960	657,960
Regulatory credit risk reserve	36	726,580	465,740
Total equity		**65,187,408**	**59,270,568**
Total liabilities and equity		**321,253,026**	**295,313,118**

*The comparative information has been restated to correct a material error relating to the non-accrual of management fees and the resulting impact on the deferred tax asset balance, related party payables, applicable taxes payable, and retained earnings, as disclosed in Note 42.

The accounting policies and notes set out on pages 162 to 235 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 23 March 2026, discussed with Bank of Uganda on 16 April 2026 and authorised for issue by the Board of Directors on 29 April 2026.

.....
Managing Director

.....
Company Secretary

.....
Chairperson, Board of Directors

.....
Director

Integrated Annual Report - 2025

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Share capital	Retained earnings/ (Accumulated losses)	Proposed dividends	Regulatory credit risk reserve	Total equity
At 1 January 2024		**54,421,880**	**(2,327,249)**	**-**	**816,675**	**52,911,306**
Total comprehensive income						
Profit for the year*		-	6,359,262	-	-	6,359,262
Total comprehensive income		**-**	**6,359,262**	**-**	**-**	**6,359,262**
Transactions with equity holders						
Dividends paid out	28	-	-	-	-	-
Proposed dividends	28	-	(657,960)	657,960	-	-
Total transactions with equity holders		**-**	**(657,960)**	**657,960**	**-**	**-**
Net transfer to regulatory reserve	**28**	**-**	**350,935**	**-**	**(350,935)**	**-**
At 31 December 2024*Restated		**54,421,880**	**3,724,988**	**657,960**	**465,740**	**59,270,568**
At 1 January 2025		**54,421,880**	**3,724,988**	**657,960**	**465,740**	**59,270,568**
Total comprehensive income						
Profit for the year		-	6,574,800	-	-	6,574,800
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**6,574,800**	**-**	**-**	**6,574,800**
Transactions with equity holders						
Dividends paid out	28	-	-	(657,960)	-	(657,960)
Proposed dividends	28	-	(1,314,960)	1,314,960	-	-
Total transactions with equity holders		**-**	**(1,314,960)**	**657,000**	**-**	**(657,960)**
Net transfer to regulatory reserve	**28**	**-**	**(260,840)**	**-**	**260,840**	**-**
At 31 December 2025		**54,421,880**	**8,723,988**	**1,314,960**	**726,580**	**65,187,408**

*The comparative information has been restated to correct a material error relating to the non-accrual of management fees and the resulting impact on the deferred tax asset balance, related party payables, applicable taxes payable, and retained earnings, as disclosed in Note 42.

The accounting policies and notes set out on pages 162 to 235 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025	Restated* 2024
		Ushs '000	Ushs '000
Operating activities			
Net cash from operating activities	**30**	**15,851,714**	**9,283,553**
Investing activities			
Acquisition of property and equipment	19	(1,244,471)	(908,064)
Acquisition of intangible assets	21	(90,342)	(135,228)
Proceeds from disposal of property and equipment		82,085	44,492
Investment in capital work in progress	20	(1,335,738)	(1,893,518)
Net cash used in investing activities		**(2,588,466)**	**(2,892,318)**
Financing activities			
Receipts from borrowings and managed funds during the year	25(b)	20,040,181	35,477,685
Loan repayments during the year	25(b)	(26,339,143)	(32,751,397)
Principal repayment of lease liabilities	22(e)	(3,137,752)	(2,233,442)
Dividend paid		(657,960)	-
Receipt of donor funds	27(b) (c)& (d)	6,128,858	8,222,569
Net cash (used in)/ generated from financing activities		**(3,965,816)**	**8,715,415**
Net increase in cash and cash equivalents		**9,297,433**	**15,106,650**
Cash and cash equivalents at 1 January		**37,689,953**	**22,782,823**
Net increase in cash and cash equivalents		9,297,433	15,106,650
Effect of exchange rate fluctuations on cash and cash equivalents held		(235,413)	(199,520)
Cash and cash equivalents at 31 December	**29**	**46,751,973**	**37,689,953**

**The comparative information has been restated to correct a material error relating to the non-accrual of management fees and the resulting impact on the deferred tax asset balance, related party payables, applicable taxes payable, and retained earnings, as disclosed in Note 42.*

The accounting policies and notes set out on pages 162 to 235 form an integral part of these financial statements.

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. BANK INFORMATION

BRAC Uganda Bank Limited a company limited by shares was incorporated on 06 June 2017 with BRAC International Holdings B.V. as the majority shareholder and acquired the business, assets and liabilities of BRAC Uganda Microfinance Ltd (by guarantee) with effect from 01 January 2018 following a re-organisation of the company limited by guarantee.

On 07 March 2019, BRAC Uganda Bank Limited was awarded a license by Bank of Uganda authorising the company to operate as a credit institution. Therefore, in addition to lending, the company also accepts call and time deposits.

BRAC began its work in Uganda in June 2006, it chose to work in Uganda because of the opportunities to make a significant difference in a post-conflict country with high poverty and fertility rates as well as demonstrate the potential of its "microfinance multiplied" approach to other institutions in the microfinance industry in the world.

BRAC Uganda Bank Limited's vision is in line with the vision for BRAC Bangladesh that they develop into a just, enlightened, healthy and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, BRAC uses a comprehensive approach to poverty reduction which strategically links to programs in Economic Development (Microfinance), Health, Education and Social Development, Human Rights and Services to create and protect the livelihoods of poor people.

BRAC's business model strongly reflects its philosophy, the core elements of the business model are BRAC's community outreach based delivery methodology and its unwavering focus on borrowers at the poorer end of the poverty spectrum. These two principles which distinguish BRAC Uganda Bank Limited from other microfinance operators in the world are apparent in the way BRAC has designed its operations.

The company prior to incorporation in 2017 was a component of BRAC Uganda which was first incorporated as BRAC Foundation in January 2006 and commenced its business in June 2006. In March 2007, the name was changed to BRAC through the Uganda Registration Services Bureau (URSB). Later the Microfinance and Non-Microfinance Programs were incorporated as independent companies in August 2008 and September 2010 respectively.

2. BASIS OF ACCOUNTING AND STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap. 106 Laws of Uganda and the Financial Institutions Act, Cap. 57 Laws of Uganda.

(i) Basis of measurement
The financial statements are prepared under the historical cost convention except derivative financial instruments which are measured at fair value.

(ii) Functional and presentation currency
Except where otherwise stated, these financial statements are presented in thousands of Uganda shillings (Ushs '000), which is the Bank's functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Use of judgements and estimates
In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments

- Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:
- Note 33(d): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

Notes 3(o) and 33: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

Assumptions and estimation uncertainty
Key assumptions and uncertainties that could materially impact asset and liability carrying values in the next financial year are detailed in the following notes:

i) Impairment losses on financial assets
The Bank uses estimates and assumptions that affect reported amounts of assets and liabilities and reviews them continuously based on historical experience and reasonable future expectations.

The Bank regularly assesses its loan portfolio and other financial assets to determine and update expected credit losses (ECLs). ECL models, assumptions and forwardlooking information are reviewed periodically to reduce differences between estimated and actual losses. (Refer to Notes 14, 15, 16 and 33.)

ii) Provisions and contingent liabilities
A provision is recognized when, as a result of past events, the Bank has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle it. Management makes judgments regarding whether a present obligation exists as a result of past events at the reporting date. This involves assessing the probability of an outflow of resources embodying economic benefits and making a reliable estimate of the amount of the obligation. Management evaluates the status of legal claims, regulatory fines, and environmental obligations by weighing the "more likely than not" threshold to determine if a provision should be recognized or if the matter should be disclosed as a contingent liability. These judgments are based on the latest available information, legal counsel advice, and historical experience, noting that the actual outcome may differ from these estimates due to the inherent uncertainty of future events.

iii) Deferred tax
Deferred tax assets are recognized for unused tax losses only to the extent it is probable that future taxable profits will be available to utilize them. This requires significant management judgment, considering the timing and level of future taxable profits and tax planning strategies.

The Bank has tax losses carried forward of Ushs 6.0 billion (2024: Ushs 14.9 billion), mainly arising from COVID-19 related operational losses in 2020. With the effects of the pandemic fading, the directors consider a recurrence unlikely. From 1st July 2023, losses can be carried forward for seven years, after which only 50% is deductible. Based on its assessment, the Bank expects to generate sufficient taxable profits to utilize the deferred tax asset. (Refer to Note 12.)

Deferred tax is measured based on the expected manner of recovery or settlement of the Bank's assets and liabilities at the reporting date.

iv) Leases
Under IFRS 16, a lease exists when the Bank has the right to direct how and for what purpose an identified asset is used throughout the period of use (or when relevant decisions are predetermined and the Bank has the right to operate the asset without the ability for others to change operating instructions). Measuring the right -of-use (ROU) asset and lease liability requires estimates of the lease term and the discount rate.

The lease term comprises the non-cancellable period plus renewal periods when the Bank is reasonably certain to exercise the option, and periods after an optional termination date when the Bank is reasonably certain not to terminate. Assessing renewal and termination options is therefore a key judgment in the lease calculation.

When determining the incremental borrowing rate (IBR) under IFRS 16, management applies judgment to estimate the interest rate that the entity 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. This involves adjusting a risk-free or observable base rate for specific factors, including the entity's credit standing, the term of the lease, the nature and quality of the underlying collateral, and the specific currency or economic jurisdiction of the lease.

v) Useful lives of property and equipment
Items of property and equipment are depreciated over their estimated useful lives, taking residual values into account where relevant. Useful lives and residual values are reviewed at least annually and may change based on factors such as expected market conditions, the asset's remaining life and estimated disposal proceeds.

b) Leases
At the inception of a contract, the bank assesses whether a contract contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

(i) The bank acting as a lessee
On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the bank recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the bank is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the bank's incremental borrowing rate is used. For leases that contain non-lease components, the bank allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Bank presents lease liabilities in 'Lease liabilities' in the statement of financial position.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. Depreciation is calculated using the straight-line method to

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

write down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the bank at the end of the lease term, the estimated useful life would not exceed the lease term.

(ii) Short-term leases and leases of low-value assets
The Bank elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

During the year, the Bank had short term lease expenses of Ushs 48.09 million (2024: Ushs 16.1 million).

(iii) Extension options
Some leases of office premises contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(iv) Lease terminations
On termination of a lease contract, the right-of-use asset and the lease liability are derecognized from the statement of financial position and the balancing figure recorded in the statement of comprehensive income as either a gain or loss on termination.

c. Property and equipment

i) Recognition and Measurement
Property and equipment are stated at cost less accumulated depreciation and 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 asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized net with other income in profit or loss.

Subsequent costs are capitalised only when they increase the future economic benefits of the related asset (e.g., major upgrades). Day-to-day servicing and maintenance costs are expensed as incurred. Major inspections and significant replacements are capitalised and the carrying amount of the replaced component is derecognised

ii) Depreciation
Depreciation is recognized in profit or loss and calculated to write off the cost of the property and equipment on a straight-line basis over the expected useful lives of the assets.

The estimated depreciation rates for the current and comparative periods are as follows:

	Percentage
Motor vehicles, motorcycles, and bicycles	**20%**
Furniture and fixtures	**12.5%**
Equipment and computers	**20%**
Right-of-use assets	**The shorter of the lease term and the useful life of the lease.**

Management and directors review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period.

iii) Impairment of assets
All non-current assets are periodically tested for impairment in line with IAS 36, and any impairment losses are recognized in the books of account whenever the carrying amount of an asset exceeds its recoverable amount

iv) Revaluation of assets
Management assesses the Bank's selected class of assets and where necessary these are revalued at least every Five (5) years and updated in records in compliance with International Financial Reporting Standards. No revaluations have been applied in the financial statements as at 31st December 2025.

d) Foreign currency transactions
Transactions in foreign currencies are translated to Ugandan Shilling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ugandan Shilling at the spot rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ugandan Shilling at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Ugandan Shilling at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognized in the income statement.

e) Other assets
Other assets comprise prepayments and other receivables which arise during the normal course of business; they are carried at original invoice amount less provision made for expected credit losses. A provision for impairment of other financial receivables is established by estimating the probability of default and incorporating forward-looking factors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

f) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days original maturity at inception of the contract and include: cash in hand, deposits held at call with the Bank, net of the Bank overdraft facilities subject to sweeping arrangements.

Investments with a longer maturity at acquisition become cash equivalents once their remaining maturity period falls to three months.

g) Provisions and other liabilities
A provision is recognized if, as a result of a past event, BRAC Uganda Bank Limited has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

h) Taxation

Income tax
Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

(i) Revenue recognition
Revenue is recognized on an accrual basis.

(i) Interest income on loans and advances
Interest income is recognized in the Statement of Comprehensive Income on accrual basis using the effective interest method.

Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and charges paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(ii) Membership fees and other charges
Membership fees and other charges are recognized on an accrual basis when a customer obtains control of the services.

(iii) Other Income
Other income comprises administrative fees from CRB services, net gains on disposal of fixed assets, net gains on termination of leases, reversals of staff leave provisions previously recognized, payments in lieu of notice (for notice periods not served), and recoveries of previously writtenoff loans.

(iv) Net finance Income
The net finance income includes the exchange gains/ (losses) which arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to Uganda Shillings. Financial assets and liabilities denominated in foreign currencies are translated to Ushs at the rate ruling at reporting date.

Grants

(i) Donor Grants
All donor grants received are initially recognized as deferred income at fair value and recorded as liabilities in the grants received in advance account upon receipt in accordance with IAS 20.

The portion of the grants utilized to purchase property and fixed assets are classified as deferred income and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the statement of comprehensive income as grant income.

The portion of the grants utilized to reimburse microfinance programme related expenditure is recognized as grant income for the period in the statement of comprehensive income.

The portion of the grants utilized to disburse Bank loans, are transferred as deferred income in loans to Bank members.

Donor grants received in kind, through the provision of gifts and /or services, are recorded at fair value (excluding situations when BRAC Uganda Bank Limited may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

Grant income is classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions. For completed or phased out projects and programs, any unutilized amounts are dealt with in accordance with consequent donor and management agreements.
For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

The bank recognizes a grant payable when the grant agreement includes a contractual obligation to refund unspent funds (or to repay if certain conditions are not met), and that obligation exists at the reporting date; or when the bank has not complied with conditions that legally or constructively require repayment and repayment is probable; or when the funds have been received subject to specified uses and the bank has not used them in accordance with the agreement and intends (or is required) to return the unused amounts.

k) Managed funds
The Bank elected to recognize the funds under fiduciary management as part of assets and the corresponding liability as well.

l) Employee benefits
The bank provides the short-term employee benefits to employees (which include; salaries, wages, bonus incentives, paid annual leave and non-monetary benefits) and post-employment benefits/defined contribution plans being the bank's provident fund and contributions to National Social Security Fund.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the bank 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.

Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss.

m) Contingent liabilities
Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the bank's control, or present obligations arising from past events that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount cannot be measured reliably.

Contingent liabilities are not recognized in the statement of financial position. They are disclosed in the notes unless the possibility of an outflow is remote. Contingent liabilities are reviewed at each reporting date and disclosure is updated to reflect changes in facts and circumstances.

n) Related party transactions
Related parties comprise directors, subsidiaries of BRAC International and key management personnel of the Bank and companies with common ownership and/or directors. Related party transactions result in financial assets and liabilities which are recognized and measured in accordance with the financial instruments policy as detailed in note 3 (p). Refer to note 17 for more details about related parties.

o) Financial assets and financial liabilities

Recognition and initial measurement
The Bank initially recognizes loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue and subsequently measured at their amortized cost using the effective interest method less accumulated impairment losses.

Classification
Financial assets
After initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Bank assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Non-recourse loans
In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan.
- the fair value of the collateral relative to the amount of the secured financial asset.
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline
- in the value of collateral.
- whether the borrower is an individual or a substantive operating bank or is a special purpose bank.
- the Bank's risk of loss on the asset relative to a full recourse loan.
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying asset.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

Financial assets
If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset.

and

- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for Writeoff policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using an effective interest rate method.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Derecognition other than for substantial modification

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Where an existing financial liability is replaced by another from the same lender of substantially different terms, or the terms of an existing liability are modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial assets if, and only if either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset.

Or

- It retains the rights to the cash flows but has assumed an obligation to pay the cash flows received in full without material delay to a third party.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Bank has retained.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or has an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative, in other assets and other liabilities respectively. Fully collateralised derivatives that are settled net in cash on a regular basis through the respective clearing houses are only recognised to the extent of the overnight outstanding balance.

The notional amount and fair value of such derivatives are disclosed separately in Note 31. Changes in the fair value of derivatives are included in profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by an IFRS Accounting standards, and for gains or losses arising from a group of similar transactions such as in the Bank's trading activity.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Impairment

The Bank recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments.
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables;

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

ECL for exposure in stage 1: are calculated by multiplying the 12 months PD by LGD and EAD

Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the historical recovery rates of claims against counterparties.

The LGD model considers the structure and recovery cost of any collateral that is integral to the financial asset. The LGDs are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential change to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is the gross carrying amount at the time of default.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The Bank measures loss allowances using expected credit losses (ECL). For exposures with no significant increase in credit risk, it recognises 12-month ECL the portion of expected losses from default events that are possible within the 12 months after the reporting date. These are classified as Stage 1 and measured on that 12-month basis. Lifetime ECL cover all possible default events over the expected life of the instrument and are recognised for exposures that have experienced a significant increase in credit risk (Stage 2) or that are credit-impaired (Stage 3).

Stage 2 instruments are those for which lifetime ECL are recognised but which are not credit-impaired; Stage 3 refers to credit-impaired exposures that also attract lifetime ECL. The Bank's policy links staging to default criteria primarily measured by days past due (DPD): exposures moving beyond specified DPD thresholds are escalated between stages, and reductions in DPD can result in downgrades between stages.

- The policy also contains a cure rule and automation: an instrument is considered "cured" and may be reclassified out of Stage 3 when none of the default criteria have been present for at least two months. The Bank's system automatically assigns stages based on the DPD thresholds loans that fall back from being more than 30 days past due to within 30 days are automatically moved from Stage 2 to Stage 1 (and vice versa), and similar automatic movement applies around the 90-day threshold between Stage 2 and Stage 3.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be recognized and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision and;
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors
- Individually assessed loans that are secured are generally written off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'other income in the statement of comprehensive income.

p) Regulatory credit risk reserve
This reserve represents the excess of the provisions for impairment of loans and advances determined in accordance with the Ugandan FIA Act over that determined in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

q) Dividend
Dividends declared after the statement of financial position date but before the financial statements are authorized for issue are disclosed in the notes. This is transferred from retained earnings to a separate item "proposed dividend" under equity.

r) Intangible Assets
Intangible assets are recognised when;

- It's probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and any impairment losses. The amortisation period and amortisation method for intangible assets are reviewed annually. Amortisation is provided to write down intangible assets on a straight-line basis to their residual values as follows:

Nature of intangible assets	Percentage
Core banking system	**10%**
Other intangible assets	**20%**

The other intangibles relate to the Teammate Audit software, Human Resource Management system (HRM System), Short Message Services Integration (SMS), Enterprise Service Bus (ESB), Credit Reference Bureau (CRB) installation services Cisco Fire Power, Database Activity Monitoring System, Network Access Control System and other automated process and security software systems deployed by the Bank.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

s) Comparatives
The directors consider whether restatements are required at every balance sheet date. This would arise from either requirements of new accounting standards effective and/or early adopted during the financial year, or as a result of correction of material errors or reclassification adjustments required in the prior year financial statements, to make the financial statements more understandable to the users. The Bank presents a third statement of financial position if the correction of the error has a material effect on the information in the statement.

t) Deposits and Borrowings
Deposits and borrowings are the bank's sources of debt funding.

Deposits and borrowings are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost under the effective interest method.

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

u) New and amended standards and interpretations

(i) New and amended standards adopted by the Company

New amendments or interpretation effective for annual periods beginning on or after I January 2025 are summarised below:

New amendments or interpretation	Effective for annual periods beginning on or after
• Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2025

A number of new accounting standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2025. The Bank does not plan to adopt these standards early and therefore they have not been applied in preparing the financial statements. The amendments, except IFRS 18, are not expected to have a material impact on the financial statements of the Bank.

The new standards and amendments are summarized below;

New amendments or interpretation	Effective for annual periods beginning on or after
• Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
• Annual Improvements to IFRS Accounting Standards – Amendments to: → IFRS 1 First-time Adoption of International Financial Reporting Standards; → IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; → IFRS 9 Financial Instruments; → IFRS 10 Consolidated Financial Statements; and → IAS 7 Statement of Cash flows	1 January 2026
• Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.	1 January 2026
• IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
• IFRS for SMEs third edition	1 January 2027
• IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2027
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Available for optional adoption effective date deferred indefinitely

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- → Entities are required to classify income and expenses recognised in the statement of profit or loss into the operating, investing, financing, income tax and discontinued operations categories, as defined by IFRS 18, and to present a mandatory operating profit subtotal.
- → Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- → Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Bank's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. However, these pronouncements are not expected to have a material impact on the Bank's financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4. GOING CONCERN

The Bank is compliant with all debt covenants as at end of year 31st December 2025. During the year, the Bank remained with a positive bottom line and continues to leverage on its strategic objectives to continue performing even better. The Bank is also compliant with the revised regulatory capital requirements. With the commitment in driving the strategic business plan, the Board is confident that the Bank shall continue to operate in the foreseeable future.

The directors are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. INTEREST INCOME ON LOANS AND ADVANCES

Interest income calculated using the effective interest method.

	2025	2024
	Ushs '000	Ushs '000
Group loans	68,904,365	68,541,308
Small enterprises programme	30,544,741	27,827,676
Agriculture line of credit	637,778	-
Staff loan	265,408	232,869
BRAC salary loan	26,707	-
Loan appraisal fees	4,824,753	4,401,875
	105,203,752	**101,003,728**

6. OTHER INTEREST INCOME

Other interest income calculated using the effective interest method

	2025	2024
	Ushs '000	Ushs '000
Interest income on current accounts	697,629	643,939
Interest income from wallet to bank	52,178	37,280
Interest Income on Treasury Bills	703,298	170,805
Interest income on deposits with banks	4,824,499	2,593,252
	6,277,604	**3,445,276**

7 (a) INTEREST EXPENSE ON BORROWINGS

Interest expense calculated using the effective interest method

	2025	2024
Lender	Ushs '000	Ushs '000
Bank of Africa	2,512,900	2,262,836
Oiko Credit	2,236,199	3,267,760
Kenya Commercial Bank (KCB)	452,101	905,146
aBi Trust	3,338,143	2,443,206
Stichting Oxfam Novib	157,318	957,883
BRAC International Holdings BV	25,466	25,892
BRAC International Finance BV	828,012	-
Citibank Uganda	-	215,786
SOLUTI	94,646	335,354
ABSA-Swap	1,110,488	-
	10,755,273	**10,413,863**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. (b) OTHER FINANCE COSTS

Other finance costs calculated using the effective interest method

	2025	2024
	Ushs '000	Ushs '000
Service charge on borrowings	664,422	798,457
Interest expense on voluntary savings	9,650,810	7,388,963
Interest on lease liability (note 22(c))	1,398,483	1,349,427
	11,713,715	**9,536,847**

8 (a) MEMBERSHIP FEES AND OTHER CHARGES

Fees and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major service lines, as presented below.

	2025	2024 Restated
	Ushs '000	Ushs '000
Membership fee	341,875	349,845
Loan application fee	245,705	234,510
Ledger fees	4,903,833	5,109,035
Other fees from banking operations*	1,194,212	310,477
Administrative fee from credit life insurance	365,366	347,399
Sale of passbooks	48,224	43,546
	7,099,215	**6,394,812**

* Other fees from banking operations relate to income from mobile banking fees, cash withdrawal fees and EFT fees. The comparative information has been adjusted to reclassify the income from write off recovery from membership fee and other charges to other income (Note 8 (b)) to better reflect the nature of the transaction (Note 42).

Performance obligations
The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Category A	These are transactional fees based on revenue that mainly comprise, but are not limited to, ledger fees.	→ Enforceable arrangement with customer exists. → Performance obligation (PO) – the Bank provides account transaction services → Transaction price – monthly fees in line with the contractual agreement. → Allocation of price to PO – single performance obligation, no allocation necessary. → PO satisfied – Revenue is currently recognised at the end of the month, for the services provided during that month (operational efficiency).
Category B	These are membership fees charged to customers.	→ Enforceable arrangement with customer exists. → Performance obligation (PO) – the Bank admits the client as a member eligible for a loan. → Transaction price – annual fees in line with the contractual agreement. → Allocation of price to PO – single performance obligation, no allocation necessary. → PO satisfied – At a point in time when the individual has been admitted as a member.
Category C	These are transactional fees based on revenue that comprise of sale of pass books and other fees from banking operations.	→ Enforceable arrangement with customer exists. → Performance obligation (PO) – the Bank sells passbooks to customers and charges fees for account transactions. → Transaction price – fee charged in terms of the arrangement with the customer at the point of transaction → Allocation of price to PO – single performance obligation, no allocation necessary. → PO satisfied – At a point in time when the transaction is processed.

There are no material contract assets and contract liabilities that arise from the membership fees and charges

8. (b) OTHER INCOME

	2025	2024 Restated
	Ushs '000	Ushs '000
Other operating income	904,341	388,097
Gain on termination of leases	463,080	114,287
Income from write-off recovery	1,553,182	1,719,232
	2,920,603	**2,221,616**

Other operating income includes administrative fees from CRB services, gains on disposal of assets, termination of leases, reversals of staff leave provisions previously held and payments made in lieu of notice (for notice periods not served). Income from write off recovery relates to the cash collections on previously written off loans.

The comparative information has been adjusted to reclassify the income from write-off recovery from membership fee and other charges (Note 8 (a)) to other income to better reflect the nature of the transaction (Note 42)

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

9. NET FINANCE INCOME

	2025	2024
	Ushs '000	Ushs '000
Realized foreign currency gain	125,113	27,349
Unrealized foreign currency gain	750,325	523,688
Realized foreign currency loss	(76,745)	(51,817)
Unrealized foreign currency loss	(724,167)	(454,749)
	74,526	**44,471**

The exchange gains/ (losses) arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to Uganda Shillings. Financial assets and liabilities denominated in foreign currencies are translated to Ushs at the rate ruling at reporting date.

10. STAFF COSTS

	2025	2024
	Ushs '000	Ushs '000
Salaries	36,238,710	32,796,252
Incentives	112,403	185,768
Special occasion	2,955,696	2,725,597
Contribution to defined contribution plan (NSSF - Employer)	3,647,966	3,351,402
Insurance for staff	2,881,542	2,315,866
Staff meals	3,105,465	2,619,118
Recruitment and relocation expense	291,283	297,100
Overtime	30,239	27,341
Group life insurance	96,680	77,080
Payment in lieu of notice	42,195	300,817
Provident fund	1,667,298	1,055,359
Staff training and development	955,823	933,573
Staff loan benefit	38,776	45,832
Leave days accrual	-	41,684
Home leave expense	42,383	47,290
Long service award expense	98,649	222,291
	52,205,108	**47,042,370**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

11. OTHER OPERATING EXPENSES

	2025	2024 Restated
	Ushs '000	Ushs '000
Occupancy expenses – note 11 (a)	5,980,357	5,915,423
Publication, advertising, and marketing costs	419,853	190,269
Travel and transportation	10,082,276	8,924,643
Maintenance and general expenses	2,417,658	1,658,950
Loss on disposal of property and equipment	-	4,798
Printing and office stationery	1,767,332	1,852,358
Insurance for assets	56,145	44,488
Insurance for cash	54,099	43,426
Bad debts write off	453,149	88,955
Software development and maintenance	2,672,522	3,143,181
Consultancy and legal services	1,623,809	1,272,406
Office equipment	164,799	158,264
Audit fees**	277,270	249,744
Digitisation costs	1,274,210	1,048,232
Provision for donations	463,871	481,482
Cash defalcation	54,739	-
Loan recovery costs	176,218	103,700
Governance/Board costs	799,454	709,554
Loss on agent banking decommission*	595,579	-
Management fees	2,401,038	3,245,982
Low value assets	2,050	-
Communication costs	1,475,527	1,471,839
	33,211,955	**30,607,694**

(a) Occupancy expenses are analyzed as follows:	2025	2024 Restated
	Ushs '000	Ushs '000
Short term lease expenses	48,090	16,140
Utilities	907,365	950,697
Office cleaning	492,396	458,574
Security	4,532,506	4,490,012
	5,980,357	**5,915,423**

*The bank decommissioned agent banking service during the year resulting into a loss on disposal of software and POS machines.
** Audit fees represent the fees that have been charged for the financial statements audit for the current financial year. There are no other non-audit fees paid to the external auditor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

12. TAXATION

(a) Income tax charge

	2025	2024 Restated
	Ushs '000	Ushs '000
(Over)/under provision of deferred tax in prior years (note 12 (b))	(105)	(13,450)
Deferred tax charge (note 12 (b))	2,236,759	2,802,362
Income tax charge	**2,236,654**	**2,788,912**

The corporation tax rate is set at 30% (2024; 30%) of the profit/(loss) for the year as adjusted for tax purposes in accordance with the Income Tax Act Cap 340.

The tax charge on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows.

	2025		2024 Restated	
	Effective tax rate	Ushs '000	Effective tax rate	Ushs '000
Profit before taxation		8,811,454		9,148,174
Tax calculated at 30% (2024:30%)	**30.0%**	**2,643,436**	**30.0%**	**2,744,452**
Tax effect of:				
Non-deductible expense	(4.6%)	(406,677)	0.6%	57,910
Prior year (over)/under provision of deferred tax	(0.0%)	(105)	(0.1%)	(13,450)
	25.4%	**2,236,654**	**30.5%**	**2,788,912**

(b) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using the principal tax rate of 30% (2024:30%). The net deferred tax assets as at year-end was attributed to the following items: -

31 December 2025	01 Jan 2025	Under provision of deferred tax in prior years	Movement	31 Dec 2025
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Property and equipment	1,535,307	-	(690,865)	844,442
Leases	(569,770)	-	223,928	(345,842)
Impairment losses on Loans and Advances	(461,577)	-	46,438	(415,139)
Other provisions*	(693,541)	-	(6,711)	(700,252)
Unrealized foreign exchange loss/gain	20,682	-	(12,834)	7,848
Income tax losses carried forward	(4,487,991)	(105)	2,676,803	(1,811,293)
Net deferred tax asset @ 30%	**(4,656,890)**	**(105)**	**2,236,759**	**(2,420,236)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

31 December 2024 Restated	01 Jan 2024	Under provision of deferred tax in prior years	Movement	31 Dec 2024
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Property and equipment	1,618,956	(35,797)	(47,852)	1,535,307
Leases	(599,581)	34,287	(4,476)	(569,770)
Impairment losses on Loans and Advances	(311,986)	-	(149,591)	(461,577)
Other provisions*	(666,983)	-	(26,558)	(693,541)
Unrealized foreign exchange loss	39,514	-	(18,832)	20,682
Income tax losses carried forward	(7,525,722)	(11,940)	3,049,671	(4,487,991)
Net deferred tax asset @ 30%	**(7,445,802)**	**(13,450)**	**2,802,362**	**(4,656,890)**

*Other provisions include ECL provisions for deposits due from other banks and fixed deposits, bonus, leave, long service award.

(c) Income tax recoverable

	2025	2024 Restated
	Ushs '000	Ushs '000
At 1 January	**(41,911)**	**(41,911)**
Charge for the period	-	-
Under provisions in previous periods	-	-
Corporation tax paid during the year	-	-
At 31 December	**(41,911)**	**(41,911)**

13 (a) CASH AND BANK BALANCES

	2025	2024
	Ushs '000	Ushs '000
Cash in hand	2,439,617	2,466,889
Total	**2,439,617**	**2,466,889**

There is no Bank of Uganda cash reserve requirement.

13 (b). INVESTMENTS IN GOVERNMENT SECURITIES

	2025	2024
	Ushs '000	Ushs'000
Government Securities	7,556,206	4,617,758
ECL allowance	(31,203)	(31,203)
Net Investment in Government Securities	**7,525,003**	**4,586,555**

Maturity analysis of the investments

	2025	2024
	Ushs'000	Ushs'000
Above 90 days maturity	-	-
Less than 90 days maturity	7,525,003	4,586,555
Total	**7,525,003**	**4,586,555**

Government securities relate to investment in government of Uganda (Credit Rating – B, Fitch) treasury bills and have original maturities of less than 90 days and are held solely for attainment of interest and principal on maturity. Accordingly, Government securities are accounted for at amortised cost. The weighted average effective interest rates on investments in Government securities were 11.5% (2024:10%) per annum. The carrying book values of the deposits with the banks approximate their fair values. They have been classified as cash and cash equivalents (note 29).

14. DEPOSITS AND BALANCES DUE FROM BANKS

(a) Deposits with other banks

	Credit Rating	2025	2024
		Ushs '000	Ushs '000
Standard Chartered Bank	A	54,633	342,013
Bank of Africa	B	22,433,453	15,305,106
Centenary Bank	B	481,154	446,395
Equity Bank	B	84,928	66,553
DFCU Bank	B	30,669	23,844
Pearl Bank	B	306,325	205,047
Pride Bank	B	18,102	16,993
Stanbic Bank	B	8,531,295	10,194,654
Absa	B	313,814	-
Kenya Commercial Bank	B	2,978,437	3,272,966
Deposits with other banks		**35,232,810**	**29,873,571**
ECL allowance		(557,310)	(201,856)
Net deposits with other banks		**34,675,500**	**29,671,715**

Deposits with other banks have an original maturity of less than 90 days and there is no penalty on access or withdrawal of these balances. These form part of the Bank's cash and cash equivalents. The credit rating above is as per Fitch. To the extent that for a counterparty not rated the bank applies the country rating.

(b) Placements with other banking Institutions

	Credit Rating	2025	2024
		Ushs '000	Ushs '000
UGAFODE	B	5,611,385	2,051,192
Pride Bank	B	9,537,597	11,263,617
FINCA	B	5,608,314	2,023,518
Opportunity Bank	B	10,931,778	10,763,699
Housing Finance Bank	B	1,020,712	-
I&M	B	5,396,182	-
NCBA	B	2,104,328	-
Total		**40,210,296**	**26,102,026**
ECL allowance		(141,319)	(176,371)
Net placements with other banking institutions		**40,068,977**	**25,925,655**
		74,744,477	**55,597,370**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(c) Deposits and balances due from banks:

The placements and balances with other banks are analyzed as follows:

	2025	2024
	Ushs '000	Ushs '000
Deposit with other banks	34,675,500	29,671,715
Placements with other banking institutions	40,068,977	25,925,655
	74,744,477	**55,597,370**

The weighted average effective interest rates on deposits due from the banks were 12.66% (2024:11%) per annum. The carrying book values of the deposits with the banks approximate their fair values.

(d) Movement in Expected Credit Losses

	Bank balances	Investment in Government securities	Placements
	Ushs '000	Ushs '000	Ushs '000
At 1 January 2024	**135,707**	**-**	**121,537**
Increase/decrease for the year (Note 16)	66,149	31,203	54,834
At 31 December 2024	**201,856**	**31,203**	**176,371**
Increase/decrease during the year (Note 16)	355,454	-	(35,052)
At 31 December 2025	**557,310**	**31,203**	**141,319**

15. LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances net.

	2025	2024
	Ushs '000	Ushs '000
Microfinance Group loans	126,963,742	127,615,405
Small Enterprises Programme	81,505,441	74,352,255
Staff loan	2,520,934	1,597,360
Salary Loan	171,292	-
Agriculture line of credit	2,851,860	-
Gross loans and advances	**214,013,269**	**203,565,020**
Deferred loan fees	(1,833,679)	(1,802,152)
Deferred staff expense	(205,040)	(161,320)
	211,974,550	**201,601,548**
Expected credit losses		
Stage 1	(132,300)	(122,191)
Stage 2	(28,833)	(28,002)
Stage 3	(4,198,241)	(4,622,793)
	(4,359,374)	**(4,772,986)**
Net loans and advances to customers	**207,615,176**	**196,828,562**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

ECLs on loans and advances registered a 9% improvement in 2025 despite a 5% growth in the loan book, in comparison to 2024. This is largely a result of the improved loan quality, especially for stage 2 and stage 3 loans.

The weighted average effective interest rate on loans and advances to customers was 49.94% (2024: 53.4%) per annum. Loans and advances to customers are carried at amortized cost. The carrying values of the loans and advances to customers approximate their fair values.

	2025	2024
Highest loan amount (Ushs)	180,000,000	100,000,000
Lowest loan amount (Ushs)	200,000	100,000
Average loan term (weeks)	40	40
Total number of borrowers	185,511	183,403

The Bank did not advance any facilities exceeding 25% (2024: 25%) of core capital to a single person or group of related persons during the year.

(b) Expected credit loss on loans and advances

The movement in the allowance for impairment for loans and advances to customers during the year was as follows:

	2025	2024
	Ushs '000	Ushs '000
At 1 January	4,772,986	3,421,700
Charge for the year	4,324,868	4,962,650
Loan write-off	(4,738,480)	(3,611,364)
At 31 December	**4,359,374**	**4,772,986**

	2025	2024
	Ushs '000	Ushs '000
Charge to profit or loss		
Net increase in provisions	4,324,868	4,962,650
Net charge to profit or loss (Note 16)	**4,324,868**	**4,962,650**

There were no loan restructurings made during the year. There is therefore no loan modification.

(c) Sectoral analysis of loans and advances to customers

	2025	2024
	Ushs '000	Ushs '000
Trade	120,319,090	124,098,380
Agriculture	46,130,325	41,353,863
Business services	9,100,137	7,900,353
Manufacturing	10,844,940	10,237,577
Community, social & other services	7,053,162	6,983,225
Building, construction, and real estate	10,389,960	8,912,906
Personal loans and household loans	861,574	1,394,955
Transport and communication	1,589,532	1,415,729
Mining and quarrying	990,526	882,006
Electricity and water	80,650	229,455
Other services	255,280	156,571
	207,615,176	**203,565,020**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Impairment and provisioning policies
The Bank recognizes the allowance for expected credit losses on all loans and advances. The Bank at each reporting date, measures the loss allowance for all loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable and supportable information, including that which is forward-looking.

Measurement of Expected Credit Losses
The Bank measures the loss allowance on loans and advances at an amount equal to the 12-month or lifetime expected credit losses depending on whether or not the credit risk has increased significantly since initial recognition. The expected credit losses shall be determined as follows:

ECL = PD x LGD x EAD

Expected Credit Losses (ECL): The weighted average credit losses with the respective risks of a default occurring as the weights.

Probability of Default (PD): This relates to an estimate of the likelihood of default over a given time horizon.

Loss Given Default (LGD): This relates to an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

Exposure at Default (EAD): This is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Further details on how the above parameters are determined are well stipulated in the Bank's loss provisioning process.

Loans and advances are categorized into the following grades:

Micro loans

Status	Days in arrears	Loan category
Stage 1	0-7	Performing
Stage 2	8-29	Performing with significant increase in credit risk
Stage 3:	Over 29	Non-performing

Non-micro loans

Status	Days in arrears	Loan category
Stage 1	0-29	Performing
Stage 2	30- 89	Performing with significant increase in credit risk
Stage 3:	Over 89	Non-performing

16. EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS – CHARGE TO PROFIT OR LOSS

	2025	2024
	Ushs '000	Ushs '000
Loans and advances (note 15 b)	4,324,868	4,962,650
Bank balances (note 14 a)	355,454	66,149
Investment in government securities (note 13 b)	-	31,203
Placements (note 14 b)	(35,052)	54,834
	4,645,270	**5,114,836**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

17. RELATED PARTY DISCLOSURES

BRAC Uganda Bank Limited's ultimate parent is BRAC International Holdings B.V., incorporated in the Netherlands. BRAC Uganda and BRAC Bangladesh are affiliate entities. The Bank also transacts with other related entities under common shareholding as follows. All related party balances are settled on a cash basis in the normal course of business.

(a) RELATED PARTY RECEIVABLES

	2025	2024 Restated
	Ushs '000	Ushs '000
BRAC International Holdings BV	109,694	3,940,526
BRAC Uganda NGO	-	742,151
	109,694	**4,682,677**

(b) RELATED PARTY PAYABLES

	2025	2024
	Ushs '000	Ushs '000
BRAC International Holdings BV	1,808,605	7,311,096
Payable to BRAC Uganda NGO	-	-
BRAC Bangladesh	42,289	54,197
Payable to BRAC International- Stichting	41,421	-
	1,892,315	**7,365,293**

Related-party receivables and payables arise from intercompany transactions that are interest-free, unsecured, and due on demand; accordingly, their fair values approximate their carrying amounts.

Receivables from BRAC Uganda NGO primarily relate to shared services where the Bank settles costs on behalf of the NGO and is subsequently reimbursed. As of year-end, the receivable from BRAC International Holdings B.V. stood at Ushs 109 million, representing tax consultancy fees paid by the Bank on behalf of the Group. Conversely, payables to BRAC International Holdings B.V. relate to management fees for services rendered, totaling Ushs 1.8 billion for the year (excluding applicable taxes such as WHT and reverse VAT).

Payables to BRAC Bangladesh consist of Ushs 42 million for provident fund and gratuity obligations for expatriate staff seconded from BRAC International, as well as training costs incurred by the Bank. Additionally, Ushs 41 million is payable to BRAC International-Stichting for shared services related to group reporting software.

During 2025, the Bank settled all outstanding management fees due to BRAC International Holdings B.V. (BIHBV) for the period from 2022 to December 31, 2024, in accordance with the existing Memorandum of Understanding. This settlement included Ushs 2,717 million (inclusive of all local taxes) that was not accrued in 2024. Consequently, the 2024 payables balance has been restated to ensure accuracy, in line with IAS 8 and the details provided under Note 42.

(c) OTHER RELATED PARTY TRANSACTIONS DURING THE YEAR

i) Loans and advances to related party

	2025	2024
	Ushs '000	Ushs '000
To senior management	59,942	-
To related party (BRAC NGO staff)	171,294	-
	231,236	-

	2025	2024
	Ushs '000	Ushs '000
Interest earned on loans to related party	**27,478**	**-**

At 31 December 2025, there were 6 (Six) loans amounting to Ushs 369 million extended to senior management and companies controlled by directors or their closely connected persons with a total outstanding balance of Ushs 231 million (2024: Ushs Nil). The loans to senior management were secured by property and offered at an interest rate of 9% while the ones to BRAC NGO staff are unsecured and offered at an interest rate of 14%.

ii) Key management compensation

Key management compensation includes Directors (executive and non-executive) and the members of senior management. The compensation paid or payable to key management for employment services is shown below:

	2025	2024
	Ushs '000	Ushs '000
Salaries and other short-term compensation	5,303,724	3,189,119
Post employment contribution	199,926	104,206

iii) Directors' remuneration

Fees for services of directors	405,110	391,037

The financial statements disclose the total directors' remuneration for the year. Detailed directors' remuneration particulars are maintained in the Company's statutory records and are submitted to the Registrar of Companies in the normal course of compliance. There were no share options or any other benefits for the directors except the remuneration disclosed above.

18. OTHER ASSETS

		2025	2024
		Ushs '000	Ushs '000
Financial assets			
Employee receivables (work related advances) *		37,102	70,238
Mobile money receivables**		1,523,340	731,735
	A	**1,560,442**	**801,973**
Non-financial assets			
Advance to suppliers		677,487	730,737
Prepaid insurance		1,657,881	1,607,597
WHT receivable		6,749	3,220
Donor grants receivable (note 27(f))		30,794	36,488
Employee receivables		13,824	7,124
Security deposit		-	3,734
Deferred staff expense (Arising from fair value of staff loans)[1]		166,264	115,488
	B	**2,552,999**	**2,504,388**
	A+B	**4,113,441**	**3,306,361**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1Deferred staff expense relates to staff loans whose fair value is determined on an annual basis using the mark-to-market approach to ascertain the changes in the market lending rate and the nominal interest rate on loans.

**Mobile money receivables relate to receivables from mobile banking platforms such as MTN and Airtel. These balances are short term in nature with credit term of 1-30 days as such, have been classified as cash and cash equivalents. (Refer to note 29).
*Employee receivables (work related advances) have a credit term of 1-30 days.

The ECL on the other assets has not been recognised as this has been considered immaterial.

19. PROPERTY AND EQUIPMENT

	Furniture	Equipment	Motor vehicles	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cost				
At 1 January 2024	**10,991,133**	**16,453,663**	**768,887**	**28,213,683**
Additions	350,618	557,446	-	908,064
Capitalisation of capital work in progress	340,009	411,321	358,499	1,109,829
Disposal	(466,132)	(385,393)	(751)	(852,276)
At 31 December 2024	**11,215,628**	**17,037,037**	**1,126,635**	**29,379,300**
Additions	338,016	905,230	1,225	1,244,471
Capitalisation of capital work in progress	273,200	711,048	346,580	1,330,828
Disposal	(364,809)	(685,480)	(172,064)	(1,222,353)
At 31 December 2025	**11,462,035**	**17,967,835**	**1,302,376**	**30,732,246**
Depreciation				
At 1 January 2024	**7,267,500**	**13,561,427**	**451,852**	**21,280,779**
Charge for the year	1,326,860	1,299,387	138,808	2,765,055
Accumulated depreciation on disposal	(415,922)	(373,002)	(751)	(789,675)
At 31 December 2024	**8,178,438**	**14,487,812**	**589,909**	**23,256,159**
Charge for the year	1,307,429	1,035,285	179,790	2,522,504
Accumulated depreciation on disposal	(356,258)	(262,703)	(164,977)	(783,938)
At 31 December 2025	**9,129,609**	**15,260,394**	**604,722**	**24,994,725**
Net carrying amount				
At 31 December 2024	**3,037,190**	**2,549,225**	**536,726**	**6,123,141**
At 31 December 2025	**2,332,426**	**2,707,441**	**697,654**	**5,737,521**

The comparative information has been adjusted to include the transfer to low value assets within the disposals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

20. CAPITAL WORK IN PROGRESS

	Computer software	Hardware	Branch refurbishment	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cost				
At 1 January 2024	**2,807,108**	**59,921**	**174,391**	**3,041,420**
Additions	186,286	1,458,034	249,198	1,893,518
Transfer to intangible asset	(1,839,113)	-	-	(1,839,113)
Transfer to property and equipment	-	(769,820)	(340,009)	(1,109,829)
Write off	(52,986)	(56,731)	(55,766)	(165,483)
At 31 December 2024	**1,101,295**	**691,404**	**27,814**	**1,820,513**
Additions	121,610	519,680	694,448	1,335,738
Capitalized	-	(1,057,628)	(273,200)	(1,330,828)
Write off		(30,024)	(9,172)	(39,196)
At 31 December 2025	**1,222,905**	**123,432**	**439,890**	**1,786,227**

The items included in the capital works in progress relate to purchase commitments for fixed assets that include furniture, branch refurbishments, and digital field application developments.

The comparative information has been restated to show the change in the narrative to reflect the write off of capital work in progress from transfer to profit or loss.

21. INTANGIBLE ASSETS

	2025	2024
	Ushs '000	Ushs '000
Cost		
At 1 January	**13,058,992**	**11,084,651**
Additions	90,342	135,228
*Software write-off	(2,477,110)	-
Capitalisation of capital work in progress	-	1,839,113
At 31 December	**10,672,224**	**13,058,992**
Amortisation		
At 1 January	**5,199,600**	**3,976,992**
Charge for the year	1,071,417	1,222,608
Accumulated depreciation on write-off	(557,349)	-
At 31 December	**5,713,668**	**5,199,600**
Net carrying amount		
At 31 December	**4,958,556**	**7,859,392**

The intangibles relate to the core banking system, Teammate Audit Software, Human Resource Management system, SMS integration, Enterprise Service Bus (ESB), Credit Reference Bureau installation services, ACL analytics audit software, call center service (PABX), the bank's website, Microsoft software.

*The software written off during the year 2025 relates to a terminated agency banking platform.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

22. LEASES

The Bank leases a number of branches and head office premises. The leases typically run for a period of 2-10 years, with an option to renew the lease after that date. Information about leases for which the Bank is a lessee is presented below.

a) Right-of-use assets

Right- of-use assets relate to leased branches and office premises

	Premises	Equipment	Motor Vehicles	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cost				
As at 1 January 2024	20,837,980	325,398	-	21,163,378
Additions	1,350,743	277,028	190,233	1,818,004
Terminations of leases	(2,613,006)	-	-	(2,613,006)
Lease remeasurement	103,002	-	-	103,002
As at 31 December 2024	**19,678,719**	**602,426**	**190,233**	**20,471,378**
Additions	5,932,807	261,785	-	6,194,592
Terminations of leases	(7,999,238)	-	-	(7,999,238)
Lease remeasurement	303,479	-	-	303,479
As at 31 December 2025	**17,915,767**	**864,211**	**190,233**	**18,970,211**

	Premises	Equipment	Motor Vehicles	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Amortisation				
As at 1 January 2024	12,607,218	81,349	-	12,688,567
Charge for the year	2,409,168	126,076	10,568	2,545,812
Termination of leases	(2,214,327)	-	-	(2,214,327)
Lease remeasurements	108,469	-	-	108,469
As at 31 December 2024	**12,910,528**	**207,425**	**10,568**	**13,128,521**
Charge for the year	2,519,974	199,044	63,411	2,782,429
Termination of leases	(6,701,906)	-	-	(6,701,906)
As at 31 December 2025	**8,728,596**	**406,469**	**73,979**	**9,209,044**
Net Book Value				
As at 31 December 2024	**6,768,191**	**395,001**	**179,665**	**7,342,857**
As at 31 December 2025	**9,187,171**	**457,742**	**116,254**	**9,761,167**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

As at 31 December 2025, the future minimum lease payments under non-cancellable operating leases were as follOWS.

b) Maturity analysis – Contractual undiscounted cash flows

	2025	2024
	Ushs'000	Ushs'000
Less than one year	3,858,429	99,251
Between one and five years	7,358,088	8,992,437
More than five years	1,941,208	1,313,894
Total undiscounted lease liabilities at 31 December	**13,157,725**	**10,405,582**

c) Amounts recognized in profit or loss

	2025	2024
Leases under IFRS 16	Ushs'000	Ushs'000
Interest on lease liability (Note 7(b))	(1,398,483)	(1,349,427)
Gain on termination of the lease (Note 8(b))	(463,080)	(114,287)
Depreciation expense of right-of-use assets	(2,782,429)	(2,545,812)
Expenses relating to short term leases (Note 11(a))	48,090	16,140
	(4,595,902)	**(3,993,386)**

d) Amounts recognized in the statement of cash flows

	2025	2024
	Ushs'000	Ushs'000
Interest paid on lease liabilities	1,371,068	1,646,882
Repayment of principal portion of lease liabilities	3,137,752	2,233,442
Gain on termination	(461,184)	(114,287)
Total cash outflow for leases	**4,047,636**	**3,766,037**

e) Lease liabilities

	Premises	Equipment	Motor Vehicles	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Opening balance	**10,206,055**	**267,361**	**-**	**10,473,416**
New leases	1,350,743	277,028	190,233	1,818,004
Interest expense	1,291,910	53,483	4,034	1,349,427
Termination of leases	(517,819)	(614)	-	(518,433)
Lease payments	(3,704,478)	(156,773)	(19,073)	(3,880,324)
As at 31 December 2024	**8,626,411**	**440,485**	**175,194**	**9,242,090**
New leases during the period	5,932,807	261,785	-	6,194,592
Lease remeasurement	303,479	-	-	303,479
Interest expense	1,315,873	62,393	20,217	1,398,483
Terminations of leases	(1,715,852)	-	-	(1,715,852)
Interest payment	(1,274,027)	(73,795)	(23,245)	(1,371,067)
Principal payment	(2,916,307)	(168,400)	(53,045)	(3,137,752)
As at 31 December 2025	**10,272,384**	**522,468**	**119,121**	**10,913,973**

Extension options

Some leases of office premises contain extension options exercisable by the Bank before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

23. LOAN SECURITY FUND

	2025	2024
	Ushs '000	Ushs '000
Opening balance	-	32,417,848
Received during the year	-	22,260,205
Transfer to customer deposits	-	(54,678,053)
Closing balance	**-**	**-**

The Loan Security Fund acts as collateral to the Bank for the customers' loan obligations. This is computed as 10% of the customers' approved loan. In the event of any default, the customers forfeit all or part of the Loan Security Fund to the extent of the amount at risk. It is repayable on completion of the loan upon claim by the borrower. The fair value of loan security fund approximates the carrying amount.
During the year 2024, the Bank obtained approval from the Bank of Uganda to intermediate the Loan Security Fund into its deposit portfolio and this has been implemented henceforth.

24. DEPOSITS FROM CUSTOMERS

	2025	2024
	Ushs '000	Ushs '000
Savings accounts	72,173,232	68,000,165
Transaction accounts	3,201,896	2,378,815
Fixed deposits	78,806,041	51,717,320
	154,181,169	**122,096,300**

The weighted average effective interest rate on deposits from customers is 6.4% (2024: 6.06%) per annum. The balances disclosed above include loan security fund balances of Ushs 34,066 million (2024 Ushs. 32,417 million) collected from customers as security for the advanced loans.

25. BORROWINGS AND MANAGED FUNDS

(a) Borrowed funds and managed funds	2025	2024
	Ushs '000	Ushs '000
Bank of Africa (ii)	15,190,325	18,448,716
Oiko Credit (viii)	13,787,916	20,696,721
aBi Finance Limited (v)	19,691,794	28,542,294
BRAC International Finance BV (BIFBV) Senior debt (iii)	19,008,892	-
BRAC International Holdings BV-BIHBV (Subordinated debt) (iv)	612,790	595,524
Soluti Finance East Africa (vi)	222,892	1,242,576
Kenya Commercial Bank (ix)	861,611	3,984,737
Stichting Oxfam Novib (vii)	-	2,711,964
Loan arrangement fees	(94,947)	(176,518)
Managed funds- Kiva (i)	1,467,101	1,300,687
	70,748,374	**77,346,701**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

i) Kiva
In November 2007, BRAC Uganda Bank Limited entered into a hosting agreement with Kiva, allowing the Bank to post on Kiva's website profiles of businesses seeking debt capital and proposed lending terms, with the aim of mobilising funding from individuals and entities using the platform. The funding is provided as interestfree loans, with the first tranche received in December 2007.
During 2025, the Bank received USD 263,156 and repaid USD 205,233. As at 31 December 2025, the facility had an outstanding balance of USD 407,424 (equivalent to Ushs 1.47 billion). The loan is unsecured and bears no interest.

ii) Bank of Africa
In February 2024 the Bank received a new loan facility of Ushs 20 billion for the period of 5 years from Bank of Africa. Interest and principal are paid on a quarterly basis at a rate of 15% p.a. The outstanding balance is Ushs 15.19 billion. The loan is secured by a floating charge on BRAC Uganda Bank's loan portfolio and guaranteed by a comfort letter from BIHBV.

iii) BRAC International Finance BV (BIFBV) Debt programme (Senior debt)
In July 2025, the Bank obtained a loan from BRAC International debt programme amounting to USD 5.3 million equivalent to UShs19 billion with a tenure of 4 years and a grace period of one year. Interest is paid on a quarterly basis while the first instalment for principal is to be paid on 15th September 2027. .The loan is unsecured at an interest rate of 7.95%.

iv) BRAC International Holdings BV (Subordinated debt)
In April 2020, an outstanding dividend payable to BRAC International Holdings B.V. (BIHBV) of USD 3.4 million was converted into an unsecured loan for one year at 5% p.a. Principal and interest were payable semiannually. In 2021, the loan was converted from senior debt to subordinated debt. Following an increase in the Bank's authorized share capital, BIHBV was allotted 559,618 shares amounting to USD 1,584,997 (Ushs 5,596 million), which were settled by offset against the subordinated debt. As at 31 December 2025, the outstanding subordinated balance was USD 169,292 (equivalent to Ushs 612.8 million). The facility matures in August 2026.

v) aBi Finance Limited
In August 2022, BRAC Uganda Bank Limited entered into a loan agreement with aBi Finance Limited for Ushs 20.0 billion. The principal is repayable over 4 years and attracts interest at a minimum of 11.60% p.a., with a sixmonth principal grace period. Principal and interest are payable quarterly. The loan is secured by a floating charge over the Bank's loan portfolio. Effective December 2025, the interest rate increased from 11.60% to 14.7%. The outstanding balance is Ushs 7.38 billion.

In October 2024, BRAC Uganda Bank Limited entered into a loan agreement with aBi Finance Limited for Ushs 20.0 billion. The facility has a 4year repayment period and attracts interest at a minimum of 14.8% p.a., with a sixmonth principal grace period. Principal and interest are payable quarterly. The loan is secured by a floating charge over the Bank's loan portfolio. In December 2025, the interest rate increased from 14.8% to 16.8% due to market changes. Ushs 15.0 billion had been disbursed, leaving Ushs 5.0 billion undrawn headroom. As at 31 December 2025, the outstanding balance was Ushs 12.32 billion.

vii) Soluti Finance East Africa
In June 2021, BRAC Uganda Bank Limited obtained a Ushs 6.0 billion loan facility from Soluti Finance for 4 years, with a 6month grace period. The facility comprised two components: i) Ushs 2.0 billion for agriculture loans at 12.25% per annum. As at 31 December, the outstanding balance was Ushs 222 million, and the facility matures in June 2026. ii) Ushs 4.0 billion for general business loans at 17.5% per annum, with the interest rate tagged to the 182day Treasury bill rate. Principal and interest were payable quarterly, and this component matured in June 2025.

The facility was secured by a floating charge over the Bank's loan portfolio.

viii) Stichting Oxfam Novib
In June 2022, BRAC Uganda Bank Limited obtained a loan from Stichting Oxfam Novib of Ushs 7.9 billion (equivalent to USD 2,135,400) with a tenure of 3 years at a fixed interest rate of 16% per annum. Interest was payable quarterly, and the principal was repayable as a bullet payment at maturity. The loan was secured by a floating charge over the Bank's loan portfolio. The facility was fully serviced and matured in May 2025.

ix) Oiko Credit
In July 2022, BRAC Uganda Bank Limited obtained a loan facility from Oiko Credit of Ushs 30 billion for 3 years at a fixed interest rate of 15% per annum, after which the rate will be reviewed to the prevailing 2year bond yield + 4.5%. Interest is payable quarterly. The first principal repayment falls due after 12 months, with subsequent repayments every six months in equal instalments. The facility was disbursed in two tranches: Ushs 20 billion in July 2022 and the second tranche in September 2023. The interest rate was revised from 15.4% to 14.47% in December 2025. As at the reporting date, the facility had an outstanding balance of Ushs 13.79 billion.

x) Kenya Commercial Bank (KCB)
In March 2022, BRAC Uganda Bank Limited obtained a loan facility from KCB of Ushs 10.5 billion for 4 years at 16% per annum, with the interest rate linked to the prime rate less 6%. Principal and interest are payable quarterly. The facility is secured by a floating charge over the Bank's loan portfolio. As at 31 December 2025, the outstanding balance was Ushs 861.61 million, and the facility matures in March 2026.

Value of security held
Loans from Bank of Africa, KCB, aBi Finance Limited, Soluti and Oiko Credit are secured against the Bank's loan portfolio. These lenders have no right to sell or repledge the collateral, and no specific lender has rights to specified percentages or individual loans within the loan portfolio. The Bank has not breached any covenants; accordingly, no reclassification of the loan portfolio has been made in the financial statements. The Carrying amount of the loan portfolio as at 31 December 2025 is Ushs 207 billion (Refer to Note 15). Loans and advances from BIHBV and BIFBIV are unsecured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(b) Analysis of movement in borrowings

2025	Kiva	Bank of Africa	BRAC International Finance BV (Senior Debt)	BRAC International Holdings BV (Subordinated Debt)	aBi Finance Limited	Soluti Finance East Africa	Stichting Oxfam Novib	Oiko Credit	Kenya Commercial Bank (KCB)	Citi Bank	EADB	UECCC	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
At 1 January	1,300,687	18,404,680	-	595,524	28,542,295	1,237,576	2,700,888	20,596,721	3,968,330	-	-	-	77,346,701
Receipts during the year	1,016,302	-	19,000,500	23,379	-	-	-	-	-	-	-	-	20,040,181
Interest expense	-	2,517,978	706,008	24,377	3,338,352	94,647	157,316	2,233,063	449,950	-	-	-	9,521,691
Payment of interest	-	(2,560,011)	(697,616)	-	(3,405,586)	(98,455)	(210,921)	(2,475,201)	(454,835)	-	-	-	(9,902,625)
Loan arrangement fees	-	12,369	-	-	-	5,000	11,077	40,000	13,123	-	-	-	81,569
Payment of principal during the year	(849,888)	(3,216,358)	-	(30,490)	(8,783,267)	(1,015,876)	(2,658,360)	(6,666,667)	(3,118,237)	-	-	-	(26,339,143)
At 31 December	**1,467,101**	**15,158,658**	**19,008,892**	**612,790**	**19,691,794**	**222,892**	**-**	**13,727,916**	**858,331**	**-**	**-**	**-**	**70,748,374**

2024	Kiva	Bank of Africa	BRAC International Finance BV (Senior Debt)	BRAC International Holdings BV (Subordinated Debt)	aBi Finance Limited	Soluti Finance East Africa	Stichting Oxfam Novib	Oiko Credit	Kenya Commercial Bank (KCB)	Citi Bank	EADB	UECCC	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
At 1 January	1,326,136	4,743,094	-	587,014	20,111,394	2,821,146	8,098,231	27,458,174	6,619,495	2,968,710	(49,659)	(11,468)	74,672,267
Receipts during the year	449,530	20,000,000	-	27,681	15,000,474	-	-	-	-	-	-	-	35,477,685
Interest expense	-	2,262,836	-	26,645	2,461,046	335,354	922,924	3,267,547	925,195	212,317	-	-	10,413,864
Payment of interest	-	(2,126,876)	-	-	(2,453,614)	(341,623)	(1,030,132)	(3,502,333)	(926,799)	(217,027)	-	-	(10,598,404)
Loan arrangement fees	-	(27,452)	-	-	9,301	10,000	26,584	40,000	13,126	-	49,659	11,468	132,686
Payment of principal during the year	(474,979)	(6,446,922)	-	(45,816)	(6,586,306)	(1,587,301)	(5,316,719)	(6,666,667)	(2,662,687)	(2,964,000)	-	-	(32,751,397)
At 31 December	**1,300,687**	**18,404,680**	**-**	**595,524**	**28,542,295**	**1,237,576**	**2,700,888**	**20,596,721**	**3,968,330**	**-**	**-**	**-**	**77,346,701**

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

26. OTHER LIABILITIES

		2025	2024
		Ushs '000	Ushs '000
Financial liabilities			
Accrual for expenses		3,545,027	2,988,874
CRB fees payable		326,628	109,717
Accrual for audit fees		157,449	142,121
Credit life insurance premium payable		249,382	228,757
Unclaimed bank credits		2,204,965	2,198,911
Swap with Absa Bank (Note 31)		67,413	-
Credit life insurance claim payable		338,667	414,150
Other liabilities*		554,994	407,439
	A	**7,444,525**	**6,489,969**
Non-financial liabilities			
Staff leave provision		67,381	503,079
Long service award provision		1,152,943	1,074,360
NSSF contributions payable		869,445	795,675
Excise duty		80,962	74,911
Tax withholding payable		346,915	975,349
Provident fund payable		237,301	269,222
Stamp duty accruals		-	120
PAYE payable		1,562,776	1,491,094
	B	**4,317,723**	**5,183,810**
Total	**A+B**	**11,762,248**	**11,673,779**

The fair value of the other liabilities approximates their carrying amounts.
* Other liabilities include mainly provision for litigation costs and commissions payable.

27. DONOR FUNDS

	Note	2025	2024
		Ushs '000	Ushs '000
Donor funds received in advance	**27(a)**	4,176,231	4,225,663
Donor funds investment in fixed assets	**27(c)**	2,391,308	4,092,724
		6,567,539	**8,318,387**

Donor funds relate to grants received from various donors to support the Bank's operations. Grant income is recognized to the extent that the Bank has fulfilled the conditions of the grant. This income is transferred from the deferred grant received from donors and recognized as income in the statement of comprehensive income. For donor grants restricted to funding procurement of fixed assets, grant income is recognized as the amount equivalent to the depreciation expenses charged on the fixed asset. IAS 20 requires disclosure of nature and extent of grants recognized in the financial statements including the unfulfilled conditions and other contingencies attached to the grant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(a) Donor funds received in advance		2025	2024
	Note	Ushs '000	Ushs '000
At 1 January		**4,225,663**	**1,934,700**
Donations received during the year	**27(b)**	6,128,858	8,222,569
Transferred to statement of comprehensive income	**27(d)**	(5,501,312)	(4,726,616)
Transferred from donor funds received in advance- to receivables		15,848	-
Transferred to statement of income and expenses/ utilisation		36,070	200,000
Transferred from donor funds received in advance- to payable		(49,952)	-
Grants receivable-Transferred to the Income statement		-	-
Transferred to donor funds investment in fixed assets	**27(c)**	(678,944)	(1,404,990)
At 31 December		**4,176,231**	**4,225,663**

(b) Donations received during the year

	2025	2024
	Ushs '000	Ushs '000
Name of donor		
Master Card Foundation (MCF) -AIM	1,921,917	3,044,578
KIVA	-	22,856
Long Term Foundation	603,119	660,706
European Investment Bank	-	496,782
Gates Foundation	3,603,822	3,997,647
	6,128,858	**8,222,569**

(c) Donor funds investment in fixed assets

	2025	2024
	Ushs '000	Ushs '000
At 1 January	**4,092,724**	**3,248,474**
Transferred from donor funds received in advance	678,944	1,404,990
Transferred from donor funds for decommissioned assets	(1,738,247)	-
Transferred to statement of comprehensive income (Amortisation) fixed assets	(642,113)	(560,740)
At 31 December	**2,391,308**	**4,092,724**

(d) Grant utilisation

	2025	2024
	Ushs '000	Ushs '000
Transferred to statement of comprehensive income from donor funds - grant income	5,501,312	4,726,616
Total transferred to statement of comprehensive income	**5,501,312**	**4,726,616**
Transferred to comprehensive income-fixed assets	642,113	560,740
	6,143,425	**5,287,356**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(e) Grant income

	2025	2024
	Ushs '000	Ushs '000
Grant income		
Transferred to comprehensive income-operating (note 27 (a))	5,501,312	4,726,616
Transferred to comprehensive income-fixed assets (note 27 (d))	642,113	560,740
	6,143,425	**5,287,356**

(f) Donations receivable

	2025	2024
	Ushs '000	Ushs '000
Name of donor		
Grameen Foundation	-	36,488
European Investment Bank (EIB)	30,794	-
	30,794	**36,488**

28. SHARE CAPITAL

The authorized issued and paid ordinary shares remained 5,442,188 shares with a nominal value of Ushs 10,000. Each share is entitled to one vote. As at 31 December, the shareholding structure of the Bank was as below:

As at 1 January and 31 December 2024 and 2025

	Ushs '000	Ushs '000
BRAC International Holdings BV	26,666,180	26,666,180
Deutsche Investitions und Entwicklungsgellschaft mbH	9,251,900	9,251,900
ASN Microkerdietpool	9,251,900	9,251,900
Shore Cap 111, LP	9,251,900	9,251,900
Total	**54,421,880**	**54,421,880**

There is no single controlling party. Each shareholder is entitled to dividend from time to time as declared by the Bank.

RETAINED EARNINGS

	2025	2024 Restated
	Ushs '000	Ushs '000
At 1 January 2024	**3,724,988**	**(2,327,249)**
Total comprehensive income		
Profit for the year	6,574,800	*6,359,262
Other comprehensive income	-	-
Transactions with equity holders		
Proposed dividends	(1,314,960)	(657,960)
Total transactions with equity holders	**(1,314,960)**	**(657,960)**
Net transfer to regulatory reserve	**(260,840)**	**350,935**
At 31 December	**8,723,988**	*** 3,724,988**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

*The comparative information is restated on the account of correction of a material error on non-accrual of management fees due to Bank of Uganda regulatory restrictions as disclosed under note 42.

DIVIDEND
Ushs 1,314 million was proposed as dividend by the directors during the year 2025 (2024: Ushs 657 million). The dividend proposed of Ushs 657 million in 2024 was ratified and paid in 2025.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and investments held with other financial institutions that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

	2025	2024
	Ushs '000	Ushs '000
Cash on hand and balances with Bank of Uganda (Note 13 (a))	2,439,617	2,466,889
Mobile banking receivables (Note 18)	1,523,340	731,735
Government securities (Note 13(b))	7,556,206	4,617,758
Deposits with other financial institutions (Note 14(a))	35,232,810	29,873,571
Total	**46,751,973**	**37,689,953**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

30. CASH FLOWS FROM OPERATING ACTIVITIES

Operating activities	Note	2025 Ushs '000	2024 *Restated Ushs '000
Profit after tax		**6,574,800**	**6,359,262**
Adjustments for:			
Income tax charge	12(a)	2,236,654	2,788,912
Depreciation of property and equipment	19	2,522,504	2,765,055
Depreciation of Right-of-use Assets	22(a)	2,782,429	2,545,812
Amortisation of intangible assets	21	1,071,417	1,222,608
Interest income on loans and advances	5	(105,203,752)	(101,003,728)
Other interest income	6	(6,277,604)	(3,445,276)
Write off of capital works in progress	20	39,196	165,483
Loss on disposal of property and equipment		356,330	18,109
Movement in ECL for financial assets	16	4,645,270	5,114,836
Exchange loss on cash and cash equivalents		235,414	199,520
Interest expense – leases	7(b)	1,398,483	1,349,427
Gain on termination of the lease		(418,520)	(114,287)
Loss on software write-off		1,919,760	-
Interest expense – borrowings	25(b)	9,521,691	10,413,864
Amortisation of loan arrangement fees	25(b)	81,569	132,686
Donor funds utilisation	27(d)	(6,143,425)	(5,287,356)
Other non cash changes in donor funds	27(a)	1,966	200,000
Bad debts write off		453,149	88,955
Decommissioning of donor asset	27(c)	(1,738,247)	-
		(85,940,917)	**(76,486,118)**
Changes in working capital			
Increase in loans and advances		(11,417,663)	(17,262,178)
(Increase)/decrease in other assets		(91,515)	224,751
Decrease in related party receivables		4,572,983	265,087
Increase in placements with other Banking Institutions		(14,108,270)	(8,115,125)
(Decrease)/increase in related party payables		(5,850,087)	2,397,779
Increase in other liabilities		88,469	2,845,862
Increase/(decrease) in deposits from customers		32,084,869	(8,701,217)
Increase in loan security fund		-	22,260,205
Cash inflow from operations		**(80,662,131)**	**(82,570,954)**
Income taxes paid	12(c)	-	-
Interest received on loans and advances		101,509,934	100,654,517
Other interest income received	6	6,277,604	3,445,276
Interest paid on borrowings	25(b)	(9,902,625)	(10,598,404)
Interest paid on leases	22(e)	(1,371,067)	(1,646,882)
Net cash from operating activities		**15,851,714**	**9,283,553**

The comparative information has been restated on account of correction of an error. See note 42

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

31. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 Ushs '000	2024 Ushs '000
Currency Swap – Asset	(19,029,651)	-
Currency Swap – Liability	19,097,064	-
Net Liability (Note 26)	**67,413**	**-**

BRAC entered a cross-currency swap with Absa Bank Uganda Limited (Absa), which allows the two parties to exchange interest payments and notional denominated in Uganda shillings (Ushs) and United States of America Dollars (USD).

In the cross-currency swap, Absa agreed to pay BRAC, 4.00% fixed rate on an amortising USD 5,300,000 notional for 4.0 years and BRAC agreed to pay Absa a fixed rate of 13.25% based on Ushs fixed equivalent of Ushs 19 billion for 4.0 years.
The cash flows are physically settled; hence the physical currency is delivered, at every settlement date.

The currency SWAP is not designated as a hedge instrument and as such hedge accounting is not applied. Instead it is recognised and measured at fair value through profit or loss (FVTPL), level 2, with inputs being the projected cashflows, yield curves and exchange rates. For the year ended 31 December 2025, the fair value charge to profit and loss is Ushs 67,413 presented under Net interest income.

Under the agreement, the parties agreed to settle the assets and liabilities arising from the transaction on a net basis, and it is the Bank's interest and intent to settle the assets on a net basis. As such, the currency SWAP has been presented on a net basis in the statement of financial position of the Bank under other liabilities.

32. CAPITAL RISK MANAGEMENT

The Bank manages its capital to ensure that it will be able to continue as a going concern by complying with the FIA while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Bank consists of equity attributable to the equity holders of the Company, comprising share capital, accumulated (losses) or profits and other reserves as disclosed in the statement of changes in equity. Management regularly reviews the capital structure and adjusts it in light of changes in the economic conditions.

Management has defined debt as amounts owing to related and third parties. This includes both long- and short-term loans as well as trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as well as any accumulated reserves and equity loans where applicable. The Bank monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Bank includes within net debt; non-interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations. The Bank`s net debt to equity ratio is analyzed as follows:

	2025 Ushs '000	2024 Ushs '000
Other liabilities (Note 26)	11,762,248	*11,673,779
Due to related parties (Note 17(b))	1,892,315	*7,365,293
Lease liability (Note 22)	10,913,973	9,242,091
Borrowings (Note 25)	70,748,374	77,346,700
Less: Cash and cash equivalents (Note 29)	(46,751,973)	(37,689,953)
Net debt	50,645,587	68,902,702
Equity	65,187,407	*59,270,566
Capital and net debt	**113,752,344**	**127,208,476**
Gearing ratio	42.69%	53.41%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The Bank's objective when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

i. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide
ii. Returns for shareholders and benefits for other stakeholders; and
iii. To maintain a strong capital base to support the development of its business.

The Financial Institutions Act requires each Tier 2 Institution to:

i. To hold minimum capital level of Ushs 20,000,000,000 (Twenty billion) effective 31 December 2022 and Ushs 25,000,000,000 (Twenty-five billion only) effective 30 June 2024.
ii. Maintain a ratio of total regulatory capital to the risk weighted assets of not less than 14.5% and;
iii. Maintain core capital of not less than 12.5% of risk weighted assets.

The Bank's regulatory capital is divided into two tiers:

i. Tier 1 capital (Core capital) consists of shareholders' equity comprising paid up capital and irredeemable, non-cumulative preference shares, share premium, prior years retained profits, net after tax profits current year to date and general reserves less goodwill and other intangible assets, current years losses, investment in unconsolidated financial subsidiaries, deficiencies in provisions for losses, prohibited loans to insiders and other deductions determined by Bank of Uganda.
ii. Tier 2 capital (Supplementary capital) includes the Bank's unencumbered general provisions for credit losses, subordinated term debt and fair value adjustment reserve, revaluation reserves on fixed assets and hybrid capital instruments. Tier 2 capital is limited to 100% of core capital.

The FIA requires the Bank to monitor the adequacy of its capital using ratios. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance-sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. The risk-based approach applies to both on and off-balance sheet items.

The focus of this approach is credit risk, interest rate risk, market risk, operational risk, concentration risk and underlying collateral risk. The assets are weighted according to broad categories, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, and 100%) are applied.

The table below summarizes the composition of the regulatory capital of the Bank:

		2025	2024
CORE CAPITAL (Tier 1)	**Note**	**Ushs '000**	**Ushs '000**
Paid up share capital	28	54,421,880	54,421,880
Retained Earnings	28	8,723,988	3,724,988
Less: Deductions determined by the FIA			
Capital work in progress	20	(1,222,905)	(1,101,295)
Intangible assets	21	(4,958,556)	(7,859,392)
Deferred income tax asset	12(b)	(2,420,236)	(4,656,891)
Loans to Insiders	17(i)	(231,236)	-
Unrealized foreign exchange gains	9	(750,325)	(523,688)
Total Core Capital		**53,562,610**	**44,005,602**
SUPPLEMENTARY CAPITAL (Tier 2)			
Unencumbered general provisions for losses	35	2,110,377	2,004,326
Subordinated debt	25	612,790	595,524
Total Supplementary Capital		**2,723,167**	**2,599,850**
TOTAL CAPITAL (Tier 1+Tier 2)		**56,285,777**	**46,605,452**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The table below summarizes the risk weighted assets of the Bank:

		Financial position nominal amount		Risk weighting	Risk weighted assets	
		2025	2024		2025	2024
		Ushs'000	Ushs'000		Ushs'000	Ushs'000
Notes and coins	13	2,439,617	2,466,889	0%	-	-
Balances with Bank of Uganda	13	-	-	0%	-	-
Balances with banks in Uganda before ECL	14(a)	35,232,810	29,873,573	20%	7,046,562	5,974,715
Balances with other institutions in Uganda before ECL	14(b)	40,210,296	26,102,026	20%	8,042,059	5,220,405
Investments in government securities before ECL	13(b)	7,556,206	4,617,758	0%	-	-
Loans net of provisions		211,037,691	200,330,624	100%	211,037,691	200,330,624
Premises and other fixed assets	22(a)&19	15,498,687	13,466,000	100%	15,498,687	13,466,000
Other assets		4,828,369	*8,750,165	100%	4,828,369	8,750,165
Total risk weighted assets		**316,803,676**	**285,607,035**		**246,453,368**	**233,741,909**
Market Risk Charge						
Weighted items for Market Risk		674,623	1,651,459		674,623	1,651,459
Total risk weighted assets + Market risk		**317,478,299**	**287,258,494**		**247,127,991**	**235,393,368**

The table below summarizes the risk weighted assets of the Bank:

Capital				Ratio	
	2025	2024	FIA Regulatory ratios	2025	2024
	Ushs'000	Ushs'000	%	%	%
Tier 1 Capital (Min ratio -12.5%)	53,562,610	44,005,602	12.5%	21.67%	18.69%
Tier 1 and Tier 2 Capital (Min ratio –14.5%)	56,285,777	46,605,452	14.5%	22.78%	19.80%

** Other assets as per the capital computation is made up of other assets, related party receivable, income tax receivable and work in progress excluding intangibles.

The loans and advances figure used in the computation of the risk weighted assets is based on the FIA provisioning requirements and is derived as follows:

	2025	2024
	Ushs '000	Ushs '000
Gross loans and advances	214,013,269	203,565,020
Specific provisions for loans and advances	(2,975,578)	(3,234,396)
Net loans and advances	**211,037,691**	**200,330,624**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The figures for deposits and balances due from Banks used in the computation of risk weighted assets excludes impairment allowances as reconciled as below:

	2025	2024
As per Capital ratio Computations	**Ushs '000**	**Ushs '000**
Balance with Banks in Uganda	35,232,810	29,873,571
Balance with other Institutions in Uganda	40,210,296	26,102,026
Total per Capital Computation	**75,443,106**	**55,975,597**
Less: Impairment Allowances (Note 14(a & b))	**(698,629)**	(378,227)
Balance per statement of financial position	**74,744,477**	**55,597,370**

Capital Buffers
The Financial Institutions (capital Buffers and leverage Ratio) Regulations, 2020 were gazetted and took effect on 31st December 2020. The key developments arising in the Regulations are the introduction of; a Capital Conservation Buffer (CCB) of 2.5 % of risk weighted assets over and above the core capital ratio and total capital ratio, a systematic Risk Buffer for domestic systematically important banks (DSIBs) ranging from 0% to 3.5% of weighted assets over and above the CCB, a countercyclical Capital (Ccy) Buffer of 2.5% of risk weighted assets and a minimum Leverage Ratio of 6% of the total balance sheet and off-balance sheet assets.

All commercial Banks and credit institutions are expected to comply with the new Capital Conservation Buffer and Leverage Ratio, while domestic systematically important banks (DSIBs) should comply with the systematic risk buffer prescribed by BOU in accordance with the institution's systematic ranking.

Leverage ratio	2025	2024
	Ushs '000	**Ushs '000**
Core capital (Note 32)-A	53,562,610	44,005,602
Total assets - B	321,253,026	295,313,118
Total assets	**321,253,026**	**295,313,118**
Leverage ratio -C=A/B	16.67%	14.90%
Prudential requirement	**6.0%**	**6.0%**

Internal Capital Adequacy Assessment Plan
The Bank has established an Internal Capital Adequacy Assessment Process (ICAAP) in line with the requirements of the Financial Institutions Act, 2004, relevant Bank of Uganda Prudential Guidelines, and sound risk management practices. ICAAP forms an integral part of the Bank's risk management and capital planning framework and is designed to ensure that the Bank maintains adequate capital to support its current and future business activities under both normal and stressed conditions

Internal Liquidity Adequacy Assessment Plan (ILAAP)
The Bank has established an Internal Liquidity Adequacy Assessment Process (ILAAP) in line with the requirements of the Financial Institutions Act, 2004, applicable Bank of Uganda prudential guidelines, and sound liquidity risk management practices. The ILAAP framework is designed to ensure that the Bank maintains sufficient liquidity to meet its obligations as they fall due under both normal and stressed conditions. During the reporting period, the Bank prepared and submitted its initial ILAAP report for the year ended 31 December 2024 to the Bank of Uganda. The Bank continues to engage with the regulator and will incorporate any feedback or guidance received into subsequent enhancements of the ILAAP framework.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Bank's financial assets and liabilities are classified and subsequently measured at either amortized cost or fair value, with the carrying amounts at the reporting date presented in the table below.

	2025	2024
Financial assets measured at amortised cost	**Ushs '000**	**Ushs '000**
Cash and Bank (Note 13 (a))	2,439,617	2,466,889
Government securities (Note 13 (b))	7,525,003	4,586,555
Deposits and balances due from banks (Note 14(a & b))	74,744,477	55,597,370
Loans and advances to customers (Note 15)	207,615,176	196,828,562
Related party receivables (Note 17 (a))	109,694	*4,682,677
Other assets*	1,560,442	801,973
	293,994,409	**264,964,026**
Financial liabilities measured at amortised cost		
Deposits from customers (Note 24)	154,181,169	122,096,300
Related party payables (Note 17(b))	1,892,315	*7,365,293
Borrowings (Note 25)	70,748,374	77,346,701
Lease liabilities (Note 22(e))	10,913,973	9,242,090
	237,735,831	**216,050,384**
Financial liabilities measured at fair value		
Other liabilities**	7,444,525	6,489,969
	7,444,525	**6,489,969**

*Other assets include: wallet to bank transactions, employee receivables (work related advances).

*Other liabilities include: payables to third parties, accrued utilities, credit insurance premiums payable, CRB inquiry charges payable, & commission payable and the net currency swap.

*The 2024 related party receivable and payable have been restated, refer to Note 42 for details.

a) Introduction and overview
The Bank has exposure to the following risk from financial instruments:

- Strategic risk
- Compliance risk
- Capital risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Operations risk

This note presents information about the Bank's exposure to each of the above risks and the Bank's objectives, policies and processes for measuring and managing risk.

Risk management framework
Risk management is conducted under the guidance of a Risk Management Framework and Policy approved by the Board of Directors. The Board of Directors has overall accountability for the establishment and oversight of the Company's risk management framework. The Board of Directors also approves BRAC Uganda Bank Limited's (BUBL) risk tolerance.

The Board of BUBL has established six board committees to ensure adequate oversight of the bank's risk management. The Board Committees are reflected on Page 73 to 75.

The ultimate responsibility for managing risks rests with the Board. Senior Management, on the other hand, is responsible for the effective implementation of the risk management programme developed in accordance with the Board's criteria and standards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Management-level accountability is based on the Three Lines of Defense model, consisting of the Business Line as the First Line of Defense (executives, department heads, and all employees), the Risk and Compliance Departments as the Second Line of Defense, and Internal Audit as the Third Line of Defense.

The senior management exercises risk management and internal controls through six management committees; Risk, Credit, Human Resource, Operations Oversight and Information Technology and Security Customer Experience and Asset and Liabilities.The committees help to support the identification, assessment, measurement and reporting of inherent risk at BUBL through; Risk Awareness Programme, Risk Control Self-Assessment (RCSA), Key Risk Indicators, Operational Risk Events monitoring, Scenario Analysis, Stress testing, and Process Flows. The Management Committees report to the Board committees on matters deliberated at management level.

There is synergy and linkage between risk management and internal controls, but precisely BUBL's internal control consists of five interrelated components. These include; Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

The overall effectiveness of the risk management framework is regularly evaluated by the internal audit, and the bank's books of accounts are audited by appointed external audits for assurance on the risk management framework and accuracy of the accounts respectively. Both internal audit and external audit report to the Board to provide an independent view on the state of the bank's affairs.

Abridged view of BUBL's Risk Management Framework

To Whom	From Whom	What to Report	When
Risk Departments	Departments, Units and branches	Departmental / Unit / Branch Risk Register	Quarterly
	Departments, Units and branches	Incident Reports	As they occur
Departments, Units and branches	Risk department	Risk Monitoring and Review reports	As they occur
CEO/COO	Risk department	Incident report	As they occur
		Risk monitoring and review reports	As per plan
Management Risk Committee (MRC)	Risk department	Consolidated enterprise-wide risk profile report	Monthly
		Stress test or business continuity test reports	Quarterly
Board	MRC	Bank's Risk profile	Quarterly

b) Strategic risk management
Strategic risk refers to the current or prospective risk of a decline in profits or capital caused by changes in the business environment or erroneous decisions, the inadequate implementation of decisions or poor responsiveness to competitive developments.

Management of strategic risks
As a corporate entity, the board has overall accountability for the strategic decisions which are implemented by the senior management team. The bank has established a board of directors and board committees as per requirements in the Financial Institutions Act (FIA)2004 (as amended). The board established a 5-year strategic plan and budget which informs the activities run by the bank. The strategic plan and budget are reviewed annually to reflect changes in the market as informed by the Strengths, Weaknesses, Opportunities.

Threats (SWOT) analysis, stress testing for potential threats and changes in regulatory environment.

Senior management undertakes its mandate for the effective implementation of the strategic plan developed in accordance with the Board's criteria and standards through employing stress testing techniques in the strategic planning and management process to assess any potential threats to the implementation of its strategies. The bank has a management information system that enables management to gather necessary data for monitoring its strategic risk exposure. In addition to the management information systems, checks and balances through regular test of the strategic risk control systems by both independent units, internal and external audit, are undertaken to ensure that the institution has corporate governance and appropriate risk controlling system.

c) Compliance risk management
Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a financial institution may suffer as a result of its failure to comply with laws, regulations, prudential guidelines, supervisory recommendations and directives, rules, related self-regulatory standards and codes of conduct applicable to its activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Management of compliance risk
BRAC Uganda Bank Limited (BUBL) promotes a corporate culture that emphasizes standards of honesty and integrity where the board and senior management lead by example. Otherwise, failure to consider the impact of its actions on its shareholders, customers, employees, and the markets may result in significant reputational risk and regulatory penalties. BUBL established a compliance risk management framework approved by the board and whose execution is championed by the Head of Compliance who also doubles as the Anti-Money Laundering Officer. The compliance risk management framework focus on; assignment of roles for compliance risk management, the compliance risk management process, policies and procedures and an independent review.

BUBL identifies the compliance risk by considering legal obligations placed on it from the following sources; legislation, prudential norms, regulations, guidelines and circulars issued by regulators from time to time. Compliance risk exposure is primarily managed through having a compliance department with appropriate reporting lines, segregation of duties, systems for periodic testing of the control framework and reporting of compliance testing exceptions. Compliance risk management is further enhanced through the creation of awareness among the staff dealing with processes, which are likely to be the sources of non-compliance.

d) Credit risk
Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers. The credit policy of BRAC Uganda Bank Limited requires all credit exposures to be measured, monitored and managed proactively. Exposure to credit risk is monitored on an ongoing basis by the commercial ventures' respective management teams. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

BRAC Uganda Bank Limited does not have any significant exposure to any individual customer or counterparty

The greatest portion of the Bank's loan book is unsecured group loans and as such, exposure to credit risk and the management of this risk is a key consideration for the Board and management. To mitigate this risk, unsecured group loans are monitored and regulated through strict group supervision by the customer relationship officers and enforcement of group discipline.

Macroeconomic Forward-looking information for measuring of ECL
The annual inflation dipped to 3.1% in December 2025 from 3.3% in December 2024. This drop in inflation is largely attributed to favorable costs of food and energy related items. These trends collectively suggest a cautious adjustment in monetary policy to manage inflationary pressures, reflecting a balance between supporting price stability and addressing rising costs in key sectors such as transportation and food. Additionally, there remains the continuing risk of higher commodity prices and disruption to trade flows associated with developments in the Middle East and other significant geopolitical uncertainties, which could lead to weaker global economic activity and stronger inflationary pressures hence there was a need to revisit the forecasts in the medium term.
The Bank obtained macroeconomic factors from Bank of Uganda and Uganda Bureau of statistics including terms of trade, consumer price index, core Inflation, lending rate, forex rate, 91-T-Bill, credit domestic product, trade balance, private demand deposits, private time and saving deposits, Central Bank rate (CBR) and time deposit rate. It then performed a multivariate regression analysis between the entity's non-performing loans (NPL) as a proxy. The variables selected as the most significant factors with low p- values were then considered in the final forward-looking information overlay.
From the analysis the two factors considered to have the strongest relationship with Banks's NPL were CBR for micro loans and terms of trade for non- micro loans. The Bank also introduced a dummy variable to represent the pandemic in its forward-looking information. The pandemic is a dummy variable with a binary input where 1 indicates the presence of a pandemic and 0 indicates otherwise. In regression analysis, a dummy variable is one that takes only the value 0 or 1 to indicate the absence or presence of some categorical effect that maybe expected to shift the outcome. This was also regressed against the Bank's NPL ratio and the effect was represented by an increase in the default rates.

The Bank also relied on generally accepted statistical and mathematical approaches to perform economic scenario analysis with the results consequently used to derive stressed probability of defaults for three different scenarios i.e., Base, Upside and Downside

Weighting applied to the base, upside and downside
The Bank changed the weightings it applied to its base, upside and downward scenarios to 60%, 10% and 30% respectively from 50%, 20% and 30% respectively.

Sensitivity of ECL to future economic conditions
The table below shows the loss allowance on loans and advances to Micro and Non-Micro customers assuming each forward-looking scenario (e.g. base, upside and downside) were weighted 100 percent instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements. The amounts are inclusive of post-model adjustments, as appropriate to each scenario.

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs sensitivity analysis on the ECL recognized on material classes of its assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

ECL Sensitivity Analysis	Upside	Base	Downside	Probability Weighted
As at 31 December 2025	**Ushs "000"**	**Ushs "000"**	**Ushs "000"**	**Ushs "000"**
Gross Exposure				
Micro	12,981,560	77,889,361	38,944,681	129,815,602
Non-micro	8,419,767	50,518,600	25,259,300	84,197,667
	21,401,327	**128,407,961**	**64,203,981**	**214,013,269**
Loss Allowance				
Micro	**206,330**	**1,237,981**	**618,990**	**2,063,301**
Non-micro	**229,607**	**1,377,644**	**688,822**	**2,296,073**
	435,937	**2,615,625**	**1,307,812**	**4,359,374**
Proportion of assets in stage 2				
Micro	**0.13%**	**0.78%**	**0.39%**	**1.30%**
Non-Micro	**0.21%**	**1.25%**	**0.62%**	**2.08%**

ECL Sensitivity Analysis	Upside	Base	Downside	Probability Weighted
As at 31 December 2024	**Ushs "000"**	**Ushs "000"**	**Ushs "000"**	**Ushs "000"**
Gross Exposure				
Micro	12,855,356	77,132,138	38,566,069	128,553,563
Non-micro	7,511,348	45,068,087	22,534,044	75,113,479
	20,366,704	**122,200,225**	**61,100,113**	**203,667,042**
Loss Allowance				
Micro	226,866	1,361,194	680,597	2,268,657
Non-micro	250,433	1,502,597	751,299	2,504,329
	477,299	**2,863,791**	**1,431,896**	**4,772,986**
Proportion of assets in stage 2				
Micro	**0.12%**	**0.72%**	**0.36%**	**1.20%**
Non-Micro	**0.21%**	**1.25%**	**0.63%**	**2.09%**

The comparative sensitivity of ECL to the future economic conditions disclosures have been restated to include the required ECL sensitivity analysis;

Use of estimates and judgements
There have been no material revisions to the nature and estimates of amounts reported in prior periods.

Use of assumptions
Economic growth is projected to accelerate to between 6.5 and 7 percent in 2026, despite the projected impact of the 2026 general elections. It's projected that there may be a minor impact on the Bank's operations due to these factors. However, Management will closely monitor and assess its impact on the business. The Bank has put in place a business continuity plan to ensure that the Bank will be able to operate and service customers in various scenarios.

There are no conditions that would warrant impairment of non-financial assets. There are no significant financial assets measured at fair values that would materially impact the performance of the Bank.

Customer credit risk is not expected to significantly increase further; management will continue to closely monitor customer segments to ensure that exposures are mitigated

It is reasonably possible, based on existing knowledge, that outcomes within the next financial period are different from the judgements and assumptions used, which could require a material adjustment to the carrying amounts of the assets or liabilities reported in these financial statements. The directors and management will continue to monitor the impact of elections and measures taken by the Government of Uganda and adjust the Bank's business strategies and plans accordingly.

Management of credit risk
As set out above, the main activity of the Bank is the provision of unsecured loans to members. The Board of Directors has delegated responsibility for the oversight of credit risk to the Chief Executive Officer and the risk department. However, this must be viewed in light of the overall framework of the exclusive use of "company guaranteed" loan repayment mechanism.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Loan application process

a) Group loans
The group loans are appraised by the Customer Relationship Officer (CRO) in the field, and these Loan application forms are brought before the Satellite Manager (SM) for appraisals. The SM will visit the house of the potential borrower/ applicant before recommending the loan to the Area Manager (AM) for approval. A survey form containing 10 important points is filled. The SM confirms that the CRO was properly and appropriately trained and have assessed the feasibility of all member loan applications.

The loan appraisal work is done by the CRO and reviewed by the SM who confirms that the applicant has provided all necessary information and that is complete, the loan application has been endorsed, verifies that the net income from the business is sufficient to allow for loan repayment, all guarantors have fully signed the loan application and also confirms that the borrower/applicant does not have past due repayment obligations or arrears.

After completion of the verification and other formal processes, the SM will approve the loan or recommend it to the AM and subsequent final approvals depending on the approval matrix. Most loans are repayable in equal weekly or bi-weekly installments that are collected by the credit officers during the Bank meetings through direct cash payments. During the year 2025, the Bank introduced monthly repayments starting with two satellites. It further implemented the deferral of collections on public holidays a practice that lasted only in Q3 2025 and later enhanced systems to enforce normal collections during public holidays through the available digital platforms effective 1st October 2025 The cash collections by the credit officers are subsequently paid directly to the branch teller daily.

The main criteria considered by the Bank are the loan applicant's ability and willingness to meet his/her financial commitments and to maintain sufficient funds to fund household needs. The Bank applies these criteria for all customers, and this is complimentary to regulatory requirements. During 2026, the Bank commenced the automation of a credit scoring solution that semi-automates this process to increase efficiency and improve credit decisions.

b) Small Enterprise Product (Individual Loans)
Small Enterprise loans are identified by the CRO who visits the customer, assesses the business working capital and profitability. A second visit is done by the AM if the loan is below Ushs 5 million and above Ushs 5 million, the Branch Manager (BM) will visit the client. A guarantor and a family nominee will be identified by the borrower and shall sign the guarantor and nominee form to ensure that they will be liable to repay the loan in case the customer defaults.

There are different forms of security which include land titles, land agreements and other forms of collateral. The security is verified at the local council level to confirm authenticity.

The loan appraisal is completed by the CRO, AM and the BM to ensure that the applicant has provided all necessary information and that its complete, the loan application has been endorsed, verified that the net income from the business is sufficient to allow for loan repayment, the guarantor and nominee have fully signed the loan application, the security is attached, then a loan shall be approved by the AM if its below Ushs 5 million and above Ushs 5 million the BM shall approve. The loans installments are repayable monthly.

Monitoring of collections

a) Group guaranteed loan
In the event that a customer does not have sufficient funds for their weekly, bi-weekly or monthly installment, and/or the customer has changed residence, the credit officer together with the satellite manager follow up with the local council chairperson about the whereabouts/ new place of residence. In the event of Continued arrears, the collection actions are escalated following documented delinquency management guidelines

If a customer dies, and a valid insurance claim exists, the outstanding loan balance is paid by the insurance Bank under the credit life insurance policy.

b) Small Enterprise Product (Individual Loans)
The Loans are repayable monthly. Compliance, Risk and Internal Audit independently monitor the loan to ensure quality.

Impaired loans and advances
Impaired loans and advances are those that the Bank determines are probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s).

The Bank measures the loss allowance on loans and advances at an amount equal to the 12-month or lifetime expected credit losses depending on whether or not the credit risk has increased significantly since initial recognition.

The detailed disclosures relating to credit risk have been included in note 15 (loans and advances).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The Bank's maximum exposure to credit risk is represented by the following balances:

		2025	2024
		Ushs '000	Ushs '000
Deposits with other banks	14(a)	34,675,500	29,671,715
Government securities	13 (b)	7,525,003	4,586,555
Placements with other banking Institutions	14(b)	40,068,977	25,925,655
Loans and advances to customers	15	207,615,176	196,828,562
Related party receivables	17 (a)	109,694	*4,682,677
Other assets	18	1,560,442	801,973
		291,554,792	**262,497,137**

The above table represents the credit risk exposure to the Bank at 31 December 2025 and 31 December 2024 without considering any collateral held. The exposures are based on carrying amounts as reported in the statement of financial position.

ECL sensitivity analysis

Credit quality analysis
The following table sets out information about the overdue status of loans and advances to customers in stages 1, 2 and 3 for Micro, Non-micro loans and other financial assets.

Description	IFRS 9 12 Month PD ranges	Stage 1	Stage 2	Stage 3	2025 Total
Micro		Ushs'000	Ushs'000	Ushs'000	Ushs'000
Grades(Due days 0-7):Normal	0 – 0.08%	123,997,044	-	-	123,997,044
Grades: (Due days 8-29):Watch	0.08 - 1.44%	1,324,022	892,514	-	2,216,536
Grade: (Due days 30-59):Sub Standard	1.44%	7,191	799,196	-	806,387
Grades (Due days 60-89): Doubtful	100%	3,521	-	555,532	559,053
Grades: (Due days <=90): Loss	100%	54,334	-	2,182,247	2,236,581
Gross carrying amount		**125,386,112**	**1,691,710**	**2,737,779**	**129,815,601**
Loss allowance		(86,312)	(18,304)	(1,958,685)	(2,063,301)
Carrying amount		**125,299,800**	**1,673,406**	**779,094**	**127,752,300**
Non-micro					
Grades(Due days 0-29):Normal	0.067%	79,419,497	-	-	79,419,497
Grades: (Due days 30-89:Watch	0.767%	16,308	1,751,077	-	1,767,385
Grade: (Due days 90-179):Sub Standard	100%	13,509	-	1,107,632	1,121,141
Grades (Due days 180-364): Doubtful	100%	21,593	-	1,332,803	1,354,396
Grades: (Due days <=365): Loss	100%	10,573	-	524,676	535,249
Gross carrying amount		**79,481,480**	**1,751,077**	**2,965,111**	**84,197,668**
Loss allowance		(45,987)	(10,530)	(2,239,556)	(2,296,073)
Carrying amount		**79,435,493**	**1,740,547**	**725,555**	**81,901,595**
Other financial assets					
Cash and balances with Bank of Uganda (Note 29)	0%	2,439,617	-	-	2,439,617
Placements and deposits with other banks (Note 14)	0.08 – 3.62%	74,744,477	-	-	74,744,477
Government securities (Note 13 (b))	3.62%	7,525,003	-	-	7,525,003
Other assets (Note 18)	0%	4,113,441	-	-	4,113,441
Gross carrying amount		**88,822,538**	**-**	**-**	**88,822,538**
Loss allowance		(729,832)	-	-	(729,832)
Carrying amount		**88,092,706**	**-**	**-**	**88,092,706**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Description	IFRS 9 12 Month PD ranges	Stage 1	Stage 2	Stage 3	2024 Total
Micro		Ushs'000	Ushs'000	Ushs'000	
Grades(Due days 0-7):Normal	0.08%	122,772,545	-	-	122,772,545
Grades: (Due days 8-29):Watch	0.08 - 1.44%	1,088,781	814,640	-	1,903,421
Grade: (Due days 30-59):Sub Standard	1.44%	18,393	726,953	-	745,346
Grades (Due days 60-89): Doubtful	100%	13,145	-	523,151	536,296
Grades: (Due days <=90): Loss	100%	57,227	-	2,417,175	2,474,402
Gross carrying amount		**123,950,091**	**1,541,593**	**2,940,326**	**128,432,010**
Loss allowance		(90,225)	(20,343)	(2,158,089)	(2,268,657)
Carrying amount		**123,859,866**	**1,521,250**	**782,237**	**126,163,353**
Non-micro					
Grades(Due days 0-29):Normal	0.05%	69,857,879	-	-	69,857,879
Grades: (Due days 30-89:Watch	0.62%	18,839	1,566,299	-	1,585,138
Grade: (Due days 90-179):Sub Standard	100%	11,460	-	1,198,610	1,210,070
Grades (Due days 180-364): Doubtful	100%	14,530	-	1,453,405	1,467,935
Grades: (Due days <=365): Loss	100%	6,037	-	500,569	506,606
Gross carrying amount		**69,908,745**	**1,566,299**	**3,152,584**	**74,627,628**
Loss allowance		(31,966)	(7,659)	(2,464,704)	(2,504,329)
Carrying amount		**69,876,779**	**1,558,640**	**687,880**	**72,123,299**
Other financial assets					
Cash and balances with Bank of Uganda (Note 29)	0%	37,689,953	-	-	37,689,953
Placements and deposits with other banks (Note 14)	0.08 – 3.62%	55,597,370	-	-	55,597,370
Government securities (Note 13 (b))	3.62%	4,586,555	-	-	4,586,555
Other assets (Note 18)	0%	3,306,361	-	-	3,306,361
Gross carrying amount		**101,180,239**	**-**	**-**	**101,180,239**
Loss allowance		(409,430)	-	-	(409,430)
Carrying amount		**100,770,809**	**-**	**-**	**100,770,809**

The comparative information has been restated to include the credit quality analysis of the loans and advances to customers and the other financial assets.

ECL sensitivity analysis

Credit quality analysis
The following table sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included under note 15 of the financial statements.

	Stage 1	Stage 2	Stage 3	2025 Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Loans and advances at amortized cost	202,709,956	3,462,437	5,802,157	**211,974,550**
Expected credit loss allowance	(132,300)	(28,833)	(4,198,241)	(4,359,374)
Carrying amount	**202,577,656**	**3,433,604**	**1,603,916**	**207,615,176**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Stage 1	Stage 2	Stage 3	2024 Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Loans and advances at amortized cost	192,005,621	3,400,680	6,195,247	201,601,548
Expected credit loss allowance	(122,191)	(28,002)	(4,622,793)	(4,772,986)
Carrying amount	**191,883,430**	**3,372,678**	**1,572,454**	**196,828,562**

Collateral held and other credit enhancements

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types of collateral held against the different types of financial instruments.

	Percentage of exposure that is subject to collateral requirement		Principal type of collateral held
	2025	2024	
Group loans	10%	10%	Cash(10%)
Nongroup loans	100%	100%	Cash (10%)
Staff loans	100%	100%	Cash (10%)

Financial assets	Total exposure to credit risk	Cash Securities	Property	Others	Total Collateral	Net exposure	Associated ECLs
2025	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cash and balances with Bank of Uganda (Note 29)	46,751,973	-	-	-	-	46,751,973	-
Placements and deposits with other banks (Note 14)	74,744,477	-	-	-	-	74,744,477	698,629
Government securities (Note 13 (b))	7,525,003	-	-	-	-	7,525,003	31,203
Other assets (Note 18)	4,113,441	-	-	-	-	4,113,441	-
Loans and advances to customers	-	-	-	-	-	-	-
Microfinance Group loans (Note 15)	126,963,742	21,587,400	-	-	21,587,400	105,376,342	2,045,808
Small Enterprises Programme (Note 15)	81,505,441	12,158,573	-	-	12,158,573	69,346,868	2,237,025
Staff loan (Note 15)	2,520,934	-	-	-	-	2,520,934	58,935
Salary Loan (Note 15)	171,292	2,960	-	-	2,960	168,332	113
Agriculture line of credit (Note 15)	2,851,860	302,634	-	-	302,634	2,549,226	17,493
Total financial assets at amortised cost	**347,148,163**	**34,051,567**	**-**	**-**	**34,051,567**	**313,096,596**	**5,089,206**

The bank doesn't have any financial instrument for which no loss allowance has been recognised as a result of holding collateral.
The bank holds cash collateral against the financial instruments as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Financial assets	Total exposure to credit risk	Cash Securities	Property	Others	Total Collateral	Net exposure	Associated ECLs
2024	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cash and balances with Bank of Uganda (Note 29)	37,689,953	-	-	-	-	37,689,953	-
Placements and deposits with other banks (Note 14)	55,597,370	-	-	-	-	55,597,370	378,227
Government securities (Note 13 (b))	4,586,555	-	-	-	-	4,586,555	31,203
Other assets (Note 18)	3,306,361	-	-	-	-	3,306,361	-
Loans and advances to customers						-	
Microfinance Group loans (Note 15)	127,615,405	21,410,115	-	-	21,410,115	106,205,290	2,207,509
Small Enterprises Programme (Note 15)	74,352,255	10,939,799	-	-	10,939,799	63,412,456	2,500,155
Staff loan (Note 15)	1,597,360	-	-	-	-	1,597,360	65,322
Salary Loan (Note 15)	-	-	-	-	-	-	-
Agriculture line of credit (Note 15)	-	-	-	-	-	-	-
Total financial assets at amortised cost	**304,745,259**	**32,349,914**	**-**	**-**	**32,349,914**	**272,395,345**	**5,182,416**

The bank doesn't have any financial instrument for which no loss allowance has been recognised as a result of holding collateral.

The bank holds cash collateral against the financial instruments as disclosed above.

The comparative information has been adjusted to include the disclosure on the collateral held and the other credit enhancements.

The table below sets out the carrying amount and the fair value of identifiable collateral held against the loans and advances

	2025		2024	
	Gross carrying amount	Collateral	Gross carrying amount	Collateral
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Stage 1 and 2	208,206,850	32,410,049	195,406,301	30,742,381
Stage 3	5,806,420	1,641,518	6,195,247	1,607,533
	214,013,270	**34,051,567**	**201,601,548**	**32,349,914**

Fair value of collateral

2025	Maximum exposure	Cash	Properties	Total collateral	Net exposure	Associated ECL
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	
Loans and advances	207,615,176	34,051,567	-	34,051,567	179,961,702	4,359,374
2024						
Loans and advances	196,828,562	32,349,913	-	32,349,913	169,404,008	4,772,987

Apart from loans and advances, all other financial assets are unsecured.

Amounts arising from ECL

The following table show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2024 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9.

	2025	2024
	12-month ECL	12-month ECL
	Ushs '000	Ushs '000
Balance at 1 January	4,772,986	3,421,700
Change during the year	4,324,868	4,962,650
Financial assets derecognized	(4,738,480)	(3,611,364)
Balance at 31 December	**4,359,374**	**4,772,986**

ECL disclosures for financial assets

2025	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	Ushs '000	Ush '000	Ushs '000	Ushs '000
Cash and Bank	557,310	-	-	557,310
Short term deposits	141,319	-	-	141,319
Investment in government securities	31,203	-	-	31,203
Loans and advances	132,300	28,833	4,198,241	4,359,374
Total	**862,132**	**28,833**	**4,198,241**	**5,089,206**

2024	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	Ushs '000	Ush '000	Ushs '000	Ushs '000
Cash and Bank	201,856	-		201,856
Short term deposits	176,371	-	-	176,371
Investment in government securities	31,203	-	-	31,203
Loans and advances	122,191	28,002	4,622,793	4,772,986
Total	**531,621**	**28,002**	**4,622,793**	**5,182,416**

Inputs, assumptions, and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the entity's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

The remaining lifetime probability of default (PD) as at the reporting date; with

The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The entity uses the criteria for determining whether there has been a significant increase in credit risk: quantitative test based on the days past due; and qualitative indicators;

- quantitative test based on the days past due; and
- qualitative indicators;
- a backstop of 30 days past due

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The entity collects performance and default information about its credit risk exposures analyzed by type of product and borrower. For some portfolios, information purchased from external credit reference agencies is also used.

The entity employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The entity considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for non-micro and 20 days past due for micro. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Due dates are determined after considering the grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, The Bank determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Inputs, assumptions, and techniques used for estimating impairment

The entity monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default
- a significant increase in credit risk when contractual payments are more than 30 days past due for non-micro (or 20 days for micro-portfolios)
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and;
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

In assessing whether the borrower is in default; the Bank considers indicators that are:

- qualitative e.g. breach of covenant
- quantitative e.g. overdue status or non-payment on another obligation of the same borrower to the Bank and;
- based on data developed internally or obtained from external sources

The entity considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days (non-micro loans) or 30 days (micro loans) past due on any material credit obligation to the entity.; or

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of the ECL.

External information considered includes economic data and forecasts published by government bodies and monetary authorities such as Uganda Bureau of Statistics, Bank of Uganda and World Bank.

The Bank has identified a key driver for credit risk for its portfolio as included in the table below.

Non-micro portfolio

	Lending Rate	364-T-Bill	Inflation Core
At 31 December 2025	16.88%	15.05%	3.10
At 31 December 2024	18.06%	15.05%	3.30

Micro Portfolio

	Lending Rate
At 31 December 2025	16.88%
At 31 December 2024	18.06%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Loss Allowance

The loss allowance recognized in the period is impacted by a variety of factors as described below:

- Transfer between stage 1 and stage 2 or 3 due to financial instrument experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent step up (or step down) between 12 months and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments derecognised during the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to the models;
- Impact on the measurement of ECL due to changes made to the model or assumptions;
- Discounts unwind within ECL due to the passage of time as ECL is measured on present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write offs of allowances related to assets that were written off during the period.
- An increase in the gross carrying amounts of the loans advances impacts on the movement in the ECL amounts with a consideration of the relevant PDs used in the ECL computation.
- The ECL on the placements and cash and bank balances is directly impacted by the increase or decrease of the closing balance by the year end.

The following table explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Year ended 31 December 2025

ECL Movement for loans and advances	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Loss allowance as at 1 January 2025	122,191	28,002	4,622,793	4,772,986
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(1,391)	1,391	-	-
Transfers to stage 3	(1,655,465)	(335,387)	1,990,852	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	1,779,844	347,649	2,964,013	5,091,506
Financial assets that have been derecognized	(112,879)	(12,822)	(640,635)	(766,336)
Write-offs	-	-	(4,738,782)	(4,738,782)
Foreign exchange movements	-	-	-	-
Loss allowance as at 31 December 2025	**132,300**	**28,833**	**4,198,241**	**4,359,374**

Year ended 31 December 2024

ECL Movement for loans and advances	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Loss allowance as at 1 January 2025	138,626	28,706	3,254,368	3,421,700
Transfers to stage 1	32,201	(923)	(31,278)	-
Transfers to stage 2	(1,298)	1,298	-	-
Transfers to stage 3	(6,352)	(9,794)	16,146	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	84,806	26,408	5,538,700	5,649,914
Financial assets that have been derecognized	(125,792)	(17,693)	(543,779)	(687,264)
Write-offs	-	-	(3,611,364)	(3,611,364)
Foreign exchange movements	-	-	-	-
Loss allowance as at 31 December 2025	**122,191**	**28,002**	**4,622,793**	**4,772,986**

Detailed analysis of expected credit losses on Cash and cash equivalents and deposits due from banks has been disclosed under note 14(d)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Loss allowance reconciliation of financial assets

The following tables provides a reconciliation between:

- Amounts shown in the above tables reconciling opening balances of loss allowances per class of financial instruments; and
- The impairment losses on the financial instruments in line with the statement of comprehensive income.

2025

	Loans and advances to customers at amortized cost	Placements at amortized cost	Investments in government securities	Cash and cash equivalents	Total
Balance at 1 January	4,772,986	176,371	31,203	201,856	5,182,416
Charge during the year	4,324,868	(35,052)	-	355,454	4,645,270
Write offs during the year	(4,738,480)	-	-	-	(4,738,480)
Balance at 31 December	**4,359,374**	**141,319**	**31,203**	**557,310**	**5,089,206**

2024

	Loan s and advances to customers at amortized cost	Placements at amortized cost	Investments in government securities	Cash and cash equivalents	Total
Balance at 1 January	3,421,700	121,537	-	135,707	3,678,944
Charge during the year	4,962,650	54,834	31,203	66,149	5,114,836
Write offs during the year	(3,611,364)	-	-	-	(3,611,364)
Balance at 31 December	**4,772,986**	**176,371**	**31,203**	**201,856**	**5,182,416**

The following table provides a reconciliation between.

- Amounts shown in the above tables reconciling opening balances of loss allowances per class of financial instruments; and

2025

	Loans and advances to customers at amortized cost	Placements with other banking institutions	Investment in government securities	Deposits with other banks	Total
Balance at 1 January	**201,601,548**	**26,102,026**	**4,617,758**	**29,873,571**	**262,194,903**
Loans disbursed	487,934,775	-	-	-	487,934,775
Loan repayments	(470,784,272)	-	-	-	(470,784,272)
Loan write offs	(4,738,782)	-	-	-	(4,738,782)
Net cash movement	-	33,137,921	2,938,448	5,359,239	41,435,608
Deferred loan fees	(1,833,679)	-	-	-	(1,833,679)
Deferred staff expense	(205,040)		-		
		-		-	(205,040)
Balance at 31 December	**211,974,550**	**59,239,947**	**7,556,206**	**35,232,810**	**314,003,513**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2024

	Loans and advances to customers at amortized cost	Placements with other banking institutions	Investment in government securities	Deposits with other banks	Total
Balance at 1 January	**187,601,523**	**17,986,901**	**-**	**20,083,917**	**225,672,341**
Loans disbursed	462,819,029	-	-	-	462,819,029
Loan repayments	(443,244,168)	-	-	-	(443,244,168)
Loan write offs	(3,611,364)	-	-	-	(3,611,364)
Net cash movement	-	8,115,125	4,617,758	9,789,654	22,522,537
Deferred loan fees	(1,802,152)	-	-	-	(1,802,152)
Deferred staff expense	(161,320)	-	-	-	(161,320)
Balance at 31 December	**201,601,548**	**26,102,026**	**4,617,758**	**29,873,571**	**262,194,903**

Credit risk concentration by sector
The Bank monitors concentration of credit risk by sector. An analysis of concentration of credit risk from loans and advances to customers is disclosed under note 15 (c).

From a risk management point of view, once an asset is forborne or modified due to financial difficulties of the borrower, the Bank monitors the exposure until it exits forbearance, i.e., it is either cured or completely and ultimately derecognised.

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12 months ECL during the period.

31 December 2025	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Facilities that have cured since modification and are now measured using the 12-month ECL	-	-	-	-

31 December 2024	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Facilities that have cured since modification and are now measured using the 12-month ECL	-	-	3,658	1,564
Facilities that have reverted to Stage 2/3 lifetime ECL having once cured	-	-	-	-

During the year, we had contractual financial assets (loans and advances) that were written off amounting to Ushs 4.7 billion (2024: Ushs 3.6 billion) which were subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The following table explains changes in the gross carrying amount of the consumer portfolio to explain their significance in the loss allowance for the same portfolio as discussed above:

31/12/2025	ECL Staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Consumer loans					
Gross-carrying amounts:					
At 1 January	188,458,206	4,051,945	11,054,869	-	203,565,020
Transfers:					
Transfers from stage 1 to stage 2	(336,926)	336,926	-	-	-
Transfers from stage 1 to stage 3	(2,509,996)	-	2,509,996	-	-
Transfers from stage 2 to stage 3	-	(451,946)	451,946	-	-
Transfers from stage 3 to stage 2	-	-	-	-	-
Transfers from stage 2 to stage 1	217	(217)	-	-	-
Transfers from stage 3 to stage 1	120	-	(120)	-	-
New assets originated or purchased	199,081,636	809,330	2,063,034	-	201,954,000
Payments or assets derecognized	(179,513,061)	(1,719,385)	(5,534,523)	-	(186,766,969)
Write-offs	-	-	(4,738,782)	-	(4,738,782)
	205,180,196	**3,026,653**	**5,806,420**	**-**	**214,013,269**

31/12/2025	ECL Staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Consumer loans					
ECL Amounts:					
At 1 January	122,191	28,002	4,622,793	-	4,772,986
Transfers:					
Transfers from stage 1 to stage 2	(1,391)	1,391	-	-	-
Transfers from stage 1 to stage 3	(1,655,465)	-	1,655,465	-	-
Transfers from stage 2 to stage 3	-	(335,387)	335,387	-	-
Transfers from stage 3 to stage 2	-	-	-	-	-
Transfers from stage 2 to stage 1	-	-	-	-	-
Transfers from stage 3 to stage 1	-	-	-	-	-
New assets originated or purchased	1,779,844	347,649	2,964,013	-	5,091,506
Payments or assets derecognized	(112,879)	(12,822)	(640,635)	-	(766,336)
Write-offs	-	-	(4,738,782)	-	(4,738,782)
	132,300	**28,833**	**4,198,241**	**-**	**4,359,374**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

31/12/2024	ECL Staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Consumer loans					
Gross-carrying amounts:					
At 1 January	181,912,628	2,969,189	4,475,141	-	189,356,958
Transfers:					
Transfers from stage 1 to stage 2	(1,097,874)	1,097,874	-	-	-
Transfers from stage 1 to stage 3	(7,063,281)	-	7,063,281	-	-
Transfers from stage 2 to stage 3	-	(859,508)	859,508	-	-
Transfers from stage 3 to stage 2	-	-	-	-	-
Transfers from stage 2 to stage 1	83,567	(83,567)	-	-	-
Transfers from stage 3 to stage 1	41,511	-	(41,511)	-	-
New assets originated or purchased	182,930,715	2,929,070	2,853,595	-	188,713,380
Payments or assets derecognized	(168,349,060)	(2,001,113)	(543,781)	-	(170,893,954)
Write-offs	-	-	(3,611,364)	-	(3,611,364)
	188,458,206	**4,051,945**	**11,054,869**	**-**	**203,565,020**

31/12/2024	ECL Staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Consumer loans					
ECL amounts:					
At 1 January	138,626	28,706	3,254,368	-	3,421,700
Transfers:					
Transfers from stage 1 to stage 2	(1,298)	1,298	-	-	-
Transfers from stage 1 to stage 3	(6,352)	-	6,352	-	-
Transfers from stage 2 to stage 3	-	(9,794)	9,794	-	-
Transfers from stage 3 to stage 2	-	-	-	-	-
Transfers from stage 2 to stage 1	923	(923)	-	-	-
Transfers from stage 3 to stage 1	31,278	-	(31,278)	-	-
New assets originated or purchased	84,806	26,408	5,538,700	-	5,649,914
Payments or assets derecognized	(125,793)	(17,692)	(543,779)	-	(687,264)
Write-offs	-	-	(3,611,364)	-	(3,611,364)
	122,190	**28,003**	**4,622,793**	**-**	**4,772,986**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

e) Liquidity risk

Liquidity risk is the risk that operations cannot be funded, and financial commitments cannot be met timely and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Bank and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated, and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Bank and also from available financial institutions facilities.

BRAC Uganda Bank Limited manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC Uganda Bank Limited maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. The Bank's continuous efforts in mobilising sticky deposits are not only a strategic initiative but also part of its liquidity management initiatives. In addition, the Bank maintains the grouping facilities of a reasonable level as part of its liquidity management strategies.

Exposure to Liquidity risk

The table below analyses the financial assets and undiscounted financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2025 to the contractual maturity date.

31 December 2025	Up to 1 month	From 1 to 3 months	From 3 to 12 months	Above 12 months	Contractual Amount	Carrying Amount
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Assets						
Financial assets						
Cash and bank	2,439,617	-	-	-	2,439,617	2,439,617
Government securities	3,539,749	4,016,457	-		7,556,206	7,556,206
Deposits due from other financial Institutions	46,736,338	13,092,218	16,075,347	-	75,903,903	74,744,477
Loans and advances to customers	27,442,424	48,893,488	148,029,756	13,062,630	237,428,298	207,615,176
Other assets	-	-	1,560,442	-	1,560,442	1,560,442
Related party receivables	-	-	109,694	-	109,694	109,694
Total financial assets	**80,158,128**	**66,002,163**	**165,775,239**	**13,062,630**	**324,998,160**	**294,025,612**
Financial liabilities						
Customer deposits	55,399,230	22,606,269	23,752,888	52,422,782	154,181,169	154,181,169
Related party payables	-	-	1,892,315	-	1,892,315	1,892,315
Borrowings and managed funds	7,385,936	15,567,236	24,695,488	39,129,003	86,777,663	70,748,374
Other liabilities	-	-	7,444,525	-	7,444,525	7,444,525
Lease liabilities	608,376	1,340,890	9,950,145	12,172,288	24,071,699	10,913,973
Total financial liabilities	**63,393,542**	**39,514,395**	**67,735,361**	**103,724,073**	**274,367,371**	**245,180,356**
Net Liquidity position	**16,764,586**	**26,487,768**	**98,039,878**	**(90,661,443)**	**50,630,789**	**48,845,256**

The table below analyses the financial assets and undiscounted financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

31 December 2024	Up to 1 month	From 1 to 3 months	From 3 to 12 months	Above 12 months	Contractual Amount	Carrying Amount
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Assets						
Financial assets						
Cash and bank	2,466,889	-	-	-	2,466,889	2,466,889
Government securities	-	4,586,555	-	-	4,586,555	4,586,555
Deposits due from other financial Institutions	-	29,742,290	26,657,410	-	56,399,700	55,597,370
Loans and advances to customers	20,306,890	47,428,228	138,754,304	17,547,534	224,036,957	196,828,562
Other assets	76,658	111,227	119,894	494,194	801,973	801,973
Related party receivables	739,207	-	3,943,470	-	4,682,677	4,682,677
Total financial assets	**23,589,644**	**81,868,300**	**169,475,078**	**18,041,728**	**292,974,750**	**264,964,026**
Financial liabilities						
Customer deposits	53,403,999	13,148,073	55,544,228		122,096,300	122,096,300
Related party payables	2,037,910	-	5,327,383	-	7,365,293	7,365,293
Borrowings and managed funds	8,067,530	9,488,555	45,087,451	23,519,938	86,163,474	77,346,701
Other liabilities	1,543,852	203,438	4,342,276	400,403	6,489,969	6,489,963
Lease liabilities	692,517	1,263,567	9,389,947	11,053,785	22,399,816	9,242,090
Total financial liabilities	**65,745,808**	**24,103,633**	**119,691,285**	**34,974,126**	**244,514,852**	**222,540,347**
Net Liquidity position	**(42,156,164)**	**57,764,667**	**49,783,793**	**(16,932,398)**	**48,459,898**	**42,423,679**

The comparative information has been adjusted to adjust the amounts to the reflect the contractual amounts.

f) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Chief Executive Officer. Management is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

g) Currency risk

BRAC Uganda Bank Limited foreign exchange risks comprise transactions risk which arise from funds received in currencies other than the local currency and minimal foreign currency deposits and cash at the Bank placed with licensed financial institutions. BRAC Uganda Bank Limited is exposed to foreign currency fluctuations mainly in respect of cash and cash equivalents and borrowings denominated in United States Dollars.

The following are the foreign exchange rates applicable in the year.

	2025	2024
Closing rate - 1 USD to Ushs	3,619.73	3,670.27
Average rate - 1 USD to Ushs	3,605.47	3,761.46

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The table below summarizes the Bank's exposure to foreign currency risk as at 31 December 2025. The amounts denominated in Uganda Shillings (Ushs) are indicated in the table below for information.

	2025			2024		
	Ushs	USD	Total	Ushs	USD	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
ASSETS						
Cash and cash equivalents	32,324,424	24,377,654	56,702,078	24,723,939	7,616,522	32,340,461
	32,324,424	**24,377,654**	**56,702,078**	**24,723,939**	**7,616,522**	**32,340,461**
LIABILITIES						
Borrowings and managed funds	45,695,827	25,052,547	70,748,374	71,382,298	5,964,403	77,346,701
	45,695,827	**25,052,547**	**70,748,374**	**71,382,298**	**5,964,403**	**77,346,701**
Net currency position	**-**	**(674,893)**	**-**	**-**	**1,652,119**	**-**

Sensitivity analysis

The following sensitivity analysis reflects the impact that is reasonably possible at the reporting date. Management monitors the impact of 5% movement in foreign exchange rates. This considers the fluctuation in the foreign currency rates obtained from Bank of Uganda website. The reasonably possible change does not include remote or worst-case scenarios or stress tests. A 5 percent depreciation of the Shilling against the USD currency at 31 December 2025 would have changed the net position by the amount shown below. This analysis assumes that all other variables, interest rates, remains constant. A 5 percent strengthening of the Uganda shilling against the above currencies would have had an equal but opposite effect to the amount shown above.

	2025 Ushs '000	2024 Ushs '000
	Effect on profit before tax	Effect on profit before tax
Currency-USD		
+5% US$ Movement	(33,745)	(82,606)
-5% US$ Movement	33,745	82,606

	2025 Ushs '000	2024 Ushs '000
	Effect on equity	Effect on equity
Currency-USD		
+5% US$ Movement	(23,621)	(57,824)
-5% US$ Movement	23,621	57,824

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

h) Interest rate risk

BRAC Uganda Bank Limited exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to Bank members. BRAC Uganda Bank Limited does not engage in speculative transactions or take speculative positions on its interest rates.

The table below summarizes the exposure to interest rate risk through grouping of assets and liabilities into repricing categories, determined to be the earlier of the contractual repricing date or maturity.

Year ended 31 December 2025	Average	Up to 1 month	From 1 to 3 months	From 3 to 12 months	Above 12 months	Sub total	Fixed interest rates instruments	Non- interest bearing	Total
	Interest	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Financial Assets									
Cash and balances with the central bank		-	-	-	-	-	-	2,439,617	2,439,617
Deposits due from other financial Institutions	**12.66%**	45,993,872	12,796,959	15,953,646	-	74,744,477	-	-	74,744,477
Government securities	**11.50%**	-	-	-	-	-	7,525,003	-	7,525,003
Loans and advances to customers	**53.38%**	-	-	-	-	-	214,013,269	-	214,013,269
Total financial assets		**45,993,872**	**12,796,959**	**15,953,646**	**-**	**74,744,477**	**221,538,272**	**2,439,617**	**298,722,366**
Financial liabilities									
Customer deposits	**6.40%**	55,399,230	22,606,269	23,752,888	52,422,782	154,181,169	-	-	154,181,169
Borrowings and managed funds	**13.43%**	3,692,968	3,989,676	12,347,744	50,717,986	70,748,374	-	-	70,748,374
Lease liabilities	**15.00%**	-	312,043	876,794	9,725,136	10,913,973	-	-	10,913,973
Total financial liabilities		**59,092,198**	**26,907,988**	**36,977,426**	**112,865,904**	**235,843,516**	**-**	**-**	**235,843,516**
Interest rate gap		**(13,098,326)**	**(14,111,029)**	**(21,023,780)**	**(112,865,904)**	**(161,099,039)**	**221,538,272**	**2,439,617**	**62,878,850**

Year ended 31 December 2024	Average	Up to 1 month	From 1 to 3 months	From 3 to 12 months	Above 12 months	Sub total	Fixed interest rates instru-ments	Non- interest bearing	Total
	Interest	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Financial Assets									
Cash and balances with the central bank	-	-	-	-	-	-	-	2,466,889	**2,466,889**
Deposits due from other financial Institutions	13.69%	37,008,584	16,579,746	2,009,041	-	55,597,371	-	-	**55,597,371**
Government securities	9.83%	-	-	-	-	-	4,586,555	-	**4,586,555**
Loans and advances to customers	53.44%	-	-	-	-	-	196,828,562	-	**196,828,562**
Total financial assets		**37,008,584**	**16,579,746**	**2,009,041**	**-**	**55,597,371**	**201,415,117**	**2,466,889**	**259,479,377**
Financial liabilities									
Customer deposits	**6.06%**	53,403,998	13,148,074	55,544,228	-	122,096,300	-	-	122,096,300
Borrowings and managed funds	**12.07%**	2,507,686	5,015,372	22,569,174	47,254,469	77,346,701	-	-	77,346,701
Lease liabilities	**13.90%**	216,541	465,366	2,010,120	6,550,064	9,242,091	-	-	9,242,091
Total financial liabilities		**56,128,225**	**18,628,812**	**80,123,522**	**53,804,533**	**208,685,092**	**-**	**-**	**208,685,092**
Interest rate gap		**(19,119,641)**	**(2,049,066)**	**(78,114,481)**	**(53,804,533)**	**(153,087,721)**	**201,415,117**	**2,466,889**	**50,794,285**

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The previous tables show the discounted cash flows on the Bank's financial instruments on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments may vary from this analysis. A realistic 1% (2024: 1%) increase/decrease in interest rates in the current year would affect profit or loss before tax by Ushs +/- 1,610,990 (2024: Ushs +/- 1,530,877) and equity by Ushs +/- 1,127,693 (2024: Ushs +/- 1,071,614).

The analysis reflects the impact that is reasonably possible at the reporting date. Management monitors the impact of 1% movement in interest rates. The reasonably possible change does not include remote or worst-case scenarios or stress tests.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank has no financial liabilities and financial assets indexed on the LIBOR.

i) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organisation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each BRAC Programme. This responsibility is supported by the development of overall Organisational standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Close monitoring and management oversight.

Compliance with Bank's standards is supported by a programme of periodic reviews undertaken by the compliance department.

The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the Bank.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data;
- Level 3 - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The Bank has no financial instruments measured at fair value, except derivative financial instruments. The table below shows the fair values of financial instruments not measured at fair value, analysed by fair value hierarchy level.

	2025		2024	
As at 31 December	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets				
Cash and balances with Bank of Uganda	2,439,617	2,439,617	2,466,889	2,466,889
Due from Banks	74,744,477	74,744,477	55,597,370	55,597,370
Debt instruments at amortized cost	7,556,206	7,732,079	4,617,758	4,617,758
Loans and advances to customers	207,615,176	238,413,360	196,828,562	196,828,562
Other assets	1,560,442	1,560,442	801,973	801,973
Financial liabilities				
Borrowings	70,748,374	70,748,374	77,346,701	77,346,701
Customer deposits	154,181,169	154,181,169	122,096,300	122,096,300
Other liabilities	7,444,525	7,444,525	6,489,969	6,489,969

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

As at 31 December 2025	Total	Level 1	Level 2	Level 3
Assets measured at amortised cost	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash and balances with Bank of Uganda	2,439,617	-	2,439,617	-
Debt instruments at amortized cost	7,732,079	-	7,732,079	-
Due from banks	75,903,903	-	75,903,903	-
Loans and advances to customers	238,413,360	-	238,413,360	-
Other assets	1,560,442	-	1,560,442	-
Total assets	**326,049,401**		**326,049,401**	
Liabilities measured at amortised cost				
Customer deposits	154,181,169	-	154,181,169	-
Borrowings	86,777,663	-	86,777,663	-
Total liabilities measured at amortised cost	**240,958,832**	**-**	**240,958,832**	-
Liabilities measured at fair value				
Other liabilities	7,444,525	-	7,444,525	-
Total liabilities measured at fair value	**7,444,525**		**7,444,525**	-

As at 31 December 2024

Assets measured at amortised cost	Total	Level 1	Level 2	Level 3
Cash and balances with Bank of Uganda	2,466,889	-	2,466,889	-
Debt instruments at amortized cost	4,617,758	-	4,617,758	
Due from banks	56,459,536	-	56,459,536	-
Loans and advances to customers	226,828,075	-	226,828,075	-
Other assets	801,973	-	801,973	-
Total assets	**291,174,231**	**-**	**291,174,231**	**-**
Liabilities measured at amortised cost				
Customer deposits	122,096,300	-	122,096,300	-
Borrowings	86,163,474	-	86,163,474	-
Total liabilities measured at amortised cost	**208,259,774**	**-**	**208,259,774**	**-**
Liabilities measured at fair value				
Other liabilities	6,489,969	-	6,489,969	-
Total liabilities measured at fair value	**6,489,969**	**-**	**6,489,969**	**-**

The following methods and assumptions were used to estimate the fair values:

Assets and liabilities for which fair value approximates carrying amounts

The Bank assessed that the fair values of cash and bank balances, other assets, other liabilities, financial guarantees and contract assets approximate their carrying amounts largely due to the short-term maturities of these instruments. These are determined to be Level 2 valuations as the underlying considerations are largely unobservable.

Borrowings

The interest rates charged on borrowings held by the Bank are based on the average borrowing rate of the Bank, which reflects its credit risk. The interest rates are in line with market rates for similar facilities. The fair values of such interest-bearing borrowings not quoted in an active market is based on discounted cash flows using market interest rates.

Debt instruments at amortized cost

Debt instruments at amortized cost are treasury bills issued by the Government of Uganda with fixed interest payments. The fair value for government securities is estimated using market prices for securities with similar credit, maturity and yield characteristics in the primary and secondary market resulting in a Level 2 classification.

Customer deposits and Deposits from Banks

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand and this is the carrying amount. The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using weighted average rate of the bank's deposits.

Loans and advances to customers

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows for loans are discounted at the year-end prime lending rate to determine fair value. Input into the valuation techniques includes expected lifetime credit losses and interest rates. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

35. ANALYSIS OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of movements of liabilities to cash flows arising from financing activities.

	Borrowings and managed funds	Lease liabilities	Liabilities ordinary shares	Total
Balance at 01 January 2025	**77,346,701**	**9,242,090**	**54,421,880**	**141,010,671**
Changes from financing cash flows				
Proceeds from loans and borrowings	20,040,181	-	-	20,040,181
Repayment of borrowings	(26,339,143)	-	-	(26,339,143)
New leases during the year	-	6,185,592	-	6,185,592
Remeasurement adjustments	-	303,479	-	303,479
Payment of lease liabilities	-	(3,128,752)	-	(3,128,752)
Total changes from financing cash flows	**(6,298,962)**	**3,360,319**	**-**	**(2,938,643)**
Other changes:				
Repayment of interest	-	(1,371,067)	-	(1,371,067)
Lease termination	-	(1,715,852)	-	(1,715,852)
Loan arrangement fees	81,569	-	-	81,569
Interest Expense	9,521,691	1,398,483	-	10,920,174
Interest Paid	(9,902,625)	-	-	(9,902,625)
Total liability-related other changes	**(299,365)**	**(1,688,436)**	**-**	**(1,987,801)**
Balance at 31 December 2025	**70,748,374**	**10,913,973**	**54,421,880**	**136,084,227**

	Borrowings and managed funds	Lease liabilities	Liabilities ordinary shares	Total
Balance at 01 January 2024	**74,672,267**	**10,473,416**	**54,421,880**	**139,567,563**
Changes from financing cash flows				
Proceeds from loans and borrowings	35,477,685	-	-	35,477,685
Repayment of borrowings	(32,751,397)	-	-	(32,751,397)
New leases during the year	-	1,818,004	-	1,818,004
Payment of lease liabilities	-	(2,233,442)	-	(2,233,442)
Total changes from financing cash flows	**2,726,288**	**(415,438)**	**-**	**2,310,850**
Other changes:				
Repayment of interest	-	(1,646,882)	-	(1,646,882)
Loan arrangement fees	132,686	-	-	132,686
Lease termination	-	(518,433)	-	(518,433)
Interest expense	10,413,864	1,349,427	-	11,763,291
Interest paid	(10,598,404)	-	-	(10,598,404)
Total liability-related other changes	**(51,854)**	**(815,888)**	**-**	**(867,742)**
Balance at 31 December 2024	**77,346,701**	**9,242,090**	**54,421,880**	**141,010,671**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

36. REGULATORY CREDIT RISK RESERVE

	2025	2024
	Ushs '000	Ushs '000
At 01 January	465,740	816,675
Transfer (to)/ from retained earnings	260,840	(350,935)
At 31 December	**726,580**	**465,740**

The regulatory credit risk reserve represents amounts by which allowances for impairment of loans and advances determined in accordance with the Uganda Financial Institutions Act exceed those determined in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. These amounts are appropriated from retained earnings in accordance with accounting policy. The reserve is not distributable.

The regulatory credit risk reserve figure is analyzed as follows:

	2025	2024
Provisions as per FIA	Ushs '000	Ushs '000
Specific provisions	2,975,578	3,234,396
General provisions	2,110,377	2,004,330
	5,085,955	**5,238,726**
Impairment assessment as per IFRS 9		
Stage 1	132,300	122,191
Stage 2	28,834	28,002
Stage 3	4,198,241	4,622,793
	4,359,375	**4,772,986**
Regulatory credit risk reserve (excess)	**726,580**	**465,740**

The prudential provisions in 2024 were higher than the IFRS 9 provisions, and as such a regulatory reserve arose.
For regulatory purposes, the quality of the loan portfolio is determined using both quantitative and qualitative information and segmented into the various classes against which provisions are raised as follows:

a. Non-micro loans [Small Enterprise Programme (SEP), Agriculture line of credit (ALC) and staff loans]

Credit classification	Nature of provisions	Quantitative criteria	Percentage provisioning
Standard and current	General provisions	Up to date in payments	1% of outstanding balances net of specific provisions and interest in suspense
Watch		1-89 days in arrears	
Substandard	Specific provisions	90-179 days in arrears	20% of outstanding balance net of cash back security
Doubtful		180-364 days in arrears	50% of outstanding balance net of cash back security
Loss		1 year or more in arrears	100% of outstanding balance net of cash back security

b. Micro loans (Group, ELA, IDP, CHP and agriculture group loans)

Credit classification	Nature of provisions	Quantitative criteria	Percentage provisioning
Standard and current	General provisions	Up to date in payments	1% of the outstanding performing balance of the total credit facility
Watch		1-29 days in arrears	
Substandard	Specific provisions	30-59 days in arrears	25% of outstanding balance net of cash back security
Doubtful		60-89 days in arrears	50% of outstanding balance net cash back security
Loss		90 days or more in arrears	100% of outstanding balance net of cash back security

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, escalating geopolitical tensions involving the US–Israel and Iran conflict have contributed to heightened global oil price volatility, with knock-on effects in East African, including Ugandan, markets. In accordance with IAS 10, this is a non-adjusting event as it reflects conditions that arose after the reporting period; no adjustments have been made to the amounts recognised in these financial statements as at 31 December 2025.

The situation may influence the macroeconomic environment in Uganda through pressures on inflation, interest rates, and foreign exchange, with potential impacts on customer activity and balances, funding costs, and credit risk in future periods. The financial effect cannot be reliably estimated at the date of approval; management is monitoring developments and will reflect any consequences in subsequent reporting periods as appropriate

38. CURRENCY

These financial statements are presented in thousands of Uganda Shillings (rounded off to the nearest thousands (Ushs '000)), which is the Bank's functional currency.

39. CAPITAL COMMITMENTS

The Bank had no capital commitments as at 31 December 2025 (2024: NIL)

40. CONTINGENT ASSETS

The Bank entered into a tenancy Agreement with the Defendant for his premises in Mbale in 2021 for purposes of opening and operating its offices. An advance of the rent was made in the sum of Ushs. 60 million pending refurbishment and completion of the building, and handover thereof. The Defendant breached the Agreement in failing/ refusing to handover the premises frustrating the contract. The Bank terminated and sought a refund of the rent advanced. The matter is still undergoing hearing and based on legal advice, the Directors are confident that the Bank shall receive favourable ruling from the case.

41. ASSETS AND LIABILITIES MATURITY ANALYSIS

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2025 to the contractual maturity date. These amounts do not agree to the statement of financial position as they include unaccrued contractual interest.

31-Dec-25	Within 12 months	After 12 months	Total
Assets	Ushs '000	Ushs '000	Ushs '000
Cash and Bank	2,439,617	-	2,439,617
Deposits due from other financial Institutions	75,903,903	-	75,903,903
Central Bank Securities	7,525,003	-	7,525,003
Loans and advances to customers	229,331,079	8,097,218	237,428,297
Other assets	4,113,441	-	4,113,441
Related party receivable	109,694	-	109,694
Tax recoverable	41,911	-	41,911
Deferred tax asset	-	2,420,235	2,420,235
Property and equipment	-	5,737,521	5,737,521
Right-of-use	-	9,761,166	9,761,166
Capital work in progress	-	1,786,227	1,786,227
Intangible assets	-	4,958,556	4,958,556
Total assets	**319,464,648**	**32,760,923**	**352,225,571**
Liabilities			
Customer deposits	101,758,387	52,422,782	154,181,169
Related party payables	1,892,315	-	1,892,315
Borrowings and managed funds	27,618,272	59,159,391	86,777,663
Other liabilities	11,762,249	-	11,762,249
Donor funds	6,567,539	-	6,567,539
Lease liabilities	5,047,267	19,024,433	24,071,700
Total liabilities	**154,646,029**	**130,606,606**	**285,252,635**
Net assets	**164,818,619**	**(97,845,683)**	**66,972,936**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date. These amounts do not agree to the statement of financial position as they include unaccrued contractual interest.

31 December 2024	Within 12 months	After 12 months	Total
Assets	**Ushs '000**	**Ushs '000**	**Ushs '000**
Cash and bank	2,466,889	-	2,466,889
Deposits due from other financial Institutions	56,459,536	-	56,459,536
Central Bank Securities	4,586,555	-	4,586,555
Loans and advances to customers	217,491,373	6,545,584	224,036,957
Other assets	2,812,165	494,194	3,306,359
Related party receivable	4,682,677	-	4,682,677
Tax recoverable	41,911	-	41,911
Deferred tax asset	-	4,656,890	4,656,890
Property and equipment	-	6,123,142	6,123,142
Right-of-use	-	7,342,858	7,342,858
Work in progress	-	1,820,513	1,820,513
Intangible assets	-	7,859,392	7,859,392
Total assets	**288,541,106**	**34,842,573**	**323,383,679**
Liabilities			
Customer deposits	121,838,494	257,806	122,096,300
Related party payables	7,365,293	-	7,365,293
Borrowings and managed funds	35,282,542	50,880,932	86,163,474
Other liabilities	11,273,376	400,403	11,673,779
Donor funds	8,318,387	-	8,318,387
Lease liabilities	6,550,457	15,849,360	22,399,817
Total liabilities	**190,628,549**	**67,388,501**	**258,017,050**
Net assets	**97,912,557**	**(32,545,928)**	**65,366,629**

42. CORRECTION OF PRIOR PERIOD ERROR

The Bank did not accrue management fees for services provided by BRAC International Holdings B.V. for Quarter 2 to Quarter 4 of 2024, amounting to USD 484,838 (equivalent to Ushs 2.717 billion), inclusive of applicable taxes, in the financial statements for the year ended 31 December 2024, which were issued on 20 March 2025. This was due to an objection raised by the Central Bank (Bank of Uganda) during the finalisation of the 2024 financial statements.

Subsequently, on 20 May 2025, the Bank of Uganda issued a no-objection to the payment of these management fees, prompting their recognition. The directors determined that the non-accrual of the management fees in 2024 was an error, as the fees had been incurred and the amounts were determinable in 2024.

Accordingly, in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected retrospectively by restating the comparative 2024 amounts in the 2025 financial statements. As the error relates only to the 2024 financial year, a third statement of financial position has not been presented in the 2025 financial statements, as there is no impact on the previously issued financial statements for earlier periods.

The Bank maintained capital ratios above the minimum regulatory thresholds both before and after recognising the management fee obligation.

Analysis of the restatement
Statement of comprehensive income and statement of changes in equity

The restatement primarily recognises unrecorded management fees (Ushs 1,957,409 thousand) and related withholding tax (Ushs 759,937 thousand) in 2024, totaling Ushs 2,717,346 thousand, recognised within other operating expenses.

As a result of the above adjustment, taxable income and profit before tax, which form the basis for the income tax expense and the donation expense to BRAC NGO reduce, leading to a reduction in the income tax charge of Ushs 774,444 thousand and a decrease in the donations expense (recorded in other operating expenses) of Ushs 135,867 thousand.

The combined effect of the above adjustments, the correction of minor casting errors, and the reclassification of income from written-off loans from the 'membership fees and other charges' caption to 'other income' (Note 8 (a) and Note 8 (b)) results in a net impact on retained earnings of Ushs 1,807,039 thousand, as reflected in the statement of financial position and the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of financial position

The restatement increases related party payables and other liabilities by Ushs 1,957,408 thousand and Ushs 759,937 thousand, respectively, to recognise the management fees payable and withholding tax payable. In addition, the deferred tax asset and donations payable increase by Ushs 774,444 thousand and Ushs 135,867 thousand, respectively, reflecting the related tax and donation impacts.

Statement of cash flows

The impact on the statement of cash flows relates to the effects of the above adjustments to profit after tax, income tax charge, and changes in related party payables and other liabilities alignments.

The detailed effect of correcting this error in the restated statement of comprehensive income, statement of financial position, statement of changes in equity, and statement of cash flows is presented below.

Statement of comprehensive income

	As Previously Reported	Adjustment on management fees expense	Adjustment on donation expense	Withholding tax on management fees	Adjustment on Deferred tax expense	Reclassification of income from written off loans	Restated Balance
	2024	2024	2024	2024	2024	2024	2024
Particulars	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**
Interest income on loans and advances	101,003,728	-	-	-	-	-	101,003,728
Other interest income	3,445,276	-	-	-	-	-	3,445,276
Interest expense on borrowings	(10,413,863)	-	-	-	-	-	(10,413,863)
Other finance costs	(9,536,847)	-	-	-	-	-	(9,536,847)
Net income from service charge	**84,498,294**	**-**	**-**	**-**	**-**	**-**	**84,498,294**
Membership fees and other charges	8,114,047	(3)	-	-	-	(1,719,232)	6,394,812
Other income	502,385	(1)	-	-	-	1,719,232	2,221,616
Net finance income	44,471	-	-	-	-		44,471
Revenue	**93,159,197**	**(4)**	**-**	**-**	**-**	**-**	**93,159,193**
Expected credit loss on financial assets	(5,114,836)	-	-	-	-	-	(5,114,836)
Grant income	5,287,356	-	-	-	-	-	5,287,356
Staff costs	(47,042,370)	-	-	-	-	-	(47,042,370)
Other operating expenses	(28,026,215)	(1,957,409)	135,867	(759,937)			(30,607,694)
Depreciation of property and equipment	(2,765,055)	-	-	-	-	-	(2,765,055)
Amortisation of software	(1,222,608)	-	-	-	-	-	(1,222,608)
Depreciation of right-of-use assets	(2,545,812)	-	-	-	-	-	(2,545,812)
Profit before tax	**11,729,657**	**(1,957,413)**	**135,867**	**(759,937)**	**-**	**-**	**9,148,174**
Income tax charge	(3,563,356)	-	-	-	774,444	-	(2,788,912)
Net profit for the year	**8,166,301**	**(1,957,413)**	**135,867**	**(759,937)**	**774,444**	**-**	**6,359,262**
Other comprehensive income	-						-
Total comprehensive income for the year, net of tax	**8,166,301**	**(1,957,413)**	**135,867**	**(759,937)**	**774,444**	**-**	**6,359,262**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of Financial Position

Particulars	As Previously Reported 2024	Adjustment on Donation Payable 2024	Adjustment on Deferred tax asset 2024	Adjustment on management fees Payable 2024	Withholding tax payable on management fees 2024	Adjustments on Retained earnings 2024	Restated Balance 2024
ASSETS	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**	**Ushs '000**
Cash and balances with the central bank	2,466,889	-	-	-	-	-	2,466,889
Deposits and balances due from banks	55,597,370	-	-	-	-	-	55,597,370
Central Bank Securities	4,586,555	-	-	-	-	-	4,586,555
Loans and advances to customers	196,828,562	-	-	-	-	-	196,828,562
Other assets	3,306,361	-	-	-	-	-	3,306,361
Related party receivable	4,546,810	135,867	-	-	-	-	4,682,677
Income tax recoverable	41,911	-					41,911
Deferred tax asset	3,882,446	-	774,444	-	-	-	4,656,890
Property and equipment	6,123,141	-	-	-	-	-	6,123,141
Right-of-use asset	7,342,857	-	-	-	-	-	7,342,857
Capital work in progress	1,820,513	-	-	-	-	-	1,820,513
Intangible assets	7,859,392	-	-	-	-	-	7,859,392
Total Assets	**294,402,807**	**135,867**	**774,444**	**-**	**-**	**-**	**295,313,118**
LIABILITIES AND EQUITY							**-**
Liabilities							
Deposits from customers	122,096,300	-	-	-	-	-	122,096,300
Related party payables	5,407,880	-		1,957,413	-	-	7,365,293
Borrowings	77,346,701	-	-	-	-	-	77,346,701
Other liabilities	10,913,842	-	-	-	759,937	-	11,673,779
Donor funds	8,318,387	-	-	-	-	-	8,318,387
Lease liabilities	9,242,090	-	-	-	-	-	9,242,090
Total liabilities	**233,325,200**	**-**	**-**	**1,957,413**	**759,937**	**-**	**236,042,550**
Equity							**-**
Share capital	54,421,880	-	-	-	-	-	54,421,880
Accumulated Profit / Loss	5,532,027	-		-	-	(1,807,039)	3,724,988
Proposed Dividends	657,960	-	-	-	-	-	657,960
Regulatory credit risk reserve	465,740	-	-	-	-	-	465,740
Total equity	**61,077,607**	**-**	**-**	**-**	**-**	**(1,807,039)**	**59,270,568**
Total liabilities and equity	**294,402,807**	**-**	**-**	**1,957,413**	**759,937**	**(1,807,039)**	**295,313,118**

Integrated Annual Report - 2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of Changes in Equity

	Share capital	Accumulated losses/profits	Proposed Dividends	Regulatory credit risk reserve	Total equity
	Ushs '000	Ushs '000	Ushs '000	Ushs'000	Ushs'000
At 1 January 2024	**54,421,880**	**(2,327,249)**	**-**	**816,675**	**52,911,306**
Transfer to regulatory credit risk reserve	-	350,935	-	(350,935)	**-**
Proposed dividend	-	(657,960)	657,960	-	**-**
Total comprehensive income for the year	-	8,166,301	-	-	**8,166,301**
Previously Stated At 31 December 2024	**54,421,880**	**5,532,027**	**657,960**	**465,740**	**61,077,607**
At 1 January 2024	**54,421,880**	**(2,327,249)**	**-**	**816,675**	**52,911,306**
Transfer to regulatory credit risk reserve	-	350,935	-	(350,935)	**-**
Proposed dividend	-	(657,960)	657,960	-	**-**
Total comprehensive income for the year	-	6,359,262	-	-	**6,359,262**
Restated At 31 December 2024	**54,421,880**	**3,724,988**	**657,960**	**465,740**	**59,270,568**

Statement of Cash Flows

	Previously Stated 2024	Adjustment	Restated 2024
	Ushs '000		Ushs '000
Operating activities			
Net cash from operating activities	**12,612,501**	**(3,328,948)**	**9,283,553**
Investing activities			
Acquisition of property and equipment	(908,064)	-	(908,064)
Acquisition of software	(135,228)	-	(135,228)
Acquisition of Right of use Assets	-	-	-
Proceeds from disposal of assets	44,492	-	44,492
Investment in work in progress	(1,893,518)	-	(1,893,518)
Net cash used in investing activities	**(2,892,318)**	-	**(2,892,318)**
Financing activities			
Receipts from borrowings and managed funds during the year	35,477,685	-	35,477,685
Loan repayments during the year	(32,751,397)	-	(32,751,397)
Principal repayment of lease liabilities	(518,433)	(1,715,009)	(2,233,442)
Loan arrangement fees	132,686	(132,686)	-
Receipts of donor funds	3,135,213	5,087,356	8,222,569
Net cash (used in)/generated from financing activities	**5,475,754**	**3,239,661**	**8,715,415**
Net increase in cash and cash equivalents	**15,195,937**	**(89,287)**	**15,106,650**
Cash and cash equivalents at 1 January	**21,762,281**	**1,020,542**	**22,782,823**
Net increase in cash and cash equivalents	15,195,937	(89,287)	15,106,650
Effect of exchange rate fluctuations on cash and cash equivalents held	-	(199,520)	(199,520)
Cash and cash equivalents at 31 December	**36,958,218**	**731,735**	**37,689,953**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Cash from operating activities	Previously Stated 2024	Adjustment	Restated 2024
Operating activities	Ushs '000		Ushs '000
Profit after tax	**8,166,301**	**(1,807,039)**	**6,359,262**
Adjustments for:			
Income tax charge	3,563,356	(774,444)	2,788,912
Depreciation (property and equipment)	2,765,055	-	2,765,055
Depreciation (right of use assets)	2,545,812	-	2,545,812
Amortization (intangible assets)	1,222,608	-	1,222,608
Low Value assets	(438,806)	438,806	-
Write off of capital works in progress	165,485	-	165,485
Interest income on loans and advances	-	(101,003,728)	(101,003,728)
Other interest income	-	(3,445,276)	(3,445,276)
Gain on disposal of property and equipment	456,915	(438,806)	18,109
Movement in ECL for financial assets	5,114,836	-	5,114,836
Unrealized exchange loss on cash and cash equivalents	-	199,520	199,520
Interest expense – leases	1,349,427	-	1,349,427
Gain on termination of the lease	(1,829,297)	1,715,010	(114,287)
Amortization of loan arrangement fees	-	132,686	132,686
Donor funds utilsation	-	(5,287,358)	(5,287,358)
Other non-cash changes in donor funds	-	200,000	200,000
Bad debts write off	-	88,955	88,955
Interest expense – borrowings	10,413,864	-	10,413,864
Net adjustments	**33,495,556**	**(109,981,674)**	**(76,486,118)**
Changes in working capital			
Increase in loans and advances	(17,611,389)	349,211	(17,262,178)
Increase in other assets	602,512	(377,761)	224,751
(Increase)/ decrease in related party receivables	400,954	(135,867)	265,087
Decrease/ (increase) in short term deposits	(8,115,125)	-	(8,115,125)
Increase in related party payables	440,366	1,957,413	2,397,779
Increase in other liabilities	2,085,925	759,937	2,845,862
Increase/ (decrease) in voluntary deposits	45,976,836	(54,678,053)	(8,701,217)
Increase/ (decrease) in loan security fund	(32,417,848)	54,678,053	22,260,205
Cash inflow from/ (used in) operations	**24,857,787**	**(107,428,741)**	**(82,570,954)**
Income taxes paid	-	-	-
Interest received on loans and advances	-	100,654,517	100,654,517
Other interest income received	-	3,445,276	3,445,276
Interest paid on borrowings	(10,598,404)	-	(10,598,404)
Accretion of interest	(1,646,882)	-	(1,646,882)
Net cash from operating activities	**12,612,501**	**(3,328,948)**	**9,283,553**

GRI Index

Statement of use

GRI 1 Used

GR1: Foundation 2021 BRAC Uganda Bank Limited has disclosed the information referenced in this GRI content index for the reporting period from 1 January 2025 to 31 December 2025.

GRI 2: General Disclosures 2021

No	Disclosure	Location
2-1	Organizational details	12
2-2	Entities included in the organisation's sustainability reporting	17, 23
2-3	Reporting period, frequency, and contact point	17
2-4	Restatements of information	17
2-5	External assurance	16
2-6	Activities, value chain and other business relationships	26, 34, 36
2-7	Employees	134
2-8	Workers who are not employees	N/A
2-9	Governance structure and composition	62, 66, 72
2-10	Nomination and selection of the highest governance body	88
2-11	Chair of the highest governance body	60
2-12	Role of the highest governance body in overseeing the management of impacts	102
2-13	Delegation of responsibility for managing impacts	72
2-14	Role of the highest governance body in sustainability reporting	16
2-15	Conflicts of interest	68
2-16	Communication of critical concerns	None raised in FY 25
2-17	Collective knowledge of the highest governance body	69
2-18	Evaluation of the performance of the highest governance body	85
2-19	Remuneration policies	88
2-20	Process to determine remuneration	88
2-21	Annual total compensation ratio	Confidentiality constraints
2-22	Statement on sustainable development strategy	30, 32
2-23	Policy commitments	22
2-24	Embedding policy commitments	101
2-25	Processes to remediate negative impacts	115
2-26	Mechanisms for seeking advice and raising concerns	83
2-27	Compliance with laws and regulations	83
2-28	Membership associations	8
2-29	Approach to stakeholder engagement	38

GRI Standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	42,
	3-2 List of material topics	43,
	3-3 Management of material topics	44,
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	N/A
	101-2 Management of biodiversity impacts	N/A
	101-3 Access and benefit-sharing	N/A
	101-4 Identification of biodiversity impacts	N/A
	101-5 Locations with biodiversity impacts	N/A
	101-6 Direct drivers of biodiversity loss	N/A
	101-7 Changes to the state of biodiversity	N/A
	101-8 Ecosystem services	N/A

GRI Standard	Disclosure	Location
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	105
	201-2 Financial implications and other risks and opportunities due to climate change	115
	201-3 Defined benefit plan obligations and other retirement plans	135
	201-4 Financial assistance received from government	N/A
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	N/A
	202-2 Proportion of senior management hired from the local community	N/A
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	N/A
	203-2 Significant indirect economic impacts	90, 108
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	145
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	N/A
	205-2 Communication and training about anti-corruption policies and procedures	135
	205-3 Confirmed incidents of corruption and actions taken	N/A
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
GRI 207: Tax 2019	207-1 Approach to tax	N/A
	207-2 Tax governance, control, and risk management	N/A
	207-3 Stakeholder engagement and management of concerns related to tax	N/A
	207-4 Country-by-country reporting	N/A
GRI 301: Materials 2016	301-1 Materials used by weight or volume	N/A
	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	106
	302-2 Energy consumption outside of the organisation	N/A
	302-3 Energy intensity	N/A
	302-4 Reduction of energy consumption	106
	302-5 Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	N/A
	303-2 Management of water discharge-related impacts	N/A
	303-3 Water withdrawal	N/A
	303-4 Water discharge	N/A
	303-5 Water consumption	106
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	35
	305-2 Energy indirect (Scope 2) GHG emissions	35
	305-3 Other indirect (Scope 3) GHG emissions	N/A
	305-4 GHG emissions intensity	N/A
	305-5 Reduction of GHG emissions	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
GRI 306: Effluents and Waste 2016	306-3 Significant spills	N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	N/A
	306-2 Management of significant waste-related impacts	N/A
	306-3 Waste generated	N/A
	306-4 Waste diverted from disposal	N/A
	306-5 Waste directed to disposal	N/A
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A

GRI Standard	Disclosure	Location
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	133
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	135
	401-3 Parental leave	N/A
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	N/A
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	N/A
	403-3 Occupational health services	135
	403-4 Worker participation, consultation, and communication on occupational health and safety	N/A
	403-5 Worker training on occupational health and safety	N/A
	403-6 Promotion of worker health	135
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A
	403-8 Workers covered by an occupational health and safety management system	N/A
	403-9 Work-related injuries	N/A
	403-10 Work-related ill health	N/A
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	136
	404-2 Programs for upgrading employee skills and transition assistance programs	136
	404-3 Percentage of employees receiving regular performance and career development reviews	136
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	70, 134, 135
	405-2 Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	135
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	N/A
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	90, 108
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	N/A
	414-2 Negative social impacts in the supply chain and actions taken	N/A
GRI 415: Public Policy 2016	415-1 Political contributions	N/A
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	NA
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	N/A
	417-2 Incidents of non-compliance concerning product and service information and labelling	N/A
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	141

Acronyms

Acronym	Description
AIM	Accelerating Impact for Young Women
AC	Audit Committee
AGM	Annual General Meeting
AMFIU	Association of Micro-finance Institutions of Uganda
AML	Anti-Money Laundering
AMTI	Advanced Management Training Initiative
BAC	Board Audit Committee
BALMC	Board Asset and Liability Management Committee
BHRNC	Board Human Resource and Nominations Committee
BALCO	Board Assets and Liabilities Committee
BCC	Board Credit Committee
BHRC	Board Human Resource Committee
BRCITC	Board Risk, Compliance & Information Technology Committee
BMTI	Basic Management Training Initiative
BSPMC	Board Social Performance Management Committee
BSL	BRAC Skills Lab
BUBL	BRAC Uganda Bank Limited
CBO	Community Based Organisation
CIR	Cost to Income Ratio
CFT	Countering the Financing of Terrorism
COF	Combating the Financing of Proliferation
CRO	Customer Relationship Officer
CPI	Consumer Price Index
CPP	Client Protection Principles
CBR	Central Bank Rate
CSR	Corporate Social Responsibility
DFA	Digital Field Application
ECL	Expected Credit Losses
ESG	Environmental, Social and Governance
ESGM	Environmental, Social and Governance Management
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
ICGU	The Institute of Corporate Governance of Uganda
IT	Information Technology
IRF	Integrated Reporting Framework
ISSB	International Sustainability Standards Board
GRI	Global Reporting Initiative
GABV	Global Alliance for Banking on Values
KPIs	Key Performance Indicators
NPL	Non-Performing Loans
OeEB	Oesterreichische Entwicklungsbank AG
ROA	Returns on Assets
ROSAC	Rotating Savings and Credit Association
ROE	Return on Equity
SACCO	Savings and Credit Cooperative Organisation
SEE	Social, Environmental, and Economic impact
SDG	Sustainable Development Goals
SIEM	Security Information and Event Management
SMTI	Succession management training initiative
SPM	Social Performance Management
UBA	Uganda Bankers' Association
UIBFIS	Uganda Institute of Banking and Financial Services
USSEPM	Universal Standards for Social and Environmental Performance Management
USSD	Unstructured Supplementary Service Data
SEP	Small Enterprise Programme
VSLA	Village Savings and Loan Associations
WSBL	World Savings and Retail Banking Institute

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