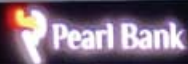




Welcome to the Pearl



Annual
Integrated Report
2025

Our Strength and Stability



Our 5 year performance trend	Target	2021	2022	2023	2024	2025	YoY % Change
Key income statement lines							
		Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	
Total revenue		144.5	159.3	207.6	248.1	298	20.1%
Costs		117.4	128.1	164.1	195.9	239.2	20.5%
Credit loss provisions		9.5	10.7	9.1	12.6	8.1	(36%)
Profit before tax		17.6	20.5	34.5	39.6	50.8	28%
Income tax expenses		5.4	5.3	6.9	4.2	3.5	(17%)
Profit after tax		12.2	15.2	27.5	35.4	47.3	34%
Key balance sheet lines							
Shareholders' equity		117.1	135.6	163.8	205	255	25%
Customer deposits		507.3	689.1	789.8	990	1,416.7	43%
Financial assets at amortized cost		30.8	156.9	183.3	364.5	614.6	69%
Cash and balances with Bank of Uganda		42.0	124.2	130	161.9	256.2	58%
Loans and Advances		454.9	479.5	602.6	718.7	749	4%
Total assets		745.3	946.6	1,071.4	1,427.6	1,875.3	31%
Ratios							
Net Interest Margin (NIM) (%)	12%	15.8%	12.5%	17.03%	15.5%	14.3%	(1%)
Return on Equity (ROE) (%)	>17%	10.4%	11.2%	16.8%	17.3%	18.5%	1.27%
Return on Assets (ROA) (%)	>2.2%	1.6%	1.6%	2.6%	2.5%	2.5%	0.05%
Cost to income	80%	87.8%	87.2%	83.4%	84%	83%	(1%)
Regulatory capital requirements							
Tier 1 capital ratio	15%	18.2%	19.6%	19.2%	20.5%	23.6%	3.1%
Tier 1 + Tier 2 capital ratio	17%	19.5%	20.9%	20.4%	21.8%	24.9%	3.1%
Statement of cash flows							
		Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	YoY % Change
Net cash flows generated from operating activities		31.2	83.5	57.5	36.4	163.1	348%
Net cash used in investing activities		(20.2)	(29.6)	(30.2)	(17.4)	(15.2)	-13%
Net cash flows used in financing activities		(1.3)	(11.5)	(16.3)	5.5	(8.6)	-256%
Net increase in cash and cash equivalents		9.7	42.3	11.1	24.5	139.4	470%
Cash and cash equivalents at start of year		37.4	47.1	89.4	100.4	124.9	24%
Cash and cash equivalents at end of year		47.1	89.4	100.4	124.9	264.3	112%



PostBank Uganda entered a new chapter in its journey by changing name to Pearl Bank Uganda Ltd. This transformation marks a renewed commitment to fostering prosperity for Ugandans. In line with its five-year strategic plan, the Bank has undergone remarkable growth, introduced innovative solutions such as Wendi, and strengthened its governance and customer base.

To provide insight into what this transformation means for customers, stakeholders, and Uganda's financial sector, the Q & A below highlights the Bank's strategic direction and growth journey following its change of name.

Q1. Why is PostBank rebranding?

We've rebranded to strategically align with our aspiration of becoming a trusted partner in the growth and prosperity of Ugandans. This evolution enables us to serve our clients better and truly represents who we are today - a dependable bank for Ugandans.

The new brand embodies our transformation into a digitally progressive, inclusive, and nationally grounded financial institution that is deeply committed to advancing the growth of Ugandans and catalysing the success of Ugandan businesses.

Q2. Why the name Pearl Bank?

Uganda is proudly known as the "Pearl of Africa" a tribute to its breathtaking beauty, rich culture, and vibrant people. By adopting the name Pearl Bank, we honor this legacy and inspire national pride.

The name Pearl Bank affirms our local identity and deepens our commitment to stability, reliability, and shared prosperity.

Pearl Bank is more than a name, **it's a promise.** A promise that every Ugandan, wherever they are, can be part of building a nation where prosperity is a shared purpose, not a privilege.

Q3. Will there be a change to the Bank's ownership?

No, the Bank's ownership structure remains the same. Pearl Bank remains fully owned by Ugandans through **Government of Uganda.**

Q4. What exactly is changing?

The rebrand includes a new name, logo, color, and refreshed customer value proposition.

However, our core mandate to serve Ugandans remains unchanged. All customer accounts, products, and services will continue seamlessly, with no disruption to access or functionality.

Q5. Why are we changing the name now?

Our new name is a defining moment in our journey. Over the past five years, the Bank has achieved remarkable growth, strengthened governance, expanded our customer base, and introduced innovative solutions such as *Wendi* that have had nationwide impact. These milestones have enhanced our capacity and brought us closer to our customers and shareholders.

And let's be honest after all this transformation, Pearl Bank is no longer just "posting" results; we're now a key partner in Uganda's development journey, setting new standards and driving real impact in the economy!

The rebrand to Pearl Bank signals our readiness to embrace bigger opportunities to serve you better whilst ensuring that we remain relevant, resilient, and impactful for the future.

Q6. What will Pearl Bank's strategic imperative be?

Pearl Bank's strategic direction is rooted in the core purpose of **Fostering Prosperity for Ugandans.** This ambition will be driven by two overarching goals:

- 🎯 **Driving Sustainable Financial Inclusion:** Ensuring that all Ugandans, regardless of location or status, have access to relevant, affordable, and secure financial services.
- 🎯 **Stimulating Entrepreneurship and Services:** Supporting the development of Ugandan enterprises and enhancing service delivery to promote economic activity and job creation.

The rebrand process officially commenced and will run until May 2026.

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Integrated Reporting

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01

Our Theme

27 Years of Gratitude:
Building Lasting Prosperity for Every Ugandan.

Welcome to our Fifth Integrated Report

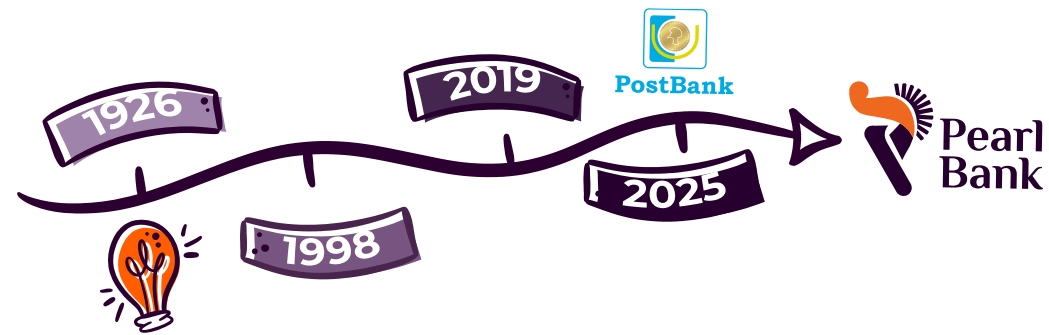
For our fifth Integrated Report, we reflect on 27 Years of Gratitude upon which, we shall Build Lasting Prosperity for Every Ugandan. In 2025, we asked ourselves a defining question: "Who is our customer?" That clarity led us to rebrand ourselves as Pearl Bank, aligning our identity with our ambition to be a trusted partner in Uganda's growth. This evolution strengthens our ability to serve and reflects who we are today, a dependable bank for Ugandans. Pearl Bank is a modern, inclusive, and nationally grounded institution committed to advancing the prosperity of individuals and enterprises across the country.

About Us

Humble Beginnings

Our story traces back to 1926, when we began as the Post Office Savings Department, Uganda's earliest organized effort to nurture a national savings culture. Operating through the Uganda Post Office, we provided simple, accessible savings services that brought financial inclusion closer to ordinary citizens, particularly those in rural communities who had long been excluded from formal banking.

By 1998, this foundation evolved into a fully-fledged credit institution, marking the beginning of our banking journey and setting the stage for the growth, impact and transformation that followed.



Pearl Bank Today

With points of representation across all parts of Uganda, we are a financial institution wholly owned by the Government of Uganda through the Minister of Finance Planning and Economic Development. We are regulated by The Bank of Uganda and hold two licenses that suit our business model and plethora of customers, who depend on us to provide affordable financing and banking services.

Who We Are

-  **A National Impact-led Financial Institution**
-  **A reliable Partner for Growth and Prosperity**
-  **A trusted indigenous Bank for Ugandans**



The new Pearl Bank Head Office at Roscoe road Kololo Kampala

Why We Exist

Embedded in our business strategy, our purpose every day is to Foster Prosperity for Ugandans through two ways.

1 Drive sustainable Financial Inclusion

How we do it

- Using technology to provide Agency banking at the community level for universal financial access in Uganda.
- Eliminating barriers for Ugandans to access financial services.
- Leveraging on partnerships to reduce the cost of banking.
- Supporting community banking through powering of SACCOs.

The impact we create

- More Ugandans to be financially included (into the money economy).
- Increased household income.
- Growth in savings.
- Facilitating remittances.

2 Stimulate Entrepreneurship and services

How we do it

- Fuel the Tenfold growth agenda.

The impact we create

- Continuous reduction in cost of credit for SMEs.
- Improved SME access to credit.
- Growth in agriculture exports and foreign exchange inflows.
- Improved standards for Agri production practices and protection of the environment.
- Job creation.

Navigation Icons

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



Our Banking Products and Services GRI 2-6

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

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02



Dr. Michael Atingi-Ego, the Bank of Uganda Governor handed over the operating license of Pearl Bank Uganda Limited, which formerly operated as PostBank Uganda, to the Bank's Managing Director, Julius Kakeeto, paving the way for the institution to commence business under its new name and identity.

About Our Report

Our vision is to be the pace setter in economically transforming lives and livelihoods.

This Integrated Report demonstrates how we are building a future ready bank capable of delivering a better tomorrow, sustainably. Its primary focus is to meet the information needs of our shareholders supported by relevant disclosures on how we create, preserve, and minimise the erosion of value for all our key stakeholders.

Forward-Looking Statements

This Report contains forward looking statements regarding Pearl Bank's financial position, performance, operations, and business outlook. These statements reflect management's judgments and expectations at the time of preparation. However, emerging risks, uncertainties, and other material factors may cause actual outcomes to differ from these expectations and could adversely affect our business and financial performance.

Integrated thinking

We view **integrated thinking** as the dynamic interplay of the capitals we use and influence across the short, medium, and long term. We acknowledge the trade-offs inherent in strategic decision making and commit to choices that strengthen and maximize our value creation process.

Materiality

This Report discloses information on matters that materially affect our ability to create value over the short, medium, and long term. Our materiality determination process is outlined on **page 16** of this Report.



Board responsibility statement

The Board affirms its responsibility for the integrity and completeness of this Integrated Report. In the Board's view, the Report provides a balanced and comprehensive account of all matters material to the Bank's ability to create, preserve, and protect value. It reflects our integrated performance, the trade offs we navigate, and the governance structures that underpin our long term sustainability. The Board of Directors of Pearl Bank Uganda Limited approved this Report on 26th March 2026.

Boundary and scope

Our Integrated Reporting Boundary

Covers the risks, opportunities and outcomes arising from our:

Operating environment Pages 95 to 100	Our Material Matters Pages 85 to 87	Our Strategic approach Pages 108 to 111
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Use and impact on the six capitals Pages 120 to 179 	Integrated stakeholder engagement Pages 76 to 79
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Our primary UN SDG's



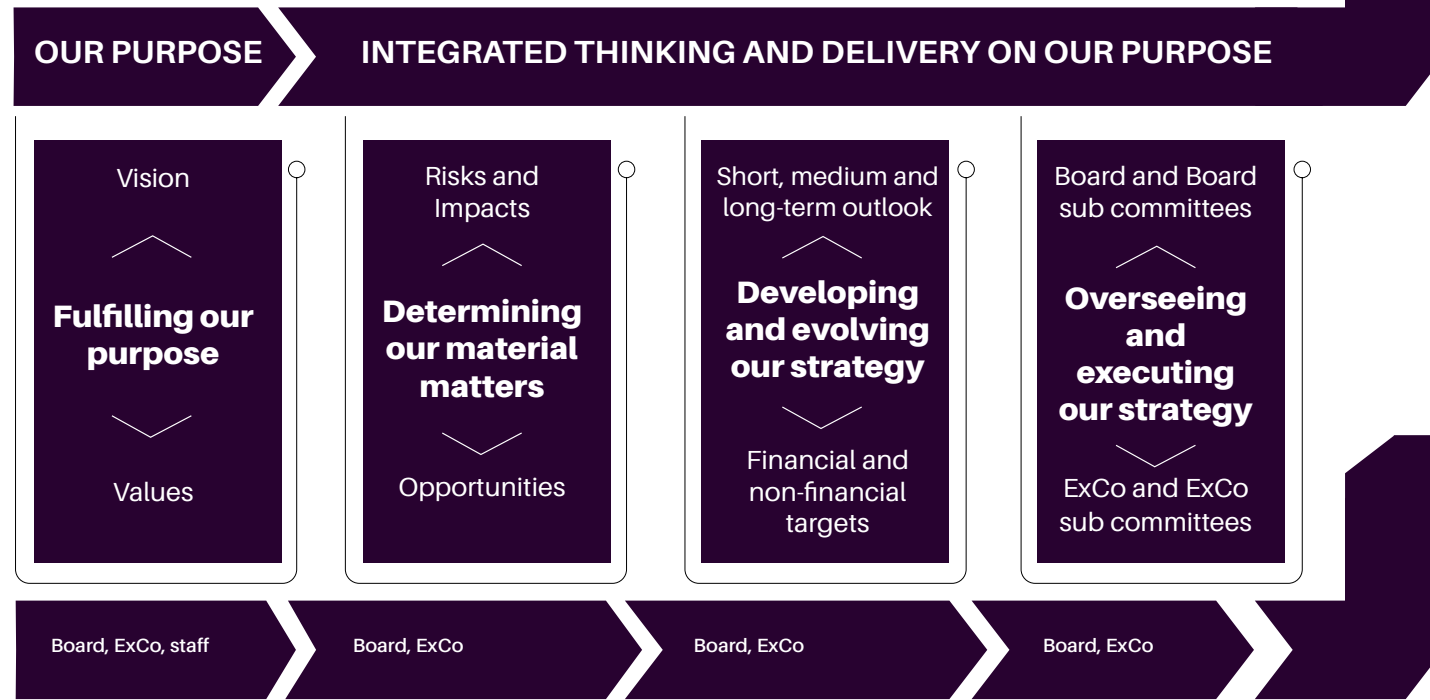
Performance information in this Report covers Pearl Bank's financial year from 1 January 2025 to 31 December 2025. Any material events occurring after this period and up to the date of Board approval have been considered and disclosed where relevant. Our assessment of the most significant risks and opportunities arising from our operating context and stakeholder relationships informs the material matters presented in this Report.

Grow. Prosper



Our Integrated Reporting Process

Our 2025 Integrated Report reflects the principles of integrated thinking, supported by a Board governed reporting process, led by the Executive Committee, and reinforced through our Combined Assurance Model. It represents a collaborative, enterprise wide effort that ensures transparency, accountability, and strategic alignment across the Bank.



How we think about value

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

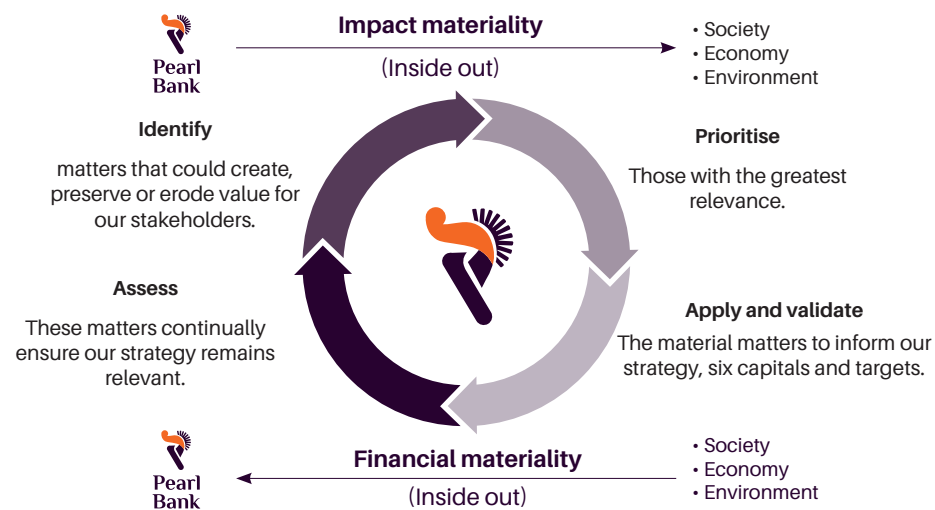
In this report, the following icons signify value creation, preservation, and erosion:



Our materiality determination process GRI 3-1

Identifying our material matters is a collaborative effort, incorporating insights from our businesses, an evaluation of impacts, risks, and opportunities within our operating environment using a double materiality lens, and feedback from key stakeholder groups. Our five material matters, outlined on page 87, serve to pinpoint opportunities, risks, and impacts, shaping our strategic response while guiding the evolution of our business model and the establishment targets.

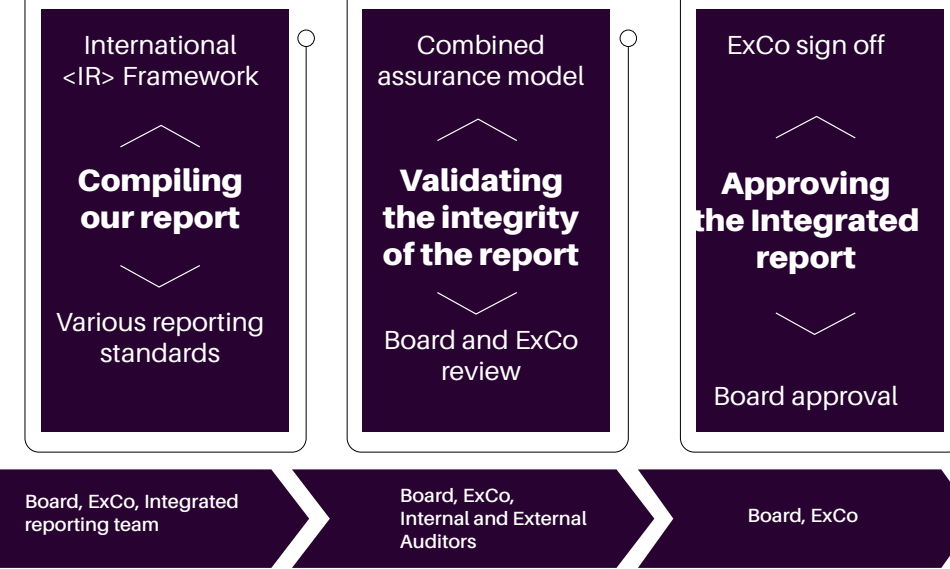
Our Executive Committee (Exco) and Board engage in ongoing discussions on these material matters throughout the year, formally reviewing and approving them as part of our annual strategy engagement.



Approval by the Board

We affirm our responsibility for ensuring the integrity of this Integrated Report. In our view, it provides a comprehensive and balanced account of all material matters affecting Pearl Bank's ability to create, preserve, and protect value, and it fairly reflects the Bank's integrated performance. We are satisfied that the Report has been prepared in accordance with the International <IR> Framework (2021). The Board of Directors of Pearl Bank Uganda Limited formally approved this Report on 26th March 2026.

OUR INTEGRATED REPORTING PROCESS



What process do we follow to complete the Pearl Bank integrated report?

The 2025 Integrated Report is developed through a rigorous, collaborative process, drawing on Executive Committee (Exco) and board discussions, meeting minutes, key decisions, and approvals each demonstrating our commitment to integrated thinking. In alignment with the International <IR> Framework (2021), we incorporate both internal and external disclosures to ensure transparency and accountability.

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

Which reporting frameworks do we adhere to?

Our integrated reporting is guided by the principles and requirements of the International <IR> Framework (2021), IFRS and the King Code of Governance Principles (King IV), UK Corporate Governance Code, and UN Sustainable Development Goals (SDGs), and is in accordance with the 'core' option of the Global Reporting Initiative (GRI) Standards. As a Ugandan Bank, we align with Bank of Uganda Requirements (FIA, 2004) and the Companies Act, Cap 106, among other pertinent laws and regulations.

How do we ensure the integrity of our report?

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

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

OUR INTEGRATED REPORT

Reporting period GRI 2-3

We produce and publish this report annually, covering the period from **1 January to 31 December 2025**. Additionally, any material events occurring after this date and up to the **board approval date of 26th March 2026** have been incorporated.

Targets and strategy

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

Targeted readers

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

Financial and non-financial

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

Risk reporting

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

Queries GRI 2-3

Your comments and queries on this report are welcome and can be addressed to: Chief Financial Officer, Pearl Bank Uganda Limited, Plot 15-17 Roscoe Road, Kololo, Kampala. peter.ssenyange@pearlbank.com

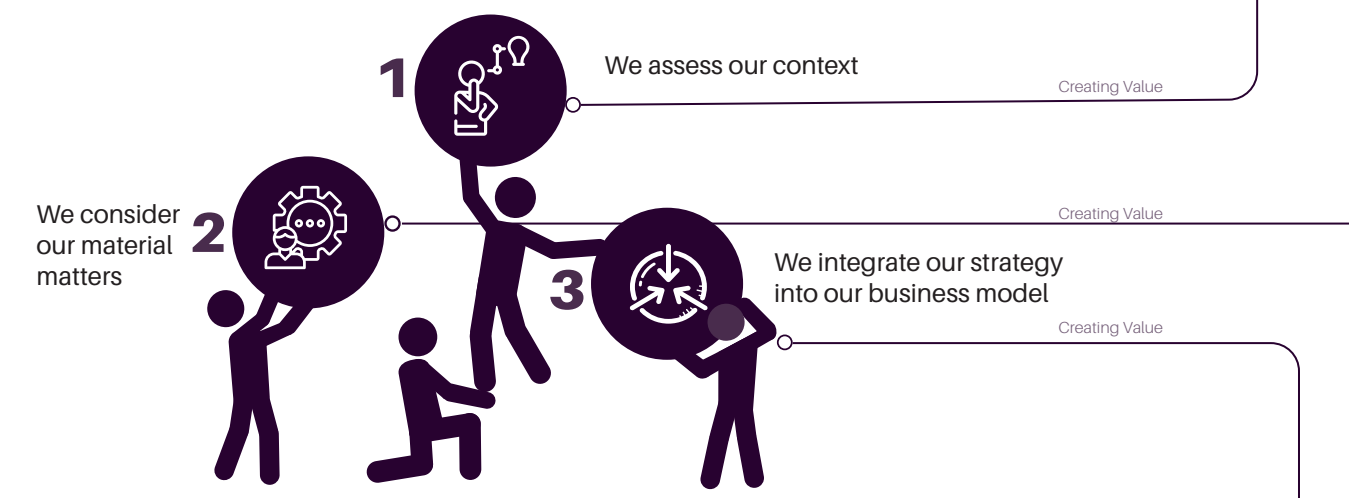
How We Create Value:

Creating Value

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

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

How we approach value creation



We are committed to delivering broader societal value by aligning our efforts with the United Nations Sustainable Development Goals (UN SDGs) and contributing to Uganda's National Development Plan IV. Through this alignment, we reinforce our role in advancing inclusive growth, strengthening livelihoods, and supporting national development priorities.

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



Stakeholder goals						
Customers	Employees	Regulators	Government of Uganda	Partners	Suppliers	Society
<ul style="list-style-type: none"> • Creating economic prosperity for our customers through our differentiated financial services. 	<ul style="list-style-type: none"> • Employer of choice. Enabling our people develop professionally through winning teams. 	<ul style="list-style-type: none"> • Exemplary governance and ethics in everything we do. 	<ul style="list-style-type: none"> • Expand financial inclusion. 	<ul style="list-style-type: none"> • Transparent, accountable, and timely implementation of projects. 	<ul style="list-style-type: none"> • We are a source of business opportunity and growth. 	<ul style="list-style-type: none"> • Responsible community participant.

We assess our context

• **Operating context** [see Page 95](#)

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

• Stakeholder relationships [see Page 76](#)

At Pearl Bank Uganda Limited, we manage our resources and stakeholder relationships with diligence and responsibility, ensuring that our actions reflect sound governance and sustainable practice. By understanding what each stakeholder group values most, we prioritise their needs and expectations. In turn, we work to generate meaningful, mutual value from every relationship, reinforcing our commitment to long term, inclusive growth.

• Material matters, risks and opportunities [see Page 85](#)

We identify our key risks and opportunities through the lens of our five year strategy, our business model, and the realities of our operating environment.

We consider our material matters

We apply a comprehensive approach to identifying factors that may influence our ability to create value across the short, medium, and long term. These insights guide our strategic choices, enabling us to manage risks proactively and seize emerging opportunities. In our materiality assessment, we identified five priority trends arising from our most significant issues. Together, these trends represent the major megatrends shaping our operating context.

• **Materiality Themes** [see Page 87](#)

We integrate our strategy into our business model

Business strategy

- At Pearl Bank Uganda Limited, we design our solutions to deliver affordable, sustainable financial services that advance financial inclusion and unlock socio economic progress. Through this commitment, we directly support our high impact goals to *Drive Sustainable Financial Inclusion and Stimulate Entrepreneurship and Services*, enabling individuals, businesses, and communities to thrive.
- Our decision making is anchored in five strategic priorities that guide how we create value across the short, medium, and long term. These priorities shape our offerings, inform capital allocation, and ensure that our actions empower stakeholders while contributing meaningfully to Uganda's development.

• Business model [see Page 34](#)

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

Our primary **Goal** is to Foster Prosperity for Ugandans

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

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03



Pearl Bank staff at a bank event

Our Achievements

WE ARE A:



→ National Impact Led Financial Institution



→ Reliable Partner for Growth and Prosperity



→ Trusted Indigenous Bank for Ugandans

WHOSE PURPOSE IS TO:

Foster prosperity for Ugandans

THROUGH OUR HIGH IMPACT GOALS

1 → Drive Sustainable Financial Inclusion

2 → Stimulate Entrepreneurship and Services

In 2025, we were:

More Like an Economic Growth Catalyst, Less Like a Bank



Carol Andama, our Head of Public Sector, represented the Managing Director at the 14th Mineral Wealth Conference, she highlighted Pearl Bank's strategic role not only in financing mining projects but also in promoting financial inclusion across mining communities.

We advance inclusive, sustainable growth by equipping our people and deploying our resources to expand accessible finance and strengthen entrepreneurship across our communities.

- Funded the Agro-industrialisation, Tourism, Mineral development and Science, Innovation & Technology (ATMS) sectors to a tune of Ushs 92 Bn.
- In line with our mandate from the Minister of Finance Planning and Economic Development, we created 31,642 direct and indirect jobs.
- 📌 Refer to page 7 of the Sustainability and Impact Report.
- Directly and indirectly generated tax revenue for government of Ushs 32 Bn(2024: 30 Bn).



The Executive Director Operations, Mr Martin Mugisha braced the Wendi wallet and FlexiPay integration launch at Sheraton Kampala Hotel.

More Like a Business Partner, Less Like a Bank



Our Managing director, Mr Julius Kakeeto alongside Mr Ibrahim Kato our Chief Retail Officer handed over a cheque of twenty five million shillings to the Kampala Capital City Authority (KCCA) Executive Director, Sharifah Buzeki, to boost the Kampala City Festival.

Pearl Bank strengthens Uganda’s sustainable growth by working alongside businesses, civil society partners, and Government to expand inclusive finance, deepen economic participation, and unlock long term value for communities and the real economy.

1

Parish Development Model (PDM) Secretariat



- Pearl Bank partnered with the PDM Secretariat to receive and disburse PDM funds nationwide.
- The Bank supported financial inclusion through our wendi platform by bringing the services closer to the unbanked.
- The bank disbursed Ushs 1.2 Tn PDM funds through our wendi platform to 1,196,251 beneficiaries
- The partnership advanced wealth creation and financial inclusion.

3

Agricultural Credit Facility (ACF)



Pearl Bank partnered with Bank of Uganda through the Agricultural Credit Facility (ACF) and advanced Ushs 121 Bn towards the agricultural sector and this grew by Ushs 50.5 Bn from Ushs 70.5 Bn in 2024.

5

Small Business Recovery Fund (SBRF)



- Pearl Bank partnered with SBRF to support MSMEs recovery after the covid 19.
- The Bank disbursed Ushs 11 Bn to 155 businesses.
- The partnership reinforced Pearl Bank’s role as a long term business partner to MSMEs.



Our Head of Marketing and Communications gives a handshake for a shared vision in a partnered collaboration of the NSSF Kampala hills run

2

Grow loans.



- A PSFU–World Bank programme empowering women entrepreneurs by expanding access to essential business services and resources, with over **Ushs 23 Bn** disbursed to date.

4

Ministry of Finance Planning and Economic Development (MoFPED)



- Pearl Bank partnered with the Ministry of Finance, Planning and Economic Development (MoFPED), working through large-scale farmers to support private commercial agriculture and enhance national food and animal feed security.
- The Bank disbursed Ushs 29 Bn to 35 beneficiaries.

More like a sustainability champion, less like a bank



Wendi collaborated with Uganda Microfinance Regulatory Authority to promote women's empowerment and advance financial inclusion

We became Uganda's first commercial bank to earn the EOSD Sustainability Certification, advanced climate resilient agroforestry with GRO Foundation, and through Wendi disbursed over Ushs 1 trillion to SACCOs across 5,030 parishes to strengthen nationwide financial inclusion.

Impact on Society

Outcomes	Impact
Outcome 2: Enhancing the quality of lives in Uganda through safer, better and Higher paid Jobs	<ul style="list-style-type: none"> Created direct + indirect jobs. Disbursed loans that drove sustainable finance inclusion and stimulated entrepreneurship and services.
Outcome 3: Promoting entrepreneurship and Innovation.	<ul style="list-style-type: none"> Fund self-employed/microenterprises. Funded SMEs funded.
Outcome 4: Enabling inclusive prosperity	<ul style="list-style-type: none"> Financed women owned businesses. Created jobs for women. Funded businesses from structurally weak regions in Uganda funded. Financed youth owned businesses.

Impact on economy

Outcomes	Impact
Outcome 5: Boost the real economy	<ul style="list-style-type: none"> Disbursed loans to Ugandans. Improved access to finance by MSMEs. Catalyzed agriculture through disbursements to the sector.
Outcome 6: Building economic resilience	<ul style="list-style-type: none"> Solved the short-term cash needs of millions of Ugandans through Xtra-cash.

Impact on environment

Outcomes	Impact																										
Outcome 7: Promoting climate Neutrality through resource efficiency by Pearl Bank activities.	<p>Our Environmental Impact: Usage</p> <table border="1"> <thead> <tr> <th></th> <th>Unit</th> <th>2025 impact</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>kW *</td> <td>↑</td> <td>Growth and expansion.</td> </tr> <tr> <td>Water</td> <td>Litres</td> <td>↓</td> <td>Effective use of resource.</td> </tr> <tr> <td>Paper</td> <td>kgs</td> <td>↑</td> <td>Growth and expansion.</td> </tr> <tr> <td>Fuel</td> <td>Litres</td> <td>↑</td> <td>Growth and expansion.</td> </tr> </tbody> </table> <p>Carbon emissions: Tonnes of CO2e</p> <table border="1"> <thead> <tr> <th></th> <th>2025</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>3,585</td> <td>2,757</td> </tr> </tbody> </table>		Unit	2025 impact	Reason	Electricity	kW *	↑	Growth and expansion.	Water	Litres	↓	Effective use of resource.	Paper	kgs	↑	Growth and expansion.	Fuel	Litres	↑	Growth and expansion.		2025	2024	Total	3,585	2,757
	Unit	2025 impact	Reason																								
Electricity	kW *	↑	Growth and expansion.																								
Water	Litres	↓	Effective use of resource.																								
Paper	kgs	↑	Growth and expansion.																								
Fuel	Litres	↑	Growth and expansion.																								
	2025	2024																									
Total	3,585	2,757																									

Refer to pages 71, 176 to 179 of this report and page 20 to 21 of our Sustainability and Impact Report for more details.

More like a customer, less like a bank

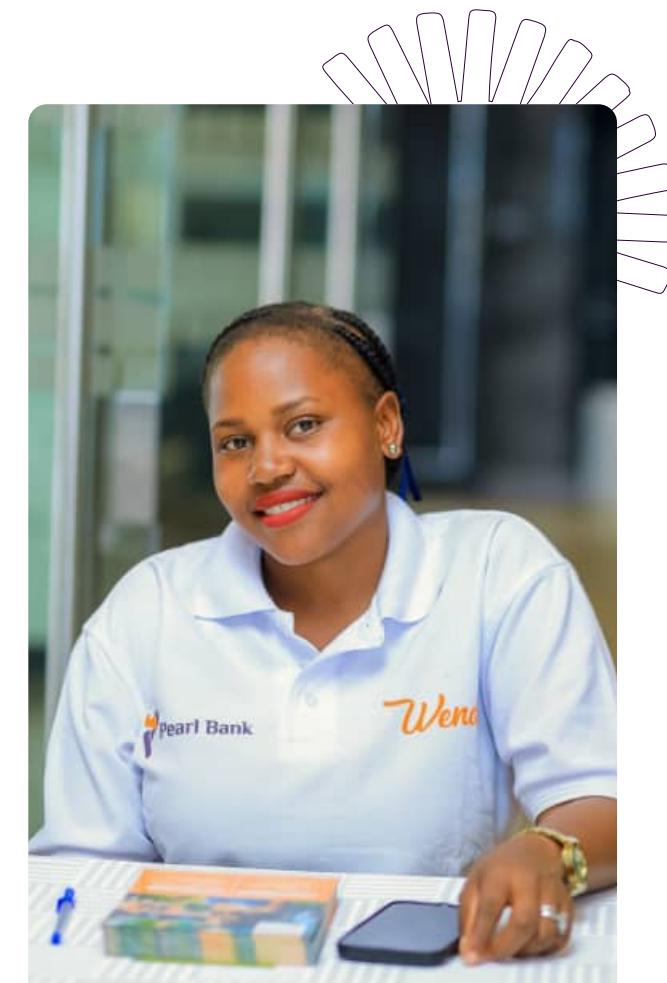


Pearl Bank staff at the Digital Impact Awards Africa 2025, show case a double win: Gold for Community/MFI Banking Innovation Excellence, and Diamond for Banking Innovation Excellence.

We enhanced customer experience, expanded SACCO and bank interoperability, and strengthened cybersecurity to deliver safer, simpler, and more inclusive digital financial services.

1

- We enhanced customer experience and safety through solutions tailored to the needs of everyday Ugandans.
 - We introduced the Wendi SACCO Management Tool to streamline saving, borrowing, and accounting for community based SACCOs.
 - We advanced interoperability by integrating Wendi with eight banks, simplifying transactions and deepening financial inclusion for underserved communities.
 - We strengthened customer centric cybersecurity by reinforcing payment security, deploying advanced monitoring to prevent unauthorized access, maintaining zero system breaches, and registering as a Data Collector, Controller, and Processor under Uganda's Data Protection Act.
 - Pearl Bank's commitment to driving sustainable financial inclusion and stimulating entrepreneurship and services is reflected not only in our strategy but in the lived experiences of the customers and communities we serve.
-  Refer to pages 162 to 174 of this report for more details.



Pearl Bank staff waiting to serve customers at Uganda Institute of Banking and Financial Services' Planned Adult campaign



A customer is served fuel by a TotalEnergies attendant, using Wendi, a digital wallet developed by Pearl Bank. This partnership was aimed at simplifying customer payments at all Total fuel stations using the Wendi mobile wallet platform.

The Inputs We Rely on (Our Capitals)

Our current and future relevance, as well as our ability to generate long term value, depend on the effective stewardship of the capitals we rely on and influence. These capitals serve as essential inputs into our value creation activities, while our impact on them shapes the outputs and outcomes we deliver. This Report explains how we harness these capitals to create sustainable value for all our stakeholders.

Our Usage and Impact

Financial Capital

Our shareholders' equity and funding from investors and clients provide the financial resources that support our operations, including deposit taking and credit extension. We maintain a balanced funding mix and a strong equity position to enable sustainable business growth.



Refer to page 148

Intellectual Capital

The intangible assets that define the Pearl Bank Uganda brand, including our systems, protocols, and institutional knowledge that enable innovation and advance our financial inclusion goals.



Refer to page 133

Human Capital

The skills, experience, and expertise of our people, which drive innovation, service excellence, and the delivery of competitive solutions to our clients.



Refer to page 122

Manufactured Capital

Our physical and digital infrastructure including properties, equipment, technology platforms, products, and operational processes that enable efficient service delivery and support our business model.



Refer to page 142

Social and Relationship Capital

Our citizenship and strong stakeholder relationships, including regulators, suppliers, communities, and partners. We cultivate collaborative relationships that contribute to socio economic development and enhance the wellbeing of our stakeholders.



Refer to page 162

Natural Capital

The natural resources we depend on and impact through our operations and business activities, and our commitment to managing these resources responsibly.



Refer to page 176



The Executive Director Digital Financial Services, Mr Andrew Kabeera delivers a message at the executive academy.

Our Presence in Uganda GRI 2-1

We offer a range of products and services through an extensive network of 58 branches, 60 ATMs, 55 ATM recyclers, 14 mobile banking vans, and 9,619 agents across the country.



Branches
58



ATMS
60



Mobile Vans
14



Wendi Agents
9,619

- Parishes
5,030

- Sub-counties
1,791

- Wendi Agents by district
136

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



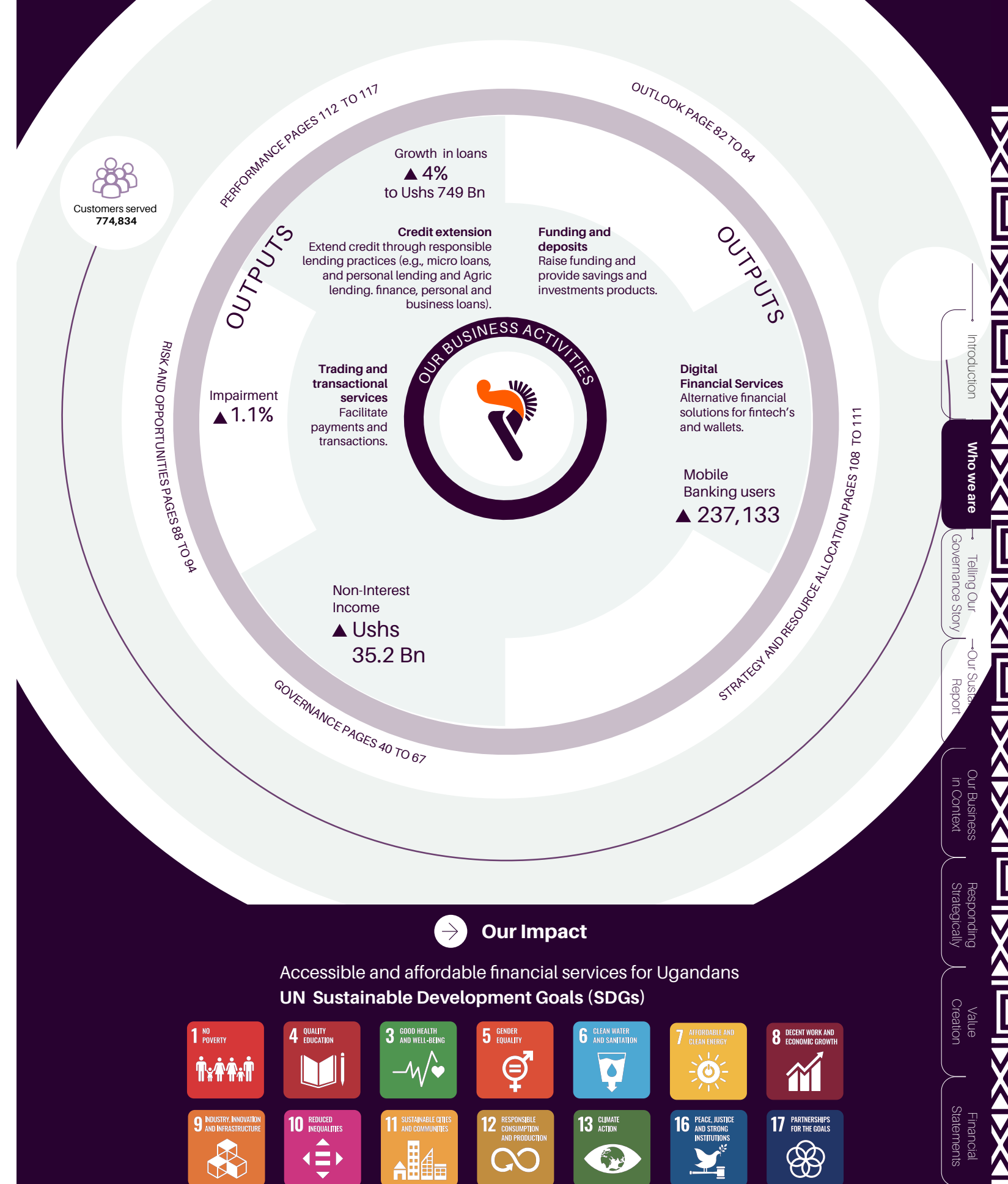
Existing Bank Branches

Mobile Van Points

Our Value Creating Business Model

Our business model is a core strategic asset that underpins how we create value. It defines how we deploy our resources, engage our stakeholders, and deliver products and services that meet Uganda's evolving financial needs. By anchoring our activities in a value creation approach, the model guides how we generate sustainable growth and long term relevance for all our stakeholders.

The availability and quality of our six capital inputs			
Our Capitals	Inputs	Material Matters	Top Risks Affecting Availability of Capitals
Financial capital Our shareholders' equity, funding from investors and clients that support our business and operational activities including credit extension.	Ushs 255.3 billion in equity (2024: 204.9 billion). See page 189. Ushs 38.2 billion in borrowings (2024: 43.9 billion). See Note 30 page 252.		<ul style="list-style-type: none"> Liquidity risk Compliance risk Credit risk Operational risk Market risk
Intellectual capital The intangibles associated with the Pearl Bank Uganda brand.	Our brand: We are a dependable, Ugandan bank built on integrity, service, and long term value creation through innovations such as <i>Wendi</i> .		<ul style="list-style-type: none"> Technology/ cyber risk Compliance risk Credit risk Operational risk Reputational risk Stakeholder risk
Human Capital The knowledge, skills and experience of our people enable innovative and competitive solutions for our clients.	1,199 employees (2024: 1,204) See page 126.		<ul style="list-style-type: none"> Legal risk Strategic risk Compliance
Manufactured Capital Infrastructure (including property, equipment and digital) used in the delivery of our products to customers.	58 branches 60 ATMs 55 ATM recyclers 14 mobile banking vans		<ul style="list-style-type: none"> Project risk Operational risk Compliance risk
Social and relationship Capital Our citizenship and strong stakeholder relationships, including the communities in which we operate, as we recognise the role that the Bank plays in building a strong and thriving society.	The relationships with our key stakeholders. <ul style="list-style-type: none"> Employees Customers Partners Regulators Suppliers Government Society 		<ul style="list-style-type: none"> Outsourcing risk Product risk Reputational risk Stakeholder risk
Natural capital Our impact on natural resources through our operations and business activity.	<ul style="list-style-type: none"> Water Paper Electricity Fossil fuels 		<ul style="list-style-type: none"> Reputational risk Stakeholder risk



Outputs → **Outcomes** → **for long term value for stakeholders**

		Employees	Customers	Government	Society	Suppliers	Regulators	Partners	
<p>Financial capital (See page 148)</p> <ul style="list-style-type: none"> Total assets: Ushs 1.8 trillion (2024: Ushs 1.4 trillion) Profit after tax: Ushs 47.3 billion (2024: Ushs 35.4 billion) Gross revenue: Ushs 298 billion (2024: Ushs 248.1 billion) Return on equity: 18.5% (2024: 17.3 %) 	<p>Critical financing provided to foster prosperity for Ugandans</p> <ul style="list-style-type: none"> Ushs 349 billion of our loan book dedicated stimulating entrepreneurship & services. Ushs 400 billion of our loan book dedicated to driving financial inclusion. 	+	+	+	✓	✓	✓	+	
	<p>Intellectual capital (See page 133)</p> <ul style="list-style-type: none"> Wendi subscribers 2.4 million (2024: 1.5 million) PDM payments Ushs 1.202 trillion (2024 Ushs 872 billion) Retained scarce skills in areas such as IT security, analytics and operations. 	<p>Our know how enables us to</p> <ul style="list-style-type: none"> Serve the unbanked (see page 136) Support agriculture and amplify government programmes in financial inclusion (see page 138). <p>See our Sustainability and Impact Report on pages 46-48</p>	+	+	+	+	+	✓	+
	<p>Human capital (See page 122)</p> <ul style="list-style-type: none"> Employee engagement at 80% (2024: 79%) 20 graduate trainees offered permanent roles in the bank (2024: 16) 	<ul style="list-style-type: none"> Average training hours per employee 28.0 hours (2024: 21.8) Provided gainful employment: Number of staff, 1,199 (2024: 1,204). Training spend: Ushs 1.4 billion (2024: Ushs 1.7 billion). See page 128 and page 38 of our Sustainability and Impact Report. 	+	+	+	+	✓	✓	✓
	<p>Manufactured capital (See page 142)</p> <ul style="list-style-type: none"> Number of branches 58 Mobile vans 14 (2024: 14) Number of ATMS 60 (2024: 61) 	<ul style="list-style-type: none"> Number of Agents 9,619 agents (2024: 5,920 agents). 5 Super Agents (2024: nil) Mobile banking and USSD users 237,133 (2024: 204,697). Wendi serves and reaches 136 districts in Uganda 	+	+	+	+	+	✓	✓
	<p>Social and relationship capital (See page 162)</p> <ul style="list-style-type: none"> Ushs 59.42 billion in total annual procurement spend (2024: Ushs 43.58 billion) % of BUBU our procurement spend: 93.2% or Ushs 55.4 billion (2024: 89% or Ushs 38.9 billion) % of indigenous Ugandan Suppliers in our procurement spend: 46.3% or Ushs 27.5 billion (2024: 47% or Ushs 20.57 billion). 	<ul style="list-style-type: none"> Loan disbursement turnaround time 3 hours (2024: 17.13 hours) Number of complaints received 7,982 and 7,914 resolved (2024: 7508) Wendi Mobile Wallet complaints 7,664 received and 7,660 resolved. 	+	+	+	+	+	✓	+
	<p>Natural capital (See page 176)</p> <ul style="list-style-type: none"> Water and sanitation loans Ushs 1.05 Bn (2024: 679.2 Mn) 	<ul style="list-style-type: none"> Electricity consumed 2.07 million KW (2024: 1.953 million KW) Water used 38.8 million litres (2024: 56.8 million litres) Fossil fuels burned 610,470 litres (2024: 229,546 litres) Paper used 33,492 kgs (2024: 29,767 kgs) 	✓	+	+	+	✓	✓	+
			Value Created	Value Created	Value Created	Value Preserved	Value Preserved	Value Preserved	Value Created

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Telling Our Governance Story

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04



Our primary shareholder the Minister of Finance Planning and Economic Development addressing the press at the Bank's Annual General Meeting

Reflections

from our Chairman

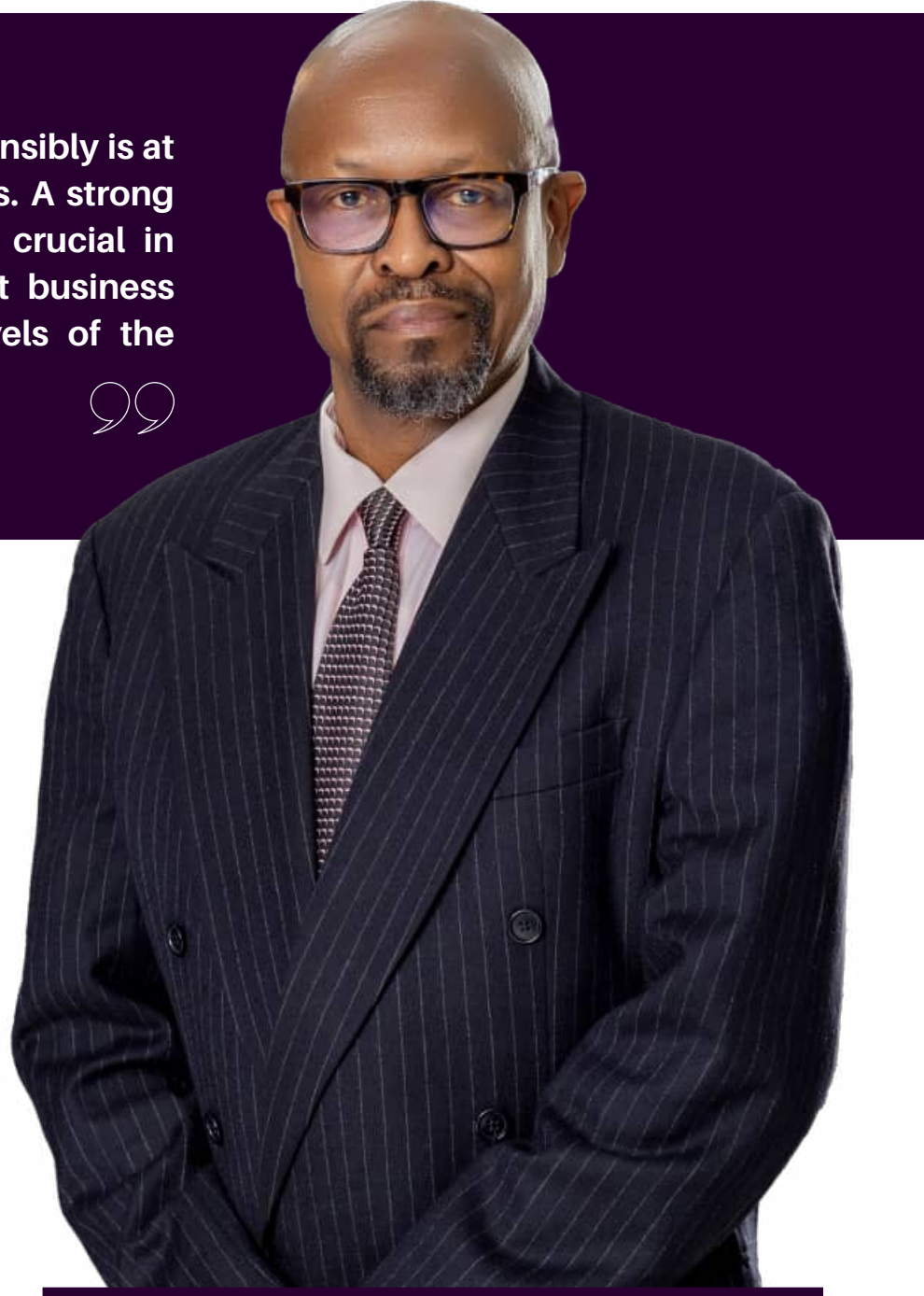
GRI 2-11



At Pearl Bank, acting responsibly is at the heart of our operations. A strong governance framework is crucial in ensuring that we conduct business responsibly across all levels of the Bank.



Mr. Andrew Otengo Owiny
Chairman of the Board



Overseeing Pearl Bank's Transformation Through Purpose Driven Governance

The transition to Pearl Bank marks a bold new chapter in our evolution as a national development focused financial institution. My Colleagues and I firmly believe that strong corporate governance is essential to building trust, deepening stakeholder confidence, and enabling long term sustainable success. Our rebrand reflects a renewed commitment to advancing the Government of Uganda's development agenda. Through disciplined oversight and a values driven governance culture, we ensure that value creation is maximised while the risk of value erosion is minimised. This governance approach directly supports the successful execution of our current strategy (see page 108 to 111), which positions the Bank to deliver meaningful impact through its high impact goals.

Corporate Governance at Pearl Bank: Top-down values

At Pearl Bank, acting responsibly is at the heart of our operations. A strong governance framework is crucial in ensuring that we conduct business responsibly across all levels of the Bank.

I encourage my colleagues to actively participate in debates to ensure well-rounded and effective decisions are made. Our performance should be assessed based on the achievement of our strategic objectives and must be carried out in full compliance with applicable laws, regulations, and our established policies and procedures. By doing so, we ensure that our collective efforts are adequately incentivized from top to bottom.

Custodians of Governance

Our Board brings together a diverse mix of expertise, perspectives, and professional backgrounds. This diversity enriches our deliberations and strengthens our ability to provide constructive challenge. Each member plays a vital role in safeguarding the Bank's integrity and ensuring that our decisions reflect the best interests of our stakeholders.

Governance in Action: Driving Value Through Oversight

I oversee a governance system that directly links Board oversight to value creation, ensuring that our decisions and actions translate into real prosperity for Ugandans. During the year, the Board approved several leadership and structural changes to strengthen Pearl Bank's organisational effectiveness (see page 60 to 65).

Sustainability remains at the core of our strategy, and in 2025 we are proud to introduce our first ever Sustainability Report, which outlines how our business model delivers meaningful impact across Uganda. Building on this foundation, our deliberate focus on sustainable growth earned the Bank a significant international milestone as Pearl Bank became the first commercial bank in Uganda to receive the Sustainability Certification from the European Organization for Sustainable Development. This Certification reaffirms our commitment to sustainability-aligned banking and positions us as a leader in integrating sustainability into financial services.

We also continued to review and refine our policies and procedures to ensure full alignment with our strategic intent and purpose (refer to page 60 to 61 and pages 24 to 25 of our Sustainability and Impact Report).

Effective governance

We maintain a rigorous evaluation process to assess the effectiveness of the Board and its Committees. Annual independent assessments provide timely insights and allow us to make improvements where necessary. The results of our latest evaluation are presented on page 65.

Building Trust, Transparency, and Accountability

My colleagues are committed to positioning Pearl Bank as the Government of Uganda's trusted partner in advancing economic transformation and shared prosperity. Upholding transparency and accountability ensures that our Shareholder can confidently champion the Bank's story and impact.

Commitment to Excellence

In closing, I reaffirm my commitment to maintaining strong, compliant, and forward looking governance structures. These principles ensure that Pearl Bank continues to operate with integrity, accountability, and an unwavering focus on delivering sustainable value for Uganda.

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Our Corporate Governance Statement

Pearl Bank remains steadfast in its commitment to the highest standards of governance, ethics, and integrity. These principles underpin our ability to create and preserve value while safeguarding the interests of all our stakeholders. We believe that strong governance enhances accountability, strengthens risk and performance management, promotes transparency, and supports ethical leadership across the institution. This Corporate Governance Statement outlines the framework guiding our governance practices and highlights the key governance actions implemented during the year ended 31 December 2025.

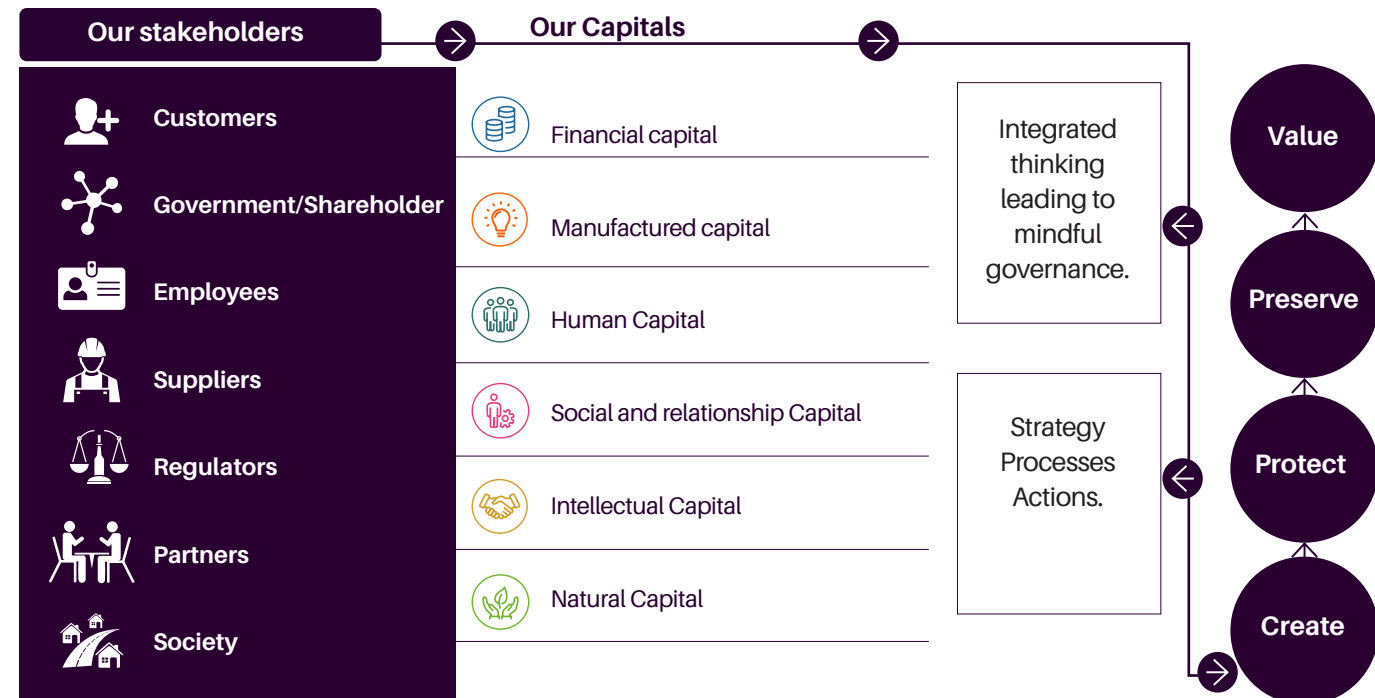
Regulatory landscape

In 2025, Uganda's regulatory landscape continued to evolve, with reforms focused on strengthening governance, resilience, and sustainability in the financial sector. The Bank of Uganda issued the Guidelines for the Management of Climate-related Financial Risks, 2025, reinforcing expectations for supervised financial institutions to integrate climate and environmental risks into governance, risk management, and disclosures, in line with emerging global standards such as IFRS S2. These guidelines complement the Environmental, Social and Governance (ESG) Framework for Uganda's banking sector, launched in 2024, which promotes sustainable finance, ESG risk management, and enhanced reporting across the industry. Building on the Financial Institutions (Corporate Governance) Regulations, 2024, the regulatory focus in 2025 remained on improving transparency, accountability, and ethical conduct.

Throughout the year, our Board remained attentive to these developments and worked closely with management to ensure our responses were timely, compliant, and supportive of long-term sustainable value creation.

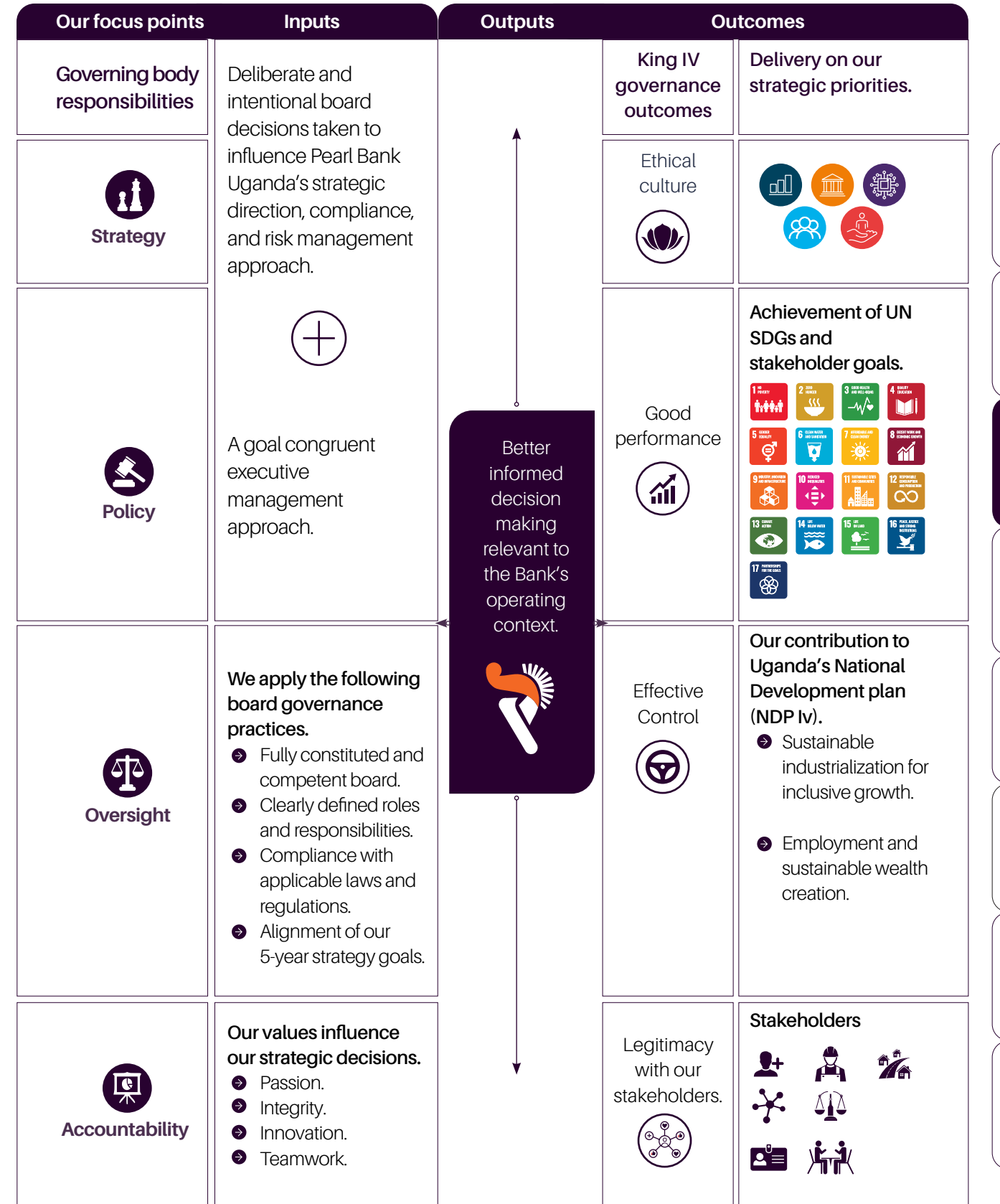
Corporate Governance Philosophy

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



Our Governance Approach

Our Board's focus on strategy, policy, oversight, and accountability aligns with the King IV principles, bolstering our commitment to ethical and effective governance. This approach enables informed decision making and supports the consistent advancement of our strategic priorities.



The Board



Report from the Board Audit Committee



“ Assurance efforts remained relevant, forward-looking, and responsive to changes in the operating, regulatory, and technological environment. ”

Mr. Johnson Mugulusi
Chairperson Board Audit Committee

In 2025, the Board Audit Committee (BAC) continued to focus on strengthening the Bank’s internal control environment, enhancing risk management maturity, and ensuring that internal audit activities were closely aligned with the Bank’s strategic objectives and evolving risk profile. The Committee provided oversight to ensure that assurance efforts remained relevant, forward-looking, and responsive to changes in the operating, regulatory, and technological environment.

A key priority during the year was the increased focus on emerging risks, particularly those arising from digital transformation, ICT resilience, bancassurance operations, and branch-level control effectiveness. To address these risks, the Committee reviewed and refined the 2025 Internal Audit Plan, strengthening coverage and promoting the use of continuous auditing and data-driven techniques to improve audit efficiency and insight generation. This approach reinforces early risk detection and supports proactive management intervention.

The Committee continued to emphasize strong executive accountability. All audit issues were assigned clear ownership at Executive Committee (EXCO) level, with a strict requirement for closure within 90 days.

Where remediation timelines extended beyond acceptable thresholds, management was required to implement validated interim mitigation measures, ensuring that residual

risk exposure was adequately controlled. This reinforced a culture of zero tolerance for repeat audit issues and timely resolution of control weaknesses.

Recognizing the growing complexity of the Bank’s operations, the Committee also prioritized the adequacy and capability of the Internal Audit function, recommending targeted resourcing to strengthen ICT and digital financial services audit coverage. This ensured that Internal Audit remained fit-for-purpose and sufficiently equipped to support the Bank’s growth agenda.

Looking ahead, the Committee will continue to promote strategic alignment, continuous auditing, and disciplined issue closure, while maintaining robust oversight of emerging risks to support sustainable value creation and sound governance.

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Report from the Board Risk and IT Committee



“
Digitalization continued to accelerate, with 63% of transactions by value and 92.5% by volume processed digitally.”

Mr. Joseph Areu
Chairperson Board Risk and IT Committee

Report from the Board Credit Committee



“
The Committee will continue to strengthen credit governance, deepen portfolio insights, and support strategic lending that drives sustainable value creation.”

Ms. Beatrice Lagada
Chairperson Board Credit Committee

Foreword

In 2025, the Committee strengthened oversight to ensure the Bank remained resilient, well-governed, and future-ready amid a rapidly changing environment. We supported management in navigating macroeconomic uncertainty, evolving regulations, and heightened risks from digital disruption and cyber threats.

Key Achievements and Activities

We reinforced risk culture and enhanced technology governance, proactively managing cybersecurity, data integrity, and operational resilience. The Bank made significant progress in building a robust risk and technology control environment through advanced analytics, improved data quality, stronger risk ownership, and accountability laying a solid foundation for strategic execution.

Throughout the year, we worked with management to maintain strong, forward-looking risk governance frameworks, capital and liquidity buffers, and controls, focusing on operational resilience, cybersecurity posture, compliance effectiveness, conduct risk, and emerging threats to long-term sustainability.

Our mandate was delivered through quarterly and special meetings addressing material risks and IT issues, reviewing enterprise-wide risk reports, cybersecurity updates, compliance findings, and capital/liquidity adequacy assessments (ICAAP, ILAAP), stress tests, and recovery plans. We also recommended policy amendments for Board approval, including Consumer Service, Data Protection & Privacy, Information Security, Operations, and Legal policies.

Digitalization continued to accelerate, with 63% of transactions by value and 92.5% by volume processed digitally.

Key Focus Areas for 2026

Looking ahead, we will prioritize strengthening the Bank’s cyber security to enhance detection, monitoring, and response capabilities, maintain vigilance over stressed sectors and implement early warning triggers for robust risk controls. We will ensure effective governance of major IT programs, system upgrades, and innovation projects, while expanding digital channels without compromising stability or customer security.

The Committee remains committed to supporting innovation through strong risk oversight and safeguarding stakeholder value.

Credit Governance and Strategic Portfolio Oversight

In 2025, my colleagues and I focused our oversight efforts on strengthening credit governance and enhancing portfolio performance through targeted policy updates and improved controls. The Committee approved amendments to the Credit Reference Services Management Policy to maintain regulatory alignment and improve the quality of credit information. We also reviewed proposed revisions to credit approval limits to ensure that approval thresholds remain aligned with our risk appetite and growth objectives.

Credit controls were reinforced through stronger borrower assessments, enhanced monitoring, and more proactive management of emerging risks, supporting the preservation of a high-quality loan book. The Committee continued to approve key loan facilities aligned with the Bank’s strategic priorities, with financing directed towards advancing financial inclusion and stimulating entrepreneurship. Refer to page 83 for results and impact.

Throughout the year, regular portfolio quality reviews were undertaken to identify risks, monitor sector trends, and guide timely interventions, reinforcing our commitment to sustainable credit management and sound portfolio oversight.

In the coming year, the Committee will continue to strengthen credit governance, deepen portfolio insights, and support strategic lending that drives sustainable value creation. Collectively, our actions in 2025 strengthened Pearl Bank’s resilience and positioned the credit portfolio to support long-term growth and financial stability.

Report from the Board Assets and Liability Committee



“The Bank delivered solid balance sheet performance notwithstanding regulatory changes. Total assets grew by 31% to Ushs 1.88 trillion (2024: Ushs 1.43 trillion), driven primarily by a 43% increase in customer deposits amounting to Ushs 427 billion.”

Mrs. Farida Mukasa Kasujja
Chairperson Board Assets and Liabilities Committee

Report from the Board Nomination and Compensation Committee



“We approved the Job Evaluation (JE) exercise, a critical step towards strengthening internal equity and reinforcing a transparent and merit-based reward system.”

Ms. Beatrice Lagada
Chairperson Board Compensation Committee

Governance That Anchors Growth: Oversight of Liquidity, Funding, and Capital Strategy

In line with the Bank’s 2024–2028 strategy, the Board Assets and Liability Committee provided oversight to ensure that liquidity, funding, and capital management remained tightly aligned with the Bank’s growth objectives and risk appetite. This alignment is central to maintaining balance sheet resilience, supporting sustainable profitability, and reinforcing the Bank’s position as a trusted indigenous financial institution.

Amid continued geopolitical uncertainty, macroeconomic volatility, and evolving regulatory expectations, the Committee maintained a strong focus on proactive balance sheet risk management. Through disciplined quarterly reviews, emerging risks were identified early and addressed through targeted mitigation actions. As a result, the Bank preserved robust capital adequacy and liquidity buffers, underpinning balance sheet stability and supporting ongoing growth.

During the year, the Committee oversaw a number of priority strategic initiatives. Liquidity governance was strengthened to ensure full compliance with Bank of Uganda directives and Basel III-aligned liquidity management standards.

The Bank initiated the re-modelling of its financial markets business and supporting capabilities to enhance customer relevance and balance sheet optimisation. In addition, the Committee approved alternative and longer-term funding strategies to support funding diversification and long-term balance sheet sustainability.

The Bank delivered solid balance sheet performance notwithstanding regulatory changes. Total assets grew by 31% to Ushs 1.88 trillion (2024: Ushs 1.43 trillion), driven primarily by a 43% increase in customer deposits amounting to Ushs 427 billion. Loan book growth was deliberately measured at 4.2%, reflecting a disciplined approach to risk and capital deployment. Balance sheet efficiency improved during the year, supporting returns on equity.

Looking ahead to 2026, the Committee will continue to actively optimise balance sheet capacity to support sustainable growth while maintaining strong capital and liquidity positions. Through disciplined risk allocation, funding diversification, and enhanced balance sheet efficiency, the Bank operating under its new brand and strategic positioning is well placed to strengthen returns, deepen financial inclusion, and deliver durable long-term value to shareholders and stakeholders.

Reflecting on 2025: A Year of People-Centred Progress

2025 has been a defining year for our Bank one marked by disciplined transformation, renewed commitment to people excellence, and deliberate investment in building a future-ready workforce. As the Board Nomination & Compensation Committee, our mandate has remained clear: to ensure that our people strategy not only supports but accelerates the Bank’s long-term vision. This year, we witnessed that vision gain renewed momentum.

Reflecting on 2025: A Year of People-Centred Progress

Across the Bank, we continued to strengthen the foundations of a performance-driven culture one that rewards integrity, champions growth, and empowers our teams to lead with purpose. Together with Management, we oversaw several significant milestones:

- ➔ **Strategic Leadership Reinforcement:** We reviewed and revised the EXCO structure to respond to the dynamic demands of the industry, remain competitive, and meet regulatory expectations. We approved the appointment of the Acting Chief Information Security Officer (CISO) and successfully recruited a new member of the Executive Committee the Chief Treasury & Markets Officer (CTMO).
- ➔ **Strengthened Governance Framework:** We enhanced the Bank’s people governance by revising key policies including the Human Resource Policy, Staff

Disciplinary Code, and the Sexual Harassment Policy ensuring alignment with industry best practice, evolving regulatory requirements, and our institutional values.

- ➔ **Compensation & Job Evaluation Enhancements:** The Committee provided oversight to refine the reward structures, ensuring fairness, competitiveness, and responsible governance. In addition, we approved the Job Evaluation (JE) exercise, a critical step towards strengthening internal equity and reinforcing a transparent and merit-based reward system.

Looking Ahead to 2026

As we look to 2026, our commitment is to enable the Bank to meet the future with confidence and resilience. The operating environment will continue to evolve, shaped by regulatory shifts, technological advancements, and rising customer expectations.

How the Board Works as a Team

GRI 2-9

Our governance structure reflects how the Board of Pearl Bank Uganda Limited works together as a cohesive leadership team. Through clear delegation of authority, the Board strengthens independent judgement, supports disciplined strategy execution, and draws on the diverse expertise of its directors.

Working collaboratively, the Board delegates defined responsibilities to its committees and to the CEO, ensuring coordinated oversight of core banking activities such as lending, deposit mobilization, treasury operations, digital transformation, sustainable impact and customer protection. Our team-based approach enables effective governance, accountability, and long-term value creation for all stakeholders.

Stakeholders
See page 76

Independence and conflicts of interest declared at 100% of all meetings.

Execute strategy and oversee implementation of directives



Main Board



Board Committees

- Risk and IT Committee
- Nomination and Compensation Committee
- Audit Committee
- Credit Committee
- Asset and Liability Committee

Oversee long term value creation

Oversee delegated functions

Regulators
See page 78

EXCO	Functions
Managing Director	Exco
Chief Digital Financial Services Officer	Digitalization, Technology
Chief Technology Officer	Information Technology
Chief Information Security Officer	Cyber Security
Chief Treasury and Markets Officer	Treasury
Chief Financial Officer	Finance
Chief Corporate and Institutional Banking	Corporate and Institutional Banking
Chief Retail Officer	Retail Business
Chief Credit officer	Credit, Operations & Customer service
Chief People and strategy Officer	Human capital, strategy marketing and communication
Chief Risk Officer	Risk management
Chief Internal Auditor	Internal assurance

MANCO

Execute Directives

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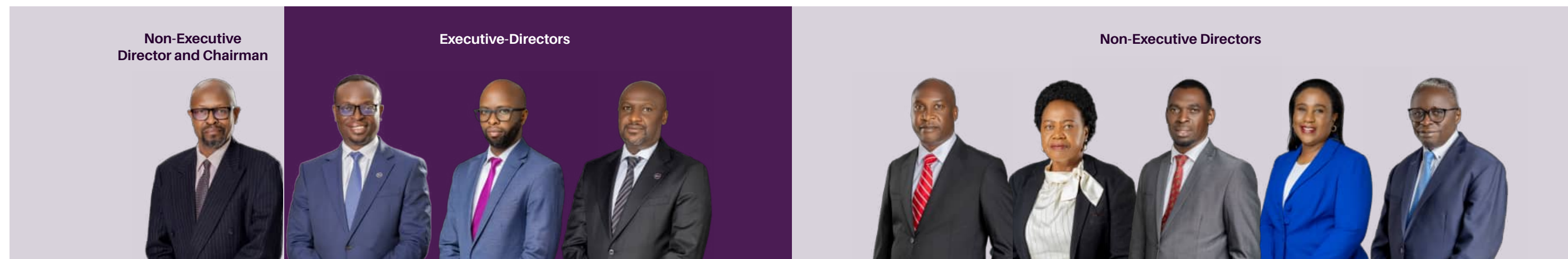
Our Governance Custodians GRI 2-9

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

AC - Audit Committee	CC - Credit Committee
NCC - Nomination and Compensation committee	RIT - Risk and IT Committee
ALC - Assets and Liability Committee	Chair - Chairperson of the committee
INED - Independent Non Executive Director	NED - Non Executive Director

Executive Directors

Non-Executive Directors



Board member skills and experience	Mr. Andrew Otengo Owiny Chairman of the Board (INED) Years on board: 5	Mr. Julius Kakeeto Managing Director Years on board: 7	Mr. Andrew Kabeera Executive Director Years on board: 6	Mr. Martin Mugisha Executive Director-OPS Years on board: 11 months	Mr. Johnson Mugulusi (INED) Chair of AC Years on board: 3	Ms. Beatrice Lagada (INED) Chair CC Years on board: 8	Mr. Lawrence Kasenge (NED) Years on board: 8	Mrs. Farida Mukasa Kasujja (INED) Chair ALC Years on board: 5	Mr. Joseph Areu (INED) Chair Risk and IT Years on board: 4	Directors with required skill set
		CC ALC RIT	CC ALC RIT	CC ALC RIT	AC RIT ALC	CC RIT NCC	CC ALC NCC	AC ALC NCC	AC CC RIT	
Financial accounting, reporting and tax	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Financial markets and funding	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Capital allocation	✓	✓	✓	✓	✓	✓	✓	✓	✓	8
Investment management	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
People management	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Remuneration and rewards	✓	✓	✓	✓	✓	✓	✓	✓	✓	8
Corporate Social Responsibility	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Stakeholder management, and public administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Risk and opportunities	✓	✓	✓	✓	✓	✓	✓	✓	✓	7
Technology, innovation and cyber-security	✓	✓	✓	✓	✓	✓	✓	✓	✓	5
Compliance, laws and regulations	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Sustainability	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

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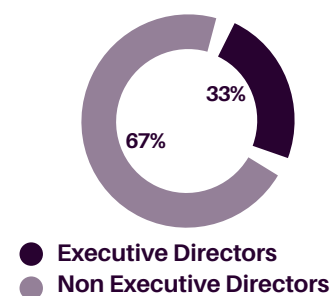
Independence - Protecting the Interests of all Shareholders

Pearl Bank's board predominantly consists of independent non-executive directors, in alignment with King IV and global best-practice governance standards.

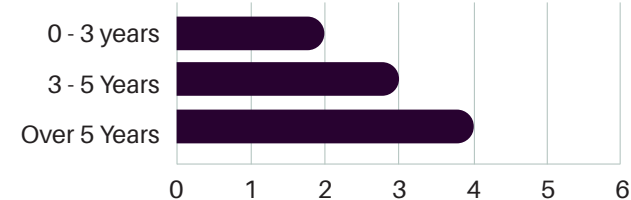
According to King IV™ Principle 7, independent non-executive directors can serve for more than nine years, provided that an annual assessment is conducted to confirm their independence. As of 31 December 2025, no directors have served for more than nine years.

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

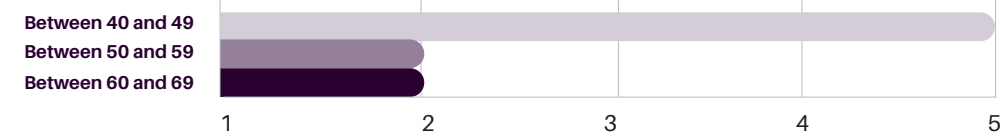
Executive and Non Executive Directors



Tenure on the Board



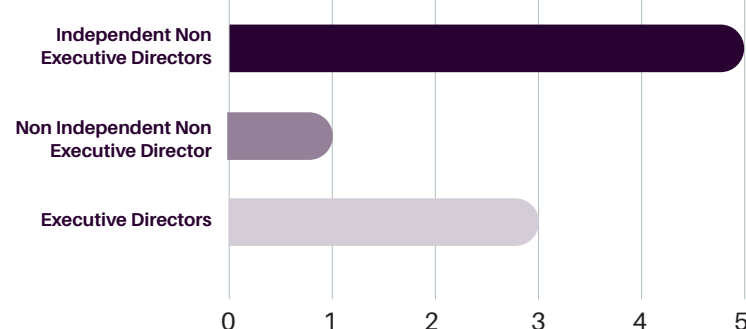
Directors age



Our Policy

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

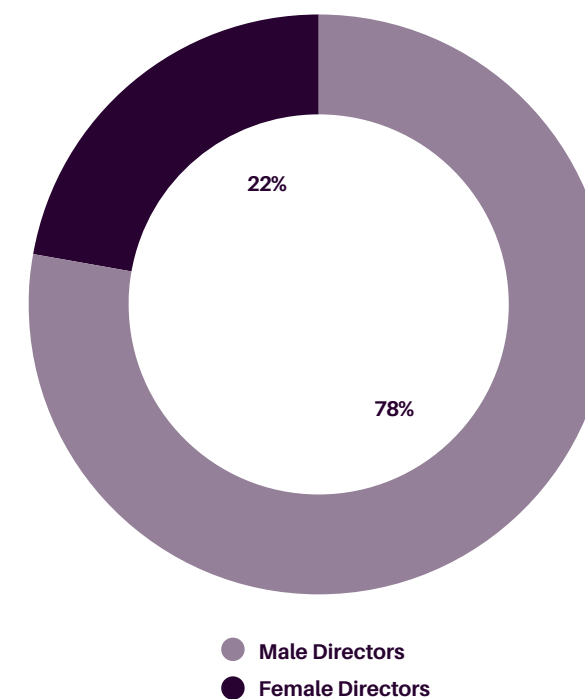
Independent and Non Independent Directors



Diversity

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

Board diversity



Board succession

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

Diversity of Expertise

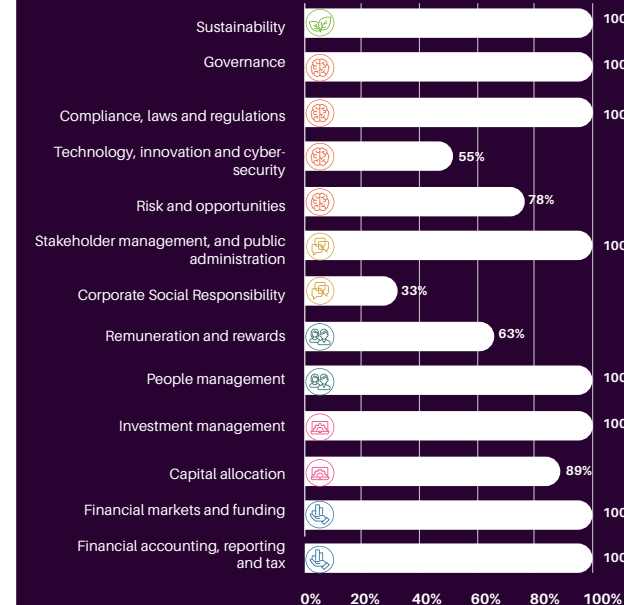
Pearl Bank requires a broad range of skills and experience to ensure sustainable value is created in the interest of all stakeholders.

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

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

Our goal is to build a seasoned board with the right blend of knowledge and skills essential to the bank's success. Pearl Bank places high value on expertise in the following areas.

Board skills and experience








Board structure and mandates

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

Key corporate governance practices

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

	<p>Mr. Andrew Otengo Owiny Chairman</p> <p>100%</p>
	<p>Mr. Joseph Areu Risk and IT Committee Oversees Risk Management and IT activities including compliance and controls.</p> <p>100%</p>
	<p>Ms. Beatrice Lagada Nomination and Compensation committee Determines remuneration policy, processes, and procedures.</p> <p>100%</p>
	<p>Mr. Johnson Mugulusi Audit committee Oversees internal and external reporting and assurance mechanisms.</p> <p>100%</p>
	<p>Ms. Farida Mukasa Kasujja Assets and Liability Committee Provides guidance on liquidity management and capital adequacy.</p> <p>100%</p>

Audit Committee

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

Establishes safeguards to ensure maximum value preservation while minimizing erosion.

Membership

- J. Mugulusi - Chair
- J. Areu
- F.M Kasujja

Overall attendance



Credit Committee

its oversight responsibilities concerning our lending policy, delegates lending limits to authorized parties within the Bank, approves insider loans, and reviews policies and procedures governing credit impairment.

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

Membership

- B Lagada - Chair
- L Kasenge
- J. Areu
- J. Kakeeto
- A. Kabeera
- M. Mugisha

Overall attendance



Nomination and Compensation Committee

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

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

Membership

- B Lagada - Chair
- F.M Kasujja
- L. Kasenge

Overall attendance



Asset and liability management

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

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

Membership

F.M Kasujja - Chair

L. Kasenge

J. Mugulusi

J. Kakeeto

A. Kabeera

M. Mugisha

Overall attendance



Risk and IT Committee

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

Ensures that value is created and preserved by continuously monitoring our risk management systems. Effective risk management guarantees that value erosion is minimized.

Membership

J. Areu - Chair

J. Mugulusi

B.Lagada

J. Kakeeto

A. Kabeera

M. Mugisha

Overall attendance



Legal Team

Key Actions of the Board and It's Committees

The Board engaged in a series of strategic deliberations focused on enhancing and safeguarding organizational value while mitigating risks of value erosion throughout 2025.



Directors Training During 2025

Throughout 2025, the Board prioritized continuous learning to ensure effective oversight in a dynamic operating environment.

Director development focused on four core themes: (i) cyber and technology, including GenAI and digital-era governance; (ii) ESG and sustainability, with emphasis on ISSB standards, climate materiality, and people-strategy governance; (iii) banking and finance developments, including digital payments, market risk, and internal audit standards; and (iv) risk management and regulatory compliance, particularly AML/CFT/CPT and sanctions frameworks.

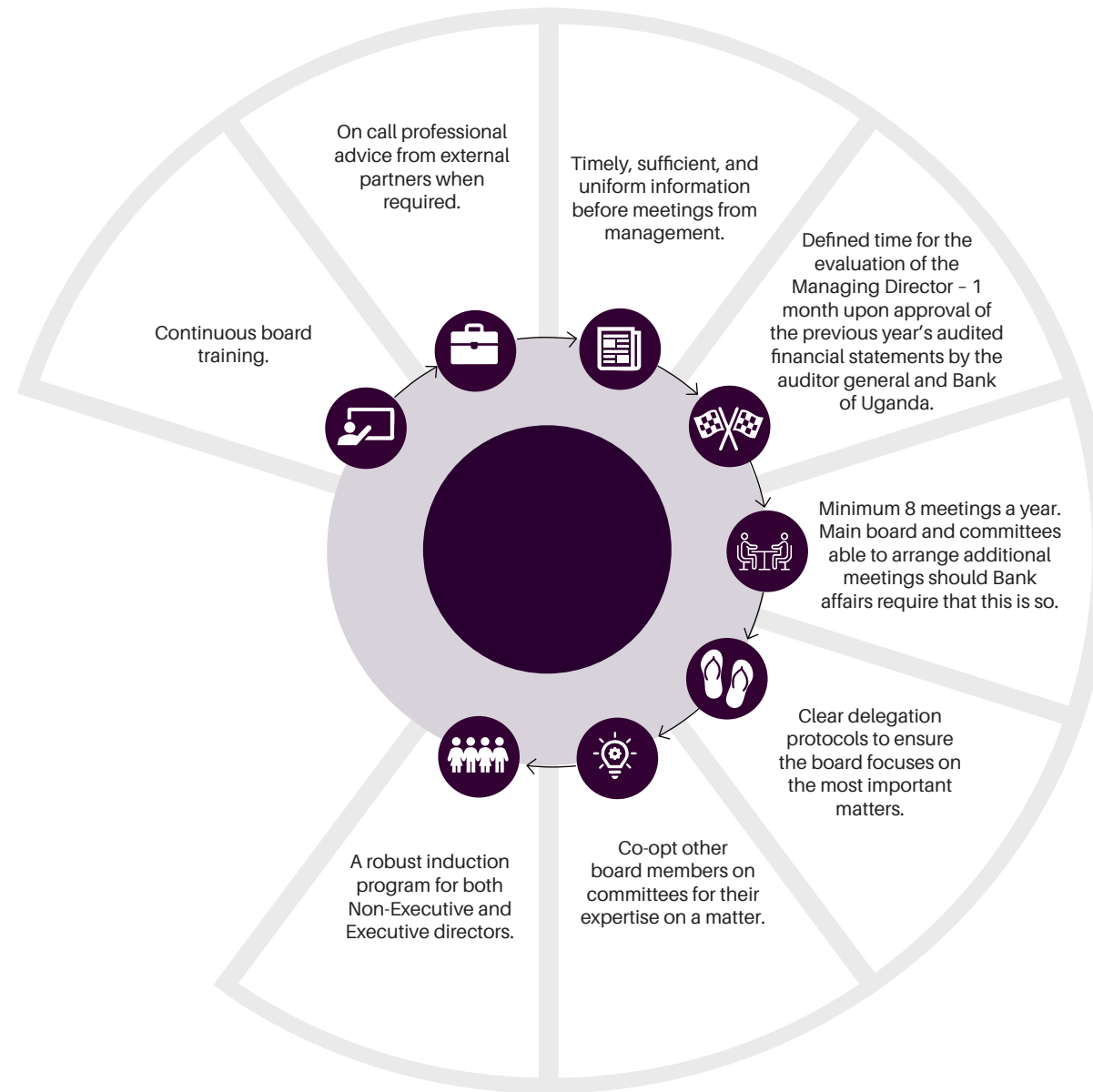
Description	Quarter 1 2025	Quarter 2 2025	Quarter 3 2025	Quarter 4 2025
Training Event	Corporate Governance Program.	Driving DEI through Board Leadership: A Governance Guide for East African Banks Training.	Board oversight and Stakeholder Relations (Responsibilities and Legal Obligations of Directors, Cyber Security and Evolving Digital Spaces, Understanding Stakeholder Management and Governance Culture, AI Governance Best Practices).	Corporate Governance for productivity and sustainability (annual refresher).
Training event	10 day mini MBA in the Oil and gas Industry.			AML/CFT/CPF Training Program for Board of Directors and the Senior Management team for the Financial year 2025/26.
Training event	AI-Driven Governance the future of Decision-Making.			
Training event	AML/CFT/CPT training.			

Inputs linked to King IV	Actions taken during the year	Linkage to material matters
Ethical and effective leadership 	<ul style="list-style-type: none"> Enhanced leadership depth and organisational capability through approval of EXCO and senior management appointments. Reinforced board governance architecture through approval of updated Board Terms of Reference and key policy amendments, including Consumer Service, Data Protection & Privacy, and the Board Risk & IT Committee TORs. Strengthened governance oversight by endorsing enhancements to the Board Credit Committee Terms of Reference to ensure alignment with the Bank's evolving risk appetite and strategic priorities Strengthened assurance and governance frameworks through approval of the 2025 Internal Audit Plan and Committee Terms of Reference. Approved Executive Directors and EXCO incentives. 	
Strategy, performance, and reporting 	<ul style="list-style-type: none"> Supported disciplined credit expansion by exercising board level credit approval oversight in alignment with the Bank's risk appetite and growth priorities Approved EUR 15M AFD concessional line of credit to provide lower interest loans that stimulate entrepreneurship and services. Introduced FX loan growth and regional GROW loan reporting to manage and mitigate portfolio risk. Guided strategic asset growth, by accelerating asset deployment within prudent risk parameters. Merged the Lacor and Gulu Branches and relocated the Pakwach Branch to Nebbi to maximise reach and impact in Northern Uganda. Guided strategic asset growth, through accelerating asset deployment within prudent risk parameters to support the Bank's growth trajectory. Approved the Market Risk Appetite and associated limits, reinforcing disciplined risk taking. Advanced digital lending strategy by approving the Digital Loans Product Paper to support scalable, technology enabled credit growth. Operational resilience reinforced through system uptime oversight and loan to deposit tracking Initiated the strategic alignment of retail and digital financial services. Reinforced enterprise wide governance by approving 16 strategic policies and papers, including those relating to personal, salary, and current account products, AI and Machine Learning, and ICT Administration. Received strategic updates on digital capability enhancement, including progress toward upgrading Corporate Internet Banking to improve customer experience. Approved relocation to new building. 	
Appropriate balance of knowledge, skills, experience, diversity, and independence 	<ul style="list-style-type: none"> Reinforced leadership stability and succession readiness by setting deadline for filling vacant EXCO positions. People governance strengthened through human resource, disciplinary and succession planning policy updates. Ratified EXCO and senior management role changes supporting strategic alignment. 	
Structured and delegated authority 	<ul style="list-style-type: none"> Strengthened organisational effectiveness by approving structural adjustments in Digital Financial Services, revisited succession planning measures, job evaluation outcomes, and employment contract decisions relating to EXCO positions. Approved plans for branch restructuring, mergers, and digital financial services initiatives aimed at delivering on the banks strategic ambitions. 	
Assurance and controls 	<ul style="list-style-type: none"> Control environment tightened through audit issue closure directives and liquidity risk mitigation actions. Ensured that KPMG audit plan included focus areas that support strategic assurance and regulatory compliance. Enhanced assurance oversight through approval of the amended Internal Audit Charter and the 2026 Audit Plan. Oversaw the implementation of automated loan monitoring and enforcement of controls. Reinforced enterprise risk and recovery frameworks, ensuring stronger alignment between risk management practices, regulatory expectations, and the banks strategy Implemented oversight functions that tracked the resolution of audit issues and ensured closure within 90 days. Enhanced liquidity risk oversight by approving measures to prevent liquidity mismatches and strengthen balance sheet resilience under varying market conditions. Strengthened credit governance through approval of amendments to the Credit Policy to ensure alignment with evolving market conditions, regulatory requirements, and the Bank's risk appetite. Bolstered accountability for internal controls by overseeing the closure of outstanding audit issues by Q1 2026. Monitored the performance of Alternative Distribution Channels against strategic targets. Reviewed performance of AFD credit line against objectives ensuring full deployment to advance the Bank's growth and impact objectives. Tracked, analysed, and escalated high risk audit issues. Compliance posture elevated through Consumer Protection, FATCA, Information Security and Legal policy approvals 	
Stakeholder relationships 	<ul style="list-style-type: none"> Enhanced tracking of PDM/Wendi beneficiary retention. Following no objection from Bank of Uganda to rebrand from Post to Pearl Bank, oversaw the roll out of communication to customers and partners. Strengthened digital ecosystem partnerships through approval of the digital partnership framework to expand reach, enhance customer access, and accelerate digital adoption. Customer value enhanced through faster bancassurance claims and improved beneficiary retention tracking. Supported sustainable growth through renewed research and Innovation Centre papers. 	

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Board Effectiveness

The Board conducts an annual performance evaluation in line with Pearl Bank’s policy requiring yearly appraisals. As the Bank’s highest governing body, the Board’s effectiveness in providing strategic oversight and holding management accountable is central to our value creation process. The evaluation assesses overall Board performance, committee effectiveness, and individual director contributions, and identifies opportunities to strengthen governance and enhance strategic delivery.



How the evaluation process works:

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

Process:

- The Company Secretary prepares the Terms of Reference for onboarding an external consultant to conduct the Board Evaluation.
- The Procurement Department manages the sourcing process and solicits proposals from qualified service providers.
- The appointed consultant meets with Board members to debrief them on the evaluation methodology and tools.
- The consultant conducts the evaluation and submits a comprehensive report, which is subsequently discussed with the full Board and formally adopted.

The approach:

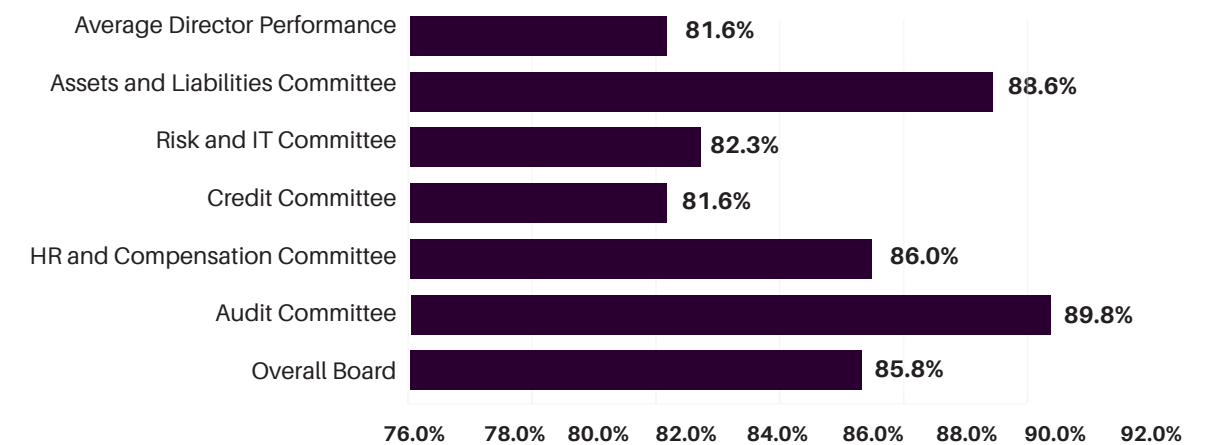
The evaluation criteria was based on internal Board governance documents which were referred to the King IV Corporate Governance Code. The King IV Code considers the following:

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

Findings

The overall Board performance evaluation resulted in a gross average weighted Score of 4.29, representing an 85.8% performance level. The assessment did not identify any unacceptable practices, confirming the Board’s strong compliance with corporate governance standards and its continued commitment to effective oversight.

2025 Board evaluation results



Board response:

The Board has reviewed the evaluation findings and has already implemented an action plan to address the improvement areas identified.



Ms. Beatrice Lagada
Chairperson Nomination and Compensation Committee

Overview

The Nomination & Compensation Committee (the "Committee") is responsible for ensuring that the Bank's remuneration framework supports the achievement of strategic objectives and attracts, motivates, and retains high-calibre talent. During the year ended 31st December 2025, the Committee discharged its responsibilities in line with its approved Charter and applicable regulatory and governance requirements.

Remuneration Philosophy

The Bank's remuneration philosophy is anchored on pay for performance, market competitiveness, internal equity, and sustainability. The remuneration structure is designed to attract and retain top talent, with a clear aspiration to progressively position total remuneration at the 75th percentile of relevant market benchmarks, subject to performance, affordability, and sustainability. Remuneration framework is designed to align the interests of Directors, Executive Management, and staff with those of shareholders, while reinforcing the long-term value creation.

In 2025, variable remuneration outcomes reflected the Bank's overall performance. The Committee ensured that performance assessments were robust and that reward outcomes appropriately differentiated performance, while remaining affordable and sustainable.

Remuneration Structure

The Bank's remuneration framework comprises the following elements:

- ➔ **Fixed Pay:** Base salary determined by role, responsibilities, experience, and market benchmarks.
- ➔ **Variable Pay:** Performance-linked incentives tied to clearly defined financial and non-financial performance indicators, including profitability, operational efficiency, customer outcomes, risk management, and people leadership. These include:
 - ⦿ **Incentives & Commissions:** Performance-linked variable pay designed to reward the achievement of agreed business, sales, and operational targets.
 - ⦿ **Bonuses & Awards:** Discretionary and performance-based rewards granted in recognition of exceptional individual or team performance, delivery of strategic priorities.
- ➔ **Benefits & allowances:** Market-competitive benefits designed to support employee well-being and productivity.

For Non-Executive Directors, remuneration is structured as fixed fees approved by shareholders, reflecting time commitment and responsibilities, and does not include performance-based incentives.

Governance and Oversight

In fulfilling its mandate, the Committee undertook the following actions in 2025:

- ⦿ Reviewed the Bank's remuneration policy to ensure continued alignment with strategy, performance and market competitiveness.
- ⦿ Oversaw the remuneration of Executive Directors and Executive Management, including fixed and variable pay components.
- ⦿ Approved the commencement of the Job evaluation exercise in December 2025 aimed at reviewing role architecture, ensuring internal equity, and strengthening alignment between job roles and the Bank's remuneration framework.
- ⦿ Approved incentive schemes for the Sales Job Family in the Business Growth Policy, designed to drive performance, reward results, and support sustainable revenue growth, while ensuring alignment with the Bank's overall remuneration policy.

Conclusion

The Committee is satisfied that the remuneration practices applied during 2025 were aligned with the Bank's strategy, performance outcomes, and governance standards.

The Committee remains committed to continuously strengthening the remuneration framework structured to attract high-calibre talent, retain key employees, and remain competitive in the market, while supporting sustainable growth, effective leadership, and long-term value creation for shareholders and other stakeholders.

Communications and Engagements with our Shareholders

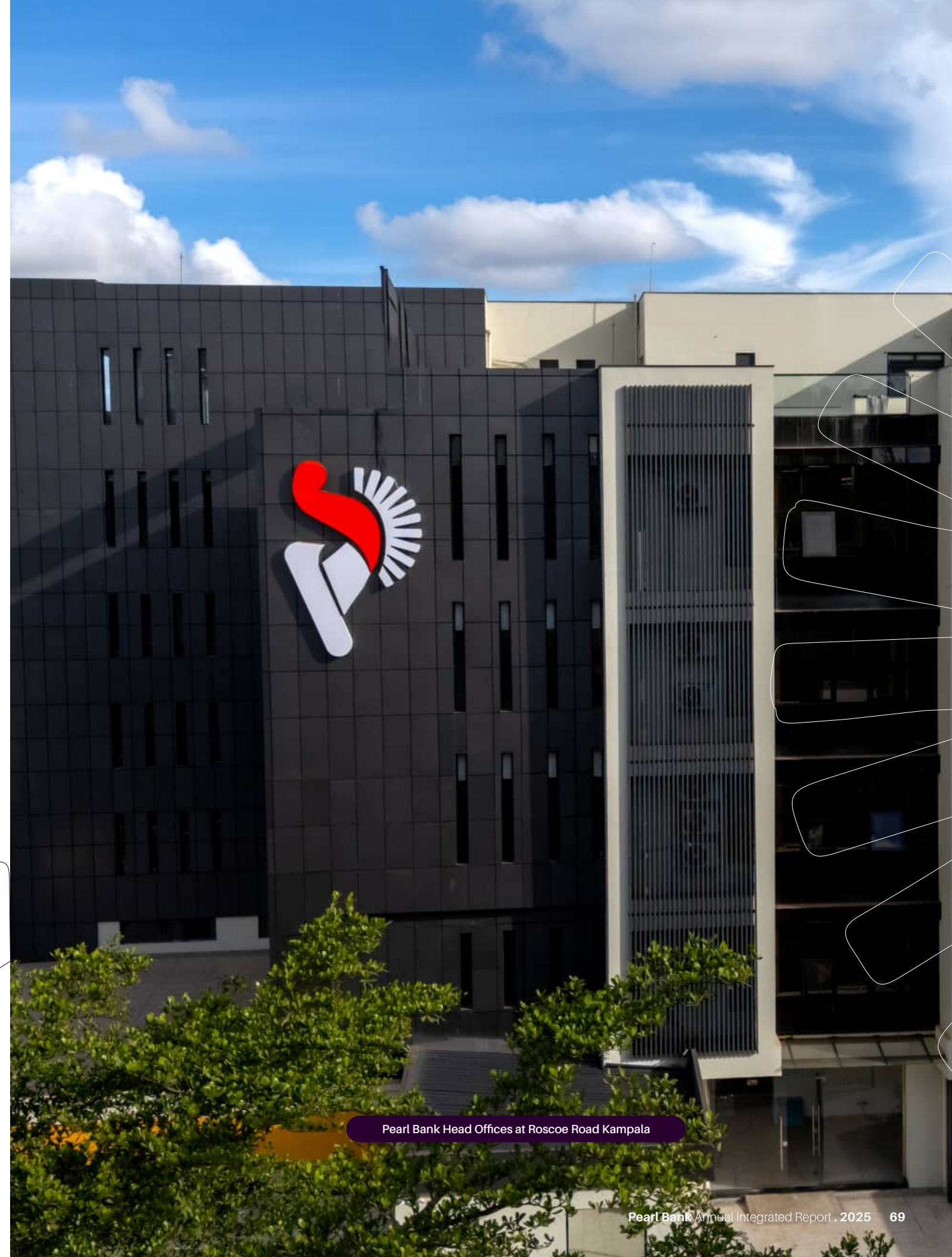


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05



Pearl Bank Head Offices at Roscoe Road Kampala

Sustainability Pearl Bank's Way GRI 2-14

Sustainability at Pearl Bank is not just a chapter in our story, it is the story. It is the lens through which we define our purpose, the discipline that shapes our decisions, and the promise we make to every Ugandan who depends on us. In 2025, we stepped into a new era, one where sustainability is no longer an aspiration but a standard we hold ourselves accountable to. This section of our Integrated report summarises the detailed overview provided by our inaugural sustainability and impact report.

Our approach to sustainability

Our sustainability journey is rooted in gratitude, strengthened by purpose, and guided by the simple belief that every business, regardless of its size can impact.



Our approach to sustainability is deliberate, structured, and anchored in the realities of Uganda's development needs. Sustainability is now woven into our strategy, our governance, and our culture. It informs how we allocate capital, how we design products, how we manage risks, and how we measure success. We are just starting our journey towards building a sustainability ecosystem that is practical, transparent, and future focused, one that positions Pearl Bank as a trusted partner in Uganda's transformation.

Board Led Sustainability Governance

We enhanced our governance structures to align with emerging national and global expectations, preparing the Bank for the future of sustainability reporting and responsible finance. This foundation ensures that our commitments are not symbolic they are institutional. In 2025, the Board approved major sustainability governance reforms including:

- Sustainability added to the Board Charter.
- Quarterly oversight assigned to the Board Risk & IT Committee.
- Sustainability KPIs integrated into Board and EXCO performance contracts.
- All Board members completed sustainability and climate governance training.

Refer to page 23 to 25 of our sustainability and impact report for more on sustainability governance.

Our Sustainability Strategy

Our sustainability strategy is built around our purpose: **Fostering Prosperity for Ugandans.**

We will deliver this through our two high impact goals:



These goals guide how we deploy capital, innovate, and create value for the people and enterprises that depend on us. Sustainability is now the driver of our profitability, resilience, and long term competitiveness. It shapes our lending priorities, our partnerships, and our digital transformation agenda and ensures that every intervention from a micro-loan to a large scale facility contributes to national progress. We create value for our stakeholders using our resources and financial services as follows.

Impact on the Economy				
Aspiration		Boosting the Real Economy	Creating a high income Economy	Building Economic Resilience
	Focus	<ul style="list-style-type: none"> → Large scale enterprises, start ups, consumer lending. 	<ul style="list-style-type: none"> → Technological transformation, green infrastructure, digital connectivity. 	<ul style="list-style-type: none"> → Economic diversification, production of critical goods.
	Goal	<ul style="list-style-type: none"> → Stimulate productive activity, strengthen resilience. 	<ul style="list-style-type: none"> → Transition to a high income, international competitive economy. 	<ul style="list-style-type: none"> → Reduce reliance on traditional industries.
Impact on Society				
Aspiration		Enhancing the Quality of Lives through Safer, Better and Higher Paid Jobs	Promoting Entrepreneurship and Innovation in the Society	Enabling Inclusive Prosperity
	Focus	<ul style="list-style-type: none"> → Job creation in targeted industries. 	<ul style="list-style-type: none"> → Allocating a significant share of loans and advances to micro entrepreneurs and SME's. 	<ul style="list-style-type: none"> → Targeted financing to women, youth, and the disabled, supporting underserved and structurally weak regions.
	Goal	<ul style="list-style-type: none"> → Driving sustainability in the economy. 	<ul style="list-style-type: none"> → Scaling business and creating sustainable growth. 	<ul style="list-style-type: none"> → Improving access to opportunities.
				<ul style="list-style-type: none"> → Funding cultural events and heritage initiatives. → Promoting Ugandan culture.
Impact on the Environment				
Aspiration		Protecting and enhancing the natural environment		
	Focus	<ul style="list-style-type: none"> → Embedding resource efficient practices across our operations and financing activities. 		
	Goal	<ul style="list-style-type: none"> → Mindfully protect the environment through resource efficiency and the preservation 		

Please refer to page 7 of our sustainability report for more details.

Modernising risk management

We strengthened our risk governance to reflect the realities of a changing world. Sustainability risks from climate exposure to digital vulnerabilities are now integrated into our risk frameworks, ensuring that our growth is responsible, resilient, and future ready. In 2025, we modernised our risk framework to include:

- ESG risk screening for all lending.
- A sustainability risk register.
- Key Risk indicators.
- ISO/IEC 27001:2022 certification for cybersecurity.
- Strengthened AML/CFT controls.
- Please refer to page 26 of our sustainability report for more details.

Our material sustainability matters

The Board identified the material themes that influence our ability to create value.



Our metrics and targets

Our sustainability performance is measured through clear, transparent, and ambitious metrics that reflect our economic, social, and environmental impact. These metrics guide our decisions, shape our priorities, and hold us accountable to the commitments we have made. Refer to page 43 of our sustainability and impact report for more information.

Adopting ISSB's new sustainability standards S1 & S2 An update of our journey so far.

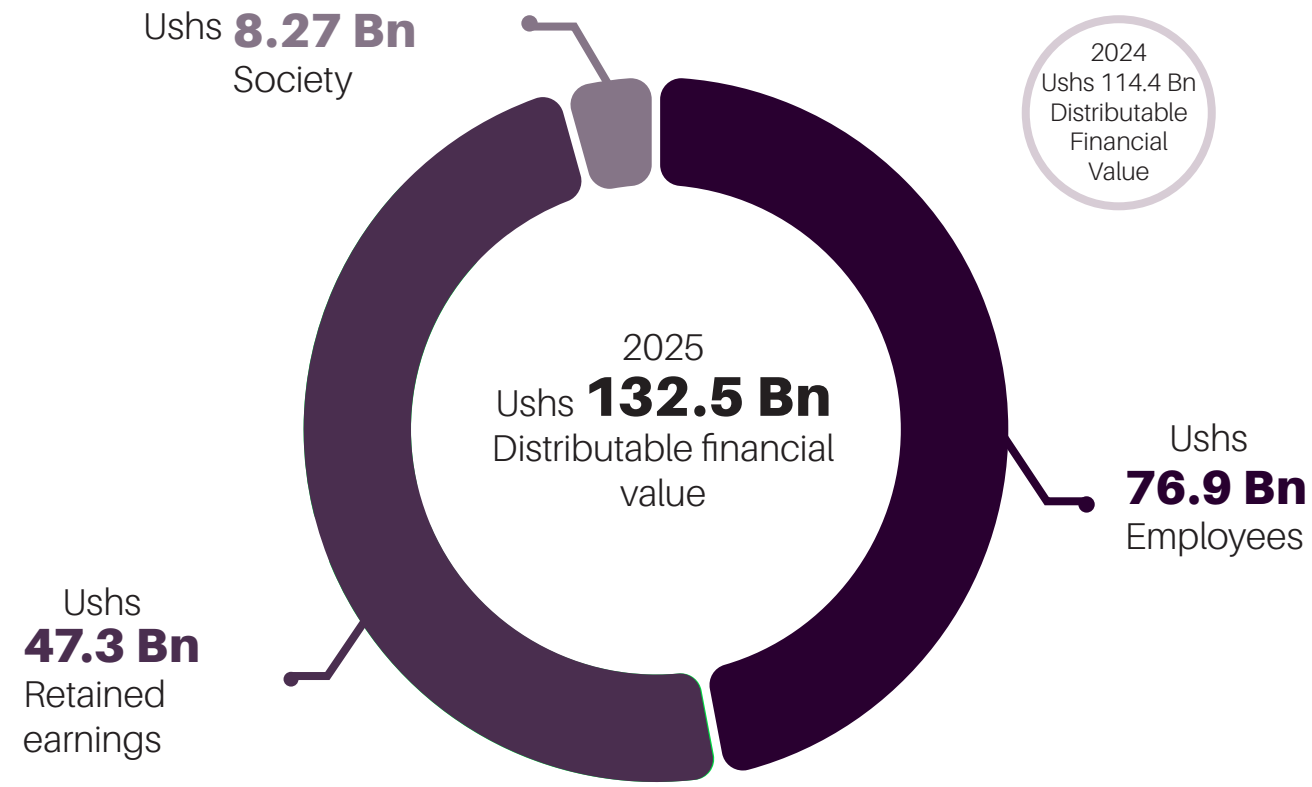
Pearl Bank is committed to providing decision-useful sustainability information to our stakeholders. Our alignment with the requirements of IFRS S1 and S2 is a testament to this commitment and forms an integral part of our broader ESG objectives. Our journey so far and approach are detailed below.

Pearl Bank's integration of the four fundamental pillars of IFRS S1 into our ESG activities and reporting is demonstrated below. The metrics and targets across these areas are generated internally, reflecting our commitment to self-regulation and continuous improvement. As the guidance continues to evolve, we remain adaptive and proactive in incorporating these developments into our approach.

IFRS S1 and S2 Pillar	What we have done so far	Journey to 2028
<p>Governance</p> <p>Refer to page 42 of this report and 23 of our Sustainability and Impact report.</p>	<p>Strengthened Board oversight of sustainability. Embedded sustainability into governance structures. Positioned the Bank for the ICPAU sustainability roadmap and future ISSB alignment.</p>	<ul style="list-style-type: none"> • Integrate sustainability KPIs into leadership performance. • Mature into full ISSB aligned oversight of sustainability and climate risks.
<p>Strategy</p> <p>Refer to page 108 of this report and 20 of our Sustainability and Impact report.</p>	<p>Embedded sustainability into the 2024–2028 strategy. Anchored on our purpose and high impact goals.</p>	<ul style="list-style-type: none"> • Link sustainability and climate risks to business model, capital allocation, and long term outlook. • Align strategy disclosures with IFRS S1/S2 expectations. Integrate scenario based planning. • Demonstrate how sustainability supports NDP IV and Uganda's transition priorities. • Deliver fully ISSB aligned strategic reporting by 2028.
<p>Risk management</p> <p>Refer to page 26 of our Sustainability and Impact report.</p>	<p>Began modernising risk frameworks to include sustainability and climate considerations. Strengthened Board oversight. Advanced climate smart lending. Built internal capacity through sustainability focused training.</p>	<ul style="list-style-type: none"> • Integrate sustainability and climate risks into enterprise risk management. • Map transition and physical risks across key sectors. • Align risk processes with IFRS S2 and ICPAU roadmap. • Introduce climate risk stress testing, portfolio heat mapping, and clearer links to risk appetite.
<p>Metrics and targets</p> <p>Refer to page 43 of our Sustainability and Impact reports.</p>	<p>Introduced structured economic, social, and environmental metrics: jobs created, women and youth financed, SME and agriculture lending, PDM reach, digital loans, resource use and emissions. Established baselines for future reporting.</p>	<ul style="list-style-type: none"> • Move from descriptive metrics to ISSB aligned, decision useful indicators. • Set time bound targets for climate, inclusion, and resource efficiency. • Strengthen data quality and methodologies. • Align disclosures with IFRS S1/S2 and ICPAU's phased adoption toward full sustainability reporting by 2028.

Direct economic value generated

GRI 201-1



58% Employees

We offer our employees competitive performance-based benefits rewards packages and learning and development initiatives.

6% Society

We provide Government with a competitive return on its investment. We also contribute to national development through direct and indirect taxes.

36% Retained earnings

Every year we retain a portion of the wealth created to fund future projects that will guarantee our continued sustainability.

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

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

Customers

Providing tailored financial products and services to facilitate our customers, improving their access to environmental, social, and governance (ESG) investment opportunities, and delivering personalized retail solutions that address their unique requirements.

Employees

Designing optimal workspaces and cultivating positive behaviors to establish a vibrant and joyful work culture, while promoting inclusivity and ensuring equal opportunities for all.

Society

Supporting the development of Social Enterprises across Uganda and promoting a fairer, more inclusive society where underprivileged communities are empowered to prosper and succeed.

Regulators

Collaborating with regulators and policymakers on reforms and new initiatives to uphold the integrity and stability of the banking industry.

Value added statement	2023	%	2024	%	2025	%
Wealth created	Ushs (Bn)		Ushs (Bn)		Ushs (Bn)	
Interest income	167.2	81%	217.4	87%	262.8	88%
Fee and commission income	30.3	15%	29.2	12%	31.3	11%
Net trading and other income	8.8	4%	1.4	1%	3.9	1%
Total income	206.3	100%	248.0	100%	298.0	100%
Interest expense	29.3	26%	44.5	33%	58.8	36%
Other operating expenses	82.5	74%	89.3	67%	106.7	64%
Total wealth created	94.5	100%	114.2	100%	132.5	100%
Wealth distributed						
Employment related costs	60.4	64%	72.7	64%	76.9	58%
Government	6.6	7%	6.2	5%	8.3	6%
Retention for future growth	27.5	29%	35.3	31%	47.3	36%
Total wealth distributed	94.5	100%	114.2	100%	132.5	100%

Please see our detailed Sustainability & Impact Report



Our Customer Service and Operations team have a picture moment at the customer service training at Hotel Africana Kampala

Integrated Stakeholder Engagement

Analysis of Pearl Bank Uganda's stakeholders

Our stakeholder analysis continues to evolve as we align stakeholder priorities with our strategic objectives. We have developed tailored engagement plans that respond to the distinct value expectations of our key stakeholders. As part of our ongoing review, we are assessing the effectiveness of our current engagement approaches to identify opportunities for deeper, more meaningful interaction and to strengthen long term relationships.

Insights and feedback from stakeholders are shared with senior leadership and play a critical role in informing decision making across the Bank.

Stakeholder mapping landscape



Implementing tailored engagement strategies for key stakeholders

We recognise that the way we engage with our stakeholders and respond to the issues they raise directly influences the strength and quality of our relationships. To ensure we remain responsive and accountable, we assess relationship quality through a range of feedback mechanisms, enabling us to make informed evaluations and continuously improve our engagement approach.

Internal quality assessment of our stakeholder relationships

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



Our Chief of Corporate and Institutional Banking, Abaasi Mawanda at an industry consultative meeting

What our Stakeholders are telling us

GRI 2 -29

Quality of Relationship

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

Employees	Customers	Government	Suppliers	Regulators	Partners	Society
We engage with our employees regularly to ensure alignment with our strategic intent and to foster a shared understanding of our priorities and performance.	We engage customers to gather feedback that informs us of continuous improvement of our products, services, & overall customer experience.	As our shareholder, we engage the Government on the Bank's performance and strategic direction to ensure alignment with national development priorities.	We provide suppliers with the information and support they need to deliver goods and services effectively and in full compliance with PPDA requirement.	We maintain open and constructive engagement with regulators and are committed to complying with all applicable laws and regulations as part of our responsibility to be a good corporate citizen.	We collaborate with Partners to understand their priorities and explore how the Bank can contribute to addressing societal needs and development gaps.	Through our community engagements, we gain insights into the needs and aspirations of the communities we serve, enabling us to earn our license to operate.

Material matters
How did we engage?

Employees	Customers	Government	Suppliers	Regulators	Partners	Society
<ul style="list-style-type: none"> Multi-platform internal communication channels tailored to employee needs. Employee engagement mechanisms, including surveys, performance reviews, and exit interviews. Regular one on one interactions between employees and their line managers. 	<ul style="list-style-type: none"> Customer engagement through branches and key touchpoints across the network. Targeted outreach using integrated marketing communications. Proactive relationship management. 	<ul style="list-style-type: none"> Annual General Meeting as the primary formal engagement platform. Ongoing ad hoc meetings to address emerging issues and priorities. Active participation in key government programs and initiatives. 	<ul style="list-style-type: none"> Transparent procurement processes. Regular communication and compliance briefings. Support to ensure adherence to PPDA requirements. 	<ul style="list-style-type: none"> Regular circulars and structured meetings with the Bank of Uganda and other key regulators. Timely submission of all regulatory requirements. Implementation of a zero-noncompliance strategy. 	<ul style="list-style-type: none"> Program specific engagement meetings with implementing partners and stakeholders. Ongoing assessment of program implementation, including monitoring and evaluation activities. 	<ul style="list-style-type: none"> Creating maximum societal impact through our loan book. Participation in community forums to strengthen dialogue and collaboration. Conducted financial literacy programs for communities.

What are the key topics raised and feedback received?

Employees	Customers	Government	Suppliers	Regulators	Partners	Society
<p>Our employees expect:</p> <ul style="list-style-type: none"> Clarity on pay and promotions. Stronger performance management. Career development and capability building. 	<p>Our customers expect:</p> <ul style="list-style-type: none"> Responsive financial services tailored to indigenous Ugandan needs including quick loan turn-around times. User friendly, stable technology platform. Simple and clear lending processes. Competitive lending rates. 	<p>Our shareholder expects:</p> <ul style="list-style-type: none"> Expanded access to credit to stimulate enterprise growth. Lower cost of credit for Ugandans. Strengthened financial inclusion. Job creation and national development impact. 	<p>Our suppliers expect:</p> <ul style="list-style-type: none"> Fair and transparent procurement processes. Strong adherence to ethical values during procurements. Timely settlement of our contractual obligations. 	<p>Our regulators expect:</p> <ul style="list-style-type: none"> Compliance with Liquidity, Sustainability and capital requirements. Compliance with the Financial Intelligence Agency's AML/CFT regulations. Compliance with new Ushs 150bn capital requirement. Compliance with sustainability regulations. 	<p>Our partners expect:</p> <ul style="list-style-type: none"> Sound governance principles that ensure the delivery of expected outcomes. Programmatic accountability. Adherence to grant conditions and reporting obligations. 	<p>The society expects:</p> <ul style="list-style-type: none"> Enable individuals and businesses to engage fully in the real economy. Participate in national development programs. Promotion of entrepreneurship, innovation, and inclusive prosperity.

How did we respond?

<ul style="list-style-type: none"> Embedded structured HR processes to enhance efficiency and reinforce operational discipline. Invested in targeted technical and behavioral capability development initiatives, largely delivered through internal expertise, enabling practical knowledge transfer. Strengthened culture and performance systems. <p> Refer to pages 122 for details</p>	<ul style="list-style-type: none"> Expanded agent network to 9,619 agents across 5,030 parishes. Strengthened digital lending and interoperability. Championed use of the small business fund to strengthen post covid response. Partnered with government to boost lending to agriculture and to large scale farmers. Increased access for women and youth through GROW and other programs. <p> Refer to pages 168 for details</p>	<ul style="list-style-type: none"> Aligned strategy to create direct and indirect jobs. Used our available resources to stimulate entrepreneurship and foster financial inclusion through affordable credit. Lowered borrowing costs to support small businesses and underserved customers. Strengthened alignment with NDP IV and national financial inclusion goals. <p> Refer to pages 67 for details</p>	<ul style="list-style-type: none"> Achieved zero non compliance with PPDA. Strengthened supplier relationships through transparency. Increased BUBU procurement spend (93.2%). <p> Refer to pages 166 for details</p>	<ul style="list-style-type: none"> Developed a sustainability related strategy. Complied with revised capital requirements. Strengthened engagement processes with BoU and other key regulators. Aligned systems and process to meet BOU and ICPAU requirements on sustainability reporting and practices. <p> Refer to pages 167 for details</p>	<ul style="list-style-type: none"> Integrated sustainability into strategy and governance. Strengthened reporting and compliance structures. Delivered strong accountability for jointly implemented projects. <p> Refer to pages 165 for details</p>	<ul style="list-style-type: none"> Tailored our strategy to become a national impact led financial institution, a reliable partner for growth and prosperity and a trusted indigenous bank for Ugandans. Expanded financial inclusion through Wendi and SACCO empowerment. Supported women, youth, and structurally weak regions. <p> Refer to pages 136 for details</p>
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Our Head of Fintech Business at the Digital Financial inclusion Summit

Reflections from our Board Chairman

“ I strongly believe that the only way we can amplify our impact and reach is through deliberate growth and expansion supported by rapid and sustainable profitability. ”

Mr. Andrew Otengo Owiny
Chairman of the Board



Dear Stakeholders,

2025 has been a defining year for Pearl Bank. We strengthened our brand, deepened our partnerships, and accelerated our mission to foster prosperity for Ugandans. Our progress reflects disciplined execution of our strategy, a relentless focus on customer centricity, and a commitment to delivering sustainable value for the country.

Operating context

Our 2025 macroeconomic environment remained broadly stable, supported by low and predictable inflation averaging 3.4% to 3.6%, a steady Central Bank Rate that remained in 9.75% range, and resilient economic activity across key sectors. GDP grew by 6.3% in FY2024/25, with forecasts of 6.0%–6.5% for FY2025/26, underpinned by firm business confidence and continued recovery in services, industry, and agriculture.

This stability provided a strong and enabling foundation for Pearl Bank to expand credit responsibly, accelerate digital finance adoption, and deepen financial inclusion as we advanced our strategic priorities and long-term value creation agenda.

The rewards of fostering prosperity for Ugandans

Last year, we established our purpose and set course towards making our high impact goals which are Driving Sustainable Financial Inclusion and Stimulating Entrepreneurship and Services a reality. To this end we:

Drive sustainable Financial Inclusion

→ **2.4 M** Customers added to the money economy via **Wendi**.

→ **25%** Twenty-five percent of our portfolio targeted towards women and youth financing.

Stimulate Entrepreneurship & services

Ushs 764 Bn In financing to Ugandans.

Ushs 384 Bn In financing Micro and Small business.

I strongly believe that the only way we can amplify our impact and reach is through deliberate growth and expansion supported by rapid and sustainable profitability. I am pleased to share that Pearl Bank continues its growth trajectory closing the year with Ushs 298 Bn in total revenue up from 248 Bn in 2024. Our profit after tax rose to Ushs 47 Bn, up from Ushs 35 Bn in 2024. These incremental gains were supported by the growth in loans and advances which closed at Ushs 749 Bn, representing a 4% increase from 2024 while deposits closed at Ushs 1.417 Tn up from Ushs 990 Bn in 2024. These results are a testament to the continued trust our customers and partners place in us.

Driving Inclusive Growth Through Strategic Partnerships

A major highlight of the year was the successful integration of our Wendi mobile wallet with Stanbic Bank’s FlexiPay platform. This partnership has created one of Uganda’s most extensive interoperable digital finance ecosystems, enabling:

→ **1M** 1,000,000+ users to transact seamlessly.

→ Expanded reach to women, youth, farmers, and rural communities.

→ **9,619 Agents** * Access to a 9,619 agent network across the country. We are in 5,030 of the total 10,590 parishes and in 1,791 of the total 2,224 sub counties.

Creating value for our Shareholder

We are a Government owned institution that is committed to delivering results that mean the most to our Shareholder, the Honorable Minister of Finance, Planning and Economic Development (MoFPED). During the year we created 31,642 direct and indirect jobs and contributed to the development of Uganda through direct taxes to the tune of Ushs 8.27 Bn all while delivering a return on equity of 18.5% up from 17.3% in 2024.

This collaboration is a powerful example of how financial institutions can work together to advance our government’s financial inclusion goals while improving customer experience and reducing the cost of financial services. Our digital channels are now central to how Ugandans interact with the Bank, and they will continue to drive our growth and impact.

Progress on our strategic journey

2025 marked the second year in the execution of our strategy ending in 2028 (see page 108 for details on our journey to date). During the year, we undertook a bold and deliberate step by rebranding the Bank and adopting the name Pearl Bank an evolution rooted in a fundamental question we asked ourselves: "Who is our customer?" This reflection reaffirmed our aspiration to become a trusted partner in the growth and prosperity of Ugandans.

The new brand reflects who we are today: a dependable, nationally grounded institution committed to serving Ugandans better. It embodies our transformation into a digitally progressive and inclusive financial institution, deeply dedicated to advancing the growth of individuals and catalysing the success of Ugandan businesses.

Strengthening Our Operational Foundations for Ten-Fold Growth

We asked ourselves a simple but important question: who is taking care of our customers and, by extension, our business? This guided the Board's focus on strengthening governance and improving agility across our network, especially as we pursue our ambition to support Uganda's Tenfold Growth Strategy through innovation.

In 2025, we continued to invest in our people, systems, and processes. We improved customer experience across digital and branch channels, enhanced cybersecurity and data governance, expanded staff training to build a culture of innovation, and strengthened customer satisfaction through active feedback management.

A Purpose-Driven Future

As we move into the next phase of our 2024-2028 strategy, our priorities remain clear: deepen digital financial inclusion, strengthen high-impact partnerships, reinforce our balance sheet and operational resilience, and deliver sustainable value for the Government of Uganda and all stakeholders. Pearl Bank is more than a financial institution; we are a catalyst for national development, guided by our purpose Fostering Prosperity for Ugandans.

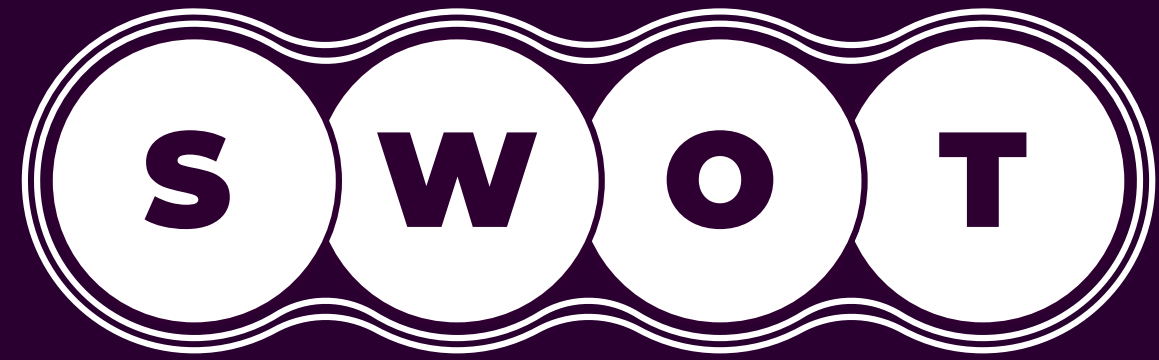
I am proud of what we achieved in 2025 and confident in the path ahead. As we advance our ambition to serve Ugandans as a truly digital bank, the Board will continue to focus on emerging risks and opportunities, including the growing importance of AI Governance. Together with our partners, customers, and employees, we remain committed to building a more inclusive, resilient, and prosperous Uganda.

Thank you for your trust and partnership.

Mr. Andrew Otengo Owiny
Chairman, Pearl Bank

Our Material Matters, Risks and Opportunities

We apply integrated thinking throughout the execution of our strategy, ensuring that we remain focused on the issues that influence our ability to create value over the short, medium, and long term. These material matters shape our strategic choices, inform us how we manage risk, and position us to capture emerging opportunities.






Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Government ownership. Expanding customer base. Skill in financing Micro and Small businesses. Significant presence in the Agri - Business space. Wide geographical coverage and distribution network. 	<ul style="list-style-type: none"> A high cost to income ratio. Limited number and size of active customers. Manual processes Regulations related to mainstream civil service that deter competitiveness. 	<ul style="list-style-type: none"> Wendi commercialisation and the large unbanked/undeserved section of the population. Positioning as the Government's Banker. Optimised distribution network. Low public sector GDP contribution. 	<ul style="list-style-type: none"> Cyber security risk. Competition from tech driven entities including Telcos. Government preference to Bank with private financial institutions. New regulations increasing the cost of compliance.

Our materiality process - defining what matters most to internal and external stakeholders

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

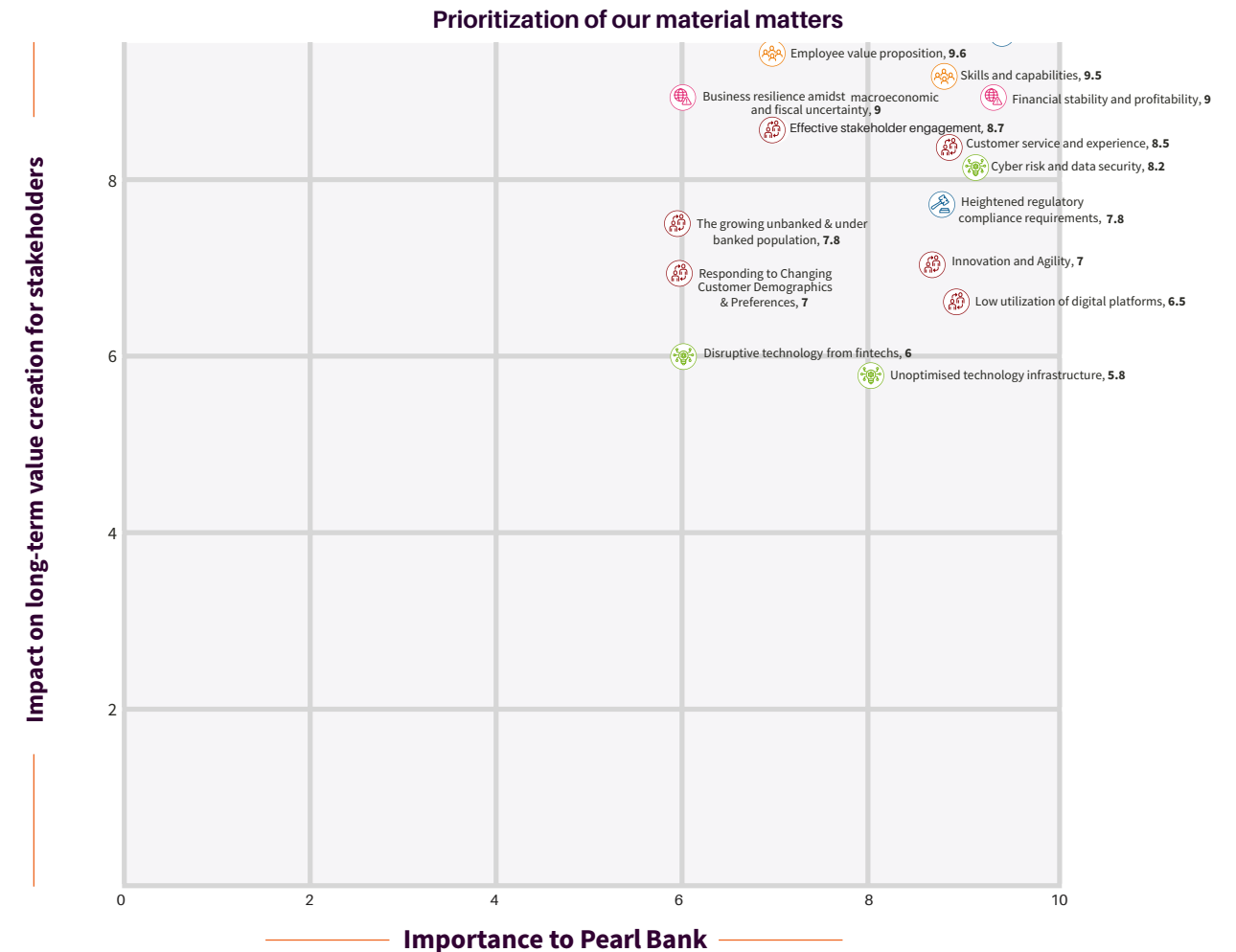
In delivering our strategy, we apply integrated thinking to identify those matters that may influence our ability to create value in the short, medium, and long term. These matters inform our strategy to manage the risks and maximize the opportunities that present themselves.

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

	Inputs	Process
 <p>Identify How we do it:</p> <p>We consider their effect on our strategy, governance, performance, and prospects.</p>	<ul style="list-style-type: none"> Industry trends and market trends. External stakeholder engagement. Customer feedback. Government policy. Internal information. 	<p>We analyze our business context, our operating environment, the resources on which we rely, and the internal and external feedback received from our stakeholders applying an integrated thinking approach to assess matters that could have financial, reputational, operational, environmental, social, strategic or regulatory significance.</p> <p>We consider those matters that have occurred as well as matters that could affect our business in the short, medium and long term.</p>
 <p>Prioritize How we do it:</p> <p>The magnitude of a matter determines our focus.</p>	<ul style="list-style-type: none"> Senior management deliberation. Approval from the Board and appropriate governance structures. 	<p>We use the outcomes of this analysis and the key risks and opportunities identified to prioritize those matters that are most material to our ability to create sustained value in the short, medium and long term (as depicted in the materiality matrix) on page 87.</p> <p>Based on the material impacts identified, we derive our focus areas.</p>
 <p>Integrate How we do it:</p> <p>We cascade our strategic priorities throughout business.</p>	<ul style="list-style-type: none"> Board - determined strategic direction. Senior management specific action drivers. Remuneration based on KPIs derived from strategy. 	<p>We integrate our material matters into our strategy by contextualizing them into our five strategic pillars which guide our approach to the strategic choices we make in our business.</p> <p>Performance against the strategy is tracked by setting clearly identified key performance indicators (KPIs) that are cascaded throughout the bank to deliver on the strategic priorities.</p>

Our materiality themes - the outcomes of our materiality process GRI 3-2

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







0 - High, 10 - Very High







For more information on our materiality themes, please see our operating context (page 95), and for more information on our material matters please see our capital in the value creation section of this report (page 118).

Risks and Opportunities






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

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

Stakeholder	Material Matters	What are the risks?	Where do we see the opportunities?	What we are doing about it?
 Employees	Employee Value Proposition.	Our five-year strategy requires that we exploit our existing markets and explore to create new ones simultaneously. The blend of skills we need is complex and failure to maintain our valuable staff can delay our delivery of value.	A fast growing and agile local bank easily attracts both talented & experienced individuals.	A clear employee value proposition and deliberately launched a talent management program. <i>See Human Capital section on page 122.</i>
 Employees	Skills & Capabilities.	The war for talent - acquisition, identification & retention of essential skills for our business is an industry wide phenomenon that can hinder our strategy execution.	Continue to "walk the talk" on performance as we continuously create people improvement opportunities across our businesses.	Implemented a robust performance & talent management framework linked to rewards and growth. <i>See Human Capital section on page 122.</i>
 Customers	Innovation & Agility.	Our unique customer base requires an innovative, agile distribution and client touchpoint approach to financial inclusion that meets the needs of a diverse stakeholder landscape.	The unbanked and financially excluded Ugandan population is our target growth market.	We have re-arranged our business into the core banking business and Digital Financial Services.
 Customers	Disruptive technology from Fintechs.	Technology and mobility are increasingly shaping consumer behavior. Traditional banks risk losing relevance to platform companies and Fintechs.	A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in core markets as well as extend our reach into emerging markets.	<i>See page 39 of our Sustainability and Impact Report.</i>

 Customers	Cyber security and data security.	The prevalent threat of cyber-attacks on financial institutions remains one of our top concerns.	A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	Read more about cyber security on page 40 of our Sustainability and Impact Report .
 Customers	Unoptimized technology infrastructure.	While Uganda has taken significant steps in financial inclusion, certain marginalized segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.	With technological advancements and targeted partnerships, we see opportunities to reduce operating costs and develop a more inclusive financial system. This aligns with our digital agenda.	Read more about our Wendi offering on pages 137 .
 Customers	Customer service and experience.	Poor customer service and capacity constraints lead to strained customer relationships and loss of business.	Offering a unique customer value proposition consisting of innovative and effective customer solutions and superior service quality with strong commitment to business ethics, increasing customer satisfaction and trust in the bank.	See our social and relationship capital on pages 162 .
 Society	Responding to changing customer demographics and preferences.	Slow response to Uganda's changing demographics and associated preferences could alienate our clientele.	This is a key target segment for the bank.	We are well positioned to respond to these changes.
 Society	The growing unbanked & under banked population.	The need for financial inclusion is a national priority. Serving this niche is a costly endeavor.	The bank is well positioned to partner with various players to meet this challenge.	<i>See pages 136.</i>
 Customers	Cyber security and data security.	The prevalent threat of cyber-attacks on financial institutions remains one of our top concerns.	A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	Read more about cyber security on page 40 of our Sustainability and Impact Report .

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Society 	Effective stakeholder engagement.	We are a bank that is wholly government owned with the attendant priorities. However, we also play in a private sector led industry. This duality of conflicting priorities must be managed effectively.	We view this as a key differentiator in our value proposition to customers & other stakeholders.	<i>See page 78 on our strategic response.</i>
Regulators 	Capitalization from shareholders.	New BASEL II & III regulations that significantly increase capital requirements and the bank's expectation for increased capital injection from the bank's shareholders.	Ability of the bank to take on more risk and fund more customers.	Shareholders increased the bank's authorized share capital and implemented an aggressive capital plan to meet these requirements.
Regulators 	Heightened regulatory compliance requirements.	We must adopt to the unprecedented rate of regulatory changes and ensure the associated risks are well understood and embedded on the bank's business model.	Sound governance and compliance are central to our business reputation and license to operate.	Robust governance process and strong management of regulatory compliance across the bank.
Government/ Shareholder 	Financial Stability and Profitability.	Any major disruption could reduce the demand for our services and lower spending power of our customers, affecting our profitability.	Ugandan mega trends- from growing affluence, increasing urbanization, surging consumption to huge infrastructure investments - provide massive opportunities to banks to provide financing in our growth markets.	Our multiple business lines, focused business segment approach coupled with nimble execution will enable us to mitigate risks and capture opportunities across the region.
Government/ Shareholder 	Business resilience amidst macroeconomic and fiscal uncertainty.	Restrictive external and domestic financial conditions partially driven by reduced development financing as well as underperforming tax revenue increase the cost of doing business and the potential for customer defaults.	The Ugandan economy has remained resilient with projected growth supported by recovery in agriculture, construction and services sectors.	We have uniquely positioned value propositions to take advantage of growth in these sectors.

Integrated Risk Management Approach

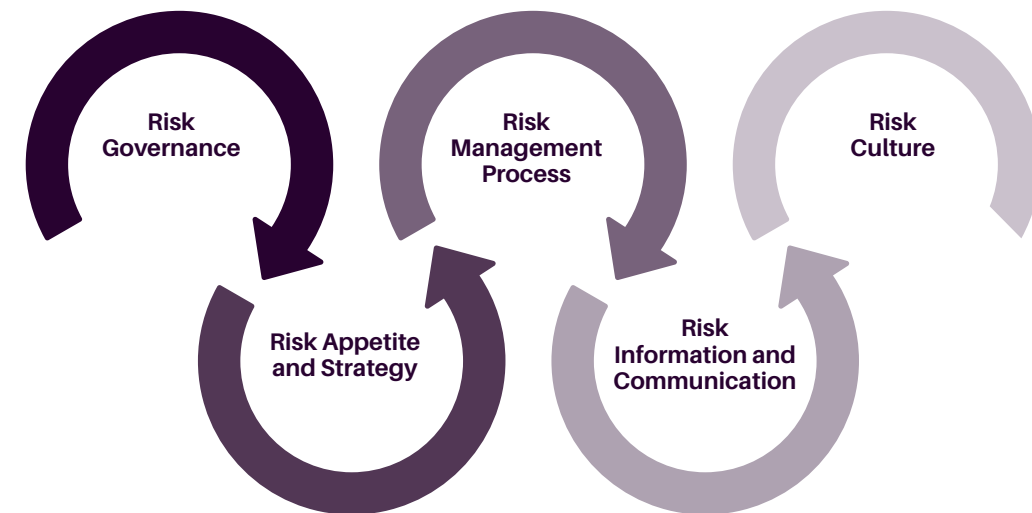


“We consider integrated risk management to be an optimal approach that strengthens operational practices, decision making and goal setting to better respond to stakeholder needs, as well as to support the desired consent and buy in from all our staff.”

Mr. Martin Anioka
Chief Risk Officer

At Pearl bank, we believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management. We have introduced and cascaded a renewed risk management framework, also refreshed as the Risks and Opportunities Framework for Sustainability. This is intended to strengthen risk management by all three lines of defense. We therefore consider integrated risk management to be an optimal approach that strengthens operational practices, decision making and goal setting to better respond to stakeholder needs, as well as to support the desired consent and buy in from all our staff. Risk and Compliance is a strategic pillar that underpins the existence, survival and sustainability of Pearl Bank.

Our Risk Management framework encompasses the critical facets illustrated below:



Risks on our radar - How we approach Risk Management

The Bank's risk profile is assessed using criteria set out in the Bank of Uganda Risk Management Guidelines. These criteria provide a structured basis for evaluating the nature, severity, and potential impact of risks across our operations, ensuring a consistent and supervisory aligned approach to determining our overall risk rating.

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

The bank's overall risk management rating has remained acceptable with a stable direction attributable to sound risk management practices implemented coupled with a strong financial performance, Strong Board Oversight and good Management.

Our Risks

Operational risk, conduct risk, compliance risk, and strategic risk were all assessed as moderate as at 31 December 2025. Management has already implemented targeted measures to contain and mitigate these risks in 2026, as outlined in the table below.

S/N	Risk Category	Management actions underway - 2026
1.	Operational Risk	<p>Management focus is on strengthening first line of defence through:</p> <ul style="list-style-type: none"> • Introduction of the Internal Controls unit. • Continuous training and sensitisation of staff.
2.	Credit Risk	<ul style="list-style-type: none"> • Ensuring sustainable loan book growth aligned with budget projections for the achievement of revenue targets. • Continue with credit portfolio monitoring and recovery to further reduce credit losses. • Hiring of the Manager Internal Control - Branch Credit Operations is underway to minimise branch generated credit risk.
3.	Markets & Treasury Operations (Balance sheet profitability, Liquidity & FX Management)	<p>Strengthening ALM and FX management practices through:</p> <ul style="list-style-type: none"> • Implementation of the refreshed Treasury & Markets Code. • Hiring of a Manager ALM is under way.
4.	Compliance Risk Management	<ul style="list-style-type: none"> • Focus is on closure of all outstanding regulatory findings following the AML/CTF/PF follow up review by BOU in Q4 2025 and the ongoing Onsite Examination follow up review. • Currently seeking to hire three (3) Compliance Officers to fill vacant positions in the department in 2026.
5.	Strategic Risk	<p>Attain key milestones such as:</p> <ul style="list-style-type: none"> • Relocation of Head Office. • Completion of the rebranding project. • Implementation of strategic BOU recommendations. • Capitalisation to support implementation of approved strategic initiatives.

Our Opportunities

- New Markets and Products
- Innovation and Technology
- Enhanced Reputation and Brand Value
- Talent Acquisition and Retention

Refer to our Sustainability and Impact Report for more details on our Opportunities, pages 28 to 29.

Risk Management – Our Way forward

As we build and improve our capabilities in the financial services business, we will continue to leverage our current risk management processes and proactively expand and evolve our enterprise risk environment to anticipate and effectively manage risks that may arise.

Our attainment of the Sustainability Standards Certification Initiative during the year 2025 from the European Organisation for Sustainable Development is testament to our robust and sustainable risks and opportunities management framework.

As reported in the 2025 Risk in Focus Report by the Internal Audit Foundation, we expect the identified top five (5) risks for the year 2025 – 2027 to be Cyber Security, Digital disruption- (Including Artificial Intelligence generated risks), Business Continuity, Human Capital, Financial liquidity and Fraud from an Africa perspective.

Particularly for Uganda, the banking sector regularly reports fraud incidents pointing to the need for more robust risk management processes for all risk types.

At Pearl Bank Uganda Limited, we continue to review our Risk Management Framework, Business Strategy and Business models to ensure that we remain resilient and relevant in the economy.

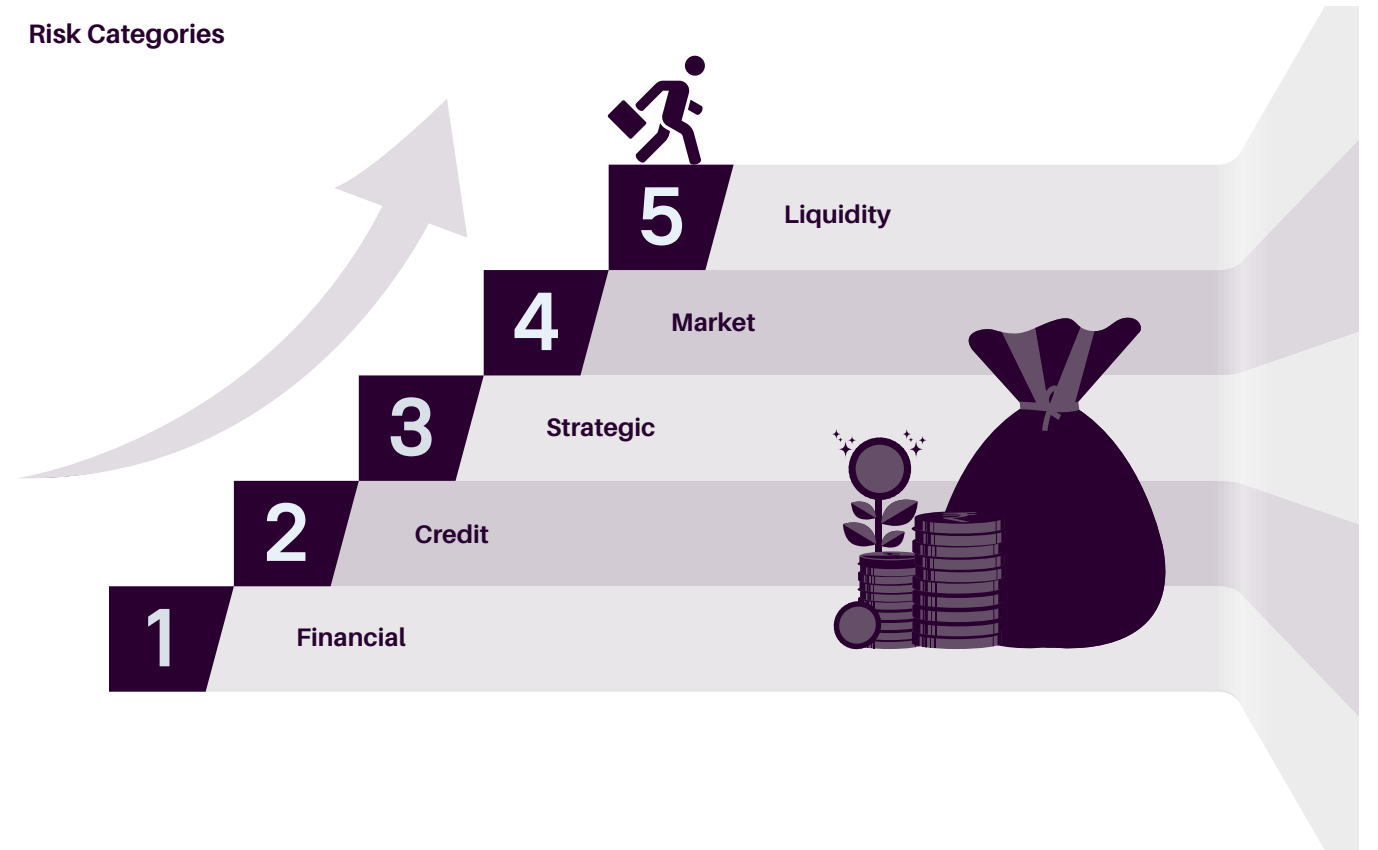
We have finalized with the implementation of our Operational risk management system (One SumX GRC), demonstrating our focus on the automation of the risk management processes to increase efficiency and effective risk oversight.



Our Operating Context

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

Risk Categories



Year on year movement: + Increased + Emerging - Stable - Decreased

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



Technology innovation & digitization in the banking industry

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

Implications for Value – Why this is material.

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

Our Strategic response

- We modernized and simplified our systems to allow for integration with emerging technologies that now enable us to service our customers better, reduce risk and improve system availability and resilience.
- We enhanced cybersecurity governance and operational structures through heightened monitoring, reporting and response to threats. In addition, we regularly invest in upgrades to the cybersecurity environment where required. See our cyber security response on page 40 of our Sustainability and Impact Report.
- We continued to create cybersecurity awareness among our clients and employees.
- We have invested heavily in technology in terms of attracting highly dedicated and skilled talent that may be difficult to retain. Although innovation and adoption of new technologies can be a differentiator, a failure to effectively execute & implement digital transformation can lead to business loss, reputational damage, poorer customer experience and budget overruns.
- We have deeply integrated emerging technologies within our business model, a move that enables us to extend our financial services to the unbanked, enhance service standards, introduce a culture of innovation and augment our core product offering that is a historically brick and mortar led service. See our intellectual capital section on page 133.

Year on year movement	Risk category	Time frame	Capitals impacted
	Strategic, operational, reputational.	Short to medium term.	

➔ Governance in action	➔ Related stakeholders	➔ Relevant GRI and boundary	➔ Relevant SDGs
<p>Most of the projects approved by the Board are related to digital transformation including improvements in information security.</p> <p>The Board also approved the digital alignment strategy further deepening digital integration with our business.</p>	Customers, employees and regulators.	<ul style="list-style-type: none"> • 401: Employment -within. • 404: Training and Education - within. • 418: Customer privacy within and outside. 	

Refer to our Governance section for more details on our board approvals during the year, page 60



➔ Uncertain geopolitical & post pandemic socio-economic business environment.

Key Factors

- Geopolitics and associated knock-on effects related to imported inflation, uncertainty, complexity and ambiguity create potential social and economic disruptions, with COVID-19 lag effects significantly altering the operating context, accelerating trends and highlighting structural issues within the Uganda economy. The global environment was shaped by multiple conflicts in 2025 with tensions in the Middle East driving oil and gas price volatility, which impact import costs.

Implications for Value – Why this is material.

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

Our Strategic response

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

Year on year movement	Risk category	Time frame	Capitals impacted
	Financial, operational, Market	Short to medium term	

➔ Governance in action	➔ Related stakeholders	➔ Relevant GRI and boundary	➔ Relevant SDGs
To deal with the economic instability, the Board amended Pearl Bank’s strategic plan to facilitate continuous realignment and execution of the bank’s two high impact goals. See page 108 on strategy.	Customers, employees & regulators.	<ul style="list-style-type: none"> • 201: Economic performance -within and outside. • 203: Indirect economic impacts - outside. 	

Refer to our strategic response for more details on pages 108 to 117

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→ Increased regulatory scrutiny & governance.

Key Factors

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

Implications for Value - Why this is material.

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

Our Strategic response

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

Year on year movement	Risk category	Time frame	Capitals impacted
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operational, reputational

Short to long term



→ Governance in action	→ Related stakeholders	→ Relevant GRI and boundary	→ Relevant SDGs
Board Risk & Technology Committee and Board Audit Committee monitor current and anticipated regulatory changes within their respective mandates.	Shareholders, employees & regulators.	<ul style="list-style-type: none"> ➤ 404: Training and Education -within. 	

We continue to meaningfully & proactively engage with other regulators that affect our business.

Refer to our strategy discussion for more details on pages 108



→ Increased competition & demographic changes.

Key Factors

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

Implications for Value - Why this is material.

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

Our Strategic response

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

Year on year movement	Risk category	Time frame	Capitals impacted
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Strategic, operational, reputational

Short to long term



→ Governance in action	→ Related stakeholders	→ Relevant GRI and boundary	→ Relevant SDGs
The board in 2024 approved a five-year strategy with clear direction to exploit our existing markets and explore new ones to foster prosperity for Ugandans.	Shareholders, Customers.	<ul style="list-style-type: none"> ➤ 2-6: Activities, value chain and other business relationships. 	

Refer to our strategy discussion for more details on pages 108.



→ Workforce capabilities & the evolving world of work.

Key Factors

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

Implications for Value - Why this is material.

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

Our Strategic response

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

Year on year movement	Risk category	Time frame	Capitals impacted
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Strategic, financial, operational, reputational

Short to long term.



→ Governance in action	→ Related stakeholders	→ Relevant GRI and boundary	→ Relevant SDGs
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The board, being cognizant about the war for talent in the marketplace approved the implementation of an enhanced employee value proposition that aligns with the bank's strategic ambitions.

Shareholders, Customers, employees, society

- 401: Employment -outside.
- 404: Training and Education - within



Our Sector Head-Financial Institutions and Social Enterprises delivers a key note address at a customer stakeholder engagement

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07



Our Chief Retail Officer Mr Ibrahim Kato bracing the Wendi wallet and FlexiPay integration launch at Sheraton Hotel Kampala.

Chief Executive Officer's Remarks



All our efforts demonstrate the commitment to reducing financial exclusion and promoting entrepreneurship in alignment with national priorities and global sustainability expectations.



Mr. Julius Kakeeto
Managing Director / CEO



Dear Stakeholders,

2025 was a defining year for Pearl Bank. We strengthened our brand, deepened strategic partnerships and advanced our purpose of Fostering Prosperity for Ugandans. Supported by a stable macroeconomic environment with inflation between 3.4 and 3.6 percent and GDP growth of 6.3 percent, we delivered strong financial results and expanded our contribution to national development. The year also marked a key milestone in our sustainability journey with the launch of our first Sustainability Report, demonstrating our commitment to transparent, decision useful disclosures and alignment with emerging global standards.

Performance and Value Creation

Our execution and customer-centric strategy translated into strong financial and non-financial outcomes. Total revenue increased to Ushs 298 billion from Ushs 248 billion in 2024, while profit after tax rose to Ushs 47 billion from Ushs 35 billion. Loans and advances grew to Ushs 749 billion, enabling enterprises and households to thrive, while customer deposits closed at Ushs 1.417 trillion, surpassing the trillion-shilling milestone.

As a government-owned institution, we continued to play a catalytic role in Uganda's development agenda. We contributed Ushs 8.27 billion in direct taxes, supported 31,642 direct and indirect jobs across the value chain, and delivered a return on equity of 18.5 percent, up from 17.3 percent in 2024.

Driving Sustainable Financial Inclusion

We advanced our high-impact goals with a focus on inclusive growth and equitable access to financial services. Through Wendi, 2.4 million Ugandans were brought into the money economy. Twenty-five percent of our portfolio was dedicated to women and youth financing, and we extended Ushs 764 billion in financing to Ugandans, including Ushs 384 billion to micro and small businesses. All our efforts demonstrate the commitment to reducing financial exclusion and promoting entrepreneurship in alignment with national priorities and global sustainability expectations.

Wendi: Transforming Digital Financial Inclusion

Wendi continued to strengthen its role in driving digital financial inclusion. The platform onboarded 2.4 million customers, expanding access for underserved communities. It digitized 14,296 savings groups and SACCOs and delivered 270 financial literacy forums that built customer capability, trust and responsible usage. Our agent network grew to 9,619 agents across 5,030 parishes and 1,791 sub-counties, supported by a Super Agency model that improved liquidity and service reliability. Customer activity increased, with E-value balances reaching Ushs 491.7 billion, 6.9 million transactions processed and Ushs 1.8 trillion transacted during the year. Wendi contributed Ushs 40 billion in revenue, reflecting strong adoption and usage.

Strategic collaborations with regulators, Fintechs and financial institutions, including the interoperability partnership with Stanbic FlexiPay, expanded our reach, reduced transaction costs and improved accessibility for women, youth, farmers and rural communities.

Strengthening Operational Resilience

To support our growth and transformation, we continued to invest in cybersecurity, data governance, customer experience across digital and branch channels, and staff capability building to foster innovation and agility (see our impact on pages 112 to 117). We also strengthened governance structures to align with our long-term strategy and emerging risks (refer to pages 42 on governance and 85 on risks and opportunities). These investments reinforce our resilience and ensure we remain responsive to evolving stakeholder expectations and regulatory developments.



Looking Ahead

As we enter the next phase of our 2024 to 2028 strategy, our priorities remain clear. We will deepen digital financial inclusion, strengthen high-impact partnerships, reinforce operational resilience, and deliver sustainable value for the Government of Uganda and all stakeholders. Our rebrand to Pearl Bank reflects our identity as a dependable, nationally grounded, and digitally progressive institution committed to serving Ugandans better.

We remain focused on enabling a more inclusive, resilient, and prosperous Uganda.

Thank you for your continued trust and partnership.

Julius Kakeeto
Managing Director / CEO

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Those charged with governance

→ Board of Directors



Mr. Andrew Otengo Owiny	Ms. Beatrice Lagada	Mr. Lawrence Kasenge	Mr. Johnson Mugulusi	Ms. Farida Mukasa Kasujja	Mr. Joseph Areu	Mr. Julius Kakeeto	Mr. Andrew Kabeera	Mr. Martin Mugisha	Ms. Teddy Namasinga Lubowa
Chairman	INED	NED	INED	INED	INED	Managing Director/CEO	Executive Director	Executive Director	Ag. Company Secretary

→ Executive Committee



Janey Rachel Nakato	Peter Ssenyange	Doreen Muhangazi	Gonzaga Mugumya	Ibrahim Kato	Martin Anioka	Abaasi Mawanda	Steven Mwesige	Yunus Mugula
Chief Technology Officer	Chief Financial Officer	Chief People & Strategy Officer	Chief Internal Auditor	Chief Retail Officer	Chief Risk Officer	Chief Corporate and Institutional Banking Officer	Chief Information Security Officer	Chief Treasury & Markets Officer

→ Senior Management Team



Frank Kalinzi	William Kagoda	Trevor Chai	Irene Namugenyi	Priscilla Akora	Arthur Mujuni	Laura Bahemuka
Head Bancassurance	Head of Credit Evaluation	Head Talent and Learning	Head Change and Project Management	Head Marketing and Communications	Regional Head, Western	Head SME

→ Senior Management Team



Damallie Nalukwago	Kenneth Kawuki	George William Kiyongi	Abudu Ongwen	Brenda Mpoora	Edgar Ntwali	Dennis Wakibi
Head Operations and Service	Head Procurement and Administration	Head Wendi Payments	Regional Head, Eastern	Head Fintech Business	Head Business Technology	Head Credit Administration



Martin Lukyamuzi	Henry Mubu Rwankwenge	Barbrah Nyamahunge	Patrick Okwi Osakan	Adons Aryong	Kasozi James	Ntare Moses Mbabazi
Regional Head, Greater Kampala	Regional Head, CBD	Financial Controller	Regional Head, Northern	Head Data Analytics and Retail Products	Head Fintech Partnerships	Head Digitization and Innovation

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Our Strategic Approach

Our vision 2028 strategic ambitions

Our powerful strategy underpins our purpose of Fostering Prosperity for Ugandans. The year under review reflects the second year of our five - year plan designed to set us on the path of becoming a value centered financial institution by 2028.

Driving Value Through Strategy

At this stage of our strategic journey, we continue to deliver strong and measurable progress toward building a more sustainable, future proof, and digitally advanced bank.

Our strategic ambitions remain the anchor for disciplined execution and targeted investment across priority areas, translating intent into tangible outcomes.

The progress achieved to date reflects our commitment to long-term value creation for customers, communities, and shareholders advancing sustainability, deepening customer impact, and strengthening institutional resilience.

With this momentum, we are well positioned to accelerate delivery as we advance toward full strategy realisation.

Built for Long-Term Impact



Wendi partnered with TotalEnergies to simplify customer payments at all Total fuel stations using the Wendi mobile wallet platform.

P1 Performance



The Performance pillar focuses on delivering sustainable financial results by optimizing balance sheet growth, improving profitability, and ensuring efficient use of capital while supporting economic growth.

Supporting our purpose

- Supports sustainable lending to priority sectors and underserved segments.
- Strengthens the Bank's capacity to fund economic growth and development initiatives.

Related material matters



Primary capitals utilised and impacted



Performance to Date & Key Achievements

- Ushs 764 billion in financing to Ugandans.
- Ushs 384 billion in financing Micro and Small business.
- 25% of our portfolio targeted towards women and youth financing.
- 2.4 million customers added to the money economy via Wendi.
- Grew our agency network to 9,619 agents across the country.

P2 Risk Management



The Risk Management pillar safeguards the Bank's sustainability by proactively identifying, assessing, and managing risks while enabling responsible growth.

Supporting our purpose

- Strengthens risk governance and oversight frameworks to support long-term sustainability of the Bank's financial services.
- Supports better alignment between risk appetite and business growth.

Related material matters



Primary capitals utilised and impacted



Performance to Date & Key Achievements

- Obtained a fair risk rating from the regulator.
- Achieved 88% KYC compliance rating for our existing customer base.

P3 Franchise Management

The Franchise Management pillar strengthens the Bank's market presence, brand relevance, and stakeholder relationships.

Supporting our purpose

- Facilitates deepened outreach to MSMEs, and priority customer segments, while building local capacity to strengthen service readiness and sustainable growth.
- Strengthens trust and brand confidence in formal financial services.
- Supports focused segment-led and sector-driven growth approach.

Related material matters



Primary capitals utilised and impacted



Performance to Date & Key Achievements

- The Bank successfully rebranded from PostBank to Pearl Bank.
- The Bank was awarded a Level 3 Sustainability Certification by the European Organisation for Sustainable Development (EOSD).
- Appointed a second Executive Director to support the growing operational and strategic demands of the institution.

P4 Service & Innovation

The Service and Innovation pillar focuses on delivering accessible and affordable financial services by enhancing customer experience, using digital solutions, and creating innovations that meet the evolving customer needs.

Supporting our purpose

- Expands access to affordable financial services through digital and alternative delivery channels.
- Reduces barriers to entry for mass-market, MSMEs, and underserved customers.
- Supports productive economic activity through improved customer experience through streamlined processes and reduced turn around time.

Related material matters



Primary capitals utilised and impacted



Performance to Date & Key Achievements

- 80% of the Bank's products and services can be originated from self-service channels.
- Achieved 99.5% system availability on our service channels
- 85% transactions done on digital channels.
- 99% of customer service issues were resolved within 48hrs and 96% within one week.

P5 People and Culture

The People and Culture pillar builds a capable, engaged, and values-driven workforce to deliver the Bank's strategy and purpose.

Supporting our purpose

- Builds staff capability to serve broad and evolving customer needs.
- Promotes ethical conduct, inclusion, and customer-centricity.
- Supports continuous innovation and individual productivity through a strong performance culture.

Related material matters



Primary capitals utilised and impacted



Performance to Date & Key Achievements

- Achieved 80% annual employee engagement score.
- 73% internal hiring for all positions.
- Ushs 17.1 million monthly revenue per employee.
- Cultural change successfully implemented and are now fully integrated into all aspects of the Bank.



Key performance highlights 2025

		Measure of success	Target	Status outcome	Value indicator	2025 Performance	Notes	Future Priorities	Expected Outcomes 2028
Performance	Strategic objectives Achieve returns above Industry average	1 → ROE → ROA → Revenue/Employee	ROE of 16%	↑	+	18.5%			ROE of 17%
			ROA of 2.2%	↑	+	2.5%			ROA of 2.5%
			Revenue/Employee of Ushs 18 million.	↓	-	17.1			Revenue/Employee of 25m by 2028.
	Double Market Share	2 → Growth in Advances (Ushs) → Growth in Deposits (Ushs)	Advances 1.074Tn	↓	-	749			Advances 1.9Tn by 2028
			Deposits 1.628Tn	↓	-	1,417			Deposits 2.7Tn by 2028
	Support to MSMEs	3 → Support for Micro and Small business (Ushs) → Support for Women & Youth	Micro and Small business Advances 330Bn.	↑	+	384			→ Known for our dedicated support of MSMEs, offering tailored financial solutions that empower their growth and success.
			Target Women & Youth Advances of 25% of Total Advances.	↑	+	26%			
	Promoting Social Services in business	4	Advances Ushs 30Bn	↓	-	20.7			
	Drive Sustainable Financial Inclusion	5 → Achieve 5 million active customers on Wendi by 2028 → Grow agent network to serve mass customer acquisition → Digital Lending (Ush)	Achieve 3 million active customers on Wendi	↓	-	1.6		Achieve 5 million active customers on Wendi by 2028	→ A strong distribution network and diverse product offering that aids financial inclusion.
			Achieving 6,000 Agents	↑	+	9,619		Wendi Achieving 15,000 Agents	
49Bn Digital Lending			↑	+	99.6		218Bn Digital Lending		
Risk Management	Achieve Satisfactory Regulatory ratings	1 → Satisfactory BOU Onsite ratings → Satisfactory BOU Offsite ratings → Closure of all examination issues within 180 days after reporting date	Satisfactory BOU Onsite ratings.	↓	-	Fair	Proactively drive closure of regulatory findings, Internal Audit findings and risk review and investigation findings.	→ Achieve "Satisfactory" regulatory ratings.	
			Satisfactory BOU Offsite ratings.	↓	-	Fair			
			Closure of all examination issues within 180 days after reporting date.	↓	-	5			
	Achieve Acceptable Internal Audit ratings	2 → Achieve Acceptable ratings for 90% of the entities covered → Closure of Audit issues	Achieve Acceptable ratings for 80% of the entities covered.	↓	-	70%		→ Enhanced regulatory adherence and reduced potential for disruptions or losses.	
			Close 100% of Audit issues within 90 days after reporting date.	↓	-	43%			
	Achieve Acceptable Compliance ratings	3 → KYC compliance for existing customers	Achieve 98% KYC compliance for existing customers.	↓	-	88%			

Strategic objectives	Measure of success	Target	Status outcome		Value indicator	2025 Performance	Notes	Future Priorities	Expected Outcomes
Proactive Stakeholder Management	➔ Stakeholder Management action plan.	Target	↑	+	Completed				➔ Creating a sustainable impact to the Bank's stakeholders.
		Roll out 2025 plan							
Robust CSR Program that speaks to the Sustainability agenda	➔ CSR and staff participation	Run flagship program in addition to the minor programs.	↑	+	Completed	Several CSR initiatives were implemented during the year. Going forward, this objective will shift focus on Corporate Social Investment (CSI).			
		Target 30% Staff participation	↑	+					
Rebrand and change name to appeal to a wider Uganda	➔ Rebranding	Reserve target name	↑	+	Completed	The name was successfully reserved and approved	➔ The name was successfully reserved and approved	➔ To rebrand to ensure we connect with a larger and more diverse population in Uganda.	
		Roll out rebranding plan	↑	+	Completed	Rebrand implementation is now fully operational following the successful rollout.			
		Obtain regulatory approvals	↑	+	Completed	The regulator has approved the Bank's rebrand and issued a new trading license, marking the successful completion of the regulatory process.			
Achieve Sustainability Certification	➔ Achieve Level II EOSD Sustainability certification.	Achieve Level II EOSD Sustainability certification	↑	+	Completed	In September 2025, the Bank was awarded a Level 3 Sustainability Certification by the European Organisation for Sustainable Development (EOSD).	➔ Push to complete all the necessary reviews and signoffs for the new sustainability related policies and processes.	➔ SSCI certification achieved.	
Expand the Executive suite	➔ Appointing a second Executive Director to support the increased demands of a growing public business and independence of Wendi.	Appointing a second Executive Director	↑	+	Completed	A second ED was appointed			➔ Improved collaboration, enhanced customer service, and a more agile, innovative, and employee-focused organization.

Franchise Management

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Strategic objectives		Measure of success	Target	Status outcome	Value indicator	2025 Performance	Notes	Future Priorities	Expected Outcomes
Service and Innovation	Simplify Customer onboarding	➔ Customer onboarding experience	Ensure all bank products can be originated from self-service channels (%).	↓	-	80%		➔ An average customer onboarding Turnaround time of less than 24hrs for entity accounts.	➔ Improved customer onboarding turnaround time.
			Achieve 40% for new customer self-onboarding.	↓	-	21%			
	Ease of transacting	➔ Service availability	Service availability 98%	↑	+	99.50%			
	Achieve 90% of transactions on self-service channels	➔ Channel usage	85% self service	↑	+	85.0%			
	Reduce Account dormancy	➔ Account dormancy	Target 19.5%	↓	-	32%		➔ Reduction in account dormancy	
Customer Satisfaction	➔ Customer satisfaction	Achieve 80% closure of customer service issues within 48 hours and 90% within 1 week.	↑	+	Completed	Achieved 99% closure of customer service issues within 48 hours and 96% within 1 week.			
People and Culture	Build a Productive and engaged workforce	➔ Staff productivity and engagement	Achieve 80% in annual employee engagement survey.	=	=	80%	Rating achieved from the survey carried out in December 2025.	➔ Implement recommendations from the assessment survey as a way to increase employee engagement.	➔ Improved customer onboarding turnaround time.
			Achieve monthly Revenue per employee of Ushs 18 million.	↓	-	17.1 million			
	Develop a highly skilled and competitive workforce	➔ Talent development and growth	Achieve 80% internal hiring for all positions (excluding entry level).	↓	-	73%			
Culture Change	➔ Culture Change	Close out action plans from the initiatives.	↑	+	Completed	The culture change initiatives have been successfully implemented and are now fully integrated into all aspects of the Bank.			

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

Value Creation

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08



Wendi

The Value We Embed

How we use our capitals to create value



1. Our Human Capital



2. Our Intellectual Capital



3. Our Manufactured Capital

Hon. Dr. Musenero Monica Masanza Minister for Science, Technology and Innovation Information, visits our Wendi offices.

Human Capital



Value transformation

Pearl Bank's performance relies on the commitment of its people. We therefore prioritise a work environment that sustains motivation, engagement, and satisfaction.

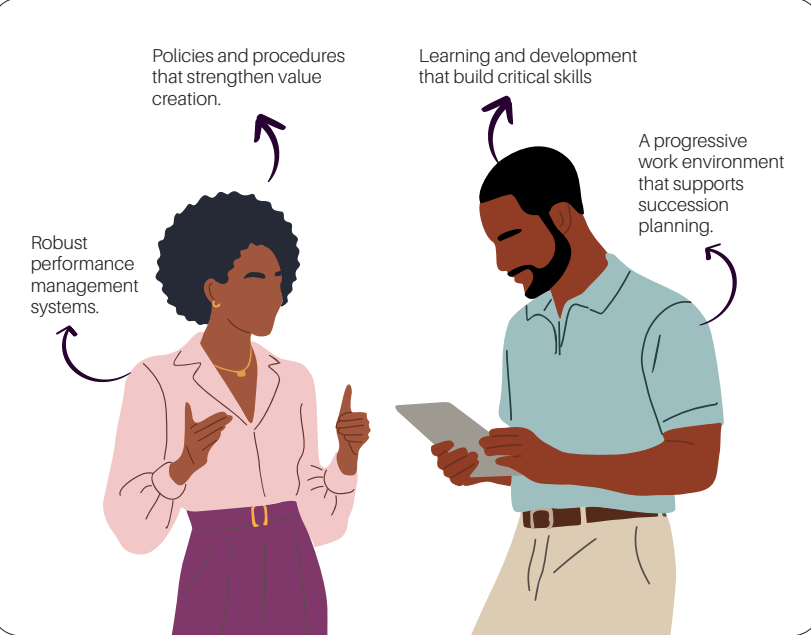


What Human Capital means to Pearl Bank

Our Human Capital reflects the collective expertise, capabilities, and experience of our people, enabling us to deliver innovative and competitive solutions. The achievement of our strategic objectives and the quality of our customer experience depend on how effectively we attract, engage, and empower our employees.

How Human Capital supports our sustainable value creation

Turning our aspirations into measurable outcomes depends on the commitment and daily contribution of our people. Engaged employees consistently deliver beyond expectations, which is why we prioritise a work environment that supports satisfaction, wellbeing, and professional growth. Our focus is to align our workforce with a people centered brand promise while strengthening their connection to the Bank's values and culture.



Key outputs

Employee engagement

Number of employees

1,199
(2024: 1,204)

Revenue per employee

Ushs 205.2 Mn
(2024: Ushs 180.6 Mn)

Equal opportunity

Number of female employees

570
(2024: 555)

Training and development

Investment in training

Ushs 1.1 Bn
(2024: Ushs 1.5 Bn)

Average training hours

28.0
(2024: 21.8)



Key challenges in 2025

- Limited human resource capacity.
- Strong competition for talent.
- Need to strengthen talent and performance management programmes.

Key opportunities in 2026

- Attract and retain the skills needed to deliver our strategic goals.
- Strengthening staff capacity through targeted training.
- Advance and complete our cultural transformation journey.

How we grow our human capital

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

Approaches to managing outcomes

- Attract, retain, and develop talent from diverse sources to ensure a strong mix of skills and experience.
- Strengthen communication between management and employees to support a collaborative work environment.
- Enhance customer service through continuous training that equips staff to address complex inquiries in a dynamic regulatory and technological landscape.
- Enforce strict policies and procedures to prevent all forms of workplace harassment.



Value created for stakeholders



Customers

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



Employees

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



Suppliers

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



Regulators

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



Partners

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



Society

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



Government/shareholder

Expect Pearl Bank's long-term sustainability and resilience.

➔ Leveraging our human capital

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

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

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

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

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

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

Related stakeholders



Material matters



➔ Contribution to SDGs

1 NO POVERTY
Providing employment opportunities supports economic development.

3 GOOD HEALTH AND WELL-BEING
Direct employment opportunities enhance the quality of life for our employees.

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

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

➔ Potential trade offs

Financial Capital:
Investment in learning and development may limit resources available for infrastructure or technology upgrades.

Manufactured Capital:
Prioritizing human capital can reduce funding for physical infrastructure improvements.

Intellectual Capital:
Increased focus on staff development may constrain investment in research, innovation, and knowledge systems.

Social & Relationship Capital:
Emphasizing internal capability building may reduce resources for community engagement and CSR initiatives.

Natural Capital:
Allocating resources to human capital without balancing environmental priorities may limit investment in sustainability initiatives.

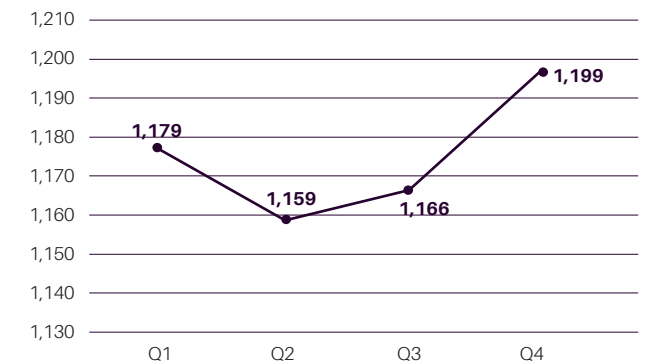


Our Executive Academy hosted it's 1st Cohort at 4 Points Hotel in Kololo

Building a Capable, Inclusive, and Future Ready Workforce **GRI 2-7**

In 2025, we strengthened our Human Capital by aligning workforce planning with our sustainability agenda and two High Impact Goals. We maintained a stable workforce of 1,199 employees by Q4, with 78.6% on permanent contracts, supporting continuity of institutional knowledge and operational resilience. Our flexible staffing model enhanced agility, with contract staff increasing from 226 to 255 to meet peak operational demands and strategic project requirements.

Head count by Quarter



Across the Q1-Q4 2025 reporting period, we continued to advance gender inclusion, increasing female representation from 549 to 570 employees, supported by a strong Officer level pipeline. Regional staffing remained stable, while Head Office grew from 384 to 412 employees, reflecting our deliberate consolidation of expertise to strengthen governance and enable digitally driven business models.

Quarter	Headcount	Permanent Staff	Contract Staff	Female: Male Ratio
Q1	1,179	968 (82.1%)	211 (17.9%)	549:630
Q2	1,159	941 (81.2%)	218 (18.8%)	545:614
Q3	1,166	949 (81.4%)	217 (18.6%)	553:614
Q4	1,199	943 (78.6%)	256 (21.4%)	570:629

HR Governance framework

At Pearl Bank, HR governance underpins a high performing, ethical, and inclusive workplace that aligns with our strategic objectives and regulatory obligations. Our governance framework promotes transparency, accountability, and compliance with national labour laws and recognised best practices. Through structured policies on recruitment, compensation, performance management, diversity, and employee well being, we uphold fairness and integrity in all human capital decisions. The overall responsibility for our HR strategy lies with our Board of Directors, through the Board Nomination and Compensation Committee.

HR Policies GRI 2-23, 24

Pearl Bank ensures full compliance with the applicable labour laws and regulations through regular internal audits whose findings are reported to the Board Audit Committee that ensures prompt implementation. Strict background checks and contractual safeguards ensure we do not breach any child labour laws.

Staffing complement, recruits and employment by type GRI 2-8

Our people remain central to Pearl Bank's sustainable value creation. As at 31 December 2025, the Bank permanently employed 943 staff (2024: 978) supported by 256 contractors (2024: 226). During the year, 234 new employees joined the Bank, including 126 women (2024: 107), demonstrating continued progress in building a diverse workforce. The retention rate declined to 80% (2024: 85%) due to heightened competition for talent.

Contract

95
Male

534
Permanent Male

629 (52%)
Total male



1,199 Total staff
(2024: 1,204)

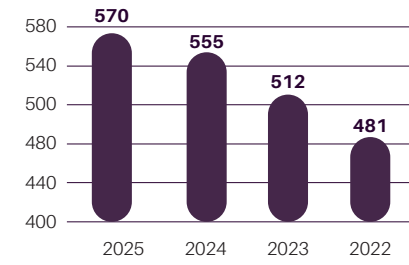
Contract

160
Female

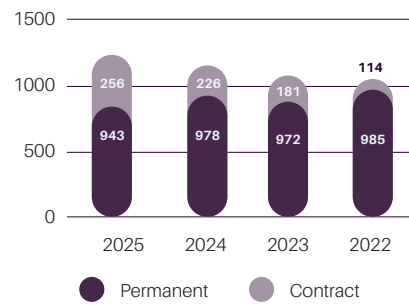
410
Permanent Female

570 (48%)
Total Female

Equal opportunity (women at Pearl Bank)



Employment category



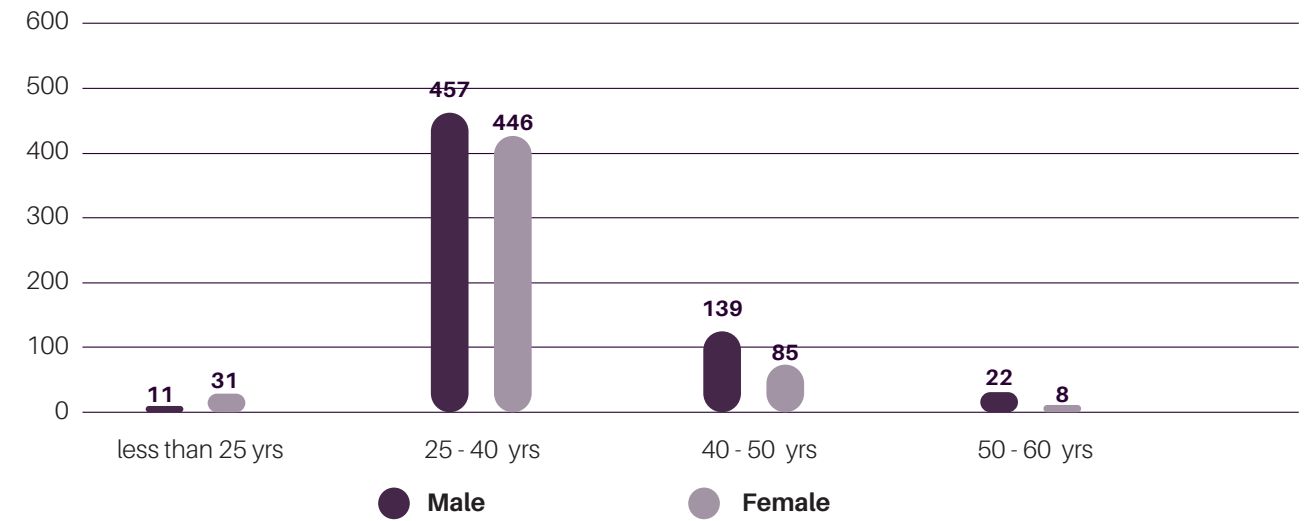
Staff grade composition

Our aim is to expand access to financial services as a driver of financial inclusion and socio-economic progress, made possible by the dedication and capability of our people. By 2025, our team comprised 829 Officers (2024: 958), supported by 335 Managers (2024: 214), under the leadership of 13 Executives (2024: 10).

2025 staff grade composition



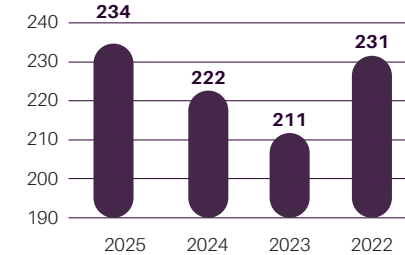
Employment category by gender and age 2025



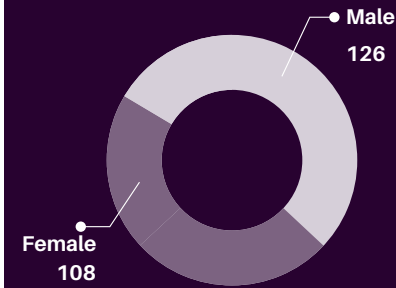
Attracting the best 401-1

Our holistic approach to talent acquisition goes beyond traditional recruitment boundaries, providing an opportunity to welcome individuals who align with our values. We seek candidates with diverse skills who resonate with our culture and mission. In 2025, we hired 234 staff members (2024: 222) to fill new and vacant positions. We remain committed to providing Ugandans with equal opportunities based on their education, skills, and experience.

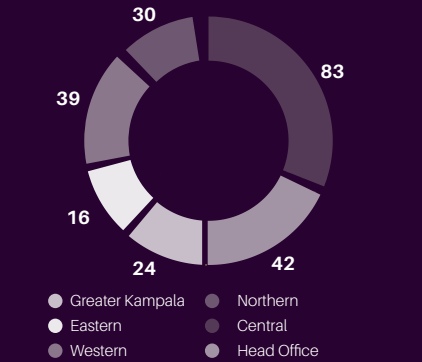
New recruits



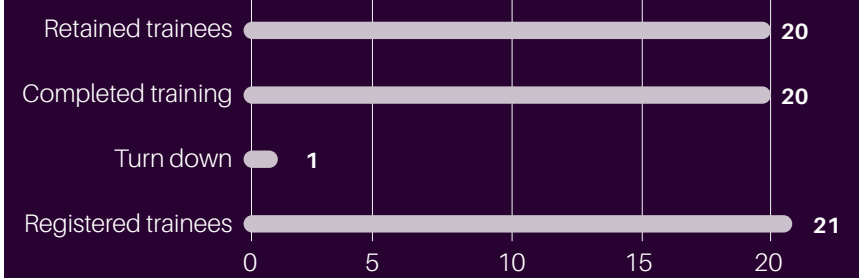
2025 Recruits by Gender



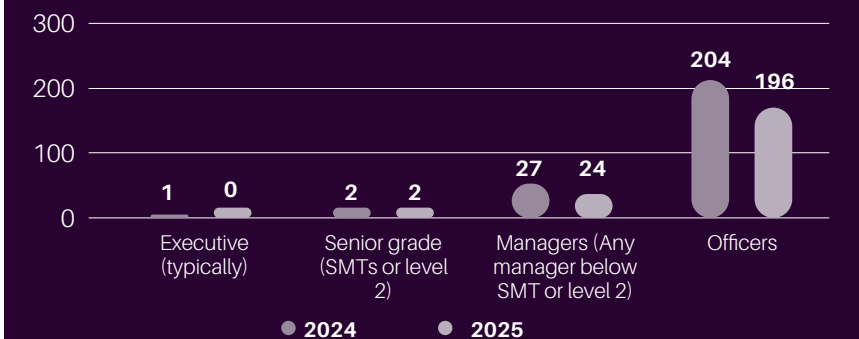
2025 Recruits by Region



2025 Graduate trainee statistics



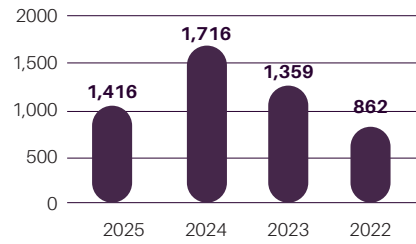
2025 New recruits by rank



Investing in our Peoples training and development **GRI 404 1, 2 and 3**

In 2025, we delivered a range of training programmes to strengthen employee capabilities, including compliance workshops, leadership development, technical training in Governance and Finance, and customer service courses. Training expenditure totaled Ushs 1.416 billion (2024: Ushs 1.716 billion). We continue to monitor these investments to ensure they support both Bank and staff development needs.

Total training expenditure (Ushs) 'Bn



Leadership programs	Sponsorships
Havard Business School SEPA Program	Certificate of insurance
Executive Academy	Trade finance
Global Leadership Summit	Climate adaptation finance profession
CFO Academy	ACCA
CDI Coaching Program	CPA
	Machine learning and robotics

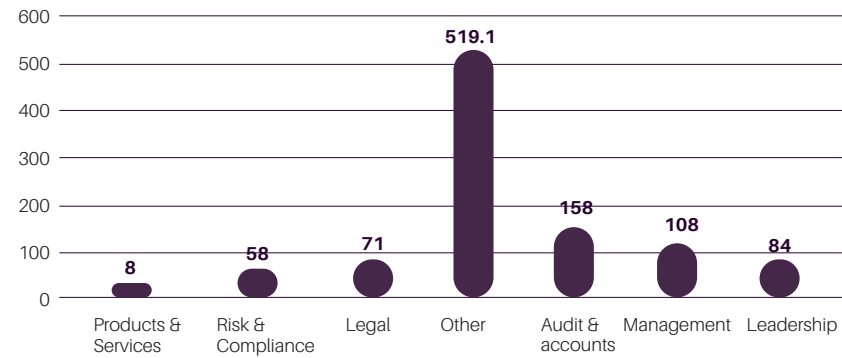
In-house Initiatives

- People Managers Program
- Portfolio management training
- Customer service training (Branch Network)

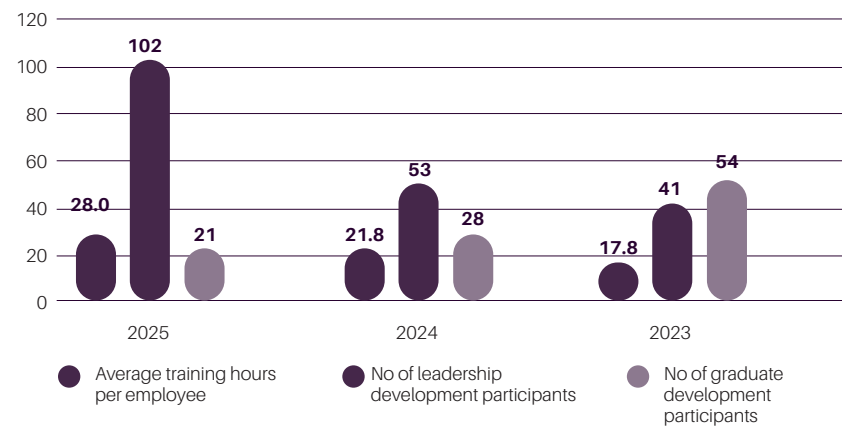
Partner-led Trainings

- Green Financing by Adelphi
- Green Financing by WWF

Training hours per category



Training and development at a glance



Learning Without Limits: Our Digital Platform in Action

Pearl Bank's e-learning platform as a key enabler of continuous learning, accessibility, and self-paced development across the bank. Throughout the year, the platform demonstrated steady and meaningful engagement, reinforcing its role as an integral part of the Bank's learning ecosystem.

User activity remained consistent, with sustained participation recorded across the workforce and strong adoption of online learning initiatives. This engagement reflects employees' growing confidence in digital learning channels and their willingness to take ownership of their own development.

E-learning statistics

1,062 - Active Users

10,380 - hours spent learning

771 - Average site visits
281,268 - Total visits

28hrs. 266 minutes spent on moodle per user



People engagement and experience

Our employees are the cornerstone of the Bank's success. In 2025, the Bank achieved an eNPS and engagement score of 80%, reflecting strong workforce satisfaction, alignment, and commitment. The staff engagement strategy was designed to cultivate a high-performing, inclusive, and values-driven workforce.

Phase	Key Initiatives	Why It Matters	Impact
Q1 2025: Building Foundations - Inclusivity and Strategic Alignment	<ul style="list-style-type: none"> • Cascaded 2025 performance goals. • Celebrated Women's Month and hosted Iftar to reinforce diversity and inclusion. • HRBP engagement in Northern branches to align staff goals with organizational priorities. • Launched wellness initiatives (Step Up Fitness Challenge, Corporate League) to strengthen wellbeing and teamwork. 	<ul style="list-style-type: none"> • Strengthens human-capital alignment with strategic priorities and supports consistent performance delivery. • Enhances inclusion, cohesion, and wellbeing core contributors to sustained productivity and value creation. 	<ul style="list-style-type: none"> • Employees feel connected, valued and mentally and physically prepared to achieve 2025 targets. • Improved engagement and alignment, supporting delivery of strategic objectives and multi capital value creation (human, social, intellectual).
Q2 2025: Sustaining Engagement and Celebrating Values	<ul style="list-style-type: none"> • Hosted the 2024 End-of-Year Achievers Dinner. • Continued fitness sessions and the Corporate League to promote wellbeing and cohesion. • Conducted People Clinics to strengthen feedback loops and two-way communication. 	<ul style="list-style-type: none"> • Reinforces a values-driven culture by linking recognition, wellbeing, and expected behaviors. • Builds human-capital resilience, motivation, and alignment with organizational priorities. 	<ul style="list-style-type: none"> • Increased morale and engagement, with employees feeling recognized, supported, and connected. • Stronger alignment between daily actions, organizational values, and overall performance success.
Q3 2025: Strengthening Collaboration and Well-Being	<ul style="list-style-type: none"> • Expanded wellness programs, including team fitness challenges and mindfulness sessions. • Conducted mid-year performance check-ins to review KPI progress and provide coaching. • Hosted cross-branch collaboration workshops to strengthen knowledge sharing and innovation. 	<ul style="list-style-type: none"> • Integrates wellbeing, performance coaching, and collaboration to strengthen human-capital capability and alignment with strategic priorities. • Enhances resilience, engagement, and collective focus. 	<ul style="list-style-type: none"> • A more connected, supported, and resilient workforce, mentally and physically prepared to deliver strategic objectives. • Higher engagement and teamwork, reinforcing a culture of shared outcomes and continuous performance improvement.

Phase	Key Initiatives	Why It Matters	Impact
Q4 2025: Recognition, Achievement, and Future Focus	<ul style="list-style-type: none"> Concluded the year with wellness wrap ups, team celebrations, and milestone recognitions. Recognized high performing employees. Communicated 2026 strategic priorities, long term goals and High Impact Objectives. Celebration of Men's Month, featuring guest speakers from NTV who engaged staff in a compelling dialogue on the forces that drive men power, money, and love. 	<ul style="list-style-type: none"> Reinforces a values driven culture by connecting recognition, behavior, and performance expectations. Ensures clarity and alignment with future priorities, strengthening human capital readiness for 2026. 	<ul style="list-style-type: none"> Employees ended the year motivated, engaged, and aligned with the Bank's purpose, values, and strategic direction. A strong cultural foundation was established for 2026 and beyond.

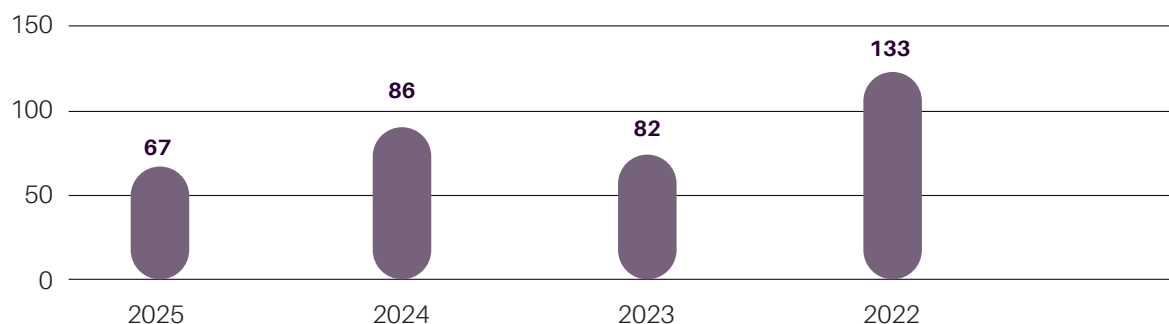
Shaping the Future

Our 2025 efforts have built a resilient talent ecosystem, equipping staff with skills, recognizing potential, and ensuring leadership continuity. As we move into 2026, the launch of Retail Academy Cohort 2 and an internal Manager Development Program will further embed a learning culture, preparing us for emerging challenges and opportunities.

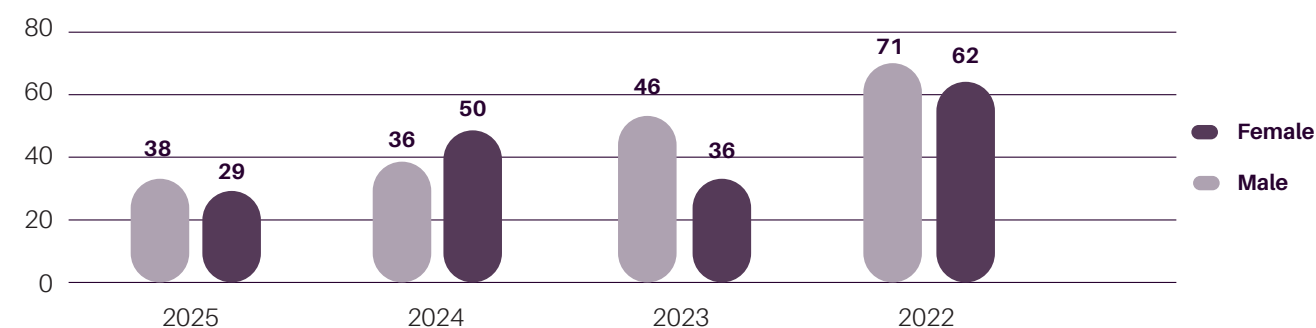
Effort based promotions

A key highlight was the elevation of internal talent into Executive Management, demonstrating strong succession planning and leadership continuity. Three senior leaders advanced into executive roles, reflecting the depth of internal capability. The career mobility programme supported 67 staff advancements (2024: 86), including two into Senior Management. All movements were merit based, reinforcing Pearl Bank's commitment to developing people and strengthening long term human capital capacity.

➔ Total promotions per year



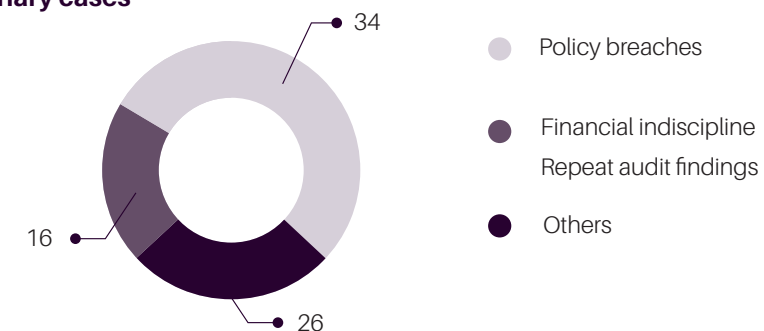
➔ Promotions by gender



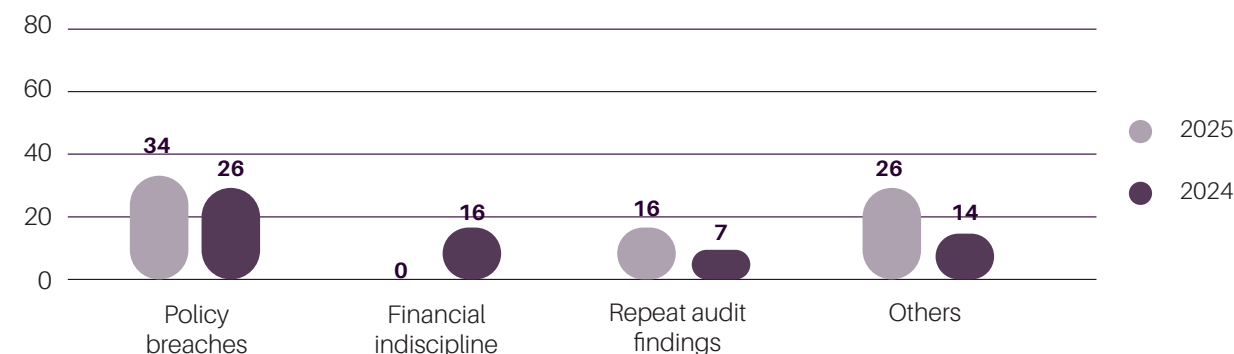
Upholding high professional and ethical standards

A fair and accountable workplace was reinforced through the adoption of a more structured approach to managing employee conduct and ensuring policy compliance. 19 disciplinary cases were recorded in 2025, compared to 22 in 2024, reflecting enhanced transparency, increased confidence in reporting mechanisms, and more consistent application of workplace policies.

➔ 2025 Disciplinary cases



➔ Trend of disciplinary cases



Fair and responsible remuneration and benefits GRI 201-3, 401-2, 405-2

Our fair and ethical compensation and benefits framework supports staff retention by ensuring a competitive and equitable package. Every employee receives remuneration that reflects their role and performance, delivered through transparent, non discriminatory practices that promote consistency and trust across the Bank.

Our local operating context does not have a minimum wage; however, the bank ensures that all new hires are paid at or above the normal starting salaries across the banking industry in Uganda.

Benefit	Description
Salaries and wages	<ul style="list-style-type: none"> Competitive salary (across the industry and genders). We promote an equal pay for equal work philosophy. Performance-based board approved bonuses. Annual performance-based salary revisions. Contributory pension scheme.
Reimbursements	<ul style="list-style-type: none"> Refunds for subscriptions to professional bodies. Scholarships.
Loan benefit	<ul style="list-style-type: none"> For housing, vehicles, consumption, and other loans.
Medical benefits	<ul style="list-style-type: none"> Medical cover for all staff and applicable family members.
Retirement benefits	<ul style="list-style-type: none"> Contributory pension scheme. Contributions to National Social Security Fund.

HR Governance and Compliance: Strengthening Accountability and Well-being

HR governance and compliance in 2025 focused on strengthening policies, accountability, and employee wellbeing through more structured interventions. Efforts to address leave utilization and conduct issues supported a fair, transparent, and compliant workplace that protects operational integrity while promoting staff welfare.

<p>→ Enhancing Regulatory Controls</p>	<p>HR policies and procedures were reviewed and updated to close gaps and ensure consistent, transparent practices. Managers and leaders participated in employment law and policy training sessions, equipping them to enforce policies confidently.</p>
<p>→ Driving Data-Enabled Compliance</p>	<p>The rollout of the new HR system and increased automation transformed compliance monitoring into a data-driven process. Real-time insights now allow for early detection of policy deviations, timely intervention, and more informed decision-making, reinforcing governance standards across all business units.</p>
<p>→ Fostering Shared Ethical Responsibility</p>	<p>During Q3 and Q4, emphasis shifted to leadership accountability and whistleblowing, embedding ethical responsibility across every level. By promoting transparency and ownership, the Bank moved beyond top-down enforcement to a culture where compliance and ethical behavior are shared organizational priorities.</p>
<p>→ Looking Ahead: Governance as a Strategic Enabler</p>	<p>Building on the lessons of 2025, the Bank will continue to strengthen accountability, enforce policies consistently, and champion transparency. These interventions reinforce a culture of integrity and ethical stewardship, helping mitigate risks, sustain operational excellence, and support long-term growth.</p>

Culture Update: Strengthening Engagement and Living Our Values

At the heart of the Bank's success is its people, and in 2025, we continued to build a culture of engagement, performance, and accountability. Our annual employee survey, a key part of our People Pillar, showed continued progress in staff engagement and eNPS, improving from 70% in 2023, to 79% in 2024, and reaching 80% in 2025.

Under the RACEUP pillar, several initiatives reinforced our values and operational excellence:

- **Peak Performance:** We brought our values to life by integrating them into daily behaviors and decision-making. Our rewards and recognition framework highlighted and celebrated staff who exemplified our values in action.
- **Enabling Leadership:** The Executive Academy, the Bank's leadership factory, was launched to develop the next generation of leaders, strengthening succession planning and internal talent pipelines.

Towards the tail end of the year, our culture initiatives were integrated into the Bank's rebrand activities, as we transitioned from PostBank to Pearl Bank. These efforts were designed to renew our commitment to our customers and to the people of Uganda, reinforcing our purpose of fostering prosperity for Ugandans.

Advancing a Future-Ready Workforce in 2026

As we move into 2026, the people agenda is anchored in performance, engagement, and digital enablement, with targets of 85% employee engagement, non performance below 25%, and monthly revenue per employee of Ushs 17.1 million.

The Human Resource Management System, now 96% complete, provides the backbone for talent management, performance tracking, learning, and workforce analytics, enabling personalized development, high potential identification, and stronger succession planning to keep key talent attrition below 5%.

A renewed culture assessment will further align behaviors with strategic priorities and values. Together, these initiatives position the Bank with a digitally enabled, skilled, and future ready workforce capable of driving sustained growth and strategic execution.

Intellectual Capital



→ What Intellectual Capital means to Pearl Bank

Our intellectual capital comprises the knowledge, capabilities, and institutional experience embedded within the bank. This includes the processes, policies, and procedures we have developed over time to deliver consistent, high quality services that support customer prosperity.

→ How Intellectual Capital supports our sustainable value creation

We draw on our unique expertise in delivering financial inclusion solutions across Uganda. Our innovative methods and well established processes enable us to serve a broad customer base from individuals seeking personalized support to medium and large enterprises with more complex needs. culture.

→ Value transformation

- Fostering creative innovation.
- Strengthening human capital.
- Promoting continuous learning and development.
- Building strategic partnerships that support long-term value creation
- Maintaining sustainable customer relationships.
- Enhancing brand strength and reputation.

→ Key inputs

- A clear business strategy that guides sustainable value creation.
- Ongoing investment in innovation and technology to enhance service delivery.
- Strong governance practices grounded in transparency and accountability.
- Proprietary policies, processes, and procedures that support operational excellence.
- A resilient and values driven corporate culture.
- Deep institutional expertise in serving MSMEs effectively.

→ Key outputs

Technology outputs

Wendi subscribers
2.4 million
 on boarded
 (2024: 1.5 million)

Value of PDM payments through Wendi
Ushs 1,202 Bn
 (2024: Ushs 872 Bn)

Jobs created
3,662
 new agents
 (2024: 6,000)

PDM Beneficiaries served by Wendi
1,196,251
 2024: 872,047)

Loans that drive financial inclusion

Average loan size
Ushs 139 Mn
 (2024: 21.3 Mn)

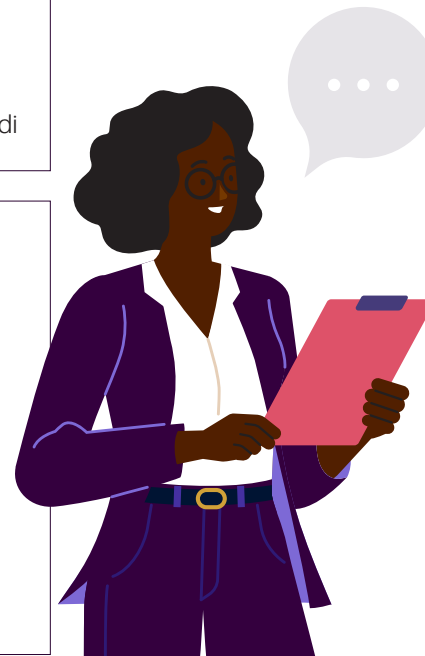
Micro and small loans
Ushs 384 Bn
 (2024: 168.9 Bn)

- ➔ **Key challenges in 2025**
- Managing competing capital project priorities and associated trade offs.
 - Overcoming resistance to adopting new digital products and services.
 - Protecting and sustaining brand value and identity.

- ➔ **Key opportunities in 2026**
- Improved decision-making processes.
 - Better stakeholder engagement.
 - Digitalization.
 - Agility and innovations.
 - Continue to scale and leverage Wendi

- ➔ **How we grow our Intellectual capital**
- Serving the unbanked and underserved.
 - Amplifying agriculture
 - Stimulating micro, small and medium enterprise growth.

- ➔ **Approaches to managing outcomes**
- Regularly assess employee skills to identify development needs and ensure capability aligns with strategic objectives.
 - Provide targeted training, growth opportunities, and competitive reward packages to strengthen engagement and enhance overall performance.



➔ **Value created for stakeholders**

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

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

Suppliers
 Promoting innovation and creativity, offering thought leadership, encouraging collaboration and co-creation, supporting training and development, and maintaining strong risk management and compliance practices.

Regulators
 Building confidence and trust of the regulators and wider community.

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

Society
 Transformative financial inclusion that reduces inequalities.

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

➔ **Leveraging our intellectual capital**

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

Human capital
 Learning and development bolster skills, knowledge and the combined experience of our employees leading to optimum efficiency.

Manufactured capital
 Improving systems and processes results in improved efficiencies.

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

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

Related stakeholders

Material matters

➔ **Contribution to SDGs**

8 DECENT WORK AND ECONOMIC GROWTH Developing our people's intellectual capital improves their employability and as a result ensures their economic growth.

9 INDUSTRY INNOVATION AND INFRASTRUCTURE Investments in digital infrastructure and technology lead to new ideas.

10 REDUCED INEQUALITIES Better trained staff means less inequality between employees.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS Ethical practices and governance lead to positive brand reputation.

➔ **Potential trade offs**

• **Financial Capital:**
 Greater investment in brand and staff development strengthens corporate reputation and boosts stakeholder confidence.

• **Manufactured Capital:**
 Improving infrastructure, systems, and processes leads to enhanced operational efficiency and optimized business functions.

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

• **Social & Relationship Capital:**
 Through meticulous attention to detail, we refine our values, business ethics, and risk management framework, fostering a reputation that inspires trust and confidence.

• **Natural Capital:**
 Our commitment to sustainability is strengthened by a science-based approach, reinforcing stakeholder confidence and trust.

→ Serving the unbanked and under served

Pearl Bank advanced financial inclusion in 2025 by scaling government aligned programmes and digital channels. Through our role in implementing the Parish Development Model (PDM) and expanding digital loan access, we supported last mile delivery of affordable credit.

Our digital wallet Wendi's customer base exceeded one million with an agent network of more than 9,000, strengthened SACCO administration and enabled secure, low cost transactions nationwide. A new interoperability partnership with Stanbic Bank's FlexiPay further broadened reach, enhancing accessibility for underserved and rural communities.

→ Parish Development Model

Pearl Bank advances Uganda's socio economic transformation by aligning with national initiatives such as the Parish Development Model, driving grassroots wealth creation and economic empowerment.

How we play our part

The Wendi digital wallet supports the Parish Development Model by digitizing payments and expanding financial inclusion.

Impact	Year 2025	Year 2024
Number of PDM beneficiaries served by Wendi	1,196,251	872,047
Number of women PDM beneficiaries in above by Wendi	656,072	550,788
Number of districts served by Wendi in delivering PDM	144	132
Number of cities served by Wendi in delivering PDM	10	10
Number of Municipalities served by Wendi	31	27
Amount (Ushs) of PDM disbursed through Wendi in shillings	1,202 billion	872 billion
Total number of SACCOs that received PDM funds	10,589	9,338
Number of youths PDM beneficiaries served by PDM	483,828	321,798
Amount (Ushs) of PDM disbursed through Wendi to youths	486 billion	321.8 billion

→ Supporting last mile delivery through digital loans

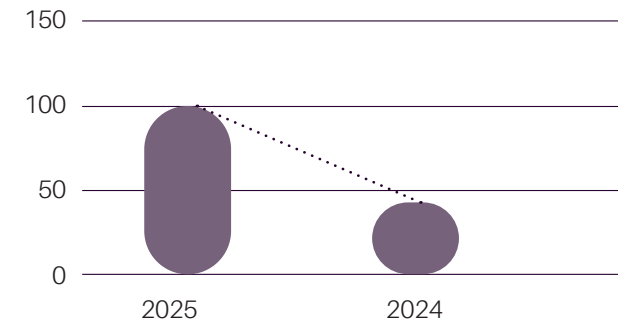
Pearl Bank supports socio economic wellbeing through tailored instant loan products that allow customers to use their mobile phone numbers as fully functional bank accounts, expanding fast, secure access to credit.

How we play our part

Digital loans

Pearl Bank promotes socio economic wellbeing through accessible digital loan products that offer fast, convenient credit for customers using mobile channels. These solutions expand affordable borrowing for underserved communities.

→ Digital loans (Ushs Billions)



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

Impact	Year 2025
Amount disbursed Ushs	99 billion
Number of loans disbursed	2.8 million
Average loan size Ushs	35,357

Our Wendi year in review

The Wendi Mobile Wallet, launched in October 2023, has made significant strides in transforming financial inclusion in Uganda. Through its seamless digital platform, Wendi has become an essential financial tool, providing savings, payments, money transfers, and more to millions of Ugandans. The mobile wallet, licensed by the Bank of Uganda under the National Payment Systems Act, has successfully onboarded over 2.4 million unique users, processed 22.3 million transactions, and transacted Ushs 5.1 trillion. With its simple registration process, daily savings interest, and robust features for businesses, saving groups, remittances and digital lending, Wendi is positioned as a key player in the national financial inclusion strategy.

Key Achievements in 2025



User Growth and Adoption

Onboarded over 2.4 million customers, widening our reach to underserved populations.



Group and SACCO Engagement

14,296 saving groups onboarded with average savings of Ushs 0.93 billion, contributing to the financial ecosystem of Uganda. In addition to the above, Wendi conducted financial inclusion sessions across Uganda to more than 270 forums, increasing brand visibility and educating customers on how to use Wendi, protect their funds, and access support.

Archbishop Stephen Kaziimba Commended Pearl Bank for Driving Financial Inclusion



The Executive Director, Operations Martin Mugisha, (3rd R front row) led the Pearl Bank team that paid a Courtesy visit to the Most Rev. Dr. Stephen Kaziimba Mugalu, the Archbishop of the Church of Uganda



Pearl Bank crowned winners under the Banking Services - General Banking category at the FiRe Awards 2025.





Agent Network Expansion

By the end of December 2025, Wendi had 9,619 active agents operating across 5,030 parishes and 1,791 sub counties nationwide. The Bank also introduced a Super Agency model to strengthen liquidity and ensure reliable service for all agents.



Financial Product Growth

E value reached Ushs 491.7 billion by December 2025.



Partnerships and Strategic Collaborations

Wendi partnered with regulators, Fintechs, and financial institutions to grow its subscriber base to 2.4 million (2024: 1.5 million), increase revenue to Ushs 40 billion (2024: Ushs 4 billion), and build strong trust among SACCOs and VSLA groups.

Agents per parish	Super agents:
The bank has opened agents in 5,030 parishes	Super agents so far opened: 5 super agents

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

Wendi continues to play a central role in advancing financial inclusion in Uganda, fully aligned with the National Financial Inclusion Strategy 2023-2028. Its design and functionality directly support the Strategy's core objectives:

- Deepening access to affordable, quality financial services: Wendi offers savings, payments, transfers, and digital lending, expanding access to formal financial products nationwide.
- Reducing exclusion and access barriers: Simple registration using only a national ID and phone number enables even underserved communities to join the formal financial system.
- Enhancing interoperability: Wendi integrates seamlessly with other payment platforms, ensuring smooth, unrestricted flow of financial services across the country.

→ Amplifying Agriculture and Government Programmes

Our mandate as a government owned bank is rooted in the Uganda National Development Plan. We drive sustainable industrialization, inclusive growth, job creation, and wealth generation to support Uganda's transition to a modern and prosperous society.

→ Amplifying Agriculture

Agriculture remains a national priority, serving as the backbone of the economy by employing much of the population and contributing significantly to GDP.

How we play our part

Loans to the agricultural sector	Impact	2025	2024
Term financing for agricultural and agro-processing projects, focusing on commercialization and value addition.	Amount disbursed Ushs	340 billion	224.5 billion
	Number of farmers reached	11,219	12,094
	Average loan size Ushs	30.3 million	18.6 million

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

Impact	2025	2024
Amount disbursed Ushs	121 billion	70.5 billion
Number of farmers reached	444.0	373
Average loan size Ushs	273.2 million	189 million

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

Impact	2025	2024
Amount disbursed Ushs	23.0 billion	11.4 billion
Number of women reached	1,129	560
Average loan size Ushs	20 million	20.4 million

ABI Loans - focus on promoting social inclusion, green growth, and sustainable economic development.

Impact	2025	2024
Amount disbursed Ushs	25.2 billion	13 billion
Number of farmers reached	2,068	1,264
Average loan size Ushs	12.2 million	10.1 million

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

Impact	2025	2024
Amount disbursed Ushs	31.4 billion	29.4 billion
Number of farmers reached	109	106
Average loan size Ushs	289 million	278 million

→ Stimulating micro, small and medium enterprise growth.

→ Stimulating micro, small and medium enterprise growth.

Pearl Bank provides affordable loans that aim to empower businesses operated by youth and women to promote economic resilience.

How we play our part

Impact on economy
Pearl Bank provides affordable loans that empower youth and women led enterprises, helping them grow incomes, expand opportunities, and contribute to Uganda's overall economic prosperity.

Impact	2025	2024
Loans disbursed to MSME's Ushs	383.8 billion	329.4 billion
Number of MSME's funded	57,313	12,865
Average loan size Ushs	6.7 million	25.6 million

Small business recovery fund

We continue to support the Small Business Recovery Fund by providing affordable financing to micro and small enterprises affected by the COVID 19 pandemic. Through our branch network and digital channels, we facilitate access to these funds, enabling youth and women led businesses to recover, grow, and contribute to Uganda's economic resilience.

Impact	2025	2024
Amount disbursed Ushs	11.0 billion	7.7 billion
Number of businesses impacted	155	177
Average loan size Ushs	70.3 million	43.6 million

→ Awards and accolades

As part of our unwavering commitment to banking excellence and to fulfilling the expectations of our valued customers, we have been honored with numerous awards and recognitions.

Sustainability Certification.
The International Council of Sustainability Standards and Certification has granted to POSTBANK UGANDA on this 25th day of September 2025 in Karlsruhe, Germany. This certification is based on the assessment against the requirements laid down in the Sustainability Standards Version 2.0 and is valid until 24.09.2028. Level of Sustainability Achieved: Level 3.

ACF Award for Highest number of Grain Trade Facility Loan Applications submitted to Bank of Uganda.
BANK OF UGANDA
Agricultural Credit Facility Award
Presented to
POSTBANK UGANDA LIMITED
WINNER
In having the Highest number of Grain Trade Facility Loan Applications submitted to Bank of Uganda as at March 31, 2025.

Wendi_ Best Digital Wallet for E-Wallet Provider.
AFRICA Fintech and AI
BEST DIGITAL WALLET OR E-WALLET PROVIDER

Winner - 2025 Financial Reporting Award.
FiRe
2025 Financial Reporting Awards
Winner
Banking Services General Banking
Presented to
PostBank Uganda Limited

Small Business Recovery Fund Award.
BANK OF UGANDA
Small Business Recovery Fund Award
Presented to
POSTBANK UGANDA LTD
Overall Best Performing Financial Institution in the Commercial Bank and Uganda Development Bank Limited Category as at 31st March 2025.

Diamond_Banking innovation Excellence
Digital Impact Awards Africa.

Agricultural Credit Facility Award.
Bank of Uganda

Small Business Recovery Fund Award.
BANK OF UGANDA
Small Business Recovery Fund Award
Presented to
POSTBANK UGANDA LTD
Overall Best Performing Financial Institution in the Commercial Bank and Uganda Development Bank Limited Category as at 31st March 2025.

Gold_Community/MFI Banking Excellence
Digital Impact Awards Africa.

Agricultural Credit Facility Award.
BANK OF UGANDA
Agricultural Credit Facility Award
Presented to
POSTBANK UGANDA LIMITED
In having the Highest Number of Loan Applications in support of Agro Industrialization as at March 31, 2025.

Small Business Recovery Fund Award.
BANK OF UGANDA
Small Business Recovery Fund Award
Presented to
POSTBANK UGANDA LTD
WINNER
In having the Highest Nation-wide Outreach in the lowest performing regions as at March 31, 2025.

2025 CFO Awards nominee.
2025 CFO Awards nominee.

CFO of the Year Annual Uganda CFO Awards.
CFO of the Year
Annual Uganda CFO Awards.

Government performing bank of the year 2025.
THE 13TH VISIONARIES OF UGANDA AWARDS
Presented to
PEARL BANK UGANDA LIMITED
On the Occasion Of Being Honoured As The Best Visionary GOVERNMENT PERFORMING BANK OF THE YEAR
By the People Of The Republic of Uganda For The Outstanding Contribution Towards Uganda's Middle Income Status Aspiration and Vision 2040 on 27th November, 2025
From The Government Of The Republic Of Uganda.

Best Bank in Agricultural Financing.
BEST BANK IN AGRICULTURAL FINANCING
2025
Pearl Bank

Fintech Partnership Award from UBA.
FINTECH PARTNERSHIP AWARD
2025
Pearl Bank

ACF Award for Overall Performing Commercial Bank.
BANK OF UGANDA
Agricultural Credit Facility Award
Presented to
POSTBANK UGANDA LTD
Overall Best Performing Financial Institution in the Commercial Bank and Uganda Development Bank Limited Category as at March 31, 2025.

Manufactured Capital



Key inputs

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

Key outputs

Customer touch points

Number of branches

58
(2024: 57)

Mobile vans

14
(2024: 14)

Number of agents

9,619
(2024: 5,920)

5 (2024: 0)
Super Agents
Present in **5,030** of
the total 10,590 parishes
and in **1,791**
subcounties of the total
2,224 sub counties.

Number of ATM's

60
(2024: 61)

Number of Internet
Banking customers

208,920
(2024: 265,854)

Number of ATM
recyclers

55
(2024:51)

Fixed and tangible assets

Net book value of
fixed assets

Ushs 60.5 Bn
(2024: Ushs 68.4 Bn)

Net book value of
intangible assets

Ushs 19.7 Bn
(2024: Ushs 16.2 Bn)

What Manufactured Capital means to Pearl Bank

Our manufactured capital includes the physical and technological assets we use to deliver our services. This includes our branch network, service points, equipment, and digital platforms.

How Manufactured Capital supports our sustainable value - creation

Pearl Bank's manufactured capital supports a hybrid distribution model that delivers our financial services across Uganda. We maintain a physical presence in 41 districts, while our technology assets enable us to deliver financial services to over 2 million customers country wide.

Key challenges in 2025

- Managing competing priorities in financial capital investment.
- Adapting to evolving customer needs in a dynamic market environment.

Key opportunities in 2026

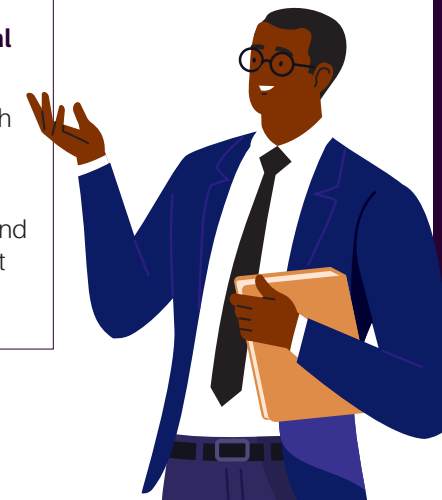
- Expand financial inclusion by providing additional access channels through the Wendi platform, enabling more potential customers to engage with our services.
- Strengthen our digital capabilities to support sustainable value creation and enhance customer experience.

How we grow our manufactured capital

- Widening our country wide reach and presence.
- Contributing to inclusive access and digital enablement

Approaches to managing outcomes

- Determine the appropriate balance between investments in physical infrastructure and digital assets.
- Strengthen procurement processes to secure cost effective investments in manufactured capital.
- Leverage manufactured capital in combination with other resources to consistently meet and exceed stakeholder expectations.



Value created for stakeholders



Customers

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



Employees

Maximizing Manufactured Capital enhances skills and capabilities of our staff.



Suppliers

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



Regulators

Timely submission of regulatory reports.



Partners

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



Society

Banking solutions that address real societal needs.



Government/shareholder

Efficient and sustainable banking processes maximize profitability.

➔ Leveraging our manufactured capital

Financial capital
Increased efficiency reduces overall costs.

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

Social and relationship capital
Digital infrastructure develops and maintains robust connections with customers and suppliers.

Intellectual capital
Branch expansions enhance brand visibility.

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

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

Related stakeholders



Material matters



➔ Contribution to SDGs

7 AFFORDABLE AND CLEAN ENERGY
Harness solar energy for branch energy needs.

10 REDUCED INEQUALITIES
Provide easy access to banking services by expanding our distribution network.

11 SUSTAINABLE CITIES AND COMMUNITIES
Transform our products and services through investments in physical infrastructure.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Digital banking reduces our consumption of paper.

➔ Potential trade offs

Financial Capital:
Directing more funds to physical assets can limit liquidity and reduce capacity to invest in other financial priorities.

Intellectual Capital
Prioritizing manufactured assets may lead to under investment in R&D, innovation, and knowledge systems.

Human capital
Shifting resources toward infrastructure or technology can reduce funding for training, capability building, and employee welfare, affecting engagement and productivity.

Social & Relationship Capital
Lower investment in stakeholder engagement or community initiatives can weaken trust and relationships with key stakeholders.

Natural Capital
Infrastructure development can increase resource use, emissions, and environmental impacts if not well managed.

➔ Widening our country wide reach and presence

We continue to expand our presence across Uganda to bring financial services closer to underserved and financially excluded communities. Our distribution network now includes:

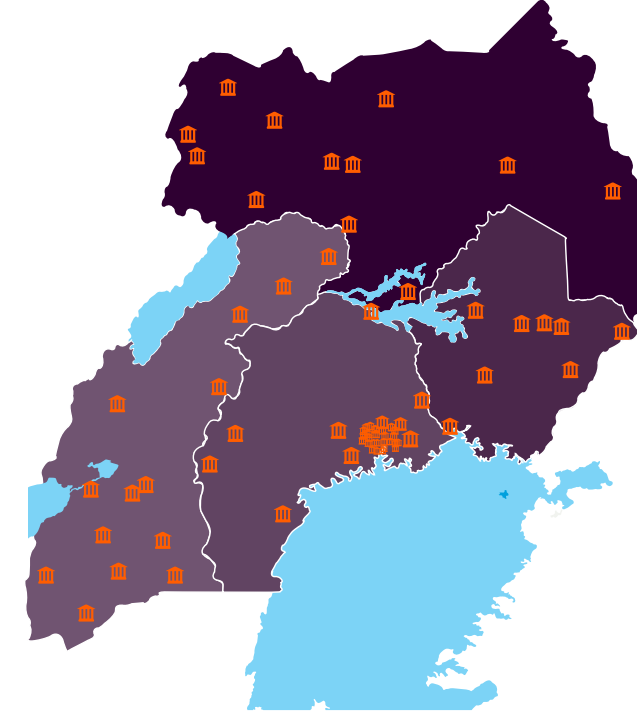
Country wide network- Peoples' bank GRI 203-1

Branches ensure that we deliver physical touch points for customers, providing a visible and tangible manifestation of 'the Peoples's bank'. Despite the significant upsurge of digital technologies, numerous clients, especially the financially excluded, still prefer physical banking interactions.

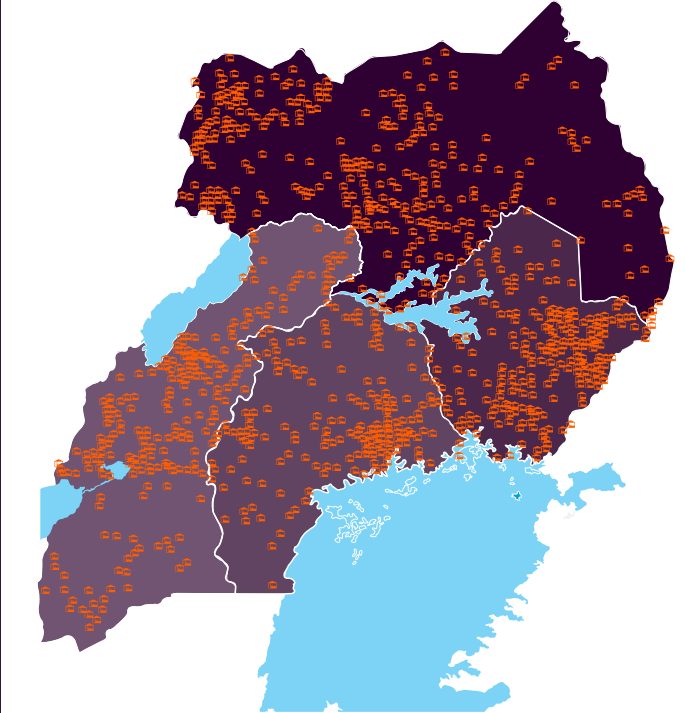
Hybrid distribution network to accommodate banking needs of Ugandans

Physical branches	58 physical branches	Located in 41 districts
Agents	9,619 agents	Located country wide (in 5,030 of the total 10,590 parishes and in 1,791 of the total 2,224 sub counties)
Mobile Vans	14 vans	Located in 41 districts
ATMs	60 ATMs	Located in 41 districts

➔ Our physical branches Branches



➔ Our Wendi Agents Agents

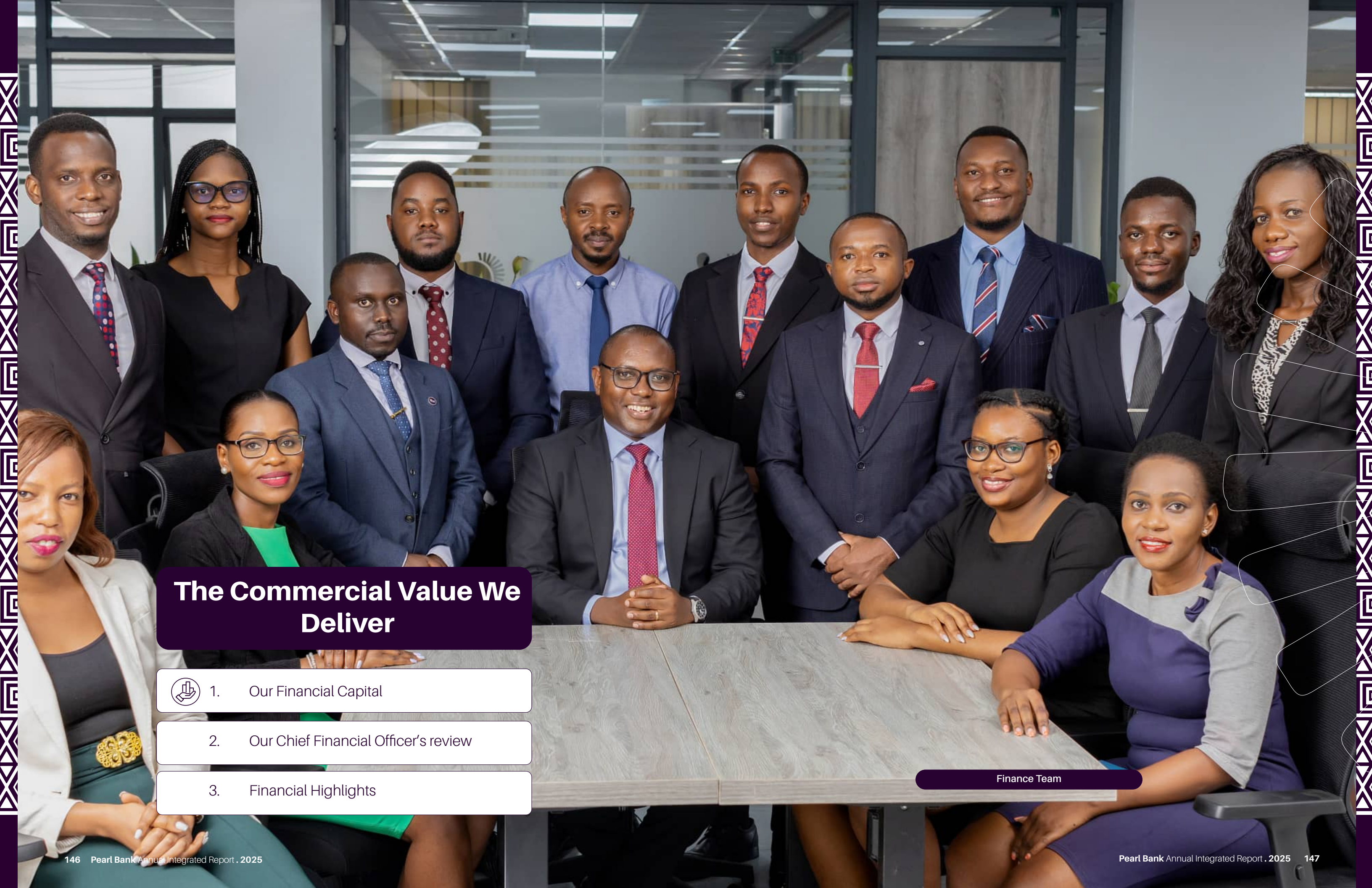


➔ Contributing to inclusive access and digital enablement

- Improved access to financial product chains for all Ugandans, ensuring that underserved and excluded segments can participate in the formal financial system.
- Digital transformation across our value creation processes, enhancing convenience, speed, and reliability for customers and partners.
- Interoperable physical and digital infrastructure, enabling seamless access to financial services for customers and Partners across channels.

➔ Outlook for 2026 and beyond

<p>Short term</p> <ul style="list-style-type: none"> Simplify technology to build user confidence and increase adoption of new digital solutions. Integrate new and upgraded systems to deliver services more efficiently, cost effectively, and across a wider range of channels. 	<p>Medium term</p> <ul style="list-style-type: none"> Expand our distribution network toward a target of at least 70 branches nationwide to enhance reach and accessibility. Strengthen and enhance our digital banking solutions to provide more convenient, efficient, and customer centric services. 	<p>Long term</p> <ul style="list-style-type: none"> Position the Bank as an efficient financial distribution platform that drives inclusive growth and supports the prosperity of Ugandans.
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The Commercial Value We Deliver

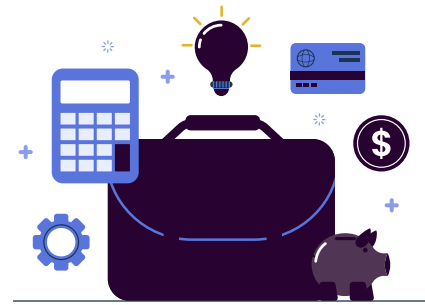
- 1. Our Financial Capital
- 2. Our Chief Financial Officer's review
- 3. Financial Highlights

Finance Team

The Commercial Value We Deliver

Financial Capital

The Commercial Value We Deliver



What Financial Capital means to Pearl Bank

Financial capital represents the equity and funding resources that enable Pearl Bank to deliver value. It includes credit and other financing instruments that form the foundation for our growth, resilience, and long term value creation for stakeholders.

How financial capital supports our sustainable value creation

Financial capital provides the foundation for achieving our value creation objectives and strengthening our position in the banking industry. It enables us to deploy resources effectively and deliver sustainable value to our customers, employees, shareholders, and the wider community.

Value transformation

Through the strategic allocation of financial capital to initiatives that drive sustainable financial inclusion and stimulate enterprise, Pearl Bank redefines its value proposition to stakeholders. This approach not only strengthens our financial performance but also elevates our competitive standing, enhances our reputation, and secures long-term sustainability.

Key inputs

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

Key inputs

Strategic performance

Total revenue growth

20.1%
(2024: 20.2%)

Cost-to-income ratio

83%
(2024: 84%)

Total revenue

Ushs 298 Bn
(2024: Ushs 248.1 Bn)

Profit after tax

Ushs 47.3 Bn
(2024: Ushs 35.4 Bn)

Shareholder value

Return on assets

2.5%
(2024: 2.5%)

Return on equity

18.5%
(2024: 17.3%)

Growth in loans and deposits

Loans and advances

Ushs 749 Bn
(2024: Ushs 718.7 Bn)

Deposits mobilised

Ushs 1,417 Bn
(2024: Ushs 990 Bn)

Strong capital and liquidity

Tier 1 Capital ratio

23.6 %
(2024: 20.5%)

Tier 1 + 2 Capital ratio

24.9%
(2024: 21.8%)

Controlled credit loss provisions

Profit and loss impairment charge

Ushs 8.06 Bn
(2024: Ushs 12.6 Bn)

Expected credit losses

1.1%
(2024: 1.8%)

Key challenges in 2025

- Meeting BASEL II minimum capital requirements, which necessitates ongoing capital mobilisation.
- Balancing income from lending activities against the higher returns available from Government securities.
- Intensifying competition for MSME clients across the commercial banking sector.
- Exposure to macroeconomic trends, including inflationary pressures and exchange rate volatility.

Key opportunities in 2025

- Developing new income generating avenues that diversify and grow our revenue base.
- Enhancing operational excellence to improve efficiency and profitability.
- Reducing the cost of capital through prudent financial management and strengthened creditworthiness.
- Mobilising additional capital to support growth and regulatory compliance.
- Increasing share capital through continued shareholder investment.

How we grow our financial capital

- Strong strategic execution, demonstrated by stable profitability supported by diversified revenue streams and disciplined cost optimisation.
- Sustained balance sheet growth, driven by prudent lending despite a challenging operating environment.
- A resilient capital position, maintained at levels that meet regulatory requirements and align with our risk appetite.
- Effective funding and liquidity management, ensuring operational continuity and reinforcing confidence within the financial services sector.

Approaches to managing outcomes

- Continuously monitoring financial performance metrics and key performance indicators to maintain stability and guide decision making.
- Conducting comprehensive financial risk assessments to identify and mitigate capital, market, liquidity, and operational risks.
- Allocating capital to areas with the highest strategic impact and return, ensuring efficient use of resources.
- Diversifying funding sources and actively managing liquidity to support resilience and sustainable growth.

Value created for stakeholders



Customers

Access to affordable, reliable, and relevant banking products and services that support financial inclusion.



Employees

A supportive and inclusive work environment with career growth opportunities and performance linked incentives aligned to our financial objectives.



Suppliers

Trusted business relationships supported by fair procurement processes, access to financing and timely settlement of contracts.



Regulators

Full compliance with capital and prudential requirements, contributing to stability and confidence in the banking sector.



Partners

Effective utilisation of financial capital to implement grant funded programmes and deliver development outcomes.



Society






Investment in corporate social responsibility initiatives and responsible resource use that enhance social and economic well being across Uganda.



Government / Shareholder

Efficient and sustainable returns while supporting national socio economic priorities and contributing to the National Development Plans.

➔ **How we leverage our financial capital**

	Manufactured capital Investments in digital and physical infrastructure strengthen Pearl Bank's asset base.
	Human capital Investing in learning and development for improved employee skills and efficiency.
	Intellectual capital Financing our employee abilities and brand image enhances intellectual capital.
	Social and relationship capital We create and preserve value for our communities through supporting CSR initiatives.
	Natural capital Providing Financial capital in support of sustainability initiatives reduces the Bank's carbon footprint.

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

Related stakeholders



Material matters



➔ **Potential trade offs**

Manufactured capital
Allocating financial capital to upgrade branches and technology may limit investment in other financial opportunities.

Intellectual capital
Pursuing new financial opportunities may require significant research and development investment, diverting resources from core lending activities.


Human capital
Investments in technology and infrastructure enhance efficiency but may affect job roles and require workforce upskilling.

Social and relationship capital
Prioritizing high interest lending can strengthen profitability but may undermine our reputation as a socially responsible bank committed to financial inclusion.

Natural capital
An excessive focus on financial returns may lead to decisions that contribute to the depletion of natural resources.


➔ **Contribution to SDG's**

Primary UN SDG's

 **10 REDUCED INEQUALITIES**
Learning and development provide employees with education and equal opportunities that will bring about real social economic development and better living standards for Ugandans.

 **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
Funding both digital and physical infrastructure strengthens our capacity to innovate, enabling the development of new products and services that enhance customer experience and operational efficiency.

Secondary UN SDG

 **11 SUSTAINABLE CITIES AND COMMUNITIES**
We contribute to building resilient and economically sustainable communities through our CSR initiatives and by creating sourcing and outsourcing opportunities that support local enterprise development.



Our Chief Financial Officer's Review.



The rebrand to Pearl Bank marked a transformational milestone in our journey. This deliberate and strategic evolution of the Bank aligned with our aspiration to be a trusted partner in the growth and prosperity of Ugandans.

Mr. Peter Ssenyange
Chief Financial Officer



The macroeconomic landscape in 2025 was marked by pronounced global uncertainty and shifting economic conditions. The persistent geopolitical tensions continued to disrupt international supply chains, slowing global economic growth to 3.3%, with a further decline to 3.1% projected for 2026. Uganda, however, demonstrated notable economic resilience amid these global headwinds. The economy expanded from Ushs 203.7 trillion (USD 53.9 billion) to Ushs 226.3 trillion (USD 61.3 billion), while real GDP growth strengthened to 6.3%, up from 6.1% in the previous financial year.

Guided by these global trends and anchored in our purpose of Fostering Prosperity for Ugandans, we boldly positioned Pearl Bank as a catalyst for sustainable growth and transformation. This was achieved through commitment and consistent operationalization of our two high-impact goals: Driving sustainable financial inclusion and stimulating entrepreneurship and services, which have translated into the Bank unveiling a visionary new identity i.e. transitioning from PostBank to Pearl Bank, strengthened client relationships with greater intention, elevated customer experiences through enhanced capabilities especially on the Wendi Platform, expanded our agent network to bring financial services closer to communities in every corner of Uganda, to mention but a few.

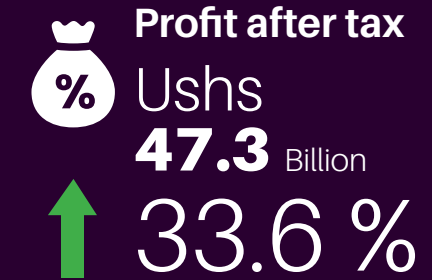
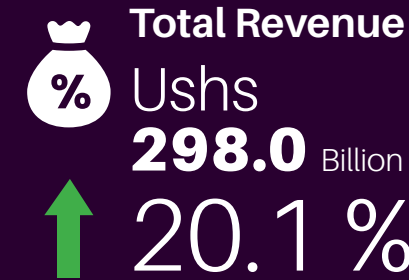
Further, these strategic actions translated into a strong financial performance for the year. We recorded a Profit After Tax of Ushs 47.3 billion, a

33.6% increase from the prior year's Ushs 35.36 billion. Total revenue rose by 20.1% to Ushs 298 billion, while our loan book grew by 4.2% to Ushs 749 billion, up from Ushs 718.7 billion the previous year.

The above financial performance was reinforced by a wave of new business partnerships that significantly strengthened both our loan portfolio and revenue margins. Our continued investment in technology, most notably the Wendi platform, has positioned the Bank as a preferred partner, steadily attracting high-value collaborations across both the private and public sectors. Complementing this momentum is our intentional focus on financing SMEs and start-ups in a bid to broaden financial access and empower Uganda's growing enterprise sector.

Further, our strategic emphasis on sustainability propelled the Bank forward. Pearl Bank became the first commercial bank in Uganda to receive the Sustainability Certification from the European Organization for Sustainable Development, underscoring our commitment to responsible banking practices.

Key Highlights



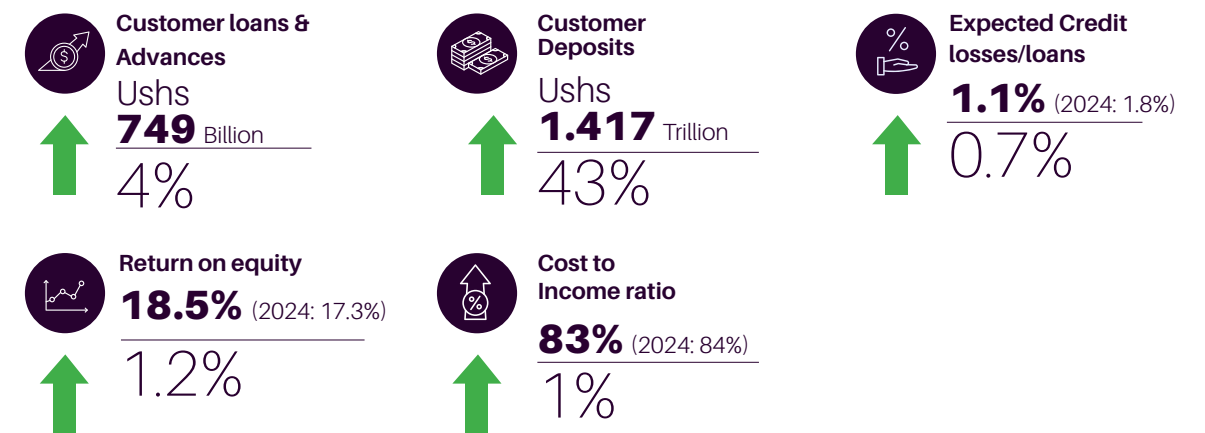
It is worth mentioning that the rebrand to Pearl Bank marked a transformational milestone in our journey. This deliberate and strategic evolution of the Bank aligned with our aspiration to be a trusted partner in the growth and prosperity of Ugandans. In addition, this transformation positions us to serve our clients better, reflect who we are today, and clearly signal our commitment to advancing the growth of and catalysing the success of Ugandan businesses.

Looking ahead, our evolution journey has firmly signaled our readiness to embrace the future with confidence, ensuring long-term growth and impact. With Uganda's economy projected to grow by 6.5-7.0% in 2026 - driven by rising investments in the extractives sector, particularly oil and gas, and increasing exports of gold and coffee, the Bank is well positioned to meet evolving client needs, create lasting community impact, and navigate both domestic and global shocks.

On a distinguished note, the Bank was honored as the winner in the General Banking category at the FiRe Awards 2025, affirming our commitment to transparency, accountability, and operational excellence.

Lastly, I was personally humbled to receive several recognitions: CFO of the Year, Winner of the Sustainability Award at the 9th Annual Uganda CFO Awards, and Winner of the Public Impact Award at the 2025 CFO Awards for East Africa. These achievements would not have been possible without the unwavering dedication and exceptional efforts of the finance team. I take this opportunity to express my deepest appreciation to them for their continued hard work and support.

Key financial metrics at a glance



Financial highlights

1. Strong strategic performance

Objective:

To attain a target cost to income ratio below 80 % in 2025.

Results

Our cost to income ratio improved from 84% to 83%, driven largely by a 36.3% reduction in loan loss provisions against a 20.1% increase in total income. This decline in provisions resulted from the timely payment of government salaries and strong bad debt recoveries, which enhanced the quality of our loan portfolio and reduced the need for additional provisioning.

Objective:

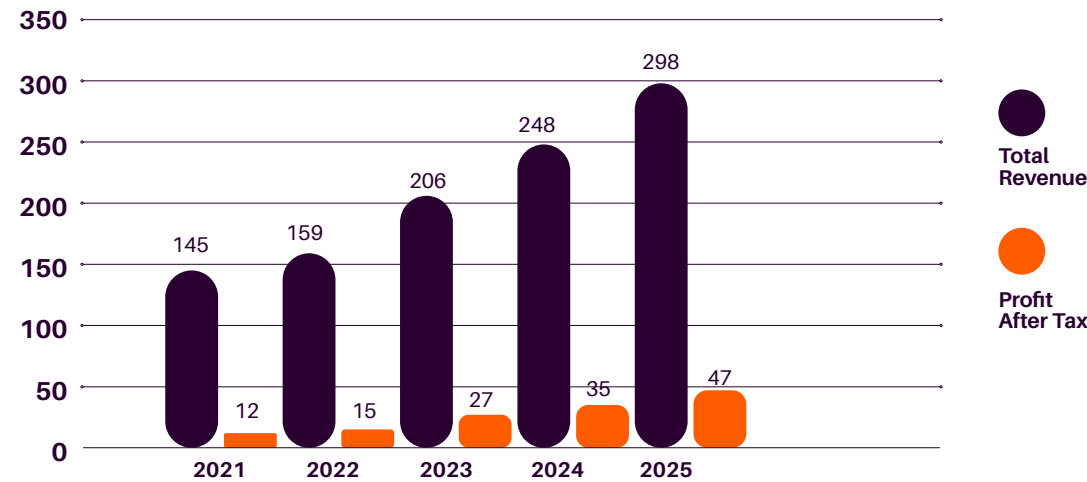
To maintain a strong quality customer lending portfolio with a credit loss ratio below 2.5 %.

Results:

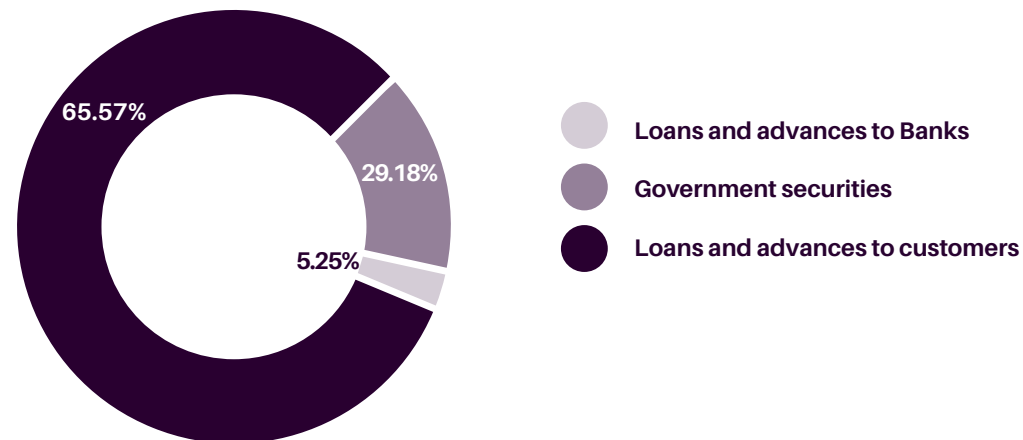
Our credit loss ratio decreased to 1.1%, from 1.8% in 2024 as a result of improved recovery efforts.

Our total revenue peaked at Ushs 298 billion, a 20.1% increase from the previous year, while profit after tax rose to Ushs 47.3 billion from Ushs 35.4 billion. This strong performance reflects our continued focus on strengthening client relationships, enhancing customer experience through advanced system capabilities, and expanding our agent network to extend financial services to underserved and unbanked communities. Total revenue was driven by both interest income and fee and commission income.

Total revenue and profit after tax (Ushs Bn)



Composition of interest income



Interest income

Interest income is generated from the Bank's lending activities. The larger portion of the growth in interest income, which increased from Ushs 217 billion to Ushs 262 billion, was driven by the commendable efforts of both our Financial Markets and Credit teams. The Bank recorded a 4% growth in the loan book, which closed at Ushs 749 billion in 2025. In addition, interest income increased due to a significant rise in Government securities investments, which closed at Ushs 615 billion up from Ushs 365 billion.

Fees and commissions income

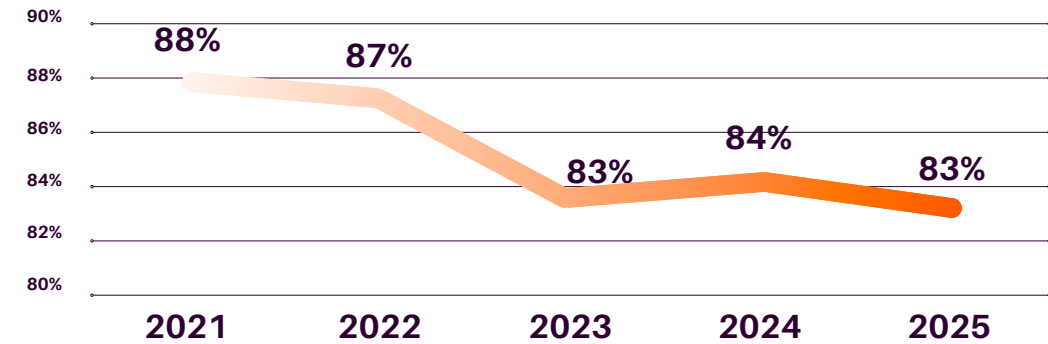
Fee and commission income grew by 7%, driven mainly by higher customer transaction volumes.

This performance reflects the continued expansion of our agent banking network, which reached 9,619 agents a 58% increase in service points. The wider network enabled deeper outreach into previously unbanked communities, strengthening transaction activity and supporting non-interest revenue growth.

Cost to income ratio

Our cost-to-income ratio reduced from 84% to 83%, primarily due to a 36.3% decline in loan loss provisions compared to an 20.1% increase in total income. The decrease in loan loss provisions was mainly driven by the timely payment of government salaries and the bad-debt recoveries made during the year, which strengthened the quality of our loan portfolio and reduced the need for additional provisioning.

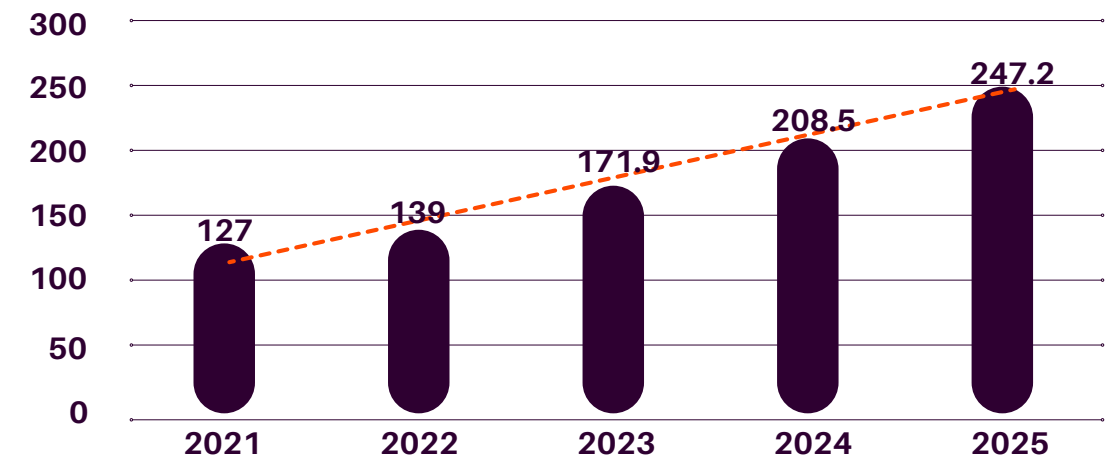
Cost to income Ratio



Total expenses

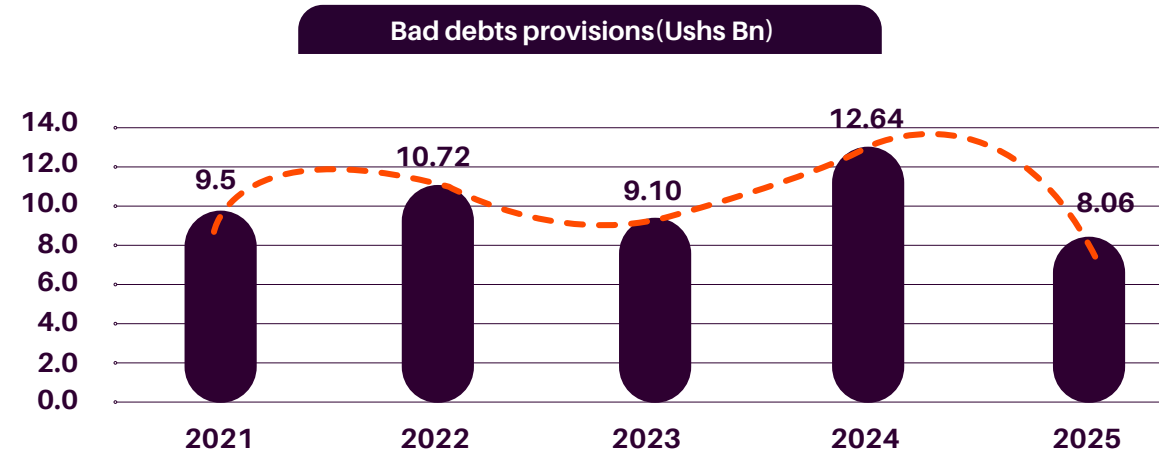
Total expenses rose by 18%, increasing from Ushs 208.5 billion to Ushs 247.2 billion. This growth was driven mainly by higher operating costs associated with the transition from PostBank to Pearl Bank, alongside increased staff costs resulting from salary adjustments and related statutory obligations.

Total expenses (Ushs Bn)



Bad debts provisions

Bad debt provisions reduced by 36%, declining from Ushs 12.6 billion to Ushs 8.06 billion. This improvement was driven by the timely payment of government salaries and strong bad debt recoveries during the year, which enhanced the overall quality of our loan portfolio.



2. Delivering balance sheet growth

Our growth strategies continue to deliver strong year-on-year impact, reflected in a 31% increase in our asset base from Ushs 1,428 billion in 2024 to Ushs 1,875 billion in 2025. This performance was driven by a 4% expansion in our loan book, which grew from Ushs 718.7 billion to Ushs 749 billion, demonstrating our continued focus on sustainable lending and meeting customer needs. Investments also contributed significantly, rising by 73% from Ushs 394 billion to Ushs 681 billion.

Our funding base strengthened markedly, growing by 43% as customer deposits increased from Ushs 990 billion to Ushs 1,417 Tn. Although amounts due to banking institutions declined from Ushs 91 billion to Ushs 3 billion, this shift reflects improved liquidity management and reduced reliance on external funding. These gains were supported by stronger partnerships and initiatives aimed at deepening financial inclusion.

We remain committed to maintaining strong Tier 1 capital levels, supported by continued shareholder confidence. Shareholders' funds increased by 25%, rising from Ushs 205 billion to Ushs 255 billion. Looking ahead, we expect retained earnings and future capital injections to further reinforce our long-term strategy and ensure full regulatory compliance.

Statement of financial position

	2021	2022	2023	2024	2025	% change
Assets	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	Ushs Bn	%
Cash and bank balances	42.0	99	130	162	256.2	58
Investments	160.3	259	207	394	681.2	73
Loans and advances	455	480	602.6	718.7	749	4
Other assets	17.0	16	28	49.2	60.6	23
Fixed and intangible assets	71.1	93	103.6	103.8	128.3	24
Total Assets	745	947	1,071	1,428	1,875.3	31
Liabilities						
Customers' Deposits	507	689	790	990	1,416.7	43
Due from Banking Institutions	2.0	12	7	91	2.7	(97)
Borrowed funds	64	53	41	44	38	(13)
Other liabilities	55	57	69	98	162.9	67
Total liabilities	628	811	907	1,223	1,620.3	33
Shareholders' funds	117	136	164	205	255	25
Total liabilities & shareholders' funds	745	947	1,071	1,428	1,875.3	31

Shareholder value

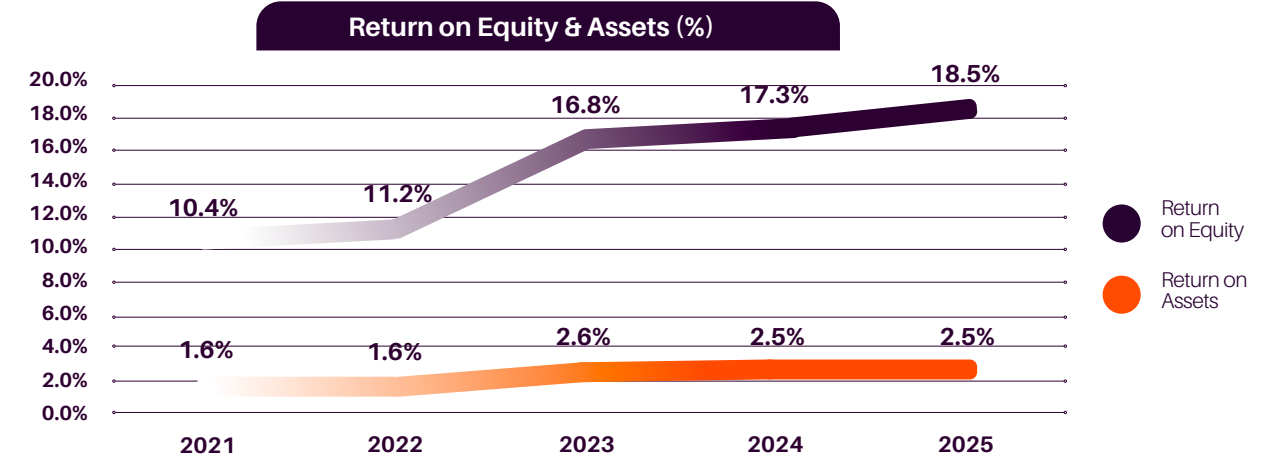
We remain committed to delivering a strong return on equity for our shareholders while championing financial inclusion and supporting the National Development Plan (NDP IV). Our approach is anchored in sustainability, ensuring that our initiatives drive long term economic growth and empower the communities we serve.

Objective

1. Deliver consistent returns with a minimum ROE threshold of >16%.
2. Deploy liquidity effectively into an optimal asset mix that generates stable returns above the internal ROA benchmark of 2.2%.

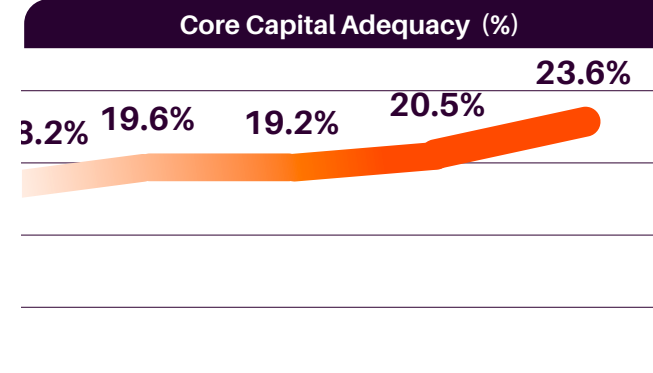
Results

- **Return on Equity (ROE)** increased by **1.27%**, reflecting the Bank's disciplined deployment of capital into higher yielding assets and the maintenance of a high quality lending portfolio. These actions strengthened earnings and supported the growth in profit after tax.
- **Return on Assets (ROA)** improved by **0.05%**, surpassing the 2025 internal benchmark of 2.2%. This was driven by the strong performance of earning assets within the total asset base, demonstrating effective asset allocation and balance sheet management throughout the year.



Capital Adequacy

We continue to take deliberate measures to ensure full compliance with capital requirements. As of 31 December 2025, we exceeded the regulatory minimum thresholds for both Core Capital Adequacy and Total Capital Adequacy, reaffirming our financial resilience and our commitment to sustainable, well capitalized growth.



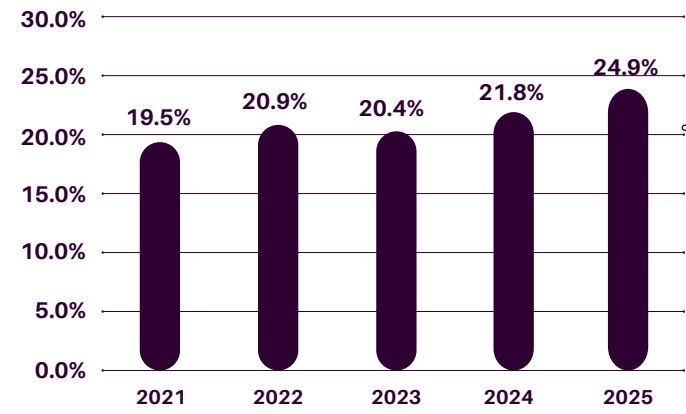
Objective:

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

Results:

Core capital closed at 23.6%, well above the regulatory minimum of 12.5%. This strong capital position confirms that the Bank maintains sufficient buffers to meet capital adequacy requirements, support business growth, and sustain future investment opportunities.

Total Capital Adequacy



Objective:

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

Results:

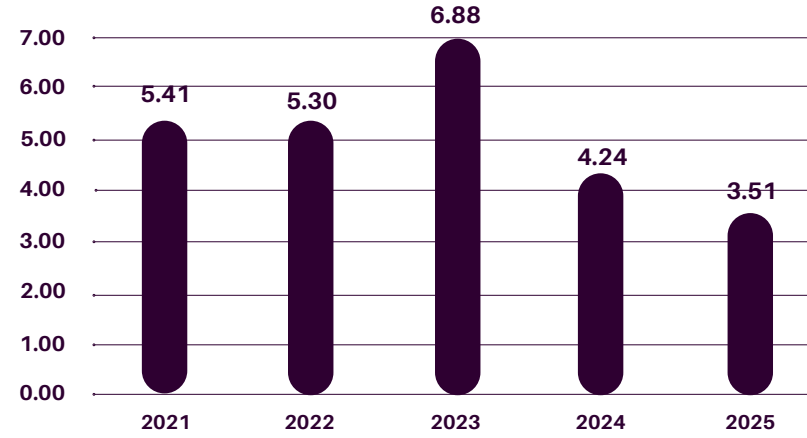
Total capital closed at 24.9%, well above the regulatory minimum of 14.5% and reflecting a 3.1% improvement from the previous year. This continued strengthening of our capital position underscores the Bank's ability to meet regulatory expectations, support sustainable business growth, and provide a strong buffer against potential risks.

3. Income Tax Expense

As at 31 December 2025, the Bank's income tax expense stood at Ushs 3.51bn compared to Ushs 4.24 billion in 2024. The decline reflects a higher allocation to Government securities, whose interest income is subject to final withholding tax, reducing the overall income tax expense.

Refer to the page 187 of the financial statements.

Income Tax Expense (Ushs Bn)



Outlook for 2026 and beyond

Short term

- We will maintain a strong focus on meeting regulatory capital requirements, supported by our solid Core Capital (23.6%) and Total Capital (24.9%) positions, ensuring continued financial strength and operational stability.
- We remain committed to maximizing profits through sustainable and responsible business practices, leveraging our strengthened asset base, improved asset quality, and disciplined cost management to deliver value to our stakeholders.

Medium term

- We are dedicated to achieving the financial objectives outlined in our budgets and strategic plan, ensuring consistent growth and alignment with our long term vision.
- We aim to raise additional capital to expand our lending capacity, enabling us to deepen financial inclusion and extend credit to priority sectors that drive socio economic development.

Long term

- We remain committed to delivering consistent and sustainable returns for our shareholders, supported by strong capital buffers, improved profitability, and a resilient business model.
- We will continue contributing to Uganda's National Development Plan (NDP IV) and other government led initiatives, aligning our strategy with national priorities to support inclusive growth and long term.



Human Resource Team



Digitization Team



The Social Value We Contribute



1. Social and Relationship Capital



2. Natural Capital

Hon. Dr. Musenero Monica Masanza Minister for Science, Technology and Innovation Information, together with our

Executive Committee led by Mr Julius Kakeeto pose for a picture at our Wendi offices.

Social and Relationship Capital



Value transformation

- Attract and retain the right customer segments to support sustainable growth.
- Attract and keep critical skills across the business to strengthen operational capability.
- Build employee capability through continuous learning and development.
- Engage effectively with media to strengthen transparency and communication.
- Foster long term customer relationships build loyalty and trust.
- Ensure effective delivery service and constructive engagement with suppliers.

What Social and Relationship Capital means to Pearl Bank

Sustainable value creation through social and relationship capital depends on advancing collective well being. By nurturing strong stakeholder and community relationships, we create and preserve long term value. This capital reflects the trust, collaboration, and shared prosperity built through our engagement with stakeholders and the communities we serve, contributing to Uganda's overall socio economic development.

How Social and Relationship Capital supports our sustainable value creation

Turning our aspirations into measurable outcomes depends on the commitment and daily contribution of our people. Engaged employees consistently deliver beyond expectations, which is why we prioritise a work environment that supports satisfaction, wellbeing, and professional growth. Our focus is to align our workforce with a people centered brand promise while strengthening their connection to the Bank's values and culture.

Key inputs

- Continued support from our Shareholder.
- Employee feedback and engagement.
- Strong customer relationships.
- Sound supplier management practices.
- Collaboration with regulators.

Key outputs

Customer centric service

Mobile banking and USSD users
237,133 users
(2024: 204,697 users)

Customer complaints resolved
7,914 complaints
(2024: 7,508)

Responsible procurements

Local suppliers
Ushs 55.4 Bn
(2024: Ushs 38.9 Bn)

Foreign suppliers
Ushs 4 Bn
(2024: Ushs 4.68 Bn)



Key challenges in 2025

- Political, economic and climatic factors causing interruptions to our customers' businesses.
- Balancing competing stakeholder expectations.
- Managing evolving stakeholder needs and conflicts of interest.
- Risk of reputational harm if positive relationships are not upheld.

Key opportunities in 2026

- Change of brand name creating great visibility and enabling us to serve our customers in a better and sustainable way.
- Capitalization on already existing social and relationship capital to foster sustainable value creation.
- Community engagements that align with the goals of our shareholders (NDP IV).
- Sustainable initiatives that enhance the overall value to our communities.

How we grow our social and relationship capital

- Developing robust relationships with business partners (Business Partner Capital).
- Strengthen adherence to regulatory requirements. [Regulatory Capital].
- Cultivating a satisfied and loyal customer base. [Customer Capital].

Approaches to managing outcomes

- Implement customer relationship management processes to track interactions, preferences, and feedback.
- Maintain personalized and transparent customer relationships, supported by accountable business practices.
- Invest in employee training, including communication and conflict resolution skills, to strengthen service quality.
- Use digital platforms and social media to engage customers and build active online communities.
- Provide online support and facilitate constructive dialogue to enhance customer engagement and satisfaction.

Value created for stakeholders

- Customers**
 We provide exceptional service through products and solutions that are responsive to their evolving needs.
- Employees**
 We foster a work environment that supports growth, development, and long term career fulfilment.
- Suppliers**
 Our supplier relationships foster mutually beneficial value propositions.
- Regulators**
 We maintain a transparent and compliant operating environment that enables effective regulatory oversight.
- Partners**
 We offer a reliable financial distribution platform that amplifies their impact and supports shared prosperity.
- Society**
 We drive positive impacts that support the wellbeing of both society and the environment.
- Government/shareholder**
 We deliver sustainable value creation while supporting national development priorities through trust, transparency, and long term financial performance.

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

➔ Leveraging our social and relationship capital

Financial capital
When customers are 13satisfied and loyal, they strengthen our brand equity and contribute to sustained financial performance.

Human capital
CSR initiatives raise awareness, strengthen team spirit, and support a healthy work-life balance.

Manufactured capital
Efforts in digitalization amplify the capabilities and value of manufactured capital.

Intellectual capital
Focusing on customer centricity, ensuring strong regulatory compliance, practicing responsible procurement, and investing in the communities where we operate all contribute to stronger customer loyalty, a more resilient brand, and an enhanced reputation.

Natural capital
Adhering to regulatory requirements helps safeguard natural resources and supports broader environmental sustainability.

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

Related stakeholders



Material matters



➔ Contribution to SDGs

1 NO POVERTY
We prioritize financial inclusion in our projects to combat poverty and inequality.

4 QUALITY EDUCATION
Through community initiatives, we promote literacy and education and provide financial aid for educational purposes.

9 INDUSTRY INNOVATION AND INFRASTRUCTURE
Sustainable infrastructure projects benefit both the environment and community.



11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Our stringent procurement process supports responsible consumption and production.

➔ Potential trade offs

Financial Capital:
Social initiatives require financial resources, which can affect short term profitability.

Manufactured Capital:
Allocating resources to social programmes may limit investment in physical assets, requiring a balanced approach for long term sustainability.

Intellectual Capital:
A strong focus on relationships may reinforce existing partnerships at the expense of pursuing new or disruptive innovations.

Human Capital:
Building strong relationships and reputational equity takes time and attention, which can reduce focus on employee learning and development.

Natural Capital:
Some social initiatives may increase resource use, potentially accelerating pressure on natural ecosystems if not well managed.

➔ Developing robust relationships with business partners (Business Partner Capital)

Our business partner capital reflects the value we gain from the partners who help us deliver products and services efficiently. These include PDM Secretariat, MoFPED, suppliers, correspondent banks, Telecommunications companies, other financial institutions, and other key associates.

➔ Our approach to business partner capital

At Pearl Bank, business partners are essential to the effective execution of our operations and the advancement of our long-term strategy and sustainability objectives. We maintain transparency in all interactions and operate within clearly defined policies that govern these relationships. Our aim is to establish enduring partnerships founded on trust, accountability, and shared value.

➔ Strategies to enhance value

- Strong governance and clear partner frameworks.
- Digital & fintech collaboration.
- Continuous improvement and innovation forums.
- PPDA compliant procurement practices.
- Consistent and stable transactions.

➔ Value generating drivers for building strong partnerships

- Stronger governance frameworks and policies.
- Responsible and compliant procurements.
- Mutual value and benefit to service providers.
- Strengthening strategic alliances.

➔ Fostering prosperity through financial inclusion and grant partnerships

We have partnered with development organisations to facilitate payments for refugees and vulnerable individuals and to provide customer tailored loan products that promote financial inclusion and improve livelihoods. We intentionally use our relationship capital to create value that goes beyond profitability.

Input	Outcomes
<p>Grow grant</p> <p>We have so far received more than Ushs 2 Bn from MOFPED in collaboration with PSFU to foster lending to women in business.</p>	<ul style="list-style-type: none"> • 1,000+ women have been able to benefit from the project funds. • Meaningful projects introduced into communities where the funds were disbursed. • This is still ongoing for the next 2 years.
<p>Wendi agent operating grant</p> <p>We have received Ushs 10.5 Bn to expand our agent network across all parishes in Uganda.</p>	<ul style="list-style-type: none"> • Financial inclusion for the unbanked across all parishes in Uganda. • Eased access of PDM funds for utilization by the beneficiaries. • Implementation of a framework for super agents who will provide operational support and liquidity to other agents across the network.
<p>Heifer grant</p> <p>We entered a 50-50 partnership with Heifer International to enhance agricultural loans.</p>	<ul style="list-style-type: none"> • Over Ushs 2 Bn in agriculture loans extended to the youth. • 1,000+ youth have been able to benefit from the project funds. • Meaningful projects introduced into communities where the funds were disbursed.

Norwegian Refugee Council (NRC) grant

We received Ushs 366 Mn from NRC in collaboration with TENT foundation to improve livelihoods of young, displaced men, women, and children in Uganda.

- Young women, men, and children in Uganda have been able to benefit from the project funds. Meaningful projects introduced into communities where the funds were disbursed.
- The project was partly affected by the Covid 19 pandemic, and the Bank continues to assess performance of the portfolio for proper implementation.

Eurogiro grant

We entered a partnership with Eurogiro to create a digital solution that would enhance financial inclusion for the intended beneficiaries.

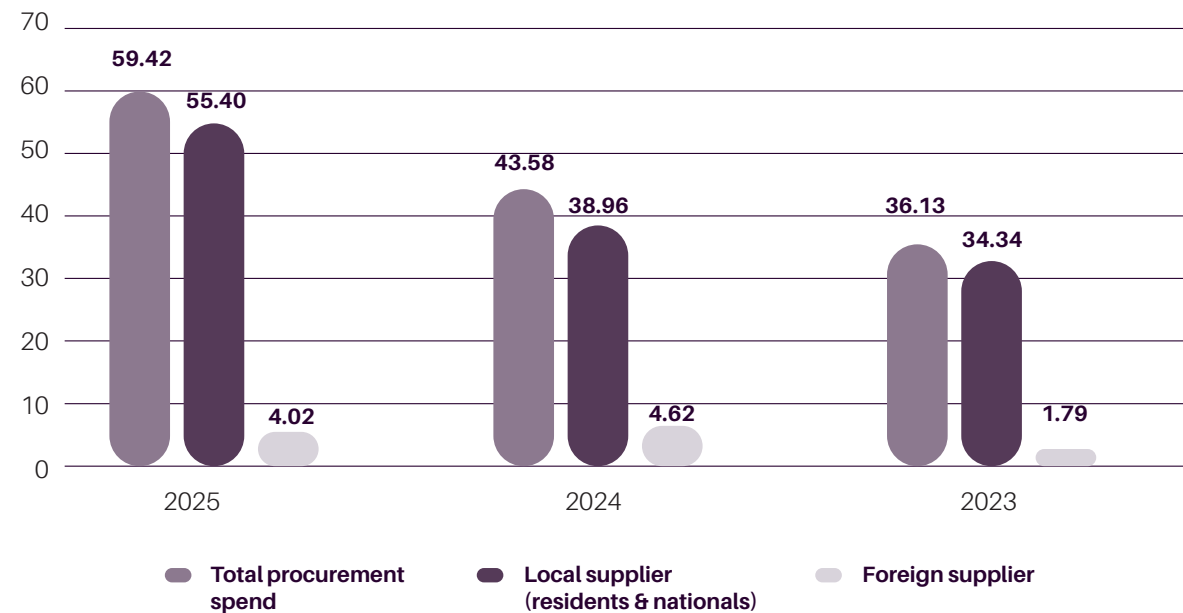
- Provision of payment solutions with competitive transaction costs targeted at including 7,000 beneficiaries across the country.

Responsible procurement GRI 204-1

We regard our suppliers as strategic partners and expect the highest standards of quality, service, and ethical conduct, as their performance directly affects our service delivery. We work with local suppliers who meet the requirements of the Public Procurement and Disposal of Public Assets Act.

	2025	2024	2023	2022	2021
% of BUBU in our procurement spend	93.2	89.0	95.1	95.9	97.1
% Indigenous Ugandan businesses in our procurement spend	46.3	49.0	52.3	43.9	48.6
% Indigenous Uganda businesses in local spend	49.7	52.8	55.0	45.7	50.1

2025 procurement spend Ushs (Bn)



We work with local suppliers who meet the requirements of the Public Procurement and Disposal of Public Assets Act. Our supplier selection process is transparent and guided by principles of non discrimination, equal treatment, confidentiality, fairness, openness, and accountability. To support broad based value creation, we maintain a diverse supply chain.

The key features of our robust procurement process:



Strengthen adherence to regulatory requirements. [Regulatory Capital]

We view regulatory capital as essential to both financial and social stability. In the financial services sector, it plays a critical role in absorbing losses, safeguarding depositors, fostering public trust, and preventing excessive asset growth.

Our approach to regulatory capital

We are incorporated under the Companies Act of Uganda and licensed and regulated by the Bank of Uganda. With this responsibility, we remain fully compliant with regulatory requirements and uphold sound corporate governance. This strengthens customer trust and supports economic stability. We also meet our tax obligations, contributing to Uganda's broader economic development.

Strategies to enhance value

- Establish mechanisms to identify, assess, and respond to regulatory changes.
- Strengthen operational resilience.
- Apply world class stress testing practices.

Value generating drivers for strengthening regulatory compliance

- Zero non compliance with laws and regulations.
- Robust controls against money laundering, bribery, and corruption.
- Strong governance supported by prudent risk management.

➔ **Compliance with regulations**

- Adhere to the provisions of the:
 - Financial Institutions Act, regulations, and amendments.
 - Financial institutions licensing regulations.
 - Anti-Money Laundering Act.
- Maintain close relationships with:
 - The Ministry of Finance, Planning and Economic Development.
 - Bank of Uganda
 - Uganda Revenue Authority.
 - Office of the Auditor General.
 - Parliament.
- Submit periodic information related to the Bank’s operations in compliance with the directives issued by Bank of Uganda. Anti-money laundering, bribery, and corruption.
- Identification of three principal risk areas in the age of digitization:
 - Anti-money laundering.
 - Cybersecurity.
 - Fraud prevention

➔ **Strong governance and prudent risk management**

- Implement a rigorous governance framework and strong risk management policy.
- Reinforce a risk aware culture in the short to medium term.
- Sustain a robust risk culture that anticipates, manages and mitigates internal and external risks.

➔ **Contributions to the Government**

- Pay and collect taxes on behalf of the Government.
- Remit all taxes payable on behalf of our employees.
- Settle all statutory dues to Government and relevant authorities.
- Pay dividends from income earned.

For further discussions on risk management, please refer to pages 88 to 90 of the report, specifically under the Material Matters Risks and Opportunities section.

➔ **Cultivating a satisfied and loyal customer base. [Customer Capital]**

Customer capital at Pearl Bank reflects the value created through our interactions with customers, contributing directly to both current and future value. It essentially captures the outcomes of our customer relationships.

➔ **Our approach to customer capital**

We use a multi channel strategy to deliver excellent customer service. Customers can share instant feedback through our branch network, mobile and internet banking, and other platforms, ensuring convenient access to our services. Our customer relationships.

➔ **Strategies to enhance value**

- Enhance our digital service model to deliver exceptional customer service.
- Measure and monitor key customer satisfaction indicators.
- Hold staff accountable for consistently improving the customer experience.

➔ **Value generating drivers for strengthening customer compliance**

- Delivering an exceptional customer experience.
- Enhance customer satisfaction.
- Effectively resolve customer complaints.
- Protect customer data and privacy.

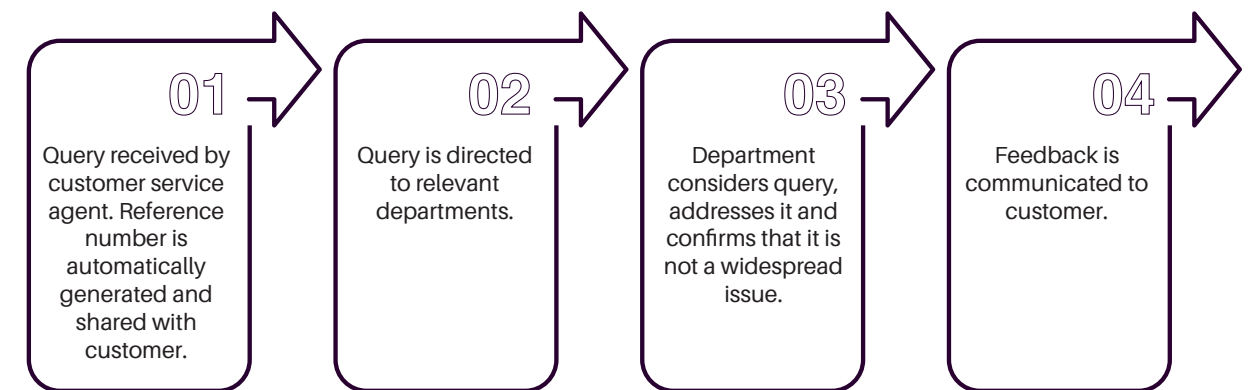


Pearl Bank staff share festive moments with Media houses through our campaign dubbed Pearl Santa

➔ **Solving customer problems**

Our call center enables customers to explore business opportunities or resolve grievances. For quality assurance and continuous improvement, all calls are recorded and handled by skilled customer service representatives. Our service process follows a simple cycle:

- Initial contact and assessment of customer needs
- Resolving queries or grievances through the appropriate channels
- Providing follow up support to ensure customer satisfaction



Each month, we compile a report on customer complaints and the actions taken to address them, which is presented to Management. We continuously equip our employees with the skills needed to handle complaints effectively, resolve issues, and turn challenging situations into positive customer outcomes.

Chief Technology Officer's Desk

Remarks



I am pleased to report that 2025 delivered significant improvements in service reliability, expanded self-service capabilities, and successful integration with key partners. Together, these initiatives are strengthening our ability to build a technology resilient, future-ready, and impact-driven bank for Uganda.

Ms. Janey Rachel Nakato
Chief Technology Officer

The year 2025 marked a pivotal phase in Pearl Bank's digital transformation journey. In an environment defined by rapid technological change, evolving customer expectations, and increasing regulatory demands, our Technology teams remained focused on delivering resilient systems, innovative digital services, and secure platforms that will enable the Bank's strategic growth. I am pleased to report that 2025 was a year of strong execution, measurable impact, and meaningful progress toward building a future-ready bank for Uganda.

Strengthening the Technology Foundation

Our primary priority in 2025 was to reinforce the Bank's core technology infrastructure to support scale, reliability, and innovation. We achieved this through significant upgrades across our core networking infrastructure, banking platforms and implementation of an Enterprise Service Bus (ESB). The bank also acquired the ISO 27001 certification to protect data, build cyber resilience and ensure business continuity in all its technology systems and processes. These investments resulted in improved system uptime, higher volume and faster transaction processing, as well as enhanced customer experience across all our channels.

We also made significant progress in the digitization of internal processes to improve efficiency, transparency, and service delivery across all functions. Key workflows in operations, compliance, risk management and human resources were progressively automated and migrated to digital platforms, reducing reliance on paper-based approvals and manual processes. The adoption of workflow management tools, and automated compliance screening systems enabled faster turnaround times, strengthened compliance, and improved decision-making through real-time data visibility. These initiatives not only enhanced staff productivity and internal controls but also created a more agile operating environment capable of supporting the Bank's growing customer base and expanding digital services.

Digital Channels and Customer Experience

In 2025, we made notable progress in transforming Pearl Bank into a digital-first institution. Enhancements were made to improve service reliability, expand self-service capabilities on our Wendi wallet, more partnership integrations were enabled, and improvements were made to the onboarding experience on the bank's mobile and internet banking platforms.

Customers benefited from faster onboarding, simplified payments, and enhanced account management features, all designed to make banking more accessible and convenient.

Our digital adoption metrics continued to improve as more customers embraced electronic channels for payments, transfers, and everyday banking. Agency banking, card-based and mobile banking transactions also experienced steady growth, supported by improved system performance and strengthened integration across our payment ecosystem. These achievements reflect our commitment to providing a seamless, secure, and inclusive banking experience that will continue to drive sustainable financial inclusion.

Technology Risk Management and Operational Resilience

We recognize that as digital adoption grows, so does the importance of safeguarding customer data and ensuring uninterrupted service. Throughout 2025, the Technology Departments strengthened the Bank's risk management posture by enhancing availability monitoring, vulnerability management and threat response. We continued aligning our practices with international standards such as ISO 27001 and leading governance frameworks, reinforcing a culture of security and compliance in the first-line teams across all technological processes.

We strengthened our business continuity and disaster recovery capabilities to ensure the Bank remains operational under a wide range of scenarios. This included relocating the bank's data centers to more highly available and resilient facilities, regular resilience testing and system redundancy improvements to withstand both operational and external disruptions. This has supported the Bank's mandate to maintain reliable financial services for customers and communities.

Supporting the Stimulation of Entrepreneurship and Services

In 2025, Pearl Bank's technology platforms played a deliberate role in supporting the stimulation of entrepreneurship and the growth of essential services across Uganda. The Bank strengthened system integrations with key government and public institutions including Uganda Revenue Authority (URA) and Uganda National Bureau of Standards (UNBS) to enable seamless payments for businesses, statutory obligations, and tax compliance, thereby reducing friction for startups, SMEs, and formalizing enterprises.

We also enhanced digital collections for public services such as government hospital payments and municipal revenues, including Kampala Capital City Authority (KCCA), improving efficiency, transparency, and revenue assurance for service providers.

In addition, the Bank expanded support for education through reliable digital platforms for university and tertiary institution fee payments, ensuring convenience for parents, students, and institutions alike. Collectively, these integrations position Pearl Bank as a trusted enabler of enterprise growth, public service delivery, and economic participation within Uganda's evolving digital economy.



Looking Ahead

As we move into 2026, Pearl Bank's technology agenda will remain focused on resilience, innovation, and customer-centricity. We will continue modernising our platforms, strengthening cybersecurity, and leveraging data and intelligent technologies to improve efficiency and service delivery. Our goal is to deepen digital engagement, support business growth, and contribute meaningfully to Uganda's evolving financial ecosystem.

Our focus will also be on the continued development of our people. We shall invest in training and capacity building for both technology and non-technology staff to strengthen digital skills, cybersecurity awareness, and data literacy. This commitment to capability development will ensure that the Bank is well positioned to sustain innovation and adapt to emerging technologies in the years ahead.

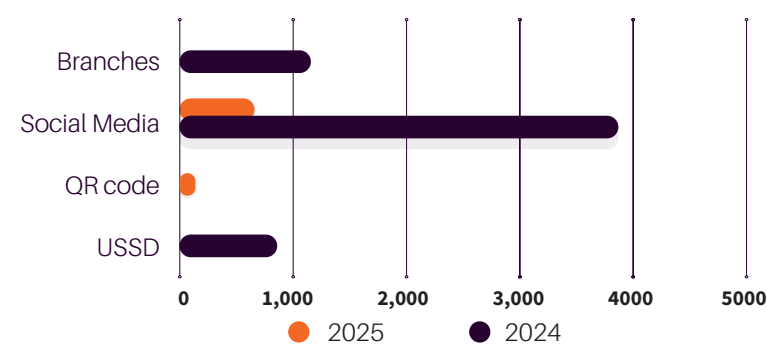
On behalf of the Technology Departments, I extend my sincere appreciation to the Board, Management, and all staff for their continued support and collaboration. The progress achieved in 2025 reflects a shared commitment to excellence and innovation. Together, we will continue building a secure, inclusive, and digitally empowered bank for our customers, partners and communities.

➔ Customer satisfaction statistics

Number of complaints received.
7,982
(2024 - 7,584)

Number of complaints resolved.
7,914
(2024 - 7,508)

➔ 2025 Customer inquiries by Channel



Loan disbursement turnaround time
Target 4 hours, 3 hours
(2024 - 17.1 hours)

Complaints resolution rate.
Target 90%. 99% (2024 - 98.9%)

Over the counter error rate.
Target <0.2%, 0.3% (2024 - 0.1%)

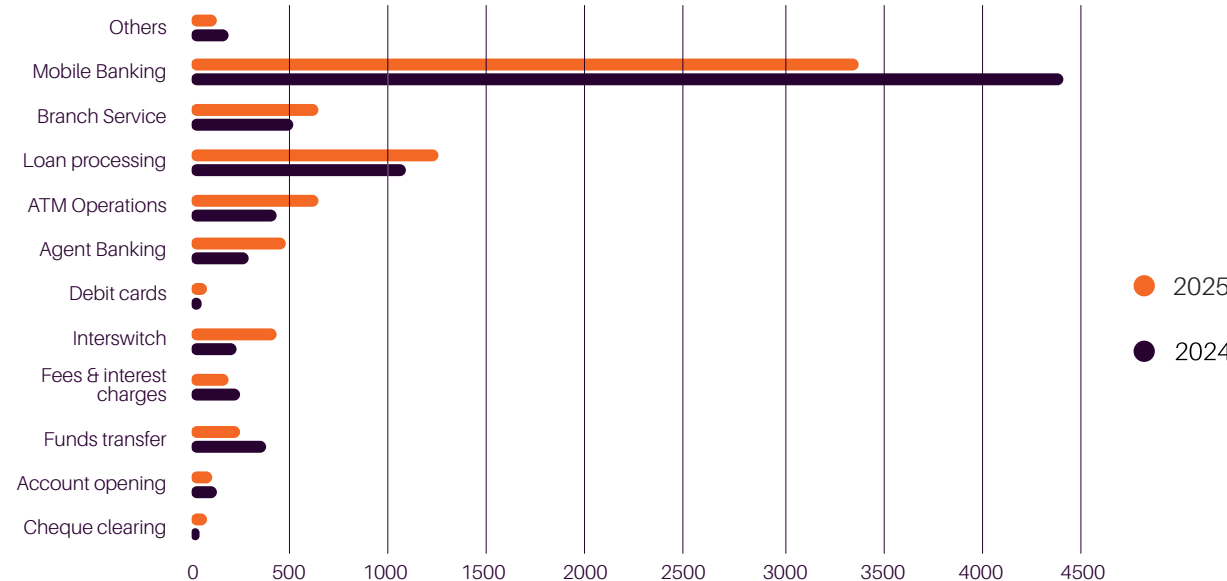
Mobile Banking onboarding turnaround time.
Target 1 day, 6hrs/0.25 days
(2024 - 3.6 days)

Loan processing error rate
Target <5%, 17.5% (2024 - 18%)

Alternate distribution channels uptime (ATMs, internet Banking, Mobile App & Agency Banking). **Target -98%, 98.2%** (2024 - 88.6%)

Customer Satisfaction Statistics - Wendi 2025	
Number of complaints received	7,664
Number of complaints resolved	7,660
Complaint Resolution rate (%)	99%
Wendi mobile wallet uptime Uptime (%)	99.5%
Number of complaints by category	
Electronic money cash transactions	5,279
Electronic money funds transfer	1,071
Any other complaint or inquiry arising from licensed activity	1,310

➔ 2025 complaints by category



➔ We created captivating branches by:

Revamping and elevating the internal and external branch appearance to reflect our refreshed brand ethos



Improving physical infrastructure for better customer experience.

During the year, we maintained our physical footprint by opening one new branch and closing another strengthening service accessibility and supporting our hybrid distribution model.

Living our High Impact goals through real customer transformation

Through tailored financing, technical support, and long term partnerships, we continue to translate our purpose into measurable socio economic progress across Uganda.

➔ Goal 1: Driving Sustainable Financial Inclusion

Through catalytic financing and value chain partnerships, we are helping to unlock equitable opportunities and build resilience at the last mile.

➔ Equator Seeds Ltd (Northern Uganda)

By providing working capital and trade financing to this leading seed producer, we help extend high quality inputs and extension services to communities rebuilding from conflict. With support reaching over 10,000 female farmers and 3,000 conflict affected women and youth, the partnership strengthens food security while restoring livelihoods in some of Uganda's most vulnerable areas.

➔ Top Cream Milk Traders Ltd (Kihuhura District)

Our asset financing for milk coolers and transport logistics has enabled the company to expand its supply network and guarantee a consistent market for ninety-six pastoralist households. The result is improved household cash flow, enhanced financial inclusion, and deeper integration of rural dairy farmers into formal value chains.

➔ ADE Moses Stores Limited (Kiryandongo District)

Operating within the high volume maize value chain, the enterprise connects over 150 smallholder farmers including twenty women and thirty youth suppliers to structured and fair markets. Our financing supports predictable off take arrangements, enabling farmers to reliably convert produce into income and reduce exposure to volatile informal markets.

➔ Goal 2: Stimulating Entrepreneurship and Services

By professionalizing enterprises and equipping them for scale, we contribute to job creation, sector efficiency, and broader economic competitiveness.

➔ Rezlex Investments Limited (Ntungamo)

Our support enabled the coffee enterprise to scale trading operations and integrate 120 smallholder farmers into its supply chain. Through tailored advice and financing, the business now promotes climate smart agricultural practices including soil conservation and use of shade trees strengthening both livelihoods and environmental stewardship.

➔ Newman Foods Limited (Makindye)

Pearl Bank has supported the snack agribusiness and agro-processing company by providing working capital and trade finance, enabling efficient supplier payments through formal banking channels, and offering value chain financing and advisory services to strengthen the company's operations and market expansion.

➔ Linda Layet T/A Premier Seeds (Gulu City)

A tailored working capital loan stabilized the company's cash flow and ensured timely supply of agro inputs specifically high quality seeds. This intervention enhanced operational reliability, supported formalisation, and sustained 28 full time jobs, while ensuring reliable supply of certified seeds.

Outlook for 2026 and beyond

➔ Short term

- Revitalize existing products to deliver renewed value.
- Showcase key products and services that advance financial inclusion and drive social and economic transformation.
- Strengthening our brand as the bank for the people through targeted brand strategies.

➔ Medium term

- Enhance digital banking solutions to simplify the customer experience.
- Expand access for the unbanked and financially excluded.
- Implement strategies aligned with NDP IV and the UN Sustainable Development Goals (SDGs).

➔ Long term

- Build a safe, trusted, and stable financial ecosystem for our customer.



Pearl Bank staff have a picture moment at the women's day celebration at Head office



Gazelles Get Women's Day Boost from Pearl Bank and Crown Beverages in Celebration of their Great Performance

Natural Capital



What Natural Capital means to Pearl Bank

Natural capital refers to the natural resources that support life and economic activity from the ground beneath us to the air we breathe, the water we depend on, and the living ecosystems around us. These resources don't just exist in the background; they shape productivity, sustain communities, and provide essential services that organizations rely on every day.

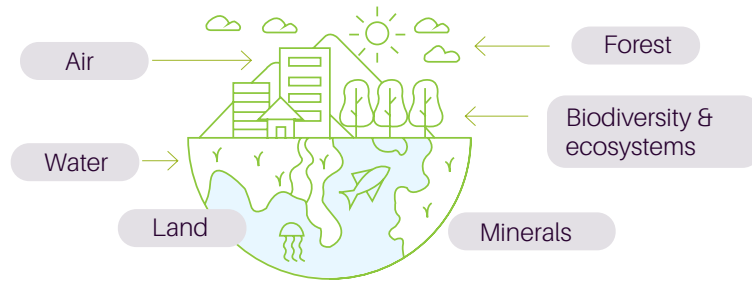
How natural capital supports sustainable value creation

By recognising the value of natural resources and ecosystems, we integrate Natural Capital considerations into our strategy and decision making. As we draw on Natural Capital for sustainable value creation, we remain committed to conserving Uganda's resources for future generations.

Value transformation

- Loans directed toward renewable energy projects, prioritizing enterprises with strong environmental performance.
- Branch operations streamlined to reduce energy use, cut paper through digitization, and embed green procurement practices.
- Environmental impacts continually assessed, including the sustainability performance of borrowers, to manage climate related risks.
- Reporting carried out in line with Global Reporting Initiative (GRI) standards.

Key inputs



Key outputs

Responsible consumption

Electricity
2.07 Mn KW
(2024: 1.95 Mn KW)

Water used
38.8 Mn litres
(2024: 56.8 Mn litres)

Paper used
33,492 Kgs
(2024: 29,767 Kgs)

Fossil fuels
610,470 litres
(2024: 229,546 litres)

Sustainable financing

Water and sanitation loans
Ushs 1.05 Bn
(2024: Ushs 679.2 Mn)

Key challenges in 2025

- Rising Operational Resource Demands.
- Green initiatives continue to cost more.
- Complexities in lowering carbon footprint.
- Difficulties in measuring the true environmental impact.

Key opportunities in 2026

- Efficient use of natural resources leads to cost savings.
- Integrating environmental considerations into business decisions strengthens environmental management.
- Our long term outlook reinforces the need to use natural resources responsibly.

How we grow our natural capital

- Promote responsible consumption and use of natural resources.
- Integrating sustainable financing into our lending practices.
- Shift towards environmentally friendly buildings and practices.

Leveraging our natural capital



Financial capital

Investing in renewable energy and sustainability initiatives lowers costs over the long-term. An increased market share in green financing will boost revenue and profit in the future.



Intellectual capital

Bolsters our position as a bank that takes sustainable operations seriously.



Human capital

Sustainability consciousness creates a workforce that is aware of the wider environment.



Manufactured capital

Provides a chance to implement innovative new solutions to modernize traditional banking models. Investing in sustainable buildings and renewable energy enhances the Bank's physical assets.



Social and relationship capital

Maintaining long-term relationships with suppliers through sustainable value chains.

Potential trade offs

Financial Capital:

Intensive use of natural capital can lead to environmental degradation, requiring significant restoration costs and negatively affecting financial capital.

Manufactured Capital:

Investments in infrastructure and other manufactured capital projects can cause environmental disruption if not managed responsibly.

Intellectual Capital

Allocating resources to research and development in sustainable practices may divert funds from other profitable but less sustainable ventures.

Human capital

Degradation of natural capital such as air and water pollution directly affects human health and reduces the quality of human capital.

Social & Relationship Capital:

Engaging in environmentally harmful activities can damage the Bank's reputation and weaken relationships with stakeholders.

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

Related stakeholders



Material matters



➔ **Contribution to SDGs**



We are making every effort to reduce our water consumption in the coming year. We continue to seek out innovative methods to use water wisely and ensure that our employees are aligned with our practices.



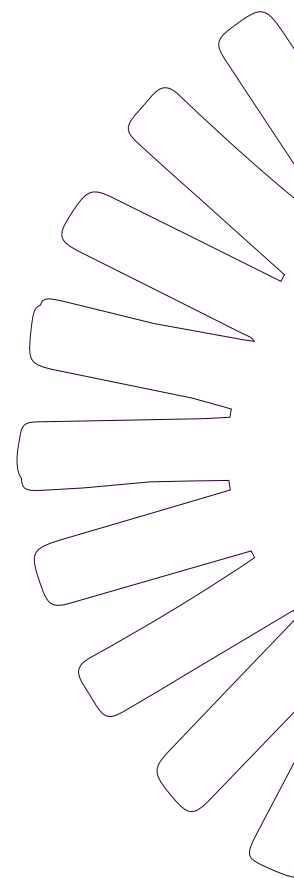
Energy-efficient electrical components were implemented during the renovation of existing facilities and the construction of new branches and facilities.



The efficient design of new branches guarantees a considered and necessity-driven approach to expanding our branch network.



Our digital transformation journey involves shifting from a 'paper light' to a 'paperless' organization. Employees optimize the use of our vehicles and backup power systems (generators) during work hours.



Efficient energy use and conservation **GRI 302-1**

We recognise that reducing our carbon footprint is essential to creating sustainable value through operational efficiency. Our energy rationalization approach focuses on optimising energy use and promoting renewable energy solutions across our operations.

Green Transformation: Elevating Our Infrastructure for Environmental Stewardship

In 2025, as we rebranded from PostBank to Pearl Bank, we upgraded all 58 branches to align with Level 3 Sustainability Certification. Larger windows now improve natural light and ventilation, helping reduce water use to 38.8 million litres.

Digital Excellence: Advancing Toward Climate Neutrality and Level 3 Sustainability

In 2025, our digital first strategy enabled 80% of new customers to onboard through self service channels, helping us save 12,591 kg of paper. By automating workflows through tools like our centralized account opening and smart reconciliation systems, we reduce waste and lower our carbon footprint in line with our Level 3 Sustainability Certification. Digital products such as Wendi (2.4 million users) and internet banking continue to drive our paperless agenda and support Natural Capital preservation. For more on our digital financial services, see page 136 to 137.

Energy consumption **GRI 302-1**

At Pearl Bank, our main energy sources are the National Grid, solar power, diesel, and petrol. In 2025, we consumed 2,070,360 kW of electricity and 610,470 litres of fuel. In line with our Level 3 Sustainability Certification, we manage these resources by installing CFC free inverter AC units, limiting backup systems to working hours, and engaging all 1,199 employees in conservation as both an environmental and cost efficiency measure. A key priority is expanding solar use across our branch network, demonstrated by our Solar ATMs in rural areas such as Kotido and Anaka, as we progress toward climate neutrality.

Water consumption **GRI 303-5**

In 2025, our water consumption fell to 38.8 million litres, marking a significant gain in resource efficiency. This reduction resulted from installing modern, water efficient plumbing during the rebranding of our 58 branches and continuously educating our 1,199 employees on conservation. These efforts support our Level 3 Sustainability Certification and reflect our commitment to climate neutrality and the protection of Uganda's freshwater resources.



Change and Projects Management Team

Green financing

Our commitment to sustainable financing is reflected in lending practices that consider potential environmental impacts. We integrate ESG factors into our credit and risk evaluation processes to support long term sustainable development, with high risk transactions receiving additional scrutiny.

'Climate change impact'

Adverse weather conditions directly affect our business. Approximately 30% of our loan portfolio is in the agriculture sector, making it highly vulnerable to climate related risks such as reduced production. This leads to lower incomes and a higher likelihood of loan defaults. These climate impacts also ripple through the wider economy, reducing overall spending and weakening the repayment capacity of borrowers in non agricultural sectors.

Outlook for 2025 and beyond

➔ Short term	➔ Medium term	➔ Long term
<ul style="list-style-type: none"> Promote digital solutions that reduce our carbon footprint internally and expand low carbon digital services for customers. Adopt best practice standards aligned with IFRS S1 and S2. 	<ul style="list-style-type: none"> Drive our sustainable finance agenda and increase green products and services. 	<ul style="list-style-type: none"> Invest and develop long term green initiative and preservation products.

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Independent Auditor's Report

To the Members of Pearl Bank Uganda Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pearl Bank Uganda Limited ("the Bank") as set out on pages 187 to 267, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 audits of the financial statements of public interest entities in Uganda. 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.



Independent Auditor's Report

To the Members of Pearl Bank Uganda Limited
Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Loss on loans and advances to customers	
The disclosures associated with loans and advances are set out in the Financial Statements in the following notes: <ul style="list-style-type: none"> — Note 4 - Material accounting policies. — Note 5 - Material accounting judgements, estimates and assumptions. — Note 6 - Financial risk management. — Note 22 - Loans and advances to customers 	
<p>The Bank has recognised Expected Credit Losses ("ECL") on financial instruments 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.</p> <p>As at 31 December 2025, the Bank's loans and advances to customers net of ECL amounted to Ushs 749 billion, representing 39.9% of total assets, with total expected credit loss ("ECL") allowances of Ushs 24.7 billion recognized.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of ECL are:</p> <ul style="list-style-type: none"> → 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. → 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. 	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> → 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 IFRS 9 considering the bank's definition of significant increase in credit risk and default. → Evaluating the appropriateness of the Bank's ECL impairment methodologies by involving our internal financial risk modelling specialists to benchmark them with the requirements of IFRS 9. → Challenging the appropriateness of the assumptions used in modelling the probability of default and loss given default by benchmarking the parameters used such as time to realization and historic default rates against actual outcomes for reasonability. → 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. → Challenging key assumptions made by the Bank in determining forward looking information by involving our financial modelling specialists to assess the completeness of the macro-economic variables considered such as gross domestic product, government final consumption, Imports goods and services, total final consumption and total domestic demand to model the economic scenarios and probability weightings made to the economic scenarios and the correlation between the bank's credit risk parameters and the macro-economic variables. → Assessing the adequacy of disclosures in the financial statements with regards to the key assumptions, judgements and credit risk disclosures in accordance with IFRS 7 <i>Financial Instruments Disclosures</i>.

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To the Members of Pearl Bank Uganda Limited
Report on the Audit of the Financial Statements (Continued)

Other Matter relating to the National Audit Act

In addition to fulfilling our statutory responsibilities, we were also required by the Auditor General under Section 23(1) of the National Audit Act, Cap. 170 to audit the financial statements of the Bank. This report responds to this requirement based on the accounting framework and laws and regulations stipulated in this report and assists the Auditor General to comply with his requirements included in the National Audit Act, Cap. 170, Public Enterprises Reform and Divestiture Act Cap. 98 Laws of Uganda regarding his audit of public corporations.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Pearl Bank Uganda 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, Cap. 106 Laws of Uganda, and the Financial Institutions Act, Cap. 57 Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.



Independent Auditor's Report

To the Members of Pearl Bank Uganda Limited
Report on the Audit of the Financial Statements (Continued)

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

- ➔ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ➔ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ➔ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ➔ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ➔ Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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To the Members of Pearl Bank Uganda Limited
Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, Cap. 106 Laws of Uganda, we report to you solely based on our audit of the financial statements, that:

- I. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- II. In our opinion, proper books of account have been kept by the Bank so far as appears from our examination of those books; and,
- III. The Bank's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Asad Lukwago P0365.

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

CPA Asad Lukwago



Date: 30 March 2026

Statement of Comprehensive Income

For the Year ended 31 December 2025

		2025	2024
	Notes	Ushs'000	Ushs'000
Interest Income Calculated Using Effective Interest Rate Method	7	262,814,071	217,448,592
Interest Expense	8	(58,847,656)	(44,502,372)
Net Interest Income		203,966,415	172,946,220
Fee and Commission Income	9	34,033,551	31,936,157
Fee and Commission Expense	9	(2,728,846)	(2,673,587)
Net Trading Income	10	3,038,728	1,013,736
Other Operating Income	11	834,684	370,483
Impairment Losses on Financial Instruments	12	(8,059,383)	(12,644,322)
Net Operating Income		231,085,149	190,948,687
Employee Benefits Expense	13	(76,924,412)	(72,705,494)
Depreciation and Amortisation	14	(23,189,336)	(21,505,150)
Other Operating Expenses	15	(80,153,891)	(57,142,706)
Administrative and Operating Costs		(180,267,639)	(151,353,350)
Profit Before Income Tax		50,817,510	39,595,337
Income Tax Expense	16	(3,514,552)	(4,235,373)
Profit for the Year		47,302,958	35,359,964
Other Comprehensive Income			
Gain on Property Revaluation	26	-	2,332,901
Deferred Tax on Property Revaluation	16(c)	82,163	(699,870)
Total Other Comprehensive Income		82,163	1,633,031
Total Comprehensive Income for the Year		47,385,121	36,992,995

The notes on pages 191 to 267 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2025

		2025	2024
	Notes	Ushs'000	Ushs'000
Assets			
Cash and Balances with Bank of Uganda	17	256,230,570	161,964,481
Placements and Deposits with Other Banks	20	66,596,435	29,428,458
Government Securities	19	614,627,866	364,509,844
Loans and Advances to Customers	22	749,015,200	718,656,259
Other Assets	23	56,749,631	45,841,590
Receivables from Business Contracts	24	477,965	3,177,776
Intangible Assets	25	19,748,107	16,175,621
Tax Recoverable	16(b)	-	134,779
Deferred Tax Asset	16(c)	3,404,105	-
Property and Equipment	26	60,520,493	68,443,463
Right-of-use Assets	27	48,005,956	19,227,543
Total Assets		1,875,376,328	1,427,559,814
Equity and Liabilities			
Liabilities			
Deposits From Banks	28	2,717,995	90,773,313
Customer Deposits	29	1,416,680,592	990,275,448
Other Liabilities	32	151,918,740	92,980,281
Tax Liability	16(b)	587,705	-
Borrowings	30	38,173,690	43,922,890
Deferred Grants	31	9,007,215	1,652,012
Provisions	35 (a)	943,718	901,219
Deferred Income Tax Liability	16 (c)	-	2,157,907
Total Liabilities		1,620,029,655	1,222,663,070
Equity			
Share Capital	33	203,520,094	165,095,322
Retained Earnings		47,494,672	35,404,297
Revaluation Reserve	34	4,331,907	4,397,125
Total Equity		255,346,673	204,896,744
TOTAL EQUITY AND LIABILITIES		1,875,376,328	1,427,559,814

The financial statements on pages 191 to 267 were authorised for issue by the Board of Directors on 26/03/2026 and signed on its behalf

Director

Director

Director

Secretary

The notes on pages 191 to 267 are an integral part of these financial statements.

Statement of Changes in Equity

As at 31 December 2025

	Share Capital	Revaluation Reserve	Regulatory Credit Risk Reserve	Retained Earnings	Total Equity
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Year Ended 31 December 2024					
At 1 January 2024	133,335,812	2,808,427	-	27,679,894	163,824,133
Other Comprehensive Income:					
Profit for the Year	-	-	-	35,359,964	35,359,964
Revaluation Gain	-	2,332,901	-	-	2,332,901
Deferred Tax on Revaluation	-	(699,870)	-	-	(699,870)
Total Comprehensive Income for the Year	-	1,633,031	-	35,359,964	36,992,995
Transactions With Owners:					
Issue of Shares for Cash (Note 33)	5,079,616	-	-	-	5,079,616
Issue of Bonus Shares (Note 33)	27,679,894	-	-	(27,679,894)	-
Cost Attributable to Increase in Share Capital	(1,000,000)	-	-	-	(1,000,000)
Transfer of Excess Depreciation to Retained Earnings	-	(44,333)	-	44,333	-
At 31 December 2024	165,095,322	4,397,125	-	35,404,297	204,896,744
Year Ended 31 December 2025					
At 1 January 2025	165,095,322	4,397,125	-	35,404,297	204,896,744
Other Comprehensive Income:					
Profit for the Year	-	-	-	47,302,958	47,302,958
Revaluation Gain	-	-	-	-	-
Deferred Tax on Revaluation	-	82,163	-	-	82,163
Total Comprehensive Income for the Year	-	82,163	-	47,302,958	47,385,121
Transactions With Owners:					
Issue of Shares for Cash (Note 33)	3,064,808	-	-	-	3,064,808
Issue of Bonus Shares (Note 33)	35,359,964	-	-	(35,359,964)	-
Costs Attributable to Increase in Share Capital	-	-	-	-	-
Transfer of Excess Depreciation to Retained Earnings	-	(147,381)	-	147,381	-
At 31 December 2025	203,520,094	4,331,907	-	47,494,672	255,346,673

The notes on pages 191 to 267 are an integral part of these financial statements.

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Statement of Cash Flows

For the year ended 2025

		2025	2024
	Notes	Ushs'000	Ushs'000
Cash Flows from Other Operating Activities			
Cash Flows Used in Operating Activities	37	(123,905,607)	(95,326,907)
Working Capital Changes in			
• Receivables From Business Contracts		2,699,811	(2,592,937)
• Cash Reserve Requirement		(13,605,000)	(4,960,000)
• Loans and Advances to Customers	22 (a)	(44,629,396)	(131,657,042)
• Customer Deposits	29	418,338,594	196,029,170
• Other Assets	23	(11,461,755)	(21,961,149)
• Other Liabilities	32	43,370,827	30,640,954
• Investment in Government Securities	19	(241,277,794)	(169,488,263)
• Due from Other Banks	20	21,227,074	(6,919,864)
• Due to Other Banks	28	(88,055,318)	84,107,875
Interest Paid on Borrowings	30	(1,651,227)	(7,765,588)
Interest Paid on Customer Deposits		(43,333,176)	(31,064,215)
Interest Received		255,361,240	205,023,711
Payment of Interest on Lease Obligations	32 (b)	(1,425,929)	(1,387,304)
Payments Made for Litigations		(229,611)	(80,337)
Income Tax Paid	16 (b)	(8,271,917)	(6,213,443)
Net Cash Flows Generated from Operating Activities		163,150,816	36,384,661
Cash Flows from Investing Activities			
Purchase of Property and Equipment	26	(5,096,108)	(15,364,813)
Prepayments Under Right of use Assets		(12,766)	(441,852)
Purchase of Intangible Assets	25	(10,158,952)	(1,630,122)
Proceeds from Sale of Property And Equipment	26	86,615	-
Net Cash Used In Investing Activities		(15,181,211)	(17,436,787)
Cash Flows from Financing Activities			
Proceeds from Grants	31	11,961,262	1,405,500
Repayments of Borrowings	30	(9,089,902)	(9,397,594)
Proceeds from Borrowings	30	3,247,800	11,991,789
Repayment of Principal Component of Lease Liabilities	32 (b)	(17,792,762)	(2,559,782)
Issue of Ordinary Share Capital	33	3,064,808	5,079,616
Tax Paid on Issue of Additional Shares		-	(1,000,000)
Net Cash Flows (Used in)/Generated from Financing Activities		(8,608,794)	5,519,529
Net Increase in Cash and Cash Equivalents		139,360,811	24,467,403
Cash and Cash Equivalents at the Start of Year		124,824,542	100,373,530
Effect of Exchange Rate Fluctuation		(13,186)	(16,391)
Cash and Cash Equivalents at the End of Year	18	264,172,167	124,824,542

The notes on pages 191 to 267 are an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Pearl Bank Uganda Limited ('the Bank') is a limited liability company, incorporated and domiciled in Uganda. The address of its registered office is: Pearl Bank Head Office Building Plot No. 4/6, Nkrumah Road. P. O. Box 7189, Kampala, Uganda.

For purposes of reporting under the Companies Act, Cap.106 Laws of Uganda (herein referred to as the Ugandan Companies Act) the balance sheet is represented by the statement of financial position and the profit or loss account is represented by the statement of comprehensive income in these financial statements.

2. Basis of preparation

The financial statements are prepared in compliance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap. 106 Laws of Uganda and Financial Institutions Act Cap.57 Laws of Uganda. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings rounded to the nearest thousand (Ushs '000).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving more judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 to the financial statements.

3. Changes in accounting policies and disclosures

3.1 New and amended standards and interpretations.

Relevant newly effective standards and amendments adopted by the Bank during year.

The Bank adopted the following relevant standards during the year;

Standard/Amended standard	Effective date	Narration
Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Annual periods beginning on or after 1 January 2025	The adoption of the standard did not have any impact on the financial statements of the bank as the Bank currently does not have transactions in currencies where there is lack of exchangeability.

New and revised standards and interpretation which have been issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements. These are included in the table below;

Standard/Amended standard	Effective date	Narration
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	The amendments are effective for periods beginning on or after 1 January 2026. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank as the Bank currently does not have financial instruments with ESG linked features or contractually linked instruments.
Annual Improvements to IFRS Accounting Standards - Amendments to: <ul style="list-style-type: none"> IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>; IFRS 7 <i>Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7</i>; IFRS 9 <i>Financial Instruments</i>; IFRS 10 <i>Consolidated Financial Statements</i>; and IAS 7 <i>Statement of Cash flows</i> 	The amendments are effective for periods beginning on or after 1 January 2026. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank. The Bank does not have trade receivables with a variable transaction price.
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank. The Bank did not enter into contracts referencing nature-dependent electricity.
IFRS 18 Presentation and Disclosure in Financial Statements.	The amendments apply for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.	The adoption of this standard is expected to impact the presentation of the income statement, categorising it into the Bank's main business activities which are operating, investing, financing and income tax. Banks may include non-GAAP management defined performance measures in the financial statements that communicate management's view of the entity's financial performance.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	The amendments are effective for periods beginning on or after 1 January 2027. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank because it's not under a group structure.
IAS 21 The Effects of Changes in Foreign Exchange Rates	The amendments are effective for periods beginning on or after 1 January 2027. Earlier application is permitted.	The amendments are not expected to have a material impact on the Bank as the Bank currently does not have transactions in currencies where there is lack of exchangeability.
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	To be determined	The amendments are not expected to have a material impact on the Bank because it's not under a group structure.

4. Material accounting policies

4.1.1 Functional and presentation currency

These financial statements are presented in Uganda Shillings (Ushs), which is the Bank's functional currency. All amounts are rounded to the nearest thousand ('000') unless otherwise indicated.

4.1.2 Translation of foreign currencies

Transactions in foreign currencies are translated into Uganda Shillings at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

4.2 Revenue from contracts with customers

Pearl Bank Uganda Limited has disclosed in the notes, the amount of revenue recognised from contracts with customers separately from other sources of revenue. A further note for the disaggregation of the revenue has also been provided. These revenues include fee and commission income obtained from making field payments to World Food Programme (WFP), Danish Refugee Council (DRC), Community Road Empowerment Programme (CORE), Red Cross, Catholic Relief Services (CRS), Lutheran World Federation (LWF), Oxfam and World Vision. The commissions earned from these contracts do not attract any interest.

Contract balances

In line with IFRS 15 requirements, Pearl Bank Uganda Limited presents contract assets, contract liabilities and receivables separately in the statement of financial position.

Receivables

Receivables are recognised only when Pearl Bank's right to consideration is unconditional, that is, only the passage of time is required before payment of that consideration is due. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Bank holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Variable consideration

The Bank does not have customer contracts with variable consideration. Revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when banking services have been provided to the customers. While payments from the customer may be delayed in rare circumstances, the delay never exceeds two months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Non-cash consideration

The Bank bills the customers for the number of beneficiaries paid, as such Pearl Bank has a right to invoice the customer in the amount that corresponds directly with the value of Pearl Bank's performance completed to date in accordance with IFRS 15. In this respect, there is no non-cash consideration.

Consideration payable to a customer

There was no consideration payable to the customer as there is no reduction in prices for this line of business.

Assets recognised from the costs to obtain or fulfill a contract

The Bank recognises the incremental costs of obtaining a contract with a customer as an asset, if the Bank expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Bank incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.2 Revenue from contracts with customers (continued)

The Bank recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Disaggregation of revenue

The Bank has disaggregated income on the basis of how information is used by management, or users of the financial statements, to evaluate financial performance or make resource allocation decisions. The revenue has been disaggregated per project. This is because each project has its own agreement.

Assets and liabilities related to contracts with customers

The timing of revenue recognition, invoicing and cash collections results in invoiced accounts receivable & unbilled receivables (contract assets), on the Statement of Financial position. In our contracts, amounts are invoiced in accordance with agreed-upon contractual terms upon achievement of contractual milestones. Generally, invoicing occurs subsequent to revenue recognition, resulting in contract assets. Contract assets relates to our conditional right to consideration for our completed performance under the contract. Accounts receivables are recognised when the right to consideration becomes unconditional.

Impairment of contract assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9.

Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Fees and commissions expenses are recognised on an accrual basis when the service has been received.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. The services provided through the Bank's revenue transactions are satisfied at a point in time, once control of the services is transferred to the customer, at the completion of the underlying transaction or service.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

4.3 Revenue recognition

(i) Net interest income

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

Net interest income

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4. Financial instruments

The Bank's financial instruments are limited to cash and Bank balances, due from Banks, loans and advances to customers, debt instruments at amortised cost (government treasury bills), customer deposits, borrowings, guarantees and due to other Banks, as at 31 December 2025. The policy on initial recognition, initial measurement, subsequent measurement, derecognition, offsetting and impairment under IFRS 9 are discussed below;

4.4.1. Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

4.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments as described in note 4.4.4. Financial instruments are initially measured at their fair value, plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

4.4.3. Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.4.4. Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's

contractual terms, measured at amortised cost. The Bank does not have any financial instruments classified at fair value through other comprehensive income (FVOCI) or fair value through profit and loss. The Bank does not have any derivative instruments and neither does it have equity instruments classified at fair value through profit or loss (FVTPL) or FVOCI.

(a) Financial instruments at amortised cost

The Bank only measures Due from Banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- ➔ The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.
- ➔ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(b) Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ➔ *How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.*
- ➔ *The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.*

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.4. Measurement categories of financial assets and liabilities (continued)

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.4.5 Loans and advances to customers and due from banks

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in profit or loss. This category generally applies to interest-bearing loans.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss.

4.4.6. Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.4.7. Derecognition of financial assets and liabilities

(a) Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be Purchased or Originated Credit Impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- ➔ Change in currency of the loan
- ➔ Change in counterparty
- ➔ If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability, or greater than ten percent. For financial assets, this assessment is based on qualitative factors.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.7. Derecognition of financial assets and liabilities (continued)

(b) Derecognition of financial assets other than for substantial modification.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- ➔ The Bank has transferred its contractual rights to receive cash flows from the financial asset; or
- ➔ It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
2. The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.
3. The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- ➔ The Bank has transferred substantially all the risks and rewards of the asset; or
- ➔ The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(c) Derecognition of financial liabilities other than for substantial modification

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.4.8. Offsetting

Financial assets and liabilities are offset, and the net amount presented in the Statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.8. Offsetting (continued)

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards and for gains or losses arising from a group of similar transactions such as in the Bank's trading activity.

4.4.9 Impairment of financial assets

(a) Overview of the Expected Credit Loss principles

The expected credit losses allowance is based on the credit losses expected to arise over the life of the asset (lifetime expected credit loss, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Expected credit losses are recognised on the following: cash and balances with Bank of Uganda (note 17), due from Banks (note 20), and debt instruments at amortised cost (note 19), loans and advances to customers (note 22) and other assets included in the scope of IFRS 9 (note 24).

The 12 months ECL is the portion of lifetime expected credit losses that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 6.4.6. Expected credit losses are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 6.4.2). The Bank records an allowance for the lifetime expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

(b) Calculation of ECLs

The Bank calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. Default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio. Refer to note 6.4.3 for further details.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. Refer to note 6.4.4 for further details.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. Refer to note 6.4.5 for further details.

When estimating the ECLs, the Bank considers three scenarios: (i) a base case, (ii) opportunistic and (iii) pessimistic estimate. Each of these is associated with a different PD, EAD and LGD when computing ECLs. Refer to Note 6.4.8 for details.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL method are summarised below:

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.9 Impairment of financial assets (continued)

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs, EADs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Financial guarantees, letters of credit and undrawn loan commitments

These contracts are in the scope of the ECL requirements. The Bank computes ECLs on financial guarantees, and undrawn loan commitments using the same approach as the on-balance sheet items.

Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, that are approved for issuance are not recorded on the statement of financial position.

ECLs on off-balance sheet items were only assessed on financial guarantees and undrawn loan commitments.

4.4.10 Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product growth
- Inflation rates
- Central Bank rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

4.4.11. Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, motor vehicles, land and buildings, letters of guarantees among others. The fair value of collateral is generally assessed at a minimum at inception of the first loan issued to the customer and subsequently re-assessed after every four years if the loan is not fully paid off. The Bank uses a panel of approved valuers to evaluate and advise on the market and forced sale values to the pledged securities.

4.4.12. Collateral repossessed

The Bank's policy is to sell the repossessed asset to recover the outstanding loan. In its normal course of business, the Bank does not physically repossess properties or other securities held, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. Because of this practice, the securities held under legal repossession processes are not recorded on the statement of financial position.

4.4.13 Write-offs

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.4 Financial instruments (continued)

4.4.13 Write-offs (continued)

Recoveries resulting from the Bank's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Any subsequent recoveries are credited to credit loss expenses on financial assets.

4.4.14 Modified loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- ➔ If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- ➔ Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- ➔ Significant extension of the loan term when the borrower is not in financial difficulty.
- ➔ Significant change in the interest rate.
- ➔ Change in the currency the loan is denominated in.
- ➔ Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

4.5 Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest rate method.

4.6 Grants

Grants are recognised when received and there is reasonable assurance that all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

4.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Bank recognises a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid on that date.

4.8 Leases

4.8.1 Bank as a lessee

The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Bank is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the bank's incremental borrowing rate is used. For leases that contain non-lease components, the bank allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.8 Leases (continued)

4.8.1 Bank as a lessee (continued)

At inception of a contract, the bank assesses whether the contract is or contains a lease. A contract contains, a lease if it conveys the right to control the use of an identified asset.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments (excluding VAT and other non-lease components) are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank's incremental borrowing rate is used.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, variable lease payment, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the bank at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

4.9. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Repairs and renewals are charged to profit or loss when the expenditure is incurred. Subsequently, all buildings are measured at revalued amounts less accumulated depreciation and impairment losses recognised after the date of the revaluation. Revaluations are carried out by external independent valuers to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity.

However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is adjusted to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The depreciation methods are reviewed annually. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. On revaluation, the re-valued amount is depreciated over the remaining period of the asset. The excess depreciation is transferred from revaluation reserve to retained earnings, annually until the asset is fully depreciated or is disposed of.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.9. Property and equipment (continued)

The table below contains the depreciation rates applied during the year for each class of asset.

Furniture & fittings	12.50%
Buildings	1.88%
Right of use asset	Over the shorter of the useful life and lease term
Leasehold land	Over remaining lease term
Motor vehicles	25%
Other computer equipment	20%
Branch refurbishments	10%
Office equipment	12.5%
Servers	12.5%
ATMs	12.5%

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. Any gain or loss on disposal of an item of property and equipment is recognised within other operating income in profit or loss.

4.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss. There are no intangible assets with indefinite useful lives. Intangible assets are amortised at a rate of 20% p.a.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

4.11 Income tax

(i) Current Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised directly in equity or other comprehensive income and not in profit or loss. The Bank periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ➔ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ➔ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (Continued)

4. Material accounting policies (continued)

4.11 Income tax (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.13 Employee benefits

(i) Retirement benefit obligations

The Company and all its employees contribute to the National Social Security Fund, which is a defined contribution retirement benefits scheme. A defined contribution scheme is a retirement benefits scheme under which the Company pays fixed contributions into a separate entity and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution retirement benefits scheme are charged to the statement of comprehensive income in the year to which they relate.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the Statement of Financial Position date is recognised as an expense accrual. All other benefits are expensed in profit or loss.

4.14 Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and ECL provision as set out in Note 36. The premium received is recognised in profit or loss in Net fees and commission income on a straight-line basis over the life of the guarantee. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the Statement of financial position.

4.15 Dividends

The Bank recognises a liability to pay dividends when the distribution is authorised at the Annual General Meeting and the distribution is no longer at the discretion of the Bank. A corresponding amount is recognised directly in equity.

4.16 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. The fair value less costs of disposal is based on the recent market transactions for similar properties in the same locations. The recoverable amount is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The impairment calculation is based on the most recent budgets and forecast calculations, which are prepared separately for each of the Bank's cash generating units, to which individual assets are allocated. The forecast calculations are prepared annually.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. At each reporting date, an assessment is made whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank establishes the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carrying a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.17. Mobile Money Float

The Bank has a platform that enables its customers to conduct mobile money transactions. Cash balances (float) held with telecom companies are accounted for at amortised cost and recognised under other assets.

4.18. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank's fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.18. Fair value (continued)

The Bank's Management Committee determines the policies and procedures for fair value measurement. External valuers are involved in the valuation of land and buildings and are appointed every time the Bank's premises are to be revalued by the Management Committee with prior approval from the Board of Directors.

Annually, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Finance department, in conjunction with the Bank's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for land and buildings, that are measured at fair value is disclosed in note 38. The Bank does not have any other assets held at fair value.

4.19. Contingent Liabilities

Contingent liabilities consist of guarantees, letters of credits and loan commitments to extend credit. These are accounted for as off-balance sheet items and disclosed as contingent liabilities. The bank measures expected credit losses on these items, and they are recognised as liabilities.

4.20. Deposits

Customer deposits consist of current accounts, savings accounts and fixed deposit accounts. These are disclosed as customer deposits and recognised as liabilities.

4.21. Comparatives

The company has consistently applied the accounting policies above to all periods presented in the financial statements except if otherwise mentioned.

5. Material accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Bank bases its assumptions and estimates on parameters available at the reporting date. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions, when they occur.

5.1. Revaluation of land and buildings

The Bank's land and building are initially measured at cost and are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. The revaluations are carried out by Bank's approved external independent valuers to ensure that the carrying amounts do not differ materially from the fair value at the end of the reporting period. The valuation methodology adopted by the Bank's valuers is depreciated replacement cost model and reference to transactions involving properties of similar nature, location and condition with changes in fair value being recognised in other comprehensive income (OCI). The carrying amounts of the affected assets are disclosed in note 26.

5.2. Current income tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Bank establishes provisions, based on reasonable estimates, and in response to audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations of tax regulations by the Bank and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing.

Based on the Bank's assessment that the probability for litigation and subsequent cash flows with respect to taxes is remote, no provisions and contingent liabilities have been recognised.

5.3 Provision for expected credit losses of financial assets and liabilities under IFRS 9

The Bank's financial assets include loans and advances to customers, government treasury bills, due from other Banks and cash and Bank balances while financial liabilities include amounts due to other Banks, customer deposits, other payables, borrowings, and guarantees. The Bank uses a provision matrix to calculate ECLs for contract assets and guarantees. The probability of default rates are computed for groups of various customer segments that have similar loss patterns based on days past due (the Bank's historical observable default rates.) The Bank then adjusts the historical credit loss experience with forward-looking information that has good correlation with historical default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Bank's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

Estimation of expected credit loss on government treasury bills, due from other Banks and cash and Bank balances is determined by getting a predefined default rate relating to the issuer of the treasury bills and the Bank where the cash is held, respectively, as established by one of the top credit rating agents namely Standards and Poor's, Fitch and Moody's. These default rates are then used to estimate the expected credit losses on the outstanding amounts of the above respective financial assets. The information about the ECLs on the Bank's government treasury bills, due from other Banks, loans and advances to customers and cash and balances with Bank of Uganda are disclosed in Notes 19, Note 20, Note 22 and Note 17, respectively.

6. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established several board committees and policies to manage its emerging risks. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Bank's top risks arising from the use of financial instruments include credit risk, liquidity risk, interest risk and foreign exchange risk.

The table below shows the carrying amounts of the categories of financial assets and financial liabilities held by the Bank as at 31 December 2025:

	Notes	2025 Ushs'000	2024 Ushs'000
Financial assets			
Measured at amortised cost:			
Cash and balances with Bank of Uganda	17	256,230,570	161,964,481
Due from Banks	20	66,596,435	29,428,458
Debt instruments at amortised cost	19	614,627,866	364,509,844
Loans and advances to customers	22	749,015,200	718,656,259
Receivables from business contracts	24	477,965	3,177,776
Other assets*	23	40,883,887	33,977,633
		1,727,831,923	1,311,714,451
Financial liabilities			
Financial liabilities measured at amortised cost:			
Amount due to other Banks	28	2,717,995	90,773,313
Customer deposits	29	1,416,680,592	990,275,448
Lease liabilities	32(b)	32,676,570	17,074,285
Other liabilities**	32a	107,861,492	68,060,594
Borrowings	30	38,173,690	43,922,890
		1,598,110,339	1,210,106,530

* Excludes prepayments, consumables, deferred employee benefits and security deposit assets.

** Excludes expected credit losses on off balance sheet items, Indirect taxes payable, Insurance premium, National Social Security Fund contributions, staff accrued payables, cash overs and lease liabilities.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

The Bank accepts deposits from customers at fixed rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. As such, the Bank is exposed to liquidity and credit risks resulting from such investment decisions. The Bank also carries out money market transactions to take advantage of short-term market movements in bills, currency and interest rates. This exposes the Bank to foreign exchange and liquidity risks. The Board ALCO committee places trading limits on the level of exposure that can be taken in relation to these transactions. Foreign exchange exposures are normally offset by managing the positions. The Board audit committee is responsible for reviewing the internal controls, operating procedures and systems, and management information systems of the Bank. The Board is assisted by internal audit department that ensures management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified.

The Bank takes on exposure to credit risk through issuing loans and advances to customers and other financial institutions. The risk management and credit committee of the board provides oversight to management credit committees to ensure that the credit risk is mitigated.

The Risk Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. The Risk Department is responsible for monitoring compliance with risk principles, policies and limits, across the Bank including monitoring the risk exposures against limits and the assessment of risks of new products and structured transactions. This department also ensures the complete capture of the risks in risk measurement and reporting systems.

Below is the detailed information about the Bank's exposure to each of the identified risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

6.1. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

The Bank separates its exposure to market risk between trading and held to maturity portfolios. Trading portfolios are managed on a mark to market basis. Overall authority for market risk is vested in Asset and Liability Committee (ALCO). Risk Management Department is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

Market risk arises from the Bank's trading and underwriting activities, as well as its structural banking activities. The magnitude and importance of these activities to the enterprise, along with the potential volatility of market variables, call for diligent governance and a robust market risk management framework that ensures effective identification, measurement, reporting and control of market risk exposures.

6.1.1 Foreign exchange risk

Foreign exchange risk is the potential for losses as a result of adverse exchange rate movements during a period in which the Bank has an open position, in an individual foreign currency. Currently, the Bank operates in 4 foreign currencies (namely USD, GBP, EUR, and KES), but USD has the most significant exposure.

The Bank manages its foreign exchange risk by seeking to match the foreign currency denominated liabilities. Additionally, the Bank's Assets and Liabilities Committee sets limits on the level of exposure the Bank can take on by currency.

6. Financial risk management (continued)
6.1 Market risk (continued)
6.1.1 Foreign exchange risk (continued)

The table below summarises the Bank's foreign currency exposure as at the end of the year

	US Dollar		Pound Sterling		Euro		Kshs		TZs		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
At 31 December 2025												
Assets												
Cash and Bank balances with the Central Bank	6,843,454		219,487		438,074		1,261		157			7,502,433
Due from Banks	11,215,671		10,301		479,068		-		-			11,705,040
Loans and advances to customers	4,057,037		-		-		-		-			4,057,037
Other assets	3,668,628		765		144		-		-			3,669,537
Total assets	25,784,790		230,553		917,286		1,261		157			26,934,047
Off balance sheet items												
Letters of credit	10,706,847		-		-		-		-			10,706,847
Liabilities												
Customer deposits	9,985,236		43,415		602,501		-		-			10,631,152
Other Liabilities	25,170,490		765		36,480		-		-			25,207,735
Total liabilities	35,155,726		44,180		638,981		-		-			35,838,887
Net Exposure at 31 December 2025	(9,370,936)		186,373		278,305		1,261		157			(8,904,840)
At 31 December 2024												
Assets												
Cash and Bank balances with the Central Bank	6,807,136		577,247		662,916		3,189		45			8,050,533
Due from Banks	1,169,573		41,518		161,980		-		-			1,373,071
Loans and advances to customers	1,655,062		-		-		-		-			1,655,062
Other assets	6,594,587		724		127		-		-			6,595,438
Total assets	16,226,358		619,489		825,023		3,189		45			17,674,104
Off balance sheet items												
Letters of credit	1,933,375		-		-		-		-			1,933,375
Liabilities												
Customer deposits	11,419,143		34,599		314,628		-		-			11,768,370
Other Liabilities	6,470,273		36,716		32,881		-		-			6,539,870
Total liabilities	17,889,416		71,315		347,509		-		-			18,308,240
Net Exposure at 31 December 2024	(1,663,058)		548,174		477,514		3,189		45			(634,136)

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.1 Market risk (continued)

6.1.1 Foreign exchange risk (continued)

The table below summarises the sensitivity of the Bank's assets and liabilities to changes in the foreign exchange rates and the resulting impact on profit after tax, and equity:

Currency	Change In Currency Rate In %	2025		2024	
		Carrying Amount	5% Appreciation/Depreciation	Carrying Amount	5% Appreciation/Depreciation
		Ushs'000	Ushs'000	Ushs'000	Ushs'000
Assets					
US dollar	+/-5%	36,491,637	1,824,582	18,159,734	907,987
Pound Sterling	+/-5%	230,553	11,528	619,489	30,974
Euro	+/-5%	917,286	45,864	825,023	41,251
Tshs	+/-5%	157	8	45	2
Kshs	+/-5%	1,261	63	3,189	159
		37,640,894	1,882,045	19,607,480	980,373
Liabilities					
US dollar	+/-5%	35,155,725	1,757,786	17,889,417	894,471
Pound Sterling	+/-5%	44,180	2,209	71,315	3,566
Euro	+/-5%	638,981	31,949	347,509	17,375
		35,838,886	1,791,944	18,308,241	915,412

Currency	Change In Currency Rate In %	2025		2024	
		Effect On Profit Before Tax	Effect On Equity	Change In Currency Rate In %	Effect On Profit Before Tax
		Ushs'000	Ushs'000	Ushs'000	Ushs'000
Assets					
US dollar	+10%	133,591	93,514	+10%	27,032
Pound Sterling	+10%	18,637	13,046	+10%	54,817
Euro	+10%	27,831	19,481	+10%	47,751
Tshs	+10%	16	11		5
Kshs	+10%	126	88	+10%	319
		180,201	126,140		129,924
					90,946

At 31 December 2025 if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Ushs 133.591 million (2024: Ushs 27.032 million) higher/lower and Ushs 93.514 million (2024: Ushs 18.922 million) higher/lower on equity, mainly as a result of US dollar denominated receivables, payables and bank balances.

6.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank's exposure to the risk of changes in market interest rates relates primarily to the Bank's long-term debt obligations with floating interest rates.

The Bank manages interest rate risk on its financial assets by disbursing loans to customers and other financial institutions at a fixed interest rates that cater for any movements in the Central Bank lending rate. The fixed rates charged are derived by taking into consideration any anticipated changes in the central Bank lending rate, duration of the loan being disbursed, and the credit risk associated with the customer.

At 31 December 2025 if the interest rate had changed by 5%, post-tax profit for the year would have been **Ushs 2,365 million** (2024: Ushs 1,768 million) higher/lower.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.1 Market risk (continued)

6.1.2 Interest rate risk (continued)

Earnings Sensitivity is a measure of the impact of potential changes in interest rates on the projected 12-month pre-tax net income of a portfolio of assets, liabilities and off-balance sheet positions in response to prescribed parallel interest rate movements. On the financial liability side, the Bank manages its interest rate risk by acquiring external borrowings at fixed interest rates. The table below summarises the Bank's exposure to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates;

	Less than 3 months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
At 31 December 2025					
Assets					
Cash and bank balances with Bank of Uganda (Note 17)	-	-	-	-	256,230,570
Government securities (Note 19)	5,775,721	105,311,223	-	503,540,922	614,627,866
Placements and deposits with other banks (Note 20)	60,550,357	6,046,078	-	-	66,596,435
Loans and advances to customers (Note 22)	104,774,686	226,123,818	390,956,846	27,159,850	749,015,200
Receivables from business contracts (Note 24)	-	-	-	-	477,965
Other assets (Note 23)	-	-	-	-	40,883,887
Total assets	171,100,764	337,481,119	390,956,846	530,700,772	1,727,831,923
Off-balance sheet items (Note 35 (b))					
Amounts guaranteed	3,409,368	4,293,043	7,195,016	-	14,897,427
Letters of Credit	2,037,941	189,978	-	-	2,227,919
Commitments	2,417,154	17,741,423	1,520,416	-	21,678,993
Total undiscouted commitments and guarantees	7,864,463	22,224,444	8,715,432	-	38,804,339
Liabilities					
Customer deposits (Note 29)	333,384,980	458,252,874	347,840,944	277,201,794	1,416,680,592
Amounts due to other banks (Note 28)	2,717,995	-	-	-	2,717,995
Lease liabilities (Note 32 (b))	1,118,019	2,771,203	21,093,732	7,693,616	32,676,570
Other liabilities (Note 32)	-	-	-	-	107,861,492
Borrowings (Note 30)	-	16,453,299	21,720,391	-	38,173,690
Total liabilities	337,220,994	477,477,376	390,655,067	284,895,410	1,598,110,339
Interest repricing gap as at 31 December 2025	(158,255,767)	(117,771,813)	9,017,211	245,805,362	168,525,923
Interest repricing gap as at 31 December 2024	(298,112,819)	148,538,071	(432,959,367)	423,581,021	62,130,659

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.2. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Bank is exposed to daily calls on its available cash resources from overnight deposits, savings accounts and maturing deposits. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Assets and Liabilities Committee sets limits on the minimum proportion of maturing funds available to meet such calls and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Central Bank also requires the bank maintain minimum cash reserve. The Bank also has a line of credit with Uganda Development Bank of Ushs 120bn to meet any liquidity gaps in case the strategies above are inadequate.

The objective of the Bank in managing liquidity is that the Bank seeks to maintain a stable funding base primarily consisting of amounts due to other banks, corporate and retail customer deposits, deposits from escrow accounts and borrowings. The Bank invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

In the new regulations under The Financial Institutions (liquidity) Requirement 2023, additional liquidity regulations were introduced as indicated below;

- Liquidity Coverage Ratio (LCR):** Where the Bank is required to maintain the ratio of stock of high quality liquid assets net cash outflows over a period of thirty days. This should be equal to or higher than one hundred percent or as prescribed by the Central Bank.
- Net Stable Funding Ratio (NSFR):** The Bank is required to maintain the ratio of available stable funding to the required stable funding that is not less than one hundred percent.
- Internal Liquidity Adequacy Assessment Process (ILAAP):** Where the Board of Directors of the Bank is required to implement an Internal Liquidity Adequacy Assessment Process (ILAAP) to verify that all material risks are identified, effectively managed and covered by a sufficient level of high-quality liquidity buffers. The assessment shall be carried out at least every two years and a report submitted to the Central Bank. However, the Central Bank may require the Bank to submit the ILAAP report on a more frequent basis.

6.2 (a) Compliance assessment for the Liquid assets ratio	2025	2024
	Ushs'000	Ushs'000
Total Liquid assets held (A) *	433,453,314	196,762,129
Weekly average deposits (B)	1,241,856,387	965,991,748
Total Liquid assets ratio (A/B)	35%	20%
Prudential requirement:	20%	20%

*Liquid assets shall include: notes and coins which are legal tender in Uganda, balances held at the Central Bank for cash reserves and clearing purposes, moneys at call and balances at banks in Uganda, other than the Central Bank, after deducting balances owed to those banks, Uganda treasury bills with a tenor within a period not exceeding ninety one days, marketable government securities that are held by a financial institution for trading purposes and uncommitted balances at banks outside Uganda withdrawable on demand and money at call outside Uganda after deducting the balances owed to banks outside Uganda.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.2 Liquidity risk (Continued)

6.2 (b) Compliance assessment for the Liquidity Coverage Ratio

Stock of high-quality liquid assets	Conversion Factor	2025 Ushs'000	2025 Ushs'000
Cash	100%	61,326,530	61,326,530
Balances with BOU	100%	193,609,397	193,609,397
Nostro Balances	100%	11,694,739	11,694,739
Investment Securities maturing in 30 days	100%	9,843,910	9,843,910
Electronic money balances	100%	1,062,871	1,062,871
Total Value of stock of highly liquid assets		277,537,447	277,537,447
Cash outflows			
Savings and demand deposits (maturing in 30 days)	20%	343,126,079	68,625,216
Time deposits (maturing in 30 days)	100%	79,155,680	79,155,680
Other liabilities (maturing in 30 days)	100%	19,815,050	19,815,050
Off-balance sheet items	5%	2,892,230	144,612
Total cash outflows		444,989,039	167,740,558
Cash inflows			
Loans and advances (maturing in 30 days)	50%	40,643,958	20,404,910
Due from Financial institutions in Uganda (maturing in 30 days)	100%	48,903,292	48,903,292
Total cash inflows		89,547,250	69,308,202
Total cash net cash outflows=Total cash outflows minus min [total cash inflows,75% of gross outflows]		355,441,789	98,432,356
Liquidity Coverage ratio= (Total Value of stock of high-quality liquid assets/net cash outflows)			282%
Prudential Requirement			100%

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.2 Liquidity risk (Continued)

6.2 (b) Compliance assessment for the Liquidity Coverage Ratio

Stock of high-quality Liquid assets	Conversion Factor	2024	2024
		Ushs'000	Ushs'000
Cash	100%	74,555,583	74,555,583
Balances with BOU	100%	87,409,145	87,409,145
Nostro Balances	100%	1,373,071	1,373,071
Electronic money balances	100%	2,386,633	2,386,633
Total Value of stock of highly liquid assets		165,724,432	165,724,432
Cash outflows			
Savings and demand deposits(maturing in 30 days)	20%	161,374,808	32,274,962
Time deposits (maturing in 30 days)	100%	15,793,703	15,793,703
Due to Financial institutions in Uganda (Maturing in 30 days)	100%	89,000,000	89,000,000
Other liabilities (maturing in 30 days)	100%	15,909,035	15,909,035
Off-balance sheet items	5%	2,762,960	138,148
Total cash outflows		284,840,506	153,115,848
Cash inflows			
Loans and advances (maturing in 30 days)	50%	60,752,999	30,376,500
Due from Financial institutions in Uganda (maturing in 30 days)	100%	19,876,890	19,876,890
Total cash inflows		80,629,889	50,253,390
Total cash net cash outflows=Total cash outflows minus min [total cash inflows,75% of gross outflows]		204,210,617	102,862,458
Liquidity Coverage ratio= (Total Value of stock of high-quality liquid assets/net cash outflows)			161%
Prudential Requirement			100%

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.2 Liquidity risk (Continued)

At 31 December 2025	On Demand Ushs'000	Less than 3 months Ushs'000	3 to 12 months Ushs'000	1 to 5 Years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
Government securities	-	23,326,600	169,486,600	229,946,400	1,175,138,677	1,597,898,277
Placements and deposits with other banks	-	60,636,071	6,313,222	-	-	66,949,293
Loans and advances to customers	13,469,770	28,105,179	197,354,430	806,601,908	100,127,725	1,145,659,012
Receivables from business contracts	-	477,965	-	-	-	477,965
Other assets	635,615	6,354,745	7,812,927	14,514,048	11,566,552	40,883,887
Total assets	270,414,237	118,900,560	380,967,179	1,051,062,356	1,286,832,954	3,108,177,286
Off-balance sheet items						
Amounts guaranteed	311,776	3,097,592	4,293,043	7,195,016	-	14,897,427
Letters of Credit	-	2,037,941	189,978	-	-	2,227,919
Commitments	131,537	2,285,617	17,741,423	1,520,416	78,450	21,757,443
Total undiscounted commitments and guarantees	443,313	7,421,150	22,224,444	8,715,432	78,450	38,882,789
Liabilities						
Customer deposits	46,190,950	289,123,473	475,904,987	347,840,944	277,201,794	1,436,262,148
Amounts due to other banks	2,717,995	-	-	-	-	2,717,995
Lease liabilities	-	1,118,019	2,771,203	21,093,732	26,212,206	51,195,160
Other liabilities	1,676,904	16,765,340	20,612,375	38,291,538	30,515,335	107,861,492
Borrowings	-	-	17,493,932	23,978,178	-	41,472,110
Total undiscounted financial liabilities	50,585,849	307,006,832	516,782,497	431,204,392	333,929,335	1,639,508,905
Net liquidity position	219,385,075	(195,527,422)	(158,039,762)	611,142,532	952,825,169	1,429,785,592

Notes to the Financial Statements (Continued)
6. Financial risk management (continued)
6.2 Liquidity risk (Continued)

	At 31 December 2024		Less than 3 months	3 to 12 months	1 to 5 Years	Over 5 years	Total
	On Demand	Ushs'000					
Cash and bank balances with Bank of Uganda	161,964,728	-	-	-	-	-	161,964,728
Government securities	-	7,030,000	56,158,200	182,232,800	119,088,844	-	364,509,844
Placements and deposits with other banks	-	-	29,428,458	-	-	-	29,428,458
Loans and advances to customers	93,664,835	207,388,714	233,615,698	257,861,864	77,174,712	-	869,705,823
Receivables from business contracts	-	3,177,776	-	-	-	-	3,177,776
Other assets	2,292,080	8,709,902	34,839,608	-	-	-	45,841,590
Total assets	257,921,643	226,306,392	354,041,964	440,094,664	196,263,556	1,474,628,219	
Off-balance sheet items							
Amounts guaranteed	-	3,659,005	5,646,330	703,520	-	-	10,008,855
Letters of Credit	-	1,559,955	-	-	-	-	1,559,955
Commitments	-	191,307	30,013,110	4,508,017	187,125	-	34,899,559
Total undiscounted commitments and guarantees	-	5,410,267	35,659,440	5,211,537	187,125	46,468,369	
Liabilities							
Customer deposits	96,495,030	174,622,649	314,970,013	416,724,091	-	-	1,002,811,783
Amounts due to other banks	90,773,313	-	-	-	-	-	90,773,313
Lease liabilities	-	1,177,444	3,898,314	9,232,962	2,765,565	-	17,074,285
Other liabilities	4,635,254	7,416,406	46,352,541	34,576,080	-	-	92,980,281
Borrowings	-	520,781	7,146,929	45,963,841	-	-	53,631,551
Total undiscounted financial liabilities	191,903,597	183,737,280	372,367,797	506,496,974	2,765,565	1,257,271,213	
Net liquidity position	66,018,046	37,158,845	(53,985,273)	(71,613,847)	193,310,866	170,888,637	

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.3. Capital management

The Bank monitors the adequacy of its capital using ratios established by the Financial Institutions Act Cap. 57, as amended. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets and off-balance sheet commitments at weighted amounts to reflect their relative risk.

The Bank's objectives when managing capital, which is a broader concept than the equity on the balance sheet, are:

- ➔ To comply with the capital requirements set by the Financial Institutions Act Cap. 57, as amended; and
- ➔ To safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank for supervisory purposes. The required information is filed with the Central Bank on a monthly basis.

The Bank is always required to maintain a core capital (Tier 1) of not less than 12.5% of total risk adjusted assets plus risk adjusted off balance sheet items and a total capital (Tier 1 + Tier 2) of not less than 14.5% of its total risk adjusted assets plus risk adjusted off balance sheet items in line with the Financial Institutions (Capital Buffers and Leverage

Ratio) Regulations, 2020. Off-balance-sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into balance sheet equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as for balance sheet assets.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 require regulated financial institutions to maintain a capital conservation buffer of 2.5% of risk weighted assets over and above the core capital ratio and total capital ratio prescribed in the Financial Institutions act, a systemic risk buffer for domestically systemically important banks ranging from 0% to 3.5% of risk weighted assets over and above the capital conservation buffer, a countercyclical capital buffer of 2.5% of risk weighted assets and a minimum leverage ratio of 6% of the total balance sheet and off balance sheet assets.

Tier 1 capital consists of equity comprising of paid-up share capital, share premium and retained earnings less intangible assets, deferred income tax assets and other deductions, such as foreign exchange gains. The law allows for inclusion of subordinated debt while computing Tier 2 capital. Tier 2 capital is also limited to 100% of Tier 1 capital.

The table below summaries the composition of regulatory capital and ratios for the Bank. The Bank complied with all of the externally imposed capital requirements to which it is subject.

	2025	2024
	Ushs'000	Ushs'000
Core capital (Tier 1)		
Permanent shareholders' equity	203,520,094	165,095,322
Retained earnings	47,494,672	35,404,297
Less: intangible assets (Note 25)	(19,748,107)	(16,175,621)
Less: deferred tax asset (Note 16)	(3,404,105)	-
Tier 1 capital	227,862,554	184,323,998
Supplementary capital (Tier 2)		
Revaluation reserve	4,331,907	4,397,125
Unencumbered general provisions for losses	7,605,571	7,318,464
Tier 2 capital	11,937,478	11,715,589
Total capital (Tier 1 +Tier 2)	239,800,032	196,039,587

In November 2022, the Minister of Finance Planning and Economic Development issued a statutory instrument raising the minimum paid cash capital requirements for banks from Ushs 25 billion to Ushs 120 billion by 31 December 2022 and Ushs 150 billion by 30 June 2024. As at 31 December 2025, the Bank complied with the regulatory capital requirement of Ush 150 billion.

Notes to the Financial Statements (Continued)
6. Financial risk management (continued)
6.3 Capital management (Continued)

The table below summarises the composition of the risk-weighted assets of the Bank:

	As at 31 December Nominal Amount		As at 31 December Risk weighted Amount	
	2025	2024	2025	2024
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cash and balances with Bank of Uganda (Note 17)	256,230,570	161,964,481	-	-
Government securities (Note 19)	614,627,866	364,509,844	0%	0%
Placements and deposits with other banks:				
Local banks (Note 20)	54,891,395	28,124,209	20%	10,978,279
Foreign banks (Rated B) (Note 20)	11,705,040	1,304,249	50%	5,852,520
Loans and advances to customers *	760,557,058	731,846,323	100%	760,557,058
Property and equipment (Note 26)	60,520,493	68,443,463	100%	60,520,493
Right of use assets (Note 27)	48,005,956	19,227,543	100%	48,005,956
Contract assets (Note 24)	477,965	3,177,776	100%	477,965
Deferred Tax Asset (Note 16)	3,404,105	-	0%	-
Tax recoverable (Note 16)	-	134,779	100%	134,779
Other assets (Note 23)	56,749,631	45,841,590	100%	56,749,631
Total assets	1,867,170,079	1,424,574,257		943,141,902
Off-Balance sheet (Note 35)				
Contingent Claims secured by cash collateral	782,042	341,801	0%	-
Guarantees and acceptances	-	-	100%	-
Performance bonds	14,551,525	9,667,054	50%	7,275,763
Letters of credit	1,791,779	1,559,955	20%	358,356
Commitments	21,757,443	34,899,559	50%	10,878,722
Total Off-Balance sheet	38,882,789	46,468,369		18,512,841
Capital requirement basis	1,906,052,868	1,471,042,626		961,654,743
Market risk weighted assets	2,400,126	2,938,592	100%	2,400,126
Total Risk Adjusted Assets	1,908,452,994	1,473,981,218		964,054,869
FIA Capital Ratios				
Tier 1 capital				2025
Tier 1 + Tier 2 capital				23.64%
FIA ratios				24.87%
Core capital				12.5%
Total capital				14.5%

* Loans and advances are as per guidelines laid out in the FIA Act: gross loans less suspended interest and specific provisions.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.3 Capital management (Continued)

Leverage ratio

	2025	2024
	Ushs'000	Ushs'000
Core capital (Note 6.3)-A	227,862,554	184,323,998
Total assets (Note 6.3)	1,867,170,079	1,424,574,257
Off balance sheet items (Note 6.2)	38,882,789	46,468,369
Total assets and off-balance sheet items-B	1,906,052,868	1,471,042,626
Leverage ratio -C=A/B	11.95%	12.53%
Prudential requirement	6%	6%

For purposes of the capital adequacy computation, loans and advances were determined as follows:

	2025	2024
	Ushs'000	Ushs'000
Gross loans	783,915,676	754,532,446
Specific provision*	14,741,525	14,436,575
Suspended interest	8,617,092	8,249,548
Net Loans per FIA	760,557,059	731,846,323

* Specific provision is computed based on guidance under the FIA act. All credit facilities classified as standard, doubtful or loss are subjected to specific provisions, regardless of whether the subjective or objective criteria were used in determining classification.

The reconciliation between the gross loans considered for regulatory reporting based on FIA guidance, and gross loans as per IFRS considered for these financial statements is detailed below:

As at 31 December 2025	FIA	IFRS
	Ushs'000	Ushs'000
Gross loans	730,089,307	775,431,768
Gross overdrafts	8,483,908	8,483,908
Gross administered funds	45,342,461	-
Total	783,915,676	783,915,676
Less: Interest accrual on stage 3 loans	-	(2,062,727)
Total gross loans	783,915,676	781,852,949

As at 31 December 2024	FIA	IFRS
	Ushs'000	Ushs'000
Gross loans	702,566,944	743,999,961
Gross overdrafts	10,532,485	10,532,485
Gross administered funds	41,433,017	-
Total	754,532,446	754,532,446
Less: Interest accrual on stage 3 loans	-	(2,631,465)
Total gross loans	754,532,446	751,900,981

6.4. Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation in full when due. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration of the Bank's loan portfolio, could result in losses that are different from those provided for at the reporting date.

The Bank has a board risk management and credit committee that performs the following roles to ensure proper risk management.

- ➔ *Reviewing and approving credit policies and manuals for the management of credit risk, monitoring of the risk profile, performance and management of the credit portfolio.*
- ➔ *Determining, approving and reviewing limits and conditions that apply to authority delegated to Management, as well as approving credit facilities and other exposures outside the authority delegated to management.*
- ➔ *Reviewing the Bank's bad debt performance, as well as material changes to the provisioning methodology of the Bank.*

Management credit committee is then tasked with implementation of the Bank's credit policies and procedures, with credit approval authorities delegated from the Board's Risk Management and Credit Committee to ensure good quality and performance of the credit portfolios.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits, where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is personal lending where no such facilities can be obtained.

The Bank's loan portfolio is well diversified by borrower and none of its borrowers had amounts outstanding exceeding 25% of the total capital.

6.4.1. Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs.

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

Impairment assessment on such commitments is set out in Note 4.4.9 and Note 35

6.4.2. Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 30 days and 90 days past due on its contractual payments for microfinance and commercial loans respectively. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- ➔ *Internal rating of the borrower indicating default or near-default*
- ➔ *Closure of customer business.*
- ➔ *Death of the borrower*
- ➔ *Loss of employment for salary loans*
- ➔ *Diversion of funds.*
- ➔ *The borrower requesting emergency funding from the Bank*
- ➔ *The borrower having past due liabilities to public creditors or employees*
- ➔ *A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral*
- ➔ *A material decrease in the borrower's turnover or the loss of a major customer*
- ➔ *A covenant breach not waived by the Bank*
- ➔ *The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection.*

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least a month. The Bank's system is also automated to assign stages depending on the major criteria for default which is days past due. If the days in arrears reduce from past 30 days, loans in stage 2 are automatically cured to stage 1 and vice versa. Similarly, when days past due reduce from 90 days in arrears plus to below 90 days, loans in stage 3 are cured to stage 2 and vice versa.

6.4.3. The Bank's internal rating and PD estimation process

The Bank's Credit department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behaviour. Where practical, the Bank also builds on information from credit reference bureaus. The internal credit grades are assigned based on these Basel III based grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate historically collected loss behaviour data and forward-looking information and the IFRS 9 Stage classification of the exposure. Historical PDs are computed using a one-year transitional matrix that show how loans of a certain category behaved one year down the road. It is these historical PDs that are adjusted using the forward-looking information to obtain the adjusted IFRS 9 PDs.

(i) Treasury, trading and interbank relationships

The Bank's treasury, trading and interbank relationships and counterparties comprise majorly financial services institutions, and commercial banks. For these relationships, the Bank's Risk Management and Credit committee analyses available information such as financial information and other external data, e.g., the rating of credit reference bureaus, or other credible agencies and assigns the internal ratings and cash limits the Bank the place with such institutions.

(ii) Business and Agriculture business loans.

For the above segment of customers, the borrowers are assessed by credit risk analysis employees of the Bank. The credit risk assessment is based on a mix of expert assessment and credit scoring model that considers various historical, current, and forward-looking information such as:

- ➔ Historical financial information by the client. This financial information includes at least 12 months financial statements, audited accounts for the last three years and credit reference data for all loans of Ushs 100 million or more, but less than Ushs 200 million.
- ➔ 12 months financial statements, audited accounts for the last three years, credit reference data, and copies of VAT and TIN certificates for loans above Ushs 200 million.
- ➔ Any publicly available information on the clients from external parties where applicable.
- ➔ Any macroeconomic or geopolitical information such as Central Bank Rate, Inflation rates.
- ➔ Any other objectively supportable information on the quality and abilities of the client's management relevant for the borrower's performance.

The complexity and granularity of the rating techniques and pre-disbursement information requirements varies based on the exposure of the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated on basis of behaviours opposed to using very complex techniques and also attract less pre-disbursement information.

(iii) Personal consumer lending and group loans

Personal consumer lending comprises unsecured personal loans, staff loans, agricultural individual loans while group loans are small loans that are taken out by individuals but require group consent as they are tagged to a group of individuals. These products are assessed on basis of product probability of default history and are driven for ECL by an automated tool primarily driven by days past due. Other key inputs into the models are; Consumer lending products, macroeconomic factors and other collateral securities attached to the loan facilities.

(iv) Bank's internal ratings credit rating grades

In the process of assessing credit worthiness, the Bank looks at a number of parameters to score its clients that would like to take out credit facilities using its internally generated credit rating tool. The maximum score on the tool is 48 and that automatically qualifies the customer for the loan facility once they have provided all the loan requirements.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.3. The Bank's internal rating and PD estimation process (continued)

The table below showing the Bank's credit rating tool used to assess clients that would like to obtain loans from the Bank.

Grade	Score	Score description
Very Good	24- 48	Approve the application
Good	18-23	Reduce the loan amount and closely monitor the loan
Fair	14-17	You may finance but at a higher monitoring fee charged
Bad	< 14	Do not lend

Subsequently, all loan facilities that are recorded on the Bank's loan book are graded as follows:

Internal Rating Grade	Internal Rating Description	IFRS 9 Stage	PD Range
Performing			
Grade 1	Normal	1	0% -8%
Grade 2	Watch	2	9%-99%
Non-performing			
Grade 3	Sub-standard	3	100%
Grade 4	Doubtful	3	100%
Grade 5	Loss	3	100%

6.4.4 Exposure at Default (EAD)

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet EAD includes an estimate of any further amounts to be drawn at the time of default.

6.4.5. Loss Given Default (LGD)

LGD is the amount that may not be recovered in the event of default and is modelled based on historical data and reasonable and supportable information about future economic conditions, where appropriate. The Bank computes LGD by taking into consideration the amount and quality of collateral held, the exposure at default and the time it takes the Bank to collect money from the sale of collaterals, where customers have failed to pay off their loans. The loss given default is assessed on individual level for all secured loan facilities by using the EAD and the discounted value of collateral securities attached to the individual loans while for unsecured loans, the Bank computes LGD on a collective basis by considering historical information regarding recoveries from such unsecured loan facilities.

6.4.6. Significant increase in credit risk

The Bank continuously monitors all assets subject to credit risk. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers an exposure to have significantly increased in credit risk when the customer fails to pay for more than 30 days; and thus, in computing ECLs, lifetime PDs must be considered unlike for stage one where the computation is based on the 12-month PDs. Significant increase in credit risk could also be triggered by qualitative characteristics of the customer such as closure of the customer's business, death of the customer, among others. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.6. Significant increase in credit risk (continued)

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 6.4.8 below), the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

6.4.7. Grouping financial assets measured on a collective basis

As explained in Note 4.4.9 (a) above, depending on the factors below, the Bank calculates ECLs either on a collective or an individual basis.

Asset classes where the Bank calculates ECL on a collective basis include:

The Bank groups these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Business Loans (This portfolio includes all business-related loans except agricultural business loans).
- Agriculture loans (This portfolio includes all agricultural related loans disbursed).
- Personal Loans (This portfolio includes all loans disbursed on a personal level except for staff loans).
- Staff Loans (This portfolio includes all staff related loans).
- Group loans (This portfolio includes all loans that are disbursed to clients in organised small groups).

6.4.8. Analysis of inputs to the ECL model under multiple economic scenarios

The macroeconomic factor forecasts - for the three scenarios, base, optimistic and pessimistic estimate - are used to create forecasted values for each of the PDs at portfolio level.

The bank assigns probabilities of 40% to the base pessimistic and 20% for optimistic case scenarios respectively.

At 31 December	2025			2024		
	Base Case	Optimistic Case	Pessimistic Case	Base Case	Optimistic Case	Pessimistic Case
Scenario Probability Weighting	40%	20%	40%	40%	20%	40%

6.4.9 (a) Inputs, assumptions and techniques used for estimating impairment

The bank identified and documented key risk credit drivers for each portfolio of financial instruments and using an analysis of historical data has estimated relationship between macro-economic variables and credit risk and credit losses.

The Key drivers for credit risk are GDP, imports of goods and services, consumption, and demand.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.9 (a) Inputs, assumptions and techniques used for estimating impairment (continued)

The table below shows macro-economic assumptions used over a 5-year period and year on year percentage change:

As at 31 December 2025

	Nominal GDP, LCU	Imports of goods and services	Total final consumption	Total domestic demand
Baseline assumptions				
5 year average	8%	14%	8%	8%
Peak	13%	26%	11%	11%
Best economic assumptions				
5 year average	10%	11%	6%	7%
Peak	16%	20%	9%	9%
Worst economic assumptions				
5 year average	7%	18%	10%	10%
Trough	11%	32%	14%	14%

As at 31 December 2024

	Nominal GDP, LCU	Imports of goods and services	Total final consumption	Total domestic demand
Baseline economic assumptions				
5 year average	8%	15%	8%	8%
Peak	13%	26%	11%	11%
Best economic assumptions				
5 year average	9%	(2,714%)	6%	6%
Peak	15%	(4,820%)	9%	9%
Worst economic assumptions				
5 year average	7%	2,743%	10%	10%
Trough	11%	4872%	14%	14%

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.9 (b) Inputs, assumptions and techniques used for estimating impairment

Sensitivity of ECLs to future economic conditions

The table below shows the loss allowance on loans and advances to customers assuming each forward-looking scenario (e.g best, baseline and worst) was weighted at 100% instead of applying scenario probability weights across the three scenarios.

	2025 Ushs '000			2024 Ushs '000		
	Best	Baseline	Worst	Best	Baseline	Worst
Gross exposure						
Agriculture loans	249,157,271	249,157,271	249,157,271	207,357,522	207,357,522	207,357,522
Business loans	230,259,054	230,259,054	230,259,054	282,517,637	282,517,637	282,517,637
Personal loans	286,055,704	286,055,704	286,055,704	248,918,619	248,918,619	248,918,619
Group loans	-	-	-	1,926	1,926	1,926
Staff loans	18,443,646	18,443,646	18,443,646	15,736,744	15,736,744	15,736,744
Loss allowance						
Agriculture loans	280,078	282,354	284,656	443,840	451,124	459,804
Business loans	376,242	383,306	390,497	394,354	417,775	442,672
Personal loans	16,787,615	17,034,094	17,286,898	19,246,161	19,363,282	19,481,631
Group loans	-	-	-	675	675	675
Staff loans	223,766	227,486	231,300	155,991	157,139	158,298

The Bank sometimes modifies the terms of loans provided due to commercial renegotiations or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays among others. Restructuring policies and procedures are based on indicators and criteria which in the judgement of management, indicate that payment will most likely continue. The policies are kept under continuous review in line with Bank of Uganda guidelines for restructuring facilities and extending moratorium to clients.

The Bank considers loan modification to be an indicator of a deterioration of credit risk.

For the year ended 31 December 2025, modification losses/gains were found immaterial and not recognised in the financials (2024:found immaterial and not recognised in the financials).

Following the guidance issued by Bank of Uganda, PBU responded and granted relief to its customers through one or more of the following:

- Rescheduling of instalments and capitalisation of interest.
- Granting of grace periods.
- Reduction of interest rates on some loans; and

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.9 (b) Inputs, assumptions and techniques used for estimating impairment (continued)

- d. Extension of loan tenure.

As such, the Bank took the following assumptions for assessment of significant increase in credit risk (SICR);

- a. All boda boda loans that were 30-89 days past due were downgraded to stage 3.
- b. All group loans that were 30-89 days past due were downgraded to stage 3 while the group loans which were 15 - 29 days past due were downgraded to stage 2.
- c. All other rescheduled loans with 30 days and above past due after the moratorium period were downgraded to stage 3 except individual cases where there are justifiable reasons for not downgrading the facility.
- d. The Bank also put into consideration how the pandemic affected the specific products or sectors.
- e. The Bank carried out stressed PDs assessment to determine the impact of the pandemic on the forward-looking information (FLI).

6.4.10 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are as follows:

- a. Charge over land and developments thereon
- b. Charge over motor vehicles
- c. Charge over cash and Bank deposits
- d. Personal and corporate guarantees.
- e. Charge over fixed and floating debentures, among others.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement where necessary. Borrowers are also required to revalue their assets every after four years to ensure that the Bank attaches the right values to the loan facilities.

When secured facilities are in default, the Bank follows laid down remedial procedures and eventually recovery from the pledged collateral. In the event of sale of mortgaged properties, all proceeds are applied to payment of debt and related cost and the residual availed to the debtor.

Because of this practice, the properties under legal repossession processes are not recorded on the statement of financial position and not treated as non-current assets held for sale.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates) and the net exposure to credit risk.

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.10 Collateral and other credit enhancements (continued)

Type of collateral or credit enhancement

31 December 2025

Financial Assets	Total Exposure To Credit Risk		Cash Securities	Property	Others	Total Collateral	Net Exposure	Associated ECLS
	Ushs'000	Ushs'000						
Cash and balances with Bank of Uganda (Note 17)	256,230,570	-	-	-	-	-	256,230,570	78,282
Placements and deposits with other banks (Note 20)	66,596,435	-	-	-	-	-	66,596,435	50,644
Government securities (Note 19)	614,627,866	-	-	-	-	-	614,627,866	833,873
Other assets	41,361,852	-	-	-	-	-	41,361,852	7,180
Loans and advances to customers								
Agricultural Loans (Note 22)	249,134,531	1,818,997	803,202,560	-	-	805,021,557	(555,887,026)	2,941,890
Business Loans (Note 22)	230,256,023	24,619,967	804,678,394	-	-	829,298,361	(599,042,338)	2,283,318
Group loans (Note 22)	-	-	-	-	-	-	-	15,687
Personal Loans (Note 22)	284,034,562	49,333,721	71,622,552	-	-	120,956,273	163,078,289	19,060,126
Staff Loans (Note 22)	18,427,834	272,522	22,231,745	-	-	22,504,267	(4,076,433)	374,142
Total financial assets at amortised cost	1,760,669,673	76,045,207	1,701,735,251	-	-	1,777,780,458	(17,110,785)	25,645,142
Off balance sheet items								
Financial guarantees (Note 36 (a))	14,897,427	1,704,236	-	-	-	1,704,236	13,193,191	3,647
Letters of credit	2,227,919	-	-	-	-	-	2,227,919	-
Undrawn commitments	21,757,443	-	17,000,172	-	-	17,000,172	4,757,271	4,214
Total off-balance sheet	38,882,789	1,704,236	17,000,172	-	-	18,704,408	20,178,381	7,861

Notes to the Financial Statements (Continued)

6. Financial risk management (continued)

6.4. Credit risk (continued)

6.4.10 Collateral and other credit enhancements (continued)

The tables below stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for retail loans is based on the collateral value at origination updated based on changes in forced sale value upon revaluation.

	2025	2024
	Ushs'000	Ushs'000
Less than 50%	463,958,321	468,890,552
51-70%	110,126,195	99,403,177
71-90%	58,940,017	74,861,321
91-100%	14,740,513	19,375,737
More than 100%	134,087,904	89,370,194
Total	781,852,950	751,900,981

Credit impaired loans are graded 3-5, representing sub-standard, doubtful and loss respectively using the Bank's internal rating system.

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired loans and advances to customers.

	2025	2024
	Ushs'000	Ushs'000
Credit impaired loans and advances to customers 1 January	9,688,994	31,747,191
Change in ECL allowance	(3,211,291)	(2,222,934)
Classified as credit impaired during the year	355,286	1,079,350
Transferred to not credit impaired during the year	(800,695)	(20,914,613)
Credit impaired loans and advances to customers 31 December	6,032,294	9,688,994

7. Interest income

	2025	2024
	Ushs'000	Ushs'000
Arising on:		
Debt instruments	76,686,037	56,275,851
Loans and advances to customers	172,333,412	151,923,740
Placements with other banks	13,794,622	9,249,001
Total interest income calculated using effective interest rate method	262,814,071	217,448,592

Interest income is recognised over a period of time.

Notes to the Financial Statements (Continued)

8. Interest expense

	2025	2024
	Ushs'000	Ushs'000
Savings accounts	13,332,629	11,592,100
Fixed deposits	42,344,969	23,891,878
Interest on borrowings (note 30)	1,744,129	7,631,090
Finance charge on leases (note 32 (b))	1,425,929	1,387,304
	58,847,656	44,502,372

The amounts reported above include interest income and expense calculated under the effective interest method that relate to the following financial assets and liabilities.

9. Fee and commission income

A disaggregation of fees and commission income:

The table below shows a disaggregation of fees and commission income from customers by major service lines.

	2025	2024
	Ushs'000	Ushs'000
Commission on EFTs, Swifts and RTGS transfers	4,278,616	4,196,097
ATM related fees and commission	3,212,404	3,209,761
Transactional fees and commission	3,635,287	2,536,435
Commission on guarantees, bonds, and letters of credit	651,465	401,341
Agency banking fees	2,917,786	2,716,490
Fees from contracts with customers	3,051,446	5,702,976
Money transfer commissions	2,159,099	1,291,001
Ledger fees	8,002,095	7,719,108
Wendi Commission	4,956,860	3,155,646
Other fees and commission*	1,168,493	1,007,302
	34,033,551	31,936,157
Fee and commission expense		
Wendi agent commission expense**	(2,210,682)	(1,586,045)
Agency banking expenses	(518,164)	(1,087,542)
Total fee and commission expense	(2,728,846)	(2,673,587)
Net fee and commission income	31,304,705	29,262,570

*Other fees and commission include Ushs. 4.9 billion (2024: Ushs. 3.1 billion) relating to Wendi commission fees. The growth is due to an increase in volume of transactions such as URA payments, transfers to other wallets, utility payments etc.

**The bank pays out commission to Wendi agents that extend banking services to both Pearl Bank Uganda Limited customers and non Pearl Bank Uganda Limited customers.

Notes to the Financial Statements (Continued)

9. Fees and commission income (continued)

The figure excludes amounts incorporated in determining the effective interest rate on the respective financial instruments.

Type of service	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies under IFRS 15
Fees from contracts with customers	The bank provides banking services to retail and, business & institutional customers, including account management, commission income obtained from making field payments to World Food Programme (WFP), Redcross, Danish Refugee Council (DRC) provision of overdraft facilities, foreign currency transactions, credit card and servicing fees.	Revenue from account service and servicing fees is recognised over time as the services are provided.
Money transfer fees, commission on EFTS, Swifts and RTGS, Agency banking fees, ATM fees, transactional fees, commission on guarantees, bonds and letters of credit, credit related fees and commissions	<p>Fees for ongoing account management are charged to the customer's account on a monthly basis.</p> <p>Transaction-based fees for foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.</p> <p>Periodic servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank.</p> <p>The Bank has contracts to pay persons of concerns with World Food program and Danish Refugee Council and earns fees for this service.</p>	Revenue related to transactions is recognised at the point in time when the transaction takes place.

10. Net trading income

	2025	2024
	Ushs'000	Ushs'000
Foreign currency trading income	2,413,975	1,791,980
Unrealised foreign exchange loss	(13,186)	(334,563)
Other net trading income/(loss)*	637,939	(443,681)
	3,038,728	1,013,736

*Other net trading income relates to a charge generated from the sale of government securities to clients. There were no financial instruments held at FVTPL.

Notes to the Financial Statements (Continued)

11. Other operating income

	2025	2024
	Ushs'000	Ushs'000
Profit on disposal of assets**	2,901	-
Grant income released to profit or loss (Note 31(b))	32,297	108,273
Other income	799,486	262,210
	834,684	370,483

**The bank had asset disposals during the period.

12. Impairment losses on financial instruments

	2025	2024
	Ushs'000	Ushs'000
Balances with central bank (Note 17)	78,035	(1,367)
Government securities (Note 19)	194,678	33,930
Placements with banks (Note 20)	(19,705)	(25,728)
Loans and advances to customers (Note 22)	13,515,814	16,824,447
Contract assets (Note 24)	(40,558)	38,952
Financial guarantees and commitments (Note 35)	(34,653)	34,668
Recovery of written off loans	(5,634,228)	(4,260,580)
	8,059,383	12,644,322

13. Employee benefits expense

	2025	2024
	Ushs'000	Ushs'000
Wages and salaries	47,356,447	44,591,511
Pension and retirement benefits*	10,380,757	8,970,604
Staff welfare	6,457,644	5,371,681
Subsistence allowance	337,451	391,824
Staff fair value adjustment	961,223	3,591,620
Staff training and conferences	1,416,771	1,716,975
Staff allowances and incentive costs	10,014,119	8,071,279
	76,924,412	72,705,494

*The bank established a contributory scheme for the welfare and financial security of its employees at retirement, death, termination, or loss of employment. The bank contributes an equivalent of 5% of one's basic pay for all staff who have subscribed to the provident fund and with contributions of at least 5% of their monthly basic salary. A staff is however at liberty to make monthly contributions exceeding 5% of their basic monthly salary.

14. Depreciation and amortisation

	2025	2024
	Ushs'000	Ushs'000
Depreciation on property and equipment (Note 26)	11,957,435	11,995,302
Depreciation on right of use assets (Note 27)	4,645,435	4,017,132
Amortisation of intangible assets (Note 25)	6,586,466	5,492,716
	23,189,336	21,505,150

15. Other operating expenses

	2025	2024
	Ushs'000	Ushs'000
Utilities	1,756,275	1,706,466
Maintenance costs*	4,443,576	2,171,207
Stationery and supplies	2,462,501	2,266,033
Office expenses	7,874,064	5,944,179
Security expenses	3,017,484	3,018,385
Sales expenses	8,049,845	4,551,571
Computer expenses	6,659,219	4,917,090
Software licenses**	14,791,498	7,740,625
Audit fees****	185,825	181,324
Other professional expenses***	3,216,574	2,638,621
Motor vehicle, generator and fuel expenses	3,441,833	3,359,382
Travel expenses	5,545,100	3,964,370
Marketing expenses	8,131,418	3,948,765
Communication costs	1,511,137	944,964
Bank charges	613,124	682,559
Directors' expenses	2,137,055	2,181,164
Operational losses	42,295	823,040
Credit Reference Bureau & recovery expenses	324,495	303,547
Deposit protection fees	2,354,191	1,960,802
Other operating costs	2,173,005	2,789,918
Loss on disposal of fixed assets	-	2,592
Loss on revaluation	-	69,773
Impairment of fixed assets	977,837	-
Contract expenses****	445,540	976,329
	80,153,891	57,142,706

* Maintenance costs include branch renovation costs and repairs to the bank fleet.

** Software licences consist of Wendi system licence, Microsoft Office and firewall licences.

*** Other professional expenses include IT audit fees of Ush 92 million (2024: Nil) paid to KPMG Certified Public Accountants during the year.

**** Contract expenses are field costs incurred in providing services under contracts with partners.

***** The audit fees of Ushs 185 million (2024: Ushs 181 million) relate to the financial statement audit.

16. Taxes**(a) Current income tax expense**

	2025	2024
	Ushs'000	Ushs'000
Current income tax	8,994,401	7,178,360
Deferred income tax charge	(5,479,849)	(2,942,987)
	3,514,552	4,235,373

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before income tax	50,817,510	39,595,337
Tax calculated at statutory tax rate of 30%	15,245,253	11,878,601
Tax effects of:		
Expenses not deductible for tax, and incomes not taxed at 30%	(19,678,935)	(15,225,241)
Prior year (over)/under provision of deferred tax	(1,046,167)	403,653
Income taxed at 10%	836,757	662,523
Income taxed at 20%	8,157,644	6,515,837
Income tax expense	3,514,552	4,235,373

(b) Current income tax (receivable)/payable

At start of year	(134,779)	(1,099,696)
Current income tax charge for the year	8,994,401	7,178,360
Income tax paid	(8,271,917)	(6,213,443)
At end of year	587,705	(134,779)

Notes to the Financial Statements (Continued)

16. Taxes (continued)

(c) Deferred income tax liability

Year ended 31 December 2025	At start of year	Charge to Profit or loss	Charge to OCI	At end of year	Deferred tax assets	Deferred tax liabilities
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Deferred income tax liabilities						
Accelerated depreciation on PPE and ROU Asset	8,924,478	(1,544,211)	-	7,380,267	-	7,380,267
Revaluation of assets	1,903,481	-	(82,163)	1,821,318	-	1,821,318
	10,827,959	(1,544,211)	(82,163)	9,201,585	-	9,201,585
Deferred income tax assets						
Lease liabilities	-	-	-	-	-	-
Provisions	(362,713)	79,598	-	(283,115)	(283,115)	-
Tax loss	(3,249,145)	(3,900,653)	-	(7,149,798)	(7,149,798)	-
Loan loss provisions	(3,480,883)	823,382	-	(2,657,501)	(2,657,501)	-
Provision for bonus	(1,013,328)	(838,632)	-	(1,851,960)	(1,851,960)	-
Provision for leave	(42,565)	3,326	-	(39,239)	(39,239)	-
Unrealised foreign exchange losses	(280,253)	(8,766)	-	(289,019)	(289,019)	-
Impairment provisions on other financial assets	(241,165)	(93,893)	-	(335,058)	(335,058)	-
	(8,670,052)	(3,935,638)	-	(12,605,690)	(12,605,690)	-
Net deferred income tax liability	2,157,907	(5,479,849)	(82,163)	(3,404,105)	(12,605,690)	9,201,585

*Lease liabilities have been reclassified from deferred income tax assets and included within accelerated depreciation on PPE and ROU assets in deferred income tax liabilities.

Year ended 31 December 2024	At start of year	Charge to profit or loss	Charge to OCI	At end of year	Deferred tax assets	Deferred tax liabilities
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Deferred income tax liabilities						
Accelerated depreciation on PPE and ROU Asset	8,635,332	289,146	-	8,924,478	-	8,924,478
Revaluation of assets	1,203,611	-	699,870	1,903,481	-	1,903,481
	9,838,943	289,146	699,870	10,827,959	-	10,827,959
Deferred income tax assets						
Lease liabilities	-	-	-	-	-	-
Provisions	(282,416)	(80,297)	-	(362,713)	(362,713)	-
Tax loss	(1,108,554)	(2,140,591)	-	(3,249,145)	(3,249,145)	-
Loan loss provisions	(2,820,869)	(660,014)	-	(3,480,883)	(3,480,883)	-
Provision for bonus	(793,072)	(220,256)	-	(1,013,328)	(1,013,328)	-
Provision for leave	(45,760)	3,195	-	(42,565)	(42,565)	-
Unrealised foreign exchange losses	(169,711)	(110,542)	-	(280,253)	(280,253)	-
Impairment provisions on other financial assets	(217,537)	(23,628)	-	(241,165)	(241,165)	-
	(5,437,919)	(3,232,133)	-	(8,670,052)	(8,670,052)	-
Net deferred income tax liability	4,401,024	(2,942,987)	699,870	2,157,907	(8,670,052)	10,827,959

Notes to the Financial Statements (Continued)

17. Cash and balances with Bank of Uganda

	2025	2024
	Ushs'000	Ushs'000
Cash at hand	61,532,944	74,555,583
Balances with Bank of Uganda*	194,775,908	87,409,145
	256,308,852	161,964,728
Provision for expected credit losses	(78,282)	(247)
	256,230,570	161,964,481

*These are cash balances available for use by the Bank after taking into consideration minimum cash reserve requirements.

Movement in impairment of cash and balances with Bank of Uganda

	2025	2024
	Ushs'000	Ushs'000
As at January 1	247	1,614
Increase/(decrease) in provision (Note 12)	78,035	(1,367)
As at December 31	78,282	247

18. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents comprises the following:

	2025	2024
	Ushs'000	Ushs'000
Cash and balances with Bank of Uganda	256,308,852	161,964,728
Mobile money float (Note 23)	3,812,314	4,406,586
Placements and deposits due from other banks	60,601,001	1,398,228
Minimum cash reserve requirement*	(56,550,000)	(42,945,000)
	264,172,167	124,824,542

*The Bank is required to maintain minimum cash reserve balances for a period of 14 days as shared by the regulator. For the period ended 31 December 2025, the bank was required to maintain a minimum of Ush 113.1 billion (2024: Ushs 85.89billion) provided the daily balances don't fluctuate below 50% of the minimum. However, the average for the 14 days should comply with the minimum regulatory requirement.

19. Government securities

	2025	2024
	Ushs'000	Ushs'000
Treasury bills	111,362,675	10,028,884
Treasury bonds	504,099,064	355,120,155
Provision for expected credit losses	(833,873)	(639,195)
	614,627,866	364,509,844

Movement in impairment of government securities

	2025	2024
	Ushs'000	Ushs'000
As at January 1	639,195	605,265
Increase in provision (Note 12)	194,678	33,930
As at 31 December	833,873	639,195

Government securities are debt securities issued by Bank of Uganda for a term of three months, six months or one year and two, three, five, ten, fifteen and twenty years for treasury bonds. The weighted average effective interest rates on treasury bills and bonds were 11.4% and 16.4% respectively. (2024: 13.6% and 15.8%). None of the government securities held by the Bank carries a tenor of 90 days or less. All government securities held by the bank are measured at amortised cost.

The carrying amount of these instruments is held at amortised cost. There were no transfers across stages and as such all the instruments were classified in stage 1.

20. Placements and deposits due from other banks

	2025	2024
	Ushs'000	Ushs'000
Placements with other banks	54,942,039	28,100,579
Deposits due from other banks	11,705,040	1,398,228
	66,647,079	29,498,807
Provision for expected credit losses	(50,644)	(70,349)
	66,596,435	29,428,458

The bank applied Standard and Poor and country ratings to evaluate the credit worthiness of the counterparties for the instruments that were held as at 31 December 2025.

The weighted average effective interest rate on deposits from other banks was 11.5% (2024:13.3%). Placements with other banks mature within 1 day to 30 days whilst fixed deposits do not exceed 12 months. There were no transfers across stages and as such all placements and deposits due from other banks were classified in stage 1.

Movement in impairment of placements and due from other banks

	2025	2024
	Ushs'000	Ushs'000
As at January 1	70,349	96,077
Increase in provision (Note 12)	(19,705)	(25,728)
As at 31 December	50,644	70,349

Detailed breakdown of placements and deposits due.

	2025	2024
	Ushs'000	Ushs'000
Finance Trust Bank Limited	-	10,594,972
Ugafode	2,212,877	2,212,877
Standard Chartered Bank Limited	6,041,149	68,822
Citibank Uganda Limited	20,015,616	-
Opportunity Bank Uganda Limited	2,009,041	-
KCB Bank Uganda Limited	5,001,370	-
United Bank for Africa	21,869,934	-
Centenary Rural Development Bank	-	25,157
Pride Bank Limited	-	9,266,190
Finca Uganda Limited	3,833,200	6,026,540
Sparkasse Aachen Bank	5,663,892	1,304,249
	66,647,079	29,498,807

21. Movement in regulatory credit risk reserve

	2025	2024
	Ushs'000	Ushs'000
FIA impairment provision (a)		
Specific provisions as per regulations **	14,741,525	14,436,575
General provisions as per regulations**	7,605,571	7,318,464
	22,347,096	21,755,039
IFRS expected credit losses (b)		
Stage 3	14,310,620	13,955,357
Stage 2	2,343,007	1,303,364
Stage 1	8,021,536	10,784,637
	24,675,163	26,043,358
Difference between FIA and IFRS 9 ECL [(a) - (b)]*	(2,328,067)	(4,288,319)
Transfers to regulatory credit risk reserve	-	-

*The regulatory credit risk reserve relates to the excess of BOU impairment provisions over IFRS 9 impairment provisions. As at 31 December 2025, the bank held higher IFRS 9 provisions on loans thus no transfers were made to regulatory credit risk reserves.

**The regulations include the Financial Institutions Act, Cap. 57 Laws of Uganda.

22. Loans and advances to customers

(a) Gross Loans

	2025	2024
	Ushs'000	Ushs'000
Agricultural loans	249,134,531	207,312,367
Business loans	230,256,023	282,489,591
Group loans	-	1,259
Personal loans	284,034,562	246,365,124
Staff loans	18,427,834	15,732,640
Discount on staff loans-marked to market (Note 23)	(8,162,587)	(7,201,364)
Gross loans and advances	773,690,363	744,699,617
Less allowance for expected credit losses	(24,675,163)	(26,043,358)
	749,015,200	718,656,259

(b) Impairment allowance for loans and advances to customers

	2025	2024
	Ushs'000	Ushs'000
At 1 January	26,043,358	18,616,813
Impaired accounts written off	(14,884,009)	(9,397,902)
Increase in provisions for other loans (Note 12)	13,515,814	16,824,447
At 31 December	24,675,163	26,043,358

Below is an analysis of gross carrying amounts per segments with the expected credit risk losses and transfers across stages for the year 31 December 2025 and 31 December 2024. All write offs in stage under stage 1 and stage 2 are from subjective write off where the Bank Directors have assessed recoverability chances and found them to be zero.

(i) Total loans

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Gross carrying amount as at 1 January 2025	668,304,632	52,504,730	31,091,619	751,900,981
Disbursements	369,993,307	19,485,257	-	389,478,564
Repayments	(302,764,474)	(15,253,432)	(26,624,680)	(344,642,586)
Transfers to Stage 1	6,850,737	(5,492,315)	(1,358,422)	-
Transfers to Stage 2	(29,496,512)	30,459,054	(962,542)	-
Transfers to Stage 3	(25,772,024)	(15,718,588)	41,490,612	-
Other adjustments/ write-offs	(7,748)	(1,939)	(14,874,322)	(14,884,009)
At 31 December 2025	687,107,918	65,982,767	28,762,265	781,852,950
Gross carrying amount as at 1 January 2024	548,714,904	46,564,514	29,544,009	624,823,427
Disbursements	362,156,176	16,913,243	58	379,069,477
Repayments	(206,297,765)	(17,371,143)	(18,925,113)	(242,594,021)
Transfers to Stage 1	6,542,127	(5,473,657)	(1,068,470)	-
Transfers to Stage 2	(20,468,600)	21,534,497	(1,065,897)	-
Transfers to Stage 3	(22,274,852)	(9,655,645)	31,930,497	-
Other adjustments/ write-offs	(67,358)	(7,079)	(9,323,465)	(9,397,902)
At 31 December 2024	668,304,632	52,504,730	31,091,619	751,900,981

(ii) Total ECLs

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2025	11,272,544	815,465	13,955,349	26,043,358
ECL Movements	(3,134,263)	1,351,274	3,813,558	2,030,569
Transfers to Stage 1	1,032,451	(354,169)	(678,282)	-
Transfers to Stage 2	(379,193)	501,608	(122,415)	-
Transfers to Stage 3	(315,622)	(414,861)	730,483	-
Write-offs during the year	(11)	-	(3,398,753)	(3,398,764)
At 31 December 2025	8,475,906	1,899,317	14,299,940	24,675,163
ECLs as at 1 January 2024	6,435,025	2,255,630	9,926,159	18,616,814
ECL Movements	3,816,153	30,445	6,171,507	10,018,105
Transfers to Stage 1	1,344,157	(1,001,539)	(342,618)	-
Transfers to Stage 2	(137,168)	289,608	(152,440)	-
Transfers to Stage 3	(173,724)	(758,679)	932,403	-
Write-offs during the year	(11,899)	-	(2,579,662)	(2,591,561)
At 31 December 2024	11,272,544	815,465	13,955,349	26,043,358

(iii) Agricultural loans

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Gross carrying amount as at 1 January 2025	174,402,882	17,398,792	15,510,693	207,312,367
Disbursements	151,419,680	4,035,929	-	155,455,609
Repayments	(89,939,494)	(5,336,012)	(11,819,189)	(107,094,695)
Transfers to Stage 1	1,661,651	(1,600,983)	(60,668)	-
Transfers to Stage 2	(9,623,300)	9,789,157	(165,857)	-
Transfers to Stage 3	(10,842,099)	(6,515,153)	17,357,252	-
Write-offs during the year	(5,000)	-	(6,533,751)	(6,538,751)
At 31 December 2025	217,074,320	17,771,730	14,288,480	249,134,530
Gross carrying amount as at 1 January 2024	140,232,643	10,942,719	12,363,451	163,538,813
Disbursements	114,314,161	10,647,777	-	124,961,938
Repayments	(66,177,200)	(6,379,914)	(6,074,694)	(78,631,808)
Transfers to Stage 1	920,675	(861,613)	(59,062)	-
Transfers to Stage 2	(6,049,191)	6,049,193	(2)	-
Transfers to Stage 3	(8,838,206)	(2,998,951)	11,837,157	-
Write-offs during the year	-	(419)	(2,556,157)	(2,556,576)
At 31 December 2024	174,402,882	17,398,792	15,510,693	207,312,367

Corresponding ECLs:

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2025	54,110	(11,624)	3,087,150	3,129,636
ECL Movements	56,256	74,310	(178,736)	(48,170)
Transfers to Stage 1	1,094	-	(1,094)	-
Transfers to Stage 2	(3,494)	10,442	(6,948)	-
Transfers to Stage 3	(378)	(1,298)	1,676	-
Write-offs during the year	-	-	(139,576)	(139,576)
At 31 December 2025	107,588	71,830	2,762,472	2,941,890

Corresponding ECLs:

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2024	57,185	(9,608)	1,799,836	1,847,413
ECL Movements	333	(2,805)	1,308,036	1,305,564
Transfers to Stage 2	(1,322)	1,322	-	-
Transfers to Stage 3	(2,086)	(533)	2,619	-
Write-offs during the year	-	-	(23,341)	(23,341)
At 31 December 2024	54,110	(11,624)	3,087,150	3,129,636

(iv) Business loans portfolio

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Gross carrying amount as at 1 January 2025	251,596,917	22,919,628	7,973,046	282,489,591
Disbursements	104,580,205	11,020,858	-	115,601,063
Repayments	(148,470,186)	(7,499,880)	(7,914,155)	(163,884,221)
Transfers to Stage 1	1,877,164	(1,826,043)	(51,121)	-
Transfers to Stage 2	(11,945,718)	12,412,658	(466,940)	-
Transfers to Stage 3	(8,040,930)	(6,587,763)	14,628,693	-
Write-offs during the year	-	(1,939)	(3,948,471)	(3,950,410)
At 31 December 2025	189,597,452	30,437,519	10,221,052	230,256,023
Gross carrying amount as at 1 January 2024	142,406,942	23,753,914	9,220,273	175,381,129
Disbursements	191,142,111	3,792,437	-	194,934,548
Repayments	(69,583,153)	(8,321,194)	(6,999,880)	(84,904,227)
Transfers to Stage 1	1,382,560	(1,142,042)	(240,518)	-
Transfers to Stage 2	(7,965,099)	8,753,827	(788,728)	-
Transfers to Stage 3	(5,786,444)	(3,910,654)	9,697,098	-
Write-offs during the year	-	(6,660)	(2,915,199)	(2,921,859)
At 31 December 2024	251,596,917	22,919,628	7,973,046	282,489,591

Corresponding ECLs:

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2025	368,154	(31,118)	1,700,697	2,037,733
ECL Movements	(1,612)	30,787	299,774	328,949
Transfers to Stage 2	(331)	331	-	-
Transfers to Stage 3	(3,249)	-	3,249	-
Write-offs during the year	-	-	(83,364)	(83,364)
At 31 December 2025	362,962	-	1,920,356	2,283,318

Corresponding ECLs:

Particulars	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective		
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2024	76,018	(23,453)	1,535,922	1,588,487
ECL Movements	296,482	(4,403)	182,159	474,238
Transfers to Stage 2	(2,917)	2,917	-	-
Transfers to Stage 3	(1,429)	(6,179)	7,608	-
Write-offs during the year	-	-	(24,992)	(24,992)
At 31 December 2024	368,154	(31,118)	1,700,697	2,037,733

(v) Group loans

Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Gross carrying amount as at 1 January 2025	-	-	1,259	1,259
Repayments	-	-	(1,259)	(1,259)
At 31 December 2025	-	-	-	-
Gross carrying amount as at 1 January 2024	5,458	-	13	5,471
Disbursements	-	-	58	58
Repayments	(53)	-	(1,211)	(1,264)
Transfers to Stage 3	(2,414)	-	2,414	-
Other adjustments/ write-offs	(2,991)	-	(15)	(3,006)
At 31 December 2024	-	-	1,259	1,259

Corresponding ECLs:

Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2025	15,124	(15,126)	16,710	16,708
ECL Movements	(15,124)	15,126	(348)	(346)
Other adjustments/ write-offs	-	-	(675)	(675)
At 31 December 2025	-	-	15,687	15,687

Corresponding ECLs:

Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ECLs as at 1 January 2024	15,149	(15,126)	15,704	15,727
ECL Movements	-	-	1,006	1,006
Other adjustments/ write-offs	(25)	-	-	(25)
At 31 December 2024	15,124	(15,126)	16,710	16,708

(vi) Personal Loans portfolio

Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Gross carrying amount as at 1 January 2025	226,787,045	12,080,495	7,497,584	246,365,124
Disbursements	106,558,916	4,428,470	-	110,987,386
Repayments	(59,827,038)	(2,417,540)	(6,774,283)	(69,018,861)
Transfers to Stage 1	3,219,718	(2,065,289)	(1,154,429)	-
Transfers to Stage 2	(7,832,953)	8,093,623	(260,670)	-
Transfers to Stage 3	(6,207,023)	(2,542,757)	8,749,780	-
Write-offs during the year	(2,748)	-	(4,296,339)	(4,299,087)
At 31 December 2025	262,695,917	17,577,002	3,761,643	284,034,562

Gross carrying amount as at 1 January 2024	253,570,390	11,716,167	7,317,707	272,604,264
Disbursements	48,384,605	2,473,029	-	50,857,634
Repayments	(65,605,801)	(2,622,168)	(5,326,981)	(73,554,950)
Transfers to Stage 1	4,131,217	(3,470,003)	(661,214)	-
Transfers from Stage 2	(6,433,761)	6,710,928	(277,167)	-
Transfers from Stage 3	(7,195,238)	(2,727,458)	9,922,696	-
Write-offs during the year	(64,367)	-	(3,477,457)	(3,541,824)
At 31 December 2024	226,787,045	12,080,495	7,497,584	246,365,124

Corresponding ECLs

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
ECLs as at 1 January 2025	10,709,230	885,466	9,078,680	20,673,376
ECL Movements	(3,221,779)	1,234,544	3,544,886	1,557,651
Transfers to Stage 1	1,043,636	(369,295)	(674,341)	-
Transfers to Stage 2	(374,303)	489,770	(115,467)	-
Transfers to Stage 3	(307,526)	(413,563)	721,089	-
Write-offs during the year	(11)	-	(3,170,890)	(3,170,901)
At 31 December 2025	7,849,247	1,826,922	9,383,957	19,060,126

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
ECLs as at 1 January 2024	6,236,952	2,310,263	6,368,173	14,915,388
ECL Movements	3,442,611	43,340	4,731,642	8,217,593
Transfers to Stage 1	1,344,157	(1,001,539)	(342,618)	-
Transfers to Stage 2	(132,929)	285,369	(152,440)	-
Transfers to Stage 3	(169,687)	(751,967)	921,654	-
Write-offs during the year	(11,874)	-	(2,447,731)	(2,459,605)
At 31 December 2024	10,709,230	885,466	9,078,680	20,673,376

(vii) Staff loans

Particulars

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
Gross carrying amount as at 1 January 2025	15,517,787	105,816	109,037	15,732,640
Disbursements	7,434,506	-	-	7,434,506
Repayments	(4,527,757)	-	(115,794)	(4,643,551)
Transfers to Stage 1	92,204	-	(92,204)	-
Transfers to Stage 2	(94,541)	163,616	(69,075)	-
Transfers to Stage 3	(681,972)	(72,915)	754,887	-
Other adjustments/ write-offs	-	-	(95,761)	(95,761)
At 31 December 2025	17,740,227	196,517	491,090	18,427,834

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
Gross carrying amount as at 1 January 2024	12,499,470	151,715	642,565	13,293,750
Disbursements	8,315,298	-	-	8,315,298
Repayments	(4,931,557)	(47,867)	(522,351)	(5,501,775)
Transfers to Stage 1	107,675	-	(107,675)	-
Transfers to Stage 2	(20,549)	20,549	-	-
Transfers to Stage 3	(452,550)	(18,581)	471,131	-
Other adjustments/ write-offs	-	-	(374,633)	(374,633)
At 31 December 2024	15,517,787	105,816	109,037	15,732,640

Corresponding ECLs

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
ECLs as at 1 January 2025	125,925	(12,133)	72,113	185,905
ECL Movements	32,873	11,633	147,979	192,485
Transfers to Stage 1	2,845	-	(2,845)	-
Transfers to Stage 2	(1,065)	1,065	-	-
Transfers to Stage 3	(4,469)	-	4,469	-
Write-offs during the year	-	-	(4,248)	(4,248)
At 31 December 2025	156,109	565	217,468	374,142

Particulars	Stage 1 Collective Ushs'000	Stage 2 Collective Ushs'000	Stage 3 Ushs'000	Total Ushs'000
ECLs as at 1 January 2024	49,720	(6,446)	206,525	249,799
ECL Movements	76,727	(5,687)	(51,336)	19,704
Transfers to Stage 3	(522)	-	522	-
Write-offs during the year	-	-	(83,598)	(83,598)
At 31 December 2024	125,925	(12,133)	72,113	185,905

23. Other assets

	2025	2024
	Ushs'000	Ushs'000
Prepayments	4,764,589	3,497,400
Consumables	334,418	1,114,821
Wendi receivables*	29,512,584	25,408,796
Other receivables**	8,788,097	3,126,690
Mobile money float	5,002,206	5,307,369
Staff fair value adjustment	8,162,587	7,201,364
Security deposits	185,150	185,150
	56,749,631	45,841,590

*Wendi receivables relate to utility items and Wendi money transfers.

**Other receivables majorly include money transfer items relating to Western union, Transfast and money gram.

The Bank assessed other assets and other mobile money balances subject to credit risk for impairment and found the amount to be immaterial for expected credit losses as at 31 December 2025 and 2024. Prepayments, consumables and prepaid employee benefits do not qualify as financial assets.

24. Receivables from business contracts

	2025	2024
	Ushs'000	Ushs'000
Commission receivable from contract assets	485,145	3,225,514
Provision for expected credit losses	(7,180)	(47,738)
	477,965	3,177,776

The Bank has contracts to pay persons of concern with World Food program and Danish Refugee Council. The Bank earns fees for this service.

Movement in impairment for contract assets

	2025	2024
	Ushs'000	Ushs'000
As at January 1	47,738	8,786
(Decrease)/Increase in provision (Note 12)	(40,558)	38,952
As at 31 December	7,180	47,738

25. Intangible assets

	2025	2024
	Ushs'000	Ushs'000
Cost		
At 1 January	33,946,428	31,464,722
Additions	3,016,443	1,630,122
Transfers from work in progress	7,142,509	851,584
At 31 December	44,105,380	33,946,428

Amortisation

	2025	2024
	Ushs'000	Ushs'000
At 1 January	17,770,807	12,278,091
Charge for the year	6,586,466	5,492,716
At 31 December	24,357,273	17,770,807
Net carrying amount At 31 December	19,748,107	16,175,621

Intangible assets consist of: the mobile wallet software, Finacle core banking system, ATM switch upgrade, smart reconciliation application tool, centralised accounts opening tool among others. There were no indicators of impairment for the intangible assets.

26. Property, plant and equipment

	Land & Buildings	Furniture, Fittings & Equipment	Computer Equipment	Motor Vehicles	Work In Progress	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cost / Valuation At 1 January 2025	13,359,634	48,860,755	28,800,851	13,291,419	8,360,059	112,672,718
Additions	45,000	2,403,692	896,436	837,914	8,237,801	12,420,843
Additions-branches	-	-	-	-	-	-
Transfers from WIP	-	6,050,518	-	-	(13,193,027)	(7,142,509)
Transfer to ROU	-	-	-	-	(182,226)	(182,226)
Impairment of assets*	-	(2,495,640)	-	-	-	(2,495,640)
Disposals	-	(505,802)	(407,320)	(110,918)	-	(1,024,040)
Write offs	-	(2,531)	-	-	-	(2,531)
At 31 December 2025	13,404,634	54,310,992	29,289,967	14,018,415	3,222,607	114,246,615
Depreciation At 1 January 2025	226,147	22,341,788	13,426,652	8,234,668	-	44,229,255
Transfer to right-of-use asset	-	-	-	-	-	-
Charge for the year	400,446	5,042,204	4,490,226	2,024,559	-	11,957,435
Impairment of assets*	-	(1,517,803)	-	-	-	(1,517,803)
Disposals	-	(430,018)	(399,390)	(110,918)	-	(940,326)
Write offs	-	(2,439)	-	-	-	(2,439)
At 31 December 2025	626,593	25,433,732	17,517,488	10,148,309	-	53,726,122
Net carrying amount						
At 31 December 2025	12,778,041	28,877,260	11,772,479	3,870,106	3,222,607	60,520,493
At 31 December 2024	13,133,487	26,518,967	15,374,199	5,056,751	8,360,059	68,443,463

*During the year 2025 the Bank rebranded from Post Bank to Pearl Bank which led to impairment of Post Bank branded items comprising majority signages.

Notes to the Financial Statements (Continued)**26. Property, plant and equipment (continued)**

	Land & Buildings	Furniture, Fittings & Equipment	Computer Equipment	Motor Vehicles	Work In Progress	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cost / Valuation At 1 January 2024	12,522,129	44,116,379	26,792,443	11,084,364	3,102,249	97,617,564
Gain on revaluation	2,332,901	-	-	-	-	2,332,901
Loss on revaluation	(69,773)	-	-	-	-	(69,773)
Accumulated depreciation on revalued assets	(1,676,447)	-	-	-	-	(1,676,447)
Additions*	-	2,131,961	2,028,164	2,207,055	8,935,922	15,303,102
Additions-branches	-	61,711	-	-	-	61,711
Transfers from WIP	-	2,826,528	-	-	(2,826,528)	-
Transfer to intangibles	-	-	-	-	(851,584)	(851,584)
Asset reclassification	250,824	(250,824)	-	-	-	-
Transfer to leasehold land	-	(25,000)	-	-	-	(25,000)
Write offs	-	-	(19,756)	-	-	(19,756)
At 31 December 2024	13,359,634	48,860,755	28,800,851	13,291,419	8,360,059	112,672,718
Depreciation At 1 January 2024	1,398,435	17,505,775	8,994,548	6,022,203	-	33,920,961
Transfer to right-of-use asset	-	-	-	-	-	-
Charge for the year	504,159	4,836,013	4,442,665	2,212,465	-	11,995,302
Reversal of depreciation on revalued assets	(1,676,447)	-	-	-	-	(1,676,447)
Write offs	-	-	(10,561)	-	-	(10,561)
At 31 December 2024	226,147	22,341,788	13,426,652	8,234,668	-	44,229,255
Net carrying amount						
At 31 December 2024	13,133,487	26,518,967	15,374,199	5,056,751	8,360,059	68,443,463
At 31 December 2023	11,123,694	26,610,604	17,797,895	5,062,161	3,102,249	63,696,603

Notes to the Financial Statements (Continued)

26. Property, plant and equipment (continued)

- i. Capital work-in-progress represents ongoing construction work at various branches, automation of fixed assets among others.
- ii. The Bank's title to land and buildings on Plot 4/6 Nkrumah Road Kampala was pledged as security on the UDB Loan (Note 30).
- iii. The Bank does not have any property and equipment held for sale.
- iv. Items of land and buildings are measured using the revaluation model. Below are the carrying amounts that would have been recognised for the assets had they been carried under the cost model;

	2025	2024
	Ushs'000	Ushs'000
Cost	5,937,537	5,937,537
Accumulated depreciation	(2,074,368)	(1,776,658)
Net book value	3,863,169	4,160,879

27. Right of use assets.

	Leasehold Land	Office space	Total
	Ushs'000	Ushs'000	Ushs'000
Cost / Valuation			
At 1 January 2025	2,012,841	32,072,207	34,085,048
Additions	-	33,958,748	33,958,748
Transfer from Property, plant and equipment	-	182,226	182,226
Write-offs*	-	(2,214,274)	(2,214,274)
At 31 December 2025	2,012,841	63,998,907	66,011,748
Depreciation			
At 1 January 2025	263,222	14,594,283	14,857,505
Charge for the year	87,775	4,557,660	4,645,435
Write-offs*	-	(1,497,148)	(1,497,148)
At 31 December 2025	350,997	17,654,795	18,005,792
Net book value at			
31 December 2025	1,661,844	46,344,112	48,005,956
Net book value at			
31 December 2024	1,749,619	17,477,924	19,227,543

*Write offs related to terminated branch contracts.

Notes to the Financial Statements (Continued)

27. Right of use assets (continued)

Particulars	Lease hold Land	Office space	Total
	Ushs'000	Ushs'000	Ushs'000
Cost / Valuation			
At 1 January 2024	1,987,841	30,175,868	32,163,709
Additions	-	3,112,039	3,112,039
Transfer from property, plant and equip	25,000	-	25,000
Write-offs*	-	(1,215,700)	(1,215,700)
At 31 December 2024	2,012,841	32,072,207	34,085,048
Depreciation			
At 1 January 2024	155,997	11,249,288	11,405,285
Charge for the year	107,205	3,909,908	4,017,133
Write-offs*	-	(564,913)	(564,913)
At 31 December 2024	263,222	14,594,283	14,857,505
Net book value at			
31 December 2024	1,749,619	17,477,924	19,227,543
Net book value at			
31 December 2023	1,831,844	18,926,580	20,758,424

28. Deposits from banks

	2025	2024
	Ushs'000	Ushs'000
Amounts due to other banks	2,717,995	90,773,313

The amounts relate to interbank borrowings and vostro balances. The weighted average effective interest rate on deposits and balances due to other banks was 10.00% (2024: 11.76%).

29. Customer deposits

	2025	2024
	Ushs'000	Ushs'000
Current and demand accounts	215,075,742	63,546,535
Savings accounts*	609,846,847	603,738,752
Fixed deposit accounts	351,224,248	277,471,113
Wendi wallet deposits	240,533,755	45,519,048
	1,416,680,592	990,275,448

*As at 31 December 2025, savings deposits include Airtel and MTN trust account deposits amounting to Ushs. 44.245 billion and Ushs. 99.224 billion respectively. While at 31 December 2024, the Airtel deposits amounted to Ushs. 44.875 billion, and MTN Ushs. 140.358 billion.

The weighted average effective interest rates on savings and fixed deposits were 2.19% and 10.84%, respectively (2024: 1.41% and 12.22%, respectively). All fixed deposits have a tenor of twelve months and below.

30. Borrowings

	GROW loans Ushs'000	UECCC loans Ushs'000	UDB loans Ushs'000	Total Ushs'000
Year ended 31 December 2025				
At start of year	11,859,210	184,589	31,879,091	43,922,890
Additions	3,192,800	55,000	-	3,247,800
Interest on borrowings	279,006	9,810	1,455,313	1,744,129
Interest paid	-	(9,810)	(1,641,417)	(1,651,227)
Principal repayment	-	(72,530)	(9,017,372)	(9,089,902)
At end of year	15,331,016	167,059	22,675,615	38,173,690
Year ended 31 December 2024				
At start of year	-	-	41,463,193	41,463,193
Additions	11,807,200	184,589	-	11,991,789
Interest on borrowings	52,010	2,301	7,576,779	7,631,090
Interest paid	-	(2,301)	(7,763,287)	(7,765,588)
Principal repayment	-	-	(9,397,594)	(9,397,594)
At end of year	11,859,210	184,589	31,879,091	43,922,890

The weighted average borrowing rate for these facilities is 4.57% (2024: 4.28%).

a) Details of bank borrowings

	Principal Committed Ushs'000	Outstanding Ushs'000
UDB Loan 4	20,000,000	-
UDB Loan 5	40,000,000	22,675,615
GROW 1	6,000,000	6,164,055
GROW 2	5,807,200	5,931,299
GROW 3	3,192,800	3,235,662
UECCC	239,589	167,059
At 31 December 2025	75,239,589	38,173,690

Borrowings

	Principal Committed Ushs'000	Outstanding Ushs'000
UDB Loan 4	20,000,000	5,316,300
UDB Loan 5	40,000,000	26,576,118
GROW 1	6,000,000	6,044,055
GROW 2	5,807,200	5,815,155
UECCC	184,589	184,589
At 31 December 2024	71,991,789	43,936,217

30. Borrowings (continued)

UDB Loan 4 is a 5-year loan secured by legal mortgage over land and buildings of the Bank. UDB Loan 5 is secured against the Bank's performing loan book.

UDB Loan 5 matures in 10 years and bears interest at a fixed rate of 5% while UDB Loan 4 bears interest at a fixed rate of 10%. Both facilities are payable semi-annually.

Grow loan

The GROW financing facility is designed to support women entrepreneurs through a partnership between the Private Sector Foundation Uganda and Pearl Bank.

The loan is disbursed in six tranches and is repayable within two years from the date each tranche is received by the bank, at an annual interest rate of 2%.

UECCC loan

The Uganda Energy Credit Capitalization Company (UECCC) facility is intended to enhance access to clean energy and promote productive energy use.

The line of credit is repayable over three years from the date of the first disbursement, with a six-month principal grace period. It carries a fixed annual interest rate of 5%, with interest payable quarterly and principal repayments made semi-annually.

a) Net debt reconciliation

	Principal Committed Ushs'000	Outstanding Ushs'000
Cash and cash equivalents net of placements and cash reserve requirement	264,172,167	124,824,542
Liquid investments (notes 19&20) *	177,959,110	39,490,433
Borrowings (note 30)	(38,173,690)	(43,922,890)
Lease liability (note 32(b))	(32,676,570)	(17,074,285)
Net debt	371,281,017	103,317,800

* Liquid investments include treasury bills and placements with other banks.

31. Deferred grants

	Principal Committed Ushs'000	Outstanding Ushs'000
Capital grants (Note 31 (b))	3,839,941	389,230
Operating grants (Note 31 (a))	5,167,274	1,262,782
At 31 December	9,007,215	1,652,012

Notes to the Financial Statements (Continued)
31. Deferred grants (continued)

	NRC	Heifer Grant	Eurogiro	CARE	GROW - Lending related activities	GROW- Women incentive	Wendi OPERATING GRANT	UPI -MARKETING ACTIVITIES	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
At start of year 2025	308,132	72,378	32,823	34,987	454,462	360,000	-	-	1,262,782
Additions	-	-	-	-	720,000	543,716	7,105,992	108,546	8,478,254
Revaluations	-	-	3,509	(747)	-	-	-	-	2,762
Grant income to P&L	-	-	-	-	(1,041,653)	(12,266)	(3,522,605)	-	(4,576,524)
At end of year 2025	308,132	72,378	36,332	34,240	132,809	891,450	3,583,387	108,546	5,167,274
At start of year 2024	308,132	72,378	35,726	-	-	-	-	-	416,236
Additions	-	-	-	565,500	480,000	360,000	-	-	1,405,500
Revaluations	-	-	(2,903)	(13,488)	-	-	-	-	(16,391)
Grant income to P&L	-	-	-	(517,025)	(25,538)	-	-	-	(542,563)
At end of year 2024	308,132	72,378	32,823	34,987	454,462	360,000	-	-	1,262,782

Notes to the Financial Statements (Continued)

31. Deferred grants (continued)

(b) Capital grants amortisation

	aBi Trust	CARE	Wendi Government Super-Agent	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Year ended 31 December 2025				
Cost				
At 1 January 2025	376,790	12,440	-	389,230
Additions	-	-	3,483,008	3,483,008
At 31 December 2025	376,790	12,440	3,483,008	3,872,238
Amortisation				
Charge for the year	(8,220)	(3,452)	(20,625)	(32,297)
Net book value at 31 December 2025	368,570	8,988	3,462,383	3,839,941
Year ended 31 December 2024				
Cost				
At 1 January 2024 and 31 December 2024	481,610	15,893	-	497,503
Amortisation				
Charge for the year	(104,820)	(3,453)	-	(108,273)
Net book value at 31 December 2024	376,790	12,440	-	389,230

a) Heifer grant

The agreement was signed between HEIFER project international, a not-for-profit organization and the Bank on 26 February 2018. The Bank contributes 50% and the HEIFER project contributes 50% to be used to enhance the agriculture loan product. The Bank has so far received Ushs 1,080,000,000 from Heifer Project International to ensure support is extended to the youth. Through the collaboration, 1000+ youth have been able to benefit from the project funds and establish meaningful projects in their communities. The project is pending conclusion of the project audit and official closure.

b) Norwegian Refugee Council (NRC) grant

The Bank received Ushs. 366 million in 2020 from NRC in collaboration with TENT Foundation to improve livelihoods of young, displaced men, women and children in Uganda. The purpose of funds was to support the refugees to engage in transport business. The project was partly affected by the COVID 19 pandemic, and the Bank continues to assess performance of the portfolio for proper implementation.

c) Eurogiro grant

The agreement was signed between Eurogiro and Pearl Bank Uganda Limited in October 2022 to provide customers with a payment solution ("digital solution") with competitive transaction costs. The project is targeting at least 7,000 beneficiaries receiving remittances across the country. The project completion date is 31 March 2024.

d) Cooperative For Assistance And Relief Everywhere, Inc (CARE)

This is a grant from CARE under the women financial inclusion program. It was extended to develop a sub wallet product targeting identified women's individual savings, to enable proximity and access of financial services and to empower women in order to increase their contribution to key development goals.

Notes to the Financial Statements (Continued)

31. Deferred grants (continued)

e) aBi Development Grant

This is a grant from aBi Development Limited. It was extended to support opening up of branches like Kotido and Anaka. The grant further supported the Bank in acquisition of Solar ATMs which were installed in several contact centres to ease access to funds and Bank services by several customers in rural areas.

f) Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project

On June 28, 2024, the bank entered into an agreement with the Private Sector Foundation Uganda (PSFU) to act as a participating financial institution for the GROW Financing Facility (GFF) for women entrepreneurs. This project aims to enhance access to entrepreneurial services for women in target locations, including host and refugee communities. As at the reporting date, the bank has received Ush. 11.8 billion from PSFU. The project is scheduled to run until December 31, 2027.

g) Wendi Government Super-Agent Grant

The Ministry of Finance, Planning and Economic Development (MoFPED), through the Permanent Secretary/ Secretary to the Treasury (PSST), has committed Ushs 10,594,000,000 to Pearl Bank Uganda limited to support the expansion of the Wendi agents to all 10,594 parishes in the country. This funding will fast-track the deployment of Wendi agents, enabling the Bank to achieve nationwide parish-level agent coverage goal.

h) UPI -Marketing Activities

This Unionpay Card Issuance Incentive by Unionpay International Co.Ltd is based on the corresponding achieved Net Number of Newly Issued UnionPay Physical Debit and Prepaid Cards in the corresponding Sub-period. The incentive is made by UPI for a Sub-Period if the achieved Net Number of Newly Issued UnionPay Physical Debit and Prepaid Cards during the Sub-Period is higher than the Minimum Achieved Net Number of Newly Issued UnionPay Cards set for the corresponding Sub-Period. Additionally the Card Incentive is made by UPI for a Sub-Period if the achieved Cumulative Transaction Volume during the Sub-Period is more than 70% of Target Number of Cumulative Transaction Volume ("Minimum Transaction Volume").

32a) Other liabilities

	2025	2024
	Ushs'000	Ushs'000
Accounts payable	10,519,270	2,589,631
Insurance premium	372,545	490,987
National Social Security Fund contributions	716,660	662,255
Indirect taxes payable	3,771,538	2,723,794
Staff accrued payables	6,475,932	3,893,329
Audit fees	-	61,942
Cash overs	36,143	32,523
Other payables	50,762,071	22,685,619
Lease liabilities (Note 32(b))	32,676,570	17,074,285
Agriculture Credit Facility	40,749,916	34,458,521
Small Business Recovery Fund	5,830,234	8,264,881
Provision for expected credit losses-off balance sheet	7,861	42,514
	151,918,740	92,980,281

Notes to the Financial Statements (Continued)

32a). Other liabilities (continued)

Included in other payables is Small Business Recovery Fund that was established by the Government of Uganda ("GoU") to aid enterprises that were adversely affected by the COVID 19 pandemic. In November 2022, an addendum was issued as the uptake of the fund was very low and the Memorandum of Agreement ("MOA") was amended as per the following eligibility criteria;

All small businesses operated by individuals, groups, partnership and companies employing 2-49 people and with annual turnover of Ushs 10million-Ushs 300million, the maximum loan amount is Ushs 200 million, the GoU will provide an initial deposit of Ushs 1 billion and commercial Banks ("PFI") contributing 50% of the loan value of each eligible borrower, at 10% per annum on a reducing balancing method. The fund can be accessed through block allocation for those businesses without collateral and credit facilities to eligible borrowers shall be extended for periods of a minimum of three months and maximum of four years, which shall include a grace period of a maximum of one year depending on the nature of the project and as determined by the PFI.

(b) Lease liabilities

The movement in the lease liabilities is as shown below:

	2025	2024
	Ushs'000	Ushs'000
At 1 January	17,074,285	17,330,363
Additions	34,128,208	2,670,187
Interest expense on lease liabilities	1,425,929	1,387,304
Repayment of interest component	(1,425,929)	(1,387,304)
Repayment of principal component	(17,792,762)	(2,559,782)
Terminated contracts	(733,161)	(366,483)
At 31 December	32,676,570	17,074,285

The movement in net lease liabilities is as shown below:

	2025	2024
	Ushs'000	Ushs'000
Gross instalments payable	50,129,581	29,543,828
Future interest	(17,453,011)	(12,469,543)
Net lease liabilities	32,676,570	17,074,285

Notes to the Financial Statements (Continued)

32a). Other liabilities (continued)

(c) Amount recognised in the statement of comprehensive income

The movement in the lease liabilities is as shown below:

	2025	2024
	Ushs'000	Ushs'000
Interest expense on lease liabilities	1,425,929	1,387,304
Amortisation of right-of-use asset	4,557,660	3,995,044
Total	5,983,589	5,382,348

(d) Amount recognised in the statement of cash flows

	2025	2024
	Ushs'000	Ushs'000
Payment of interest on lease obligations	1,425,929	1,387,304
Payment of principal lease obligations	17,792,762	2,559,782
Total	19,218,691	3,947,086

33. Share capital

	2025	2024
	Ushs'000	Ushs'000
Issued and fully paid		
At start of year	165,095,322	133,335,812
Bonus issue of shares	35,359,964	27,679,894
Issue of shares for cash consideration*	3,064,808	5,079,616
Costs attributable to increase in share capital	-	(1,000,000)
At end of year	203,520,094	165,095,322

*The Bank received a capital injection of Ushs. 3.065 billion (2024:5.079 billion) from its shareholder.

During the current year, the Bank issued 3,842,478 additional ordinary shares comprised of a cash issue of 306,481 shares (2024: 67,160 shares). (The total number of paid-up shares is now 20,352,009 shares (2024: 16,509,532 shares).

Number of shares

	2025	2024
	Ushs'000	Ushs'000
At start of year	16,509,531	13,333,580
Issue of bonus shares	3,535,997	2,767,989
Issue of shares for cash consideration	306,481	407,962
At end of year	20,352,009	16,509,531

Notes to the Financial Statements (Continued)

33. Share capital (continued)

As at 31 December 2025, there were twenty one million five hundred thousand (21,500,000) authorised ordinary shares of which 20,352,009 (2024: 16,509,532) were issued and fully paid. All shares have equal voting rights at meetings of the Bank and rank equally with regard to the Bank's residual assets.

Ordinary shares have a par value of Ushs 10,000. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Bank in proportion to the number of and amounts paid on the shares held. No dividends were declared in 2025 (2024: Nil).

The shareholders of the Bank, all of whom have their registered addresses in Uganda, were as follows as at 31 December 2025 and 2024:

	No. shares	% held
Minister of Finance Planning and Economic Development - Uganda	20,352,008	100.00%
Minister of State for Finance (Privatisation) - Uganda	1	0.00%
	20,352,009	100.00%

The Bank is owned by the Government of Uganda as represented by the above shareholders.

34. Revaluation reserve

The revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Revaluation reserves are not distributable.

	2025	2024
	Ushs'000	Ushs'000
At start of year	4,397,125	2,808,427
Revaluation gain	-	2,332,901
Transfer of excess depreciation to retained earnings	(147,381)	(44,333)
Deferred tax on revaluation	82,163	(699,870)
At end of year	4,331,907	4,397,125

35. Provisions and contingent liabilities

(a) Provision for litigations:

Legal provisions	2025	2024
	Ushs'000	Ushs'000
At 1 January	901,219	1,080,072
Additions/(Reversal)	272,110	(98,516)
Payments made	(229,611)	(80,337)
At 31 December 2025	943,718	901,219

Notes to the Financial Statements (Continued)

35. Provisions and contingent liabilities (continued)

Provisions and contingent liabilities for litigations

The Bank is a litigant in several cases which arise from normal day to day banking activities. Legal provisions arise where the Directors have assessed the outcome of litigation after taking appropriate legal advice and believe that it is probable that an outflow of resources will be required to settle the obligations and the amounts involved can be reliably estimated. These are recognised in the financial statements of the Bank and are extinguished where settlement has been made. Where it is not probable that there will be an outflow of resources to settle the litigation, a provision will not be recognised but the amounts involved will be disclosed.

The Directors believe that the Bank has strong grounds for success in the majority of these cases and are confident that the ruling will be in the Bank's favour and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

The Bank had provisions estimated at Ushs 944 million (2024: Ushs 901 million) arising out of its open legal cases. The directors are of the opinion, after taking appropriate legal advice, that the final outcome of the open legal matters will not give rise to cash outflows beyond amounts provided for above.

Given the sensitive nature of these legal cases, the directors are of the opinion that disclosing the details of each case can be expected to prejudice seriously the position of the Bank. As such, that information has not been disclosed.

b) Commitments, Guarantees and Letters of Credit

Guarantees	2025	2024
	Ushs'000	Ushs'000
Gross	14,897,427	10,008,855
Provision for expected credit losses (Note 32)	(3,647)	(650)
	14,893,780	10,008,205
Undrawn stand-by facilities (Commitments)	21,757,443	34,899,559
Provision for expected credit losses (Note 32)	(4,214)	(41,864)
	21,753,229	34,857,695
Letters of Credit	2,227,919	1,559,955
	38,874,928	46,425,855

The Bank assesses the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of the stated provisions for expected credit losses. Letters of credit had no provisions since they were fully covered by collateral.

	2025	2024
	Ushs'000	Ushs'000
As at January 1	650	1,982
Increase/(decrease) in provision (Note 12)	2,997	(1,332)
As at 31 December	3,647	650
Movement in impairment of loan commitments		
As at January 1	41,864	5,864
(decrease) /Increase in provision (Note 12)	(37,650)	36,000
As at December 31	4,214	41,864

Notes to the Financial Statements (Continued)

36. Related parties.

The Bank's immediate and ultimate controlling party is the Government of Uganda. There are other companies i.e., government parastatals that are related to the Bank through common shareholdings. The major significant transaction was equity contribution of Ushs. 3,064 billion, disclosed under note 33. The following transactions were carried out with related parties:

Loans to customers at 31 December 2025 include loans to Directors as follows:

Loans to Executive and Non-Executive Directors

	2025	2024
	Ushs'000	Ushs'000
At start of the year	988,611	826,549
Loans extended during the year	159,410	490,700
Interest earned	98,170	80,198
Loan repayments during the year	(392,484)	(408,836)
At end of year	853,707	988,611

Loans to Directors as at 31 December 2025 were neither past due nor impaired (2024: Nil). The loans are secured. The interest earned on loans to Directors during the year 2025 was Ushs 98 million (2024: Ushs 80 million).

Directors' loans

Names	Position	Rate	2025	2024
			Ushs'000	Ushs'000
Lawrence Kasenge	Non-Executive	12%	103,877	151,224
Beatrice Lagada	Non-Executive	18%	104,245	55,832
Mugulusi Johnson	Non-Executive	18%	20,162	-
Areu Joseph	Non-Executive	18%	33,523	-
Executive Directors				
Julius Kakeeto	Managing Director	10%	250,680	386,239
Andrew Kabeera	Executive Director	10%	178,648	395,316
Mugisha Martin	Executive Director	8%	162,572	-
			853,707	988,611

Deposits by directors

	2025	2024
	Ushs'000	Ushs'000
At start of year	91,945	78,999
Movement for the year	(54,070)	12,946
At end of year	37,875	91,945

Deposit accounts held by Directors were non-interest bearing (2024: Nil).

Notes to the Financial Statements (Continued)

36. Related parties (continued)

Key management compensation

	2025	2024
	Ushs'000	Ushs'000
Salaries and other benefits	8,089,147	4,851,874
Post employment benefits	1,174,519	973,386
	9,263,666	5,825,260

Directors' remuneration (included in key management compensation above)

	2025	2024
	Ushs'000	Ushs'000
Salaries and other benefits	3,138,914	1,904,360
Post employment benefits	449,519	310,435
Board allowances and other costs	2,137,055	2,181,164
	5,725,488	4,395,959

37. Cash flows from operating activities

		2025	2024
		Ushs'000	Ushs'000
Profit for the year	Notes	47,302,958	35,359,964
Adjustments for:			
Income tax expense	16	3,514,552	4,235,373
Depreciation of property, plant and equipment	26	11,957,435	12,010,617
Depreciation of right of use assets	27	4,645,435	4,001,815
Amortisation of intangible assets	25	6,586,466	5,492,716
Impairment of fixed assets	15	977,837	
Interest income	7	(262,814,071)	(217,448,592)
Interest expense on borrowings	30	1,744,129	7,631,090
Interest expense on deposits		51,399,726	35,483,978
Interest charge on leases	32 (b)	1,425,929	1,387,304
Expected credit losses on financial assets	12	13,693,611	16,904,902
Reversal in provisions for litigations	35	272,110	(98,512)
Grant release to profit or loss	31	(4,608,821)	(650,835)
Lease termination	27&32(b)	(16,035)	284,303
Write-off of PPE	26	92	9,198
Gain on disposal of fixed assets		(2,901)	-
Loss on revaluation		-	69,772
Effects of changes in foreign exchange gains or losses		15,941	-
Cash flows from operating activities		(123,905,607)	(95,326,907)

Notes to the Financial Statements (Continued)

38. Fair value measurement

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1 - Quoted prices in active markets for identical assets or liabilities. We have no item classified under this level.

Level 2 - other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This class includes Leasehold land and buildings that are revalued regularly to ensure that the market asset carrying amounts do not materially differ from the fair value.

The bank revalued its buildings/properties located in Kampala, Mbarara, Luwero, Nwoya, Kiryandongo, Kotido, Amolatar, Busukuma, Manafwa and Nakasongola on 29th July 2024 using market value approach and replacement cost method. This was done by Salem Appraisal, the external, independent property valuers, having appropriate recognised professional qualifications. The fair value measurement for all the properties have been categorised as Level 3 fair value measurement.

Valuation techniques and significant unobservable inputs.

The table below shows the valuation technique used in measuring the fair values of properties as well as the significant unobservable inputs used. The Bank does not have any liabilities measured at fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The appraisal relied on IVS 105,2022 valuation approaches and methods. The valuation approach and methods specifically relied upon were market approach and market approach methods and, cost approach and cost approach methods in paragraph 20.0,30.0 and 60.0 respectively.	<p>Cost method: The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset or equal utility.</p> <p>Replacement cost method: This is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset. This is adjusted for physical deterioration and all relevant forms of obsolescence.</p> <p>Comparable transaction method: This method also known as the guideline transactions method, utilises information on the transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.</p>	<p>The estimated fair value would increase(decrease) if:</p> <ul style="list-style-type: none"> ➤ The cost of the property is higher(lower) ➤ The replacement cost would be higher(lower) ➤ Comparable transaction costs would be higher or (lower)

Notes to the Financial Statements (Continued)

38. Fair value measurement (continued)

	2025	2024
	Ushs'000	Ushs'000
Assets measured at fair value:		
Land and buildings	12,778,041	12,871,219

There were no transfers between levels 1, 2 and 3 in the year (2024: no transfers).

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments, other than those that are measured at fair value.

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets				
Cash and balances with Bank of Uganda	256,230,570	256,230,570	161,964,481	161,964,481
Due from Banks	66,596,434	66,596,434	29,428,458	29,428,458
Debt instruments at amortised cost	614,627,866	555,464,091	364,509,844	334,341,002
Loans and advances to customers	749,015,200	728,530,030	718,656,259	704,700,902
Receivables from business contracts	477,965	477,965	3,177,776	3,177,776
Other assets	40,883,887	40,883,887	33,977,633	33,977,633
Financial liabilities				
Borrowings	38,173,690	39,155,337	43,922,890	43,922,890
Deposits from Banks	2,717,995	2,717,995	90,773,313	90,773,313
Customer deposits	1,416,680,592	1,419,559,173	990,275,448	990,275,448
Other liabilities	110,666,581	110,666,581	63,602,502	63,602,502

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Notes to the Financial Statements (Continued)

As at 31 December 2025

Assets	Total	Level 1	Level 2	Level 3
Cash and balances with Bank of Uganda	256,230,570	-	256,230,570	-
Debt instruments at amortised cost	555,464,091	-	555,464,091	-
Due from banks	66,596,434	-	66,596,434	-
Loans and advances to customers	728,530,030	-	-	728,530,030
Receivables from contract assets	477,965	-	477,965	-
Other assets	40,883,887	-	40,883,887	-
Total assets	1,648,182,977	-	919,652,947	728,530,030
Customer deposits	1,419,559,173	-	1,419,559,173	-
Deposits from Banks	2,717,995	-	2,717,995	-
Borrowings	39,155,337	-	39,155,337	-
Other liabilities	110,666,581	-	110,666,581	-
Total liabilities	1,572,099,086	-	1,572,099,086	-

As at 31 December 2024

Assets	Total	Level 1	Level 2	Level 3
Cash and balances with Bank of Uganda	161,964,481	-	161,964,481	-
Debt instruments at amortised cost	334,341,002	-	334,341,002	-
Due from banks	29,428,458	-	29,428,458	-
Loans and advances to customers	704,700,902	-	-	704,700,902
Receivables from contract assets	3,177,776	-	3,177,776	-
Other assets	33,977,633	-	33,977,633	-
Total assets	1,267,590,252	-	562,889,350	704,700,902
Liabilities				
Customer deposits	990,275,448	-	990,275,448	-
Deposits from Banks	90,773,313	-	90,773,313	-
Borrowings	43,922,890	-	43,922,890	-
Other liabilities	63,602,502	-	63,602,502	-
Total liabilities	1,188,574,153	-	1,188,574,153	-

Notes to the Financial Statements (Continued)

38. Fair value measurement (continued)

The following methods and assumptions were used to estimate the fair values:

Assets and liabilities for which fair value approximates carrying amounts

The Bank assessed that the fair values of cash and bank balances, other assets, other liabilities, financial guarantees and contract assets approximate their carrying amounts largely due to the short-term maturities of these instruments. These are determined to be Level 2 valuations as the underlying consideration are largely unobservable.

Borrowings

The 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 amortised cost

Debt instruments at amortized cost are treasury bills and bonds 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.

Description of significant unobservable inputs to valuation used in the fair value measurements categorised within Level 3

Valuation of buildings

The valuers adopted the cost approach and the income capitalisation approach. The cost which was based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present-day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly. The valuation technique used is consistent with what was used in the previous valuation. With the income capitalisation method, the valuer considered the net annual income of the property, assuming the property is fully let at market related rentals, and market escalations, with an allowance made for vacancies. The valuer estimated and deducted market related operating expenses resulting in a net annual income which we then capitalised at a market related rate. The valuer also considered the demand given the location of the building.

Valuation of land

In determining the fair values, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment. The market values considered by the valuers were arrived at after taking into account factors such as location of the property, and proximity to services. The valuation technique used is consistent with what was used in the previous valuation.

39. London Inter Bank Offer Rate (LIBOR)

LIBOR transition is the movement of the financial markets away from using LIBOR as the interest rate benchmark to using alternative risk-free benchmark rates. LIBOR is central and deeply embedded in the pricing mechanism for a significant proportion of financial markets transactions worldwide. The Bank does not hold any financial transactions linked to LIBOR.

40. Wendi Wallet

On 7 June 2023, the bank received a license from Bank of Uganda as a payment service provider-class A (Larger electronic money issuer) to operate its mobile wallet business, known as Wendi.

Notes to the Financial Statements (Continued)

This innovative platform was designed to promote financial inclusion to all Ugandans by enabling users to securely save, manage, and access their finances conveniently. Users and groups, particularly those with limited access to traditional financial services can transact and pay for various services without requiring a bank account or smartphone.

Through Wendi, the bank has partnered with other financial institutions, international money transfer service providers such as Western union, and telecoms (MTN and Airtel) to digitise payments and facilitate seamless transactions.

a) Wendi wallet trust account balance

	2025	2024
	Ushs'000	Ushs'000
Assets		
Trust account balances	240,533,755	45,519,048
Total assets	240,533,755	45,519,048
Liabilities		
Wendi wallet deposits (Note 29)	240,533,755	45,519,048
Total liabilities	240,533,755	45,519,048

b) Wendi Trust account balances

	2025	2024
	Ushs'000	Ushs'000
Customer deposits	204,292,942	20,837,923
Wendi agent deposits	36,240,813	24,681,125
	240,533,755	45,519,048

c) Wendi receivables

Below is a breakdown of wendi receivables

	2025	2024
	Ushs'000	Ushs'000
Wendi to telecos	7,082,031	13,411,589
Bank to Wendi transfers	310,935	235,833
Wendi cashouts	10,889,996	8,956,075
Wendi float purchases	9,023,770	2,342,550
Wendi over the counter	509,324	320,981
Wendi fees receivable	1,287,670	64,730
Wendi money transfers receivable	389,560	54,224
Wendi utilities payments receivable	19,289	22,818
	29,512,584	25,408,796

41. Subsequent Events

There were no material events that occurred after the reporting date which had an impact on the financial statements of the Bank.

Supplementary Information

Branch Network	Physical Address/Contact
City Branch	Plot 4/6 Nkrumah Road, Kampala. Tel: +256-417157245
Forest Mall Branch	Plot 3A2 & 3A3, Sports Lane, 1st floor Forest Mall Kampala, Tel: 0417157502
Ntinda Branch	Plot 133 Martyr's Way Vol 882 Folio 13, Ntinda
Kampala Road Branch	The Plaza Plot 2/28, Kampala Rd., Tel: +256-417-157421/2
William Street Branch	Plot 68/70 William Street, Kampala. Tel: +256-417-157381/2
Ndeebe Branch	Plot 365, Masaka Road, Kampala Tel: +256-417-157391/2
Bugolobi Branch	Plot 69/71, Spring Road, Kampala Tel: +256-417-157386/7
Wandegeya Branch	Plot 359, Bombo Road, Kampala Tel: +256-417-157376/7
Luwero Branch	Plot 921, Kasana Market Luwero, Kyaggwe Furniture building, Tel: +256-417157583
Kireka Branch	Plot 2889, Block 232 Jinja Road 0417157681
Usafi Branch	Plot 924, Mengo Hill Road, Tel. 0417157547/8
Mukono Branch	Plot 42-44 Jinja Road, Tel. 0417157640
Entebbe Branch	Plot 20, Airport Road, Entebbe Tel: +256-417157371/2
Nsangi Branch	Plot 268, Block 359 Kampala-Masaka Highway 0417157686/7
Nakasongola Branch	Plot 95/96 Rwampanga Road Nakasongola Tel: +256-417157531/2
Bombo Branch	Plot 7, Namaliga Estate, Tel: +256-417-157366/7
Kakiri Branch	Plot 272/273 Hoima Rd-Balibaseka Complex., Tel: +256-417157536/7
Masaka Branch	Plot 6, Circular Road, Masaka Tel: +256-417157326/7
Kyazanga Branch	Masaka- Mbarara Highway , Kyazanga Town, 0417157606/632
Mbarara Branch	Plot 19, High Street, Mbarara Tel: +256-417157401/2
Ibanda Branch	Plot 189 Block 27 Ibanda 0417157612
Rushere Mini- Branch	Nyakahita Road, Kiruhura district 0417157608
Kamwenge Branch	Plot 8, Fortportal Road, Kamwenge Town Council, Tel: +256-414157533/4
Ishaka-Mini branch	Plot 52 Rukungiri Road 0417157638
Kanungu Branch	KBS Plaza Building, Independence Road, Tel +256-417-157538/9
Ntungamo Branch	Plot 77, Old Kabale-Mbarara Road, Tel: +256-417-157521/2
Kabale Branch	Plot 6, Vol HQT 1628,4U17 Kabale road Tel: +256-417157321/2

Branch Name	Physical Address/Contact
Kasese Branch	Plot 68, Margherita street, Tel: +256-417157518/9
Fort Portal Branch	Plot 13, Rukiidi3, F.Portal Tel: +256-417157331/2
Kagadi-Mini branch	Kibaale-Mubende Road 0417157636
Mubende Branch	Plot 14, Main Street, Mubende Municipality Tel: +256-417157337/8
Hoima Branch	Plot 39 FortPortal Road Tel: +256-417-157341/2
Masindi Branch	Plot 44/46, Commercial Street, Tel: +256-417-157351/2
Jinja Branch	Plot 49, Lubasi Rd , Jinja Tel: +256-417-157356/7
Iganga Branch	Plot 102 Main Street, Iganga Tel: +256-417157406/7
Kayunga Branch	Galiraya Road, Kayunga Tel: +256-417157515/6
Kapchorwa Branch	Plot 73, Mbale - Kitale Road, Tel. 0417157545/6
Soroti Branch	Plot 32 Gweri Road Tel: +256-417157316/7
Mbale Branch	Plot 49 Republic Street 0417157361/2
Bukedea Branch	Plot 10 Block D Main Street Tel. 0417157200
Lira Branch	Plot 4 Soroti Rd., Lira Municipality. Tel: +256-417157311/2
Moroto Branch	Plot 72-74 Bazaar Lia Street Tel. 0417157590
Kotido Branch	Plot 43, Senior Quarters Road Kotido District 0417157630/1
Gulu Branch	Plot 22 Labwor Road Gulu Municipality. Tel: +256-417157307/8
Kamdini Mini- Branch	Kampala-Gulu Highway Plot 01, Oyam district Tel. 0417157618/645
Lacor Branch	Plot 170-196 Juba Rd Gulu, Tel: +256-417157346/7
Kitgum Branch	Plot 15/16, Ogwok Road, Tel: +256-417157513/4
Amolatar Sub-Branch	Plot 22, Apwony kali Road, Tel: 0417157540/1
Bweyale Branch	Plot 233, Kampala - Gulu Road, Tel. 0417157550
Anaka Branch	Anaka - Gulu Road, Nwoya District Tel. 0417157542/3
Pakwach Branch	Plot 28, Packwach Road, Nebbi district Tel: 0417157585
Arua Branch	Plot 76/84, Avenue Street, Arua Tel: +256-417157300/1
Yumbe Branch	Abiriga Road, Yumbe district, Tel. 0417157634
Kawempe Branch	Plot 4971 Block 203 Bombo Road Maganjo Kawempe
Nansana Branch	Plot 7514 Pearl Bank building Hoima Road
Manafwa Branch	Plot 03 block 8 Wesonga road south Mbale
Bulenga Branch	Plot 1155 Block 364 Wakiso Town council Mityana road

Introduction
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Abbreviations

Acronym

Abi-Trust	Agribusiness Initiative Trust
AC	Audit Committee.
ACF	Agriculture Credit Fund
AFD	Agence Française de Développement
AGM	Annual General Meeting
Agric	Agriculture
ALC	Assets and Liability Committee
ALCO	Asset and Liability Management Committee
ALCO	Asset and Liability Committee
ALM policy	Assets and Liabilities Management
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism.
ATM	Automated Teller Machine
Bn	Billion
BOU	Bank of Uganda
BUBU	Buy Uganda Build Uganda
CBR	Central Bank Rate
CC	Credit Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CISO	Chief Information Security Officer
CORE	Community Road Empowerment Program
CRB	Credit Reference Bureau
CRS	Catholic Relief Services
CSR	Corporate Social Responsibility
CTMO	Chief Treasury & Markets Officer
Dec	December
DEI	Diversity, Equity, and Inclusion

DRC	Danish Refugee Council
E- TAX	Electronic Tax
E-Banking	Electronic Banking
EAD	Exposure at Default
ECL	Expected Credit Losses
ED	Executive Director
EFT	Electronic Funds Transfer
EIR	Effective Interest Rate
EOSD	European Organization for Sustainable Development
EPS	Earnings Per Share
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
EUR	Euro
EURO	Euro Currency
EXCO	Executive Committee
ExCo / EXCO	Executive Committee
FATCA	Foreign Account Tax Compliance Act
FIA	Financial Institutions Act
FLI	Forward Looking Information
FSDU	Financial Sector Deepening Uganda
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
FX	Forex
FY	Financial Year
GRI	Global Reporting Initiative
GROW	Generating Growth Opportunities & Productivity for Women Enterprises
IAS	International Accounting Standards

Acronym

IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
ICPAU	Institute of Certified Public Accountants of Uganda
ICT	Information and Communication Technology
IESBA Code	International Ethics Standards Board for Accountants Code of Ethics
IFAD	International Fund for Agricultural Development
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
INED	Independent Non-Executive Director
ISA / ISAs	International Standards on Auditing
ISSB	International Sustainability Standards Board
IT	Information Technology
IVS	International Valuation Standards
JE	Job Evaluation
KCCA	Kampala Capital City Authority
King IV	King Code of Governance Principles
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LTECL	Lifetime Expected Credit Losses
LWF	Lutheran World Federation
MANCO	Management Committee
MD	Managing Director
MDI	Microfinance Deposit-taking Institution
MOU	Memorandum of Understanding
MTN	Mobile Telecommunications Network

NCC	Nomination and Compensation Committee
NDP IV	Uganda's National Development Plan IV
NED	Non-Executive Director
NPA	Nonperforming Assets
NSFR	Net Stable Funding Ratio
NSSF	National Social Security Fund
OCI	Other Comprehensive Income
OTC	Over the counter
PAT	Profit After Tax
PAYE	Pay As You Earn
PBT	Profit before Tax
PBU	Pearl Bank Uganda
PCL	Personal Consumer Loans
PD	Probability of Default
PD	Probability of Default
PDM	Parish Development Model
PFI	Private Finance Initiative
PFI	Participating Financial Institution
POCI	Purchased or Originated Credit Impaired
POS	Point of Sale
PPDA	Public Procurement and Disposal Act
PPE	Property Plant and Equipment
PSFU	Private Sector Foundation Uganda
Q & A	Question and Answer
RIT	Risk and IT Committee
ROA	Return on Assets
ROE	Return on Equity
ROU	Right of Use

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Acronym

RTGS	Real-Time Gross Settlement	UECCC	Uganda Energy Credit Capitalisation Company
RWA	Risk Weighted Assets	UGX	Uganda Shillings
S&P	Standard & Poor	UPI	UnionPay International
SACCO	Savings and Credit Organisations	URA	Uganda Revenue Authority
SDGs / UN SDGs	United Nations Sustainable Development Goals.	URSB	Uganda Registration Services Bureau
SIBS	Systemically Important Banks	USD	United States Dollar
SICR	Significant Increase in Credit Risk	USH	Uganda Shilling
SICR+C145	Significant Increase in Credit Risk	USSD	Unstructured Supplementary Service Data
SIR	Sustainability Impact Report	VAR	Value at Risk
SME	Small and Medium Enterprises	VAT	Value Added Tax.
SOPs	Standard Operating Procedures	VSLA	Village Saving Loans Association
SPPI+C148	Solely Payments of Principal and Interest	WFP	World Food Programme
TAT	Turnaround time	WHO	World Health Organisation
TENT	Tent Partnership for Refugees	WHT	Withholding Tax
TIN	Tax Identification Number	WIP	Work in progress
Tn	Trillion	WV	World Vision Uganda
TTs	Telegraphic Transfers	WWF	World Wide Fund for Nature
UDB	Uganda Development Bank	YoY	Year on Year



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