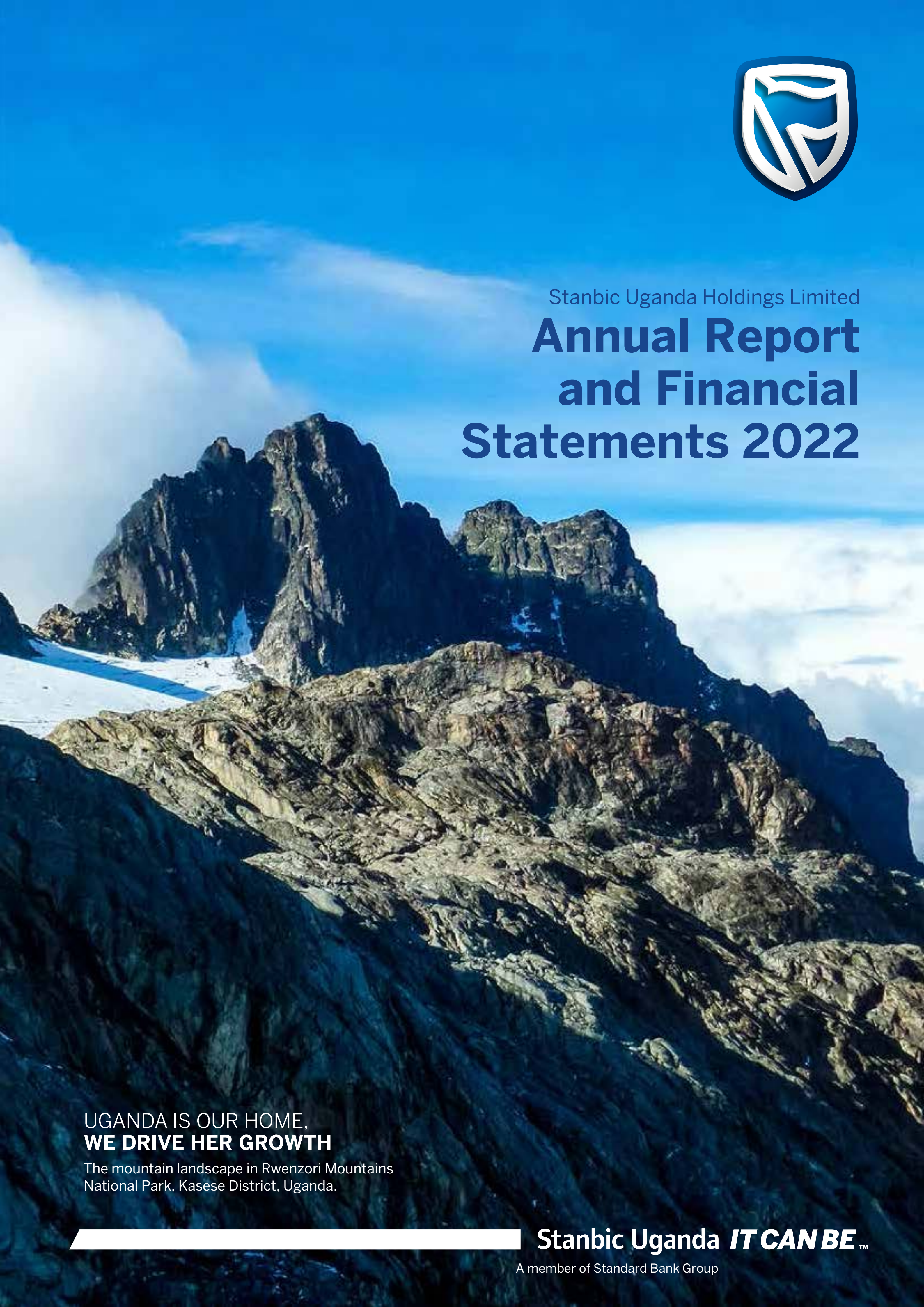

Stanbic Uganda Holdings Limited

Annual Report and Financial Statements 2022

UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

The mountain landscape in Rwenzori Mountains National Park, Kasese District, Uganda.

Stanbic Uganda *IT CAN BE*™

A member of Standard Bank Group

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This section provides information on our shareholding structure and shareholder relevant documents such as the AGM Notice, the Proxy Form and the company contact information.

List of acronyms

ABC	Agent Banking Corporation
ACCA	Association of Certified Chartered Accountants
AGM	Annual General Meeting
ADF	Africa Development Fund
AFS	Annual Financial Statements
ALCO	Asset and Liability Committee
AML/CFT	Anti Money Laundering /Combatting the Financing of Terrorism
ATM	Automated Teller Machines
BCP	Business Continuity Plan
BAC	Board Audit Committee
BALCO	Board Asset and Liability Committee
BCC	Board Credit Committee
BCC	Business and Consumer Clients
BCM	Business Continuity Management
Bn	billion
BNA	Bulk Note Acceptor
BOD	Board of Directors
BOU	Bank of Uganda
BRMC	Board Risk Management Committee
BUBU	Buy Uganda Build Uganda
CAR	Capital Adequacy Ratio
CBR	Central Bank Rate
CCAEA	Climate Change Climate East Africa
CBS	Core Banking System
CCC	Customer Care Centre
CDE	Customer Decisioning Engine
CDM	Cash Deposit Machine
CHNW	Consumer and High Networth Customers
CIB	Corporate and Investment Banking
CLR	Credit Loss Ratio
CMA	Capital Markets Authority
CRMC	Credit Risk Management Committee
CSP	Customer Service Point
CSI	Corporate Social Investment
CTI	Cost to Income Ratio
CSR	Corporate Social Responsibility
C&R	Custody and Registry
DBS	Deferred Bonus Scheme
EAD	Exposure at Default
EACOP	East Africa Crude Oil Pipeline
EAR	Earnings at Risk
ECI	Employee Community Involvement
ECL	Expected Credit Loss
EERF	Economic Enterprise Restart Fund
EIR	Effective Interest Rate
ESG	Environment Social and Governance
EPS	Earnings per Share
ETR	Employee Turnover Rate
ERM	Enterprise Risk Management
FDI	Foreign Direct Investments
FIA	Financial Institutions Act
FID	Final Investment Decision
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GRI	Global Reporting Initiatives
GDP	Gross Domestic Product
GSIS	Group Share Incentive Scheme
GoU	Government of Uganda
GRS	Global Remuneration Services
HC	Human Capital
AS	International Accounting Standards
IA	Internal Audit
IASB	International Accounting Standards Board
IC	Intellectual Capital
ICAAP	Internal Capital Adequacy Assessment Process
ICPAU	Institute of Certified Public Accountants of Uganda
ICT	Information and Communication Technology
IDG	International Development Groups

IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IIS	Interest in Suspense
IMF	International Monetary Fund
IRB	Internal Ratings-Based approach
ISAs	International Standards on Auditing
JSE	Johannesburg Stock Exchange
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer
L&D	Learning and Development
LGD	Loss Given Default
LPO	Local Purchase Order
MFC	Manufactured Capital
MDI	Microfinance Deposit Accepting Institution
MFID	Markets in Financial Instruments Directive
MPC	Monitory Policy Committee
MSME	Micro, Small and Medium Enterprises
NBI	National Bank of India
NBS	National Broadcasting Services
NC	Natural Capital
NED	Non-Executive Director
NEMA	National Environment Management Authority
NIM	Net Interest Margin
NIRA	National Identification and Registration Authority
NPS	Net Promoter Score
OCI	Other Comprehensive Income
OHS	Occupational Health and Safety
PAT	Profit After Tax
PAU	Petroleum Authority Uganda
PAYE	Pay as You Earn
PBT	Profit Before Income Tax
PD	Probability of Default
PFIs	Participating Financial Institutions
PSC	Private Sector Credit
PMI	Purchase Manager's Index
PPE	Personal Protective Equipment
PWC	PricewaterhouseCoopers
RAS	Risk Appetite Statement
REPO	Repurchase Loan Agreement
RET	Regrettable Employee Turnover rate
ROA	Return on Assets
ROE	Return on Equity
MUK	Makerere University Kampala
RSL	Interest Rate Sensitive Liabilities
SACCOs	Savings and Credit Cooperatives
SAHL	Stanbic Africa Holdings Limited
SBUL	Stanbic Bank Uganda Limited
SEE	Social Economic and Environment
SFIs	Supervised Financial Institutions
SME	Small and Medium Enterprises
SOFP	Statement of Financial Position
SBGS	Standard Bank Group Securities
SPL	Stanbic Properties Limited
SBIL	Stanbic Business Incubator Limited
SUHL	Stanbic Uganda Holdings Limited
SRC	Social and Relational Capital
SEE	Social Economic Environmental
TED	Technology Entertainment and Design
UBL	Uganda Breweries Limited
UCBL	Uganda Commercial Bank Limited
URA	Uganda Revenue Authority
USE	Uganda Securities Exchange
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
UNOC	Uganda National Oil Company
VAF	Vehicle and Asset Finance
VSLA	Village Savings and Credit Associations
WFO	Work from Office
YELP	Young and Emerging Leaders Project

Financial definitions

COMPOUND ANNUAL GROWTH RATE - CAGR	The average year-on-year growth rate of an investment over several years.
PROFIT FOR THE YEAR (UShs)	Annual Income statement profit attributable to ordinary shareholders stated in Uganda Shillings.
EARNINGS PER SHARE (UShs) - EPS	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue stated in Uganda Shillings..
RETURN ON AVERAGE EQUITY (%) - ROE	Earnings as a percentage of average ordinary shareholders' funds.
RETURN ON AVERAGE ASSETS (%) - ROA	Earnings as a percentage of average total assets.
NET INTEREST MARGIN (%) - NIM	Net interest income as a percentage of average total assets.
CREDIT LOSS RATIO (%)	Provision for credit losses per the Statement of Comprehensive Income as a percentage of gross loans and advances.
COST-TO-INCOME RATIO (%)	Total operating expenses as a percentage of total income before deducting the provision for credit losses.
EFFECTIVE TAX RATE (%)	The income tax charge as a percentage of income before tax, excluding income from associates.
DIVIDEND PER SHARE (UShs)	Total ordinary dividends declared per share with respect to the year.
DIVIDEND COVER (TIMES)	Earnings per share divided by total dividends per share.
PRICE EARNINGS RATIO (%)	Closing share price divided by earnings per share.
DIVIDENDS YIELD (%)	Dividends per share as a percentage of the closing share price.
CORE CAPITAL	Permanent shareholder's equity in the form of issued and fully paid-up shares plus all disclosed reserves, less goodwill or any intangible assets.
SUPPLEMENTARY CAPITAL	General provisions which are held against future and current unidentified losses that are freely available to meet losses which subsequently materialize, and revaluation reserves on banking premises, and any other form of capital as may be determined from time to time, by the Central Bank.
TOTAL CAPITAL	The sum of core capital and supplementary capital.
TOTAL CAPITAL ADEQUACY	Total capital divided by the sum of total risk weighted assets and total risk weighted contingent claims.
CREDIT IMPAIRMENT CHARGE (SHS)	The amount by which the period profits are reduced to cater for the effect of credit impairment.
LENDING RATIO	Net loans and advances divided by total deposits.
PERCENTAGE CHANGE IN CREDIT LOSS RATIO (%)	Ratio of change in the rate of credit loss impairment between time periods.
PERCENTAGE CHANGE IN THE IMPAIRMENT CHARGE (%)	Ratio of change in the rate of impairment charge between time periods.
SOFP CREDIT IMPAIRMENT AS A % OF GROSS LOANS AND ADVANCES (%)	Ratio of the Statement of Financial Position credit impairment to gross loans and advances.

UGANDA IS OUR HOME AND,
WE DRIVE HER GROWTH

Sunset over the tea growing hills near Bwindi and Queen Elizabeth National Park, Uganda, Western Uganda

ABOUT STANBIC UGANDA HOLDINGS LIMITED

About this Report

The Stanbic Uganda Holdings Limited report explains how we are fulfilling our purpose, delivering the strategic priorities and measuring our financial and non-financial progress.

This report provides material information our providers of capital need to assess the opportunities, risks and relationships influencing our ability to create and preserve sustainable value. It describes the progress we are making in executing our medium-term strategy and our performance in the past year, as measured by the leading and lagging indicators associated with our strategic value drivers. It also explains our governance approach and the work we do to guard against value erosion. We aspire to create measurable and sustainable value for all our stakeholders. We are guided by our purpose and adopt an integrated approach to the way we think and make decisions. We take into account our operating context, emerging trends and the implications thereof on the group. We consider the individual concerns and the collective interests of our stakeholders. This enables us to identify opportunities, risks and possible constraints to our strategic delivery and value creation.

When talking about our business and strategy, we reference our six strategic value drivers, which focus and measure our strategic delivery and the value we aspire to create for all our stakeholders. We use our strategic value drivers to manage the quality and cost of the resources and relationships we need to deliver our strategy. The six capitals defined in the International Integrated Reporting Framework are reflected across the six strategic value drivers, and where there is a direct link between the two, this is noted

Scope and reporting boundary

This report covers the period 1 January 2022 to 31 December 2022 and includes material events and information up to the date of Board approval on approval on 2 March 2023. The data in this report both financial and non-financial pertains to Stanbic Uganda Holdings Limited as the reporting entity, including all entities over which we have control or significant influence. Certain metrics, however, relate to specific categories of activity only and are clearly noted as such. The reporting boundary includes the strategic narrative pertaining to the Group's business model, strategy, performance and prospects.

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

Capitals

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

Key frameworks

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

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

Our Purpose

Uganda is our home,
we drive her growth.

Our Vision

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

Our values

Serving our customers

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

Delivering to our shareholders

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

Working in teams

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

Respecting each other

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

Growing our people

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

Being proactive

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

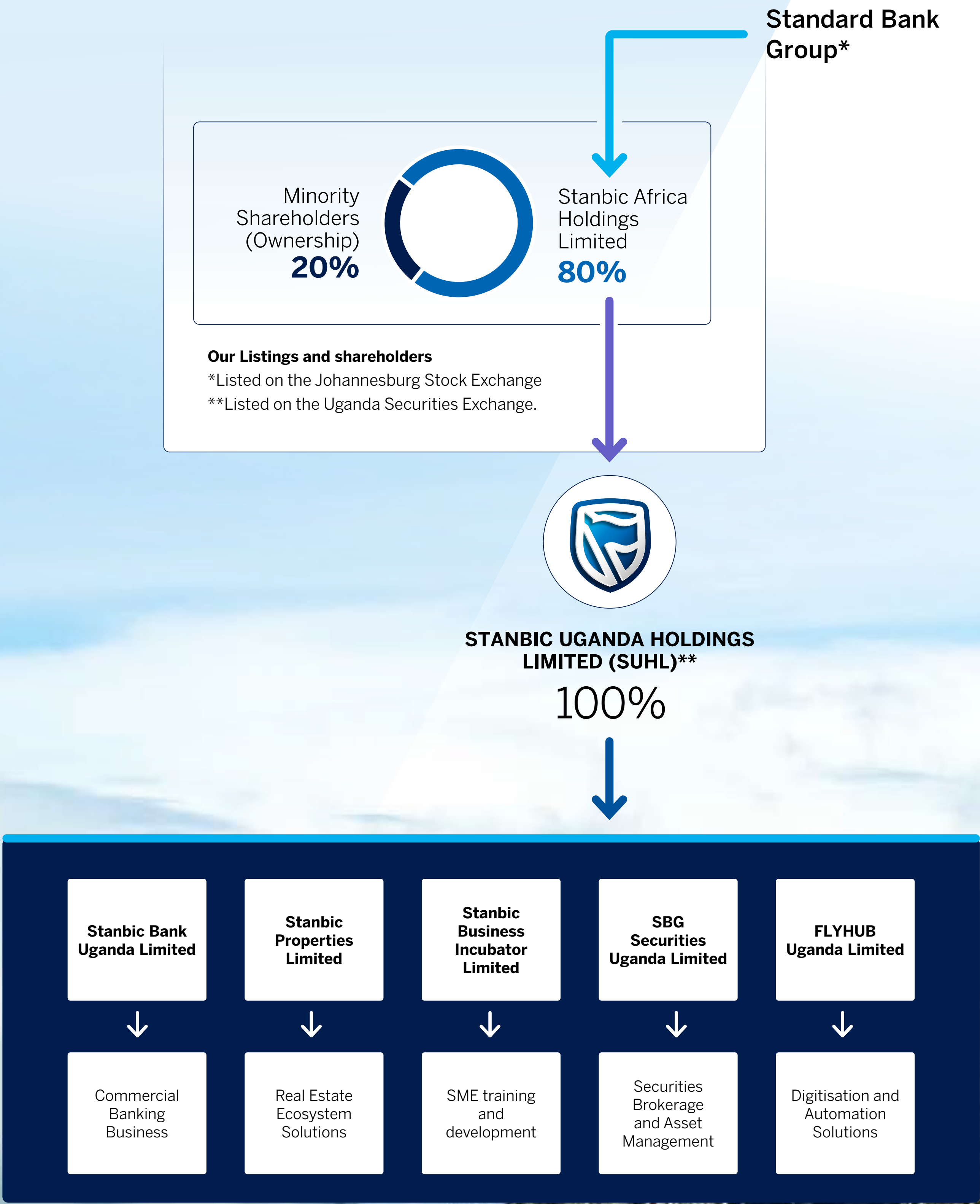
Constantly raising the bar

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

Upholding the highest levels of integrity

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

Our Organisation Structure



GROW FASTER TOGETHER AS A SACCO
Gain access to diversified opportunities.
Benefits Include:
• Attractive Interest Rates at 12.5% & 10% for Agriculture based SACCOs
• Connection to markets
• Digitizing of your financial records and processes
• Unsecured loan amounts of UGX 200M for first-time borrowers and UGX 400M for repeat borrowers
• No monthly fees or transaction charges
• Attractive short and long-term investment solutions
• Affordable insurance packages
For more information, contact Enterprise direct on +256 321 226 600 or email us on enterprisedirectug@stanbic.com
Terms & Conditions Apply.
With us you're one step closer
Stanbic Bank IT CAN BE™
Stanbic Bank Uganda Limited. A Financial Institution regulated by the Bank of Uganda and Customer Deposits are protected by the Deposit Protection Fund of Uganda up to UGX 10 million, Terms & Conditions Apply. License Number A1. 030
@stanbicug

Who we are

A brief History of Stanbic Uganda Holdings Limited (SUHL)

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

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

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

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

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

SUHL now has five subsidiaries i.e., Stanbic Bank Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited, FLYHUB Uganda Limited and SBG Securities Uganda Limited. The corporate structure can be found on Page 4.

Facts about Stanbic Uganda Holdings Limited as at 31 December 2022

Total Assets: UShs 9tn	Number of Subsidiaries: 5	Number of Customers: 637,694
Market Capitalisation: UShs 1tn	Number of Branches: 70	Number of CSPs: 11
Shareholders: 22,416	Bank Agents: 8,374	Point of sale machines: 1,596

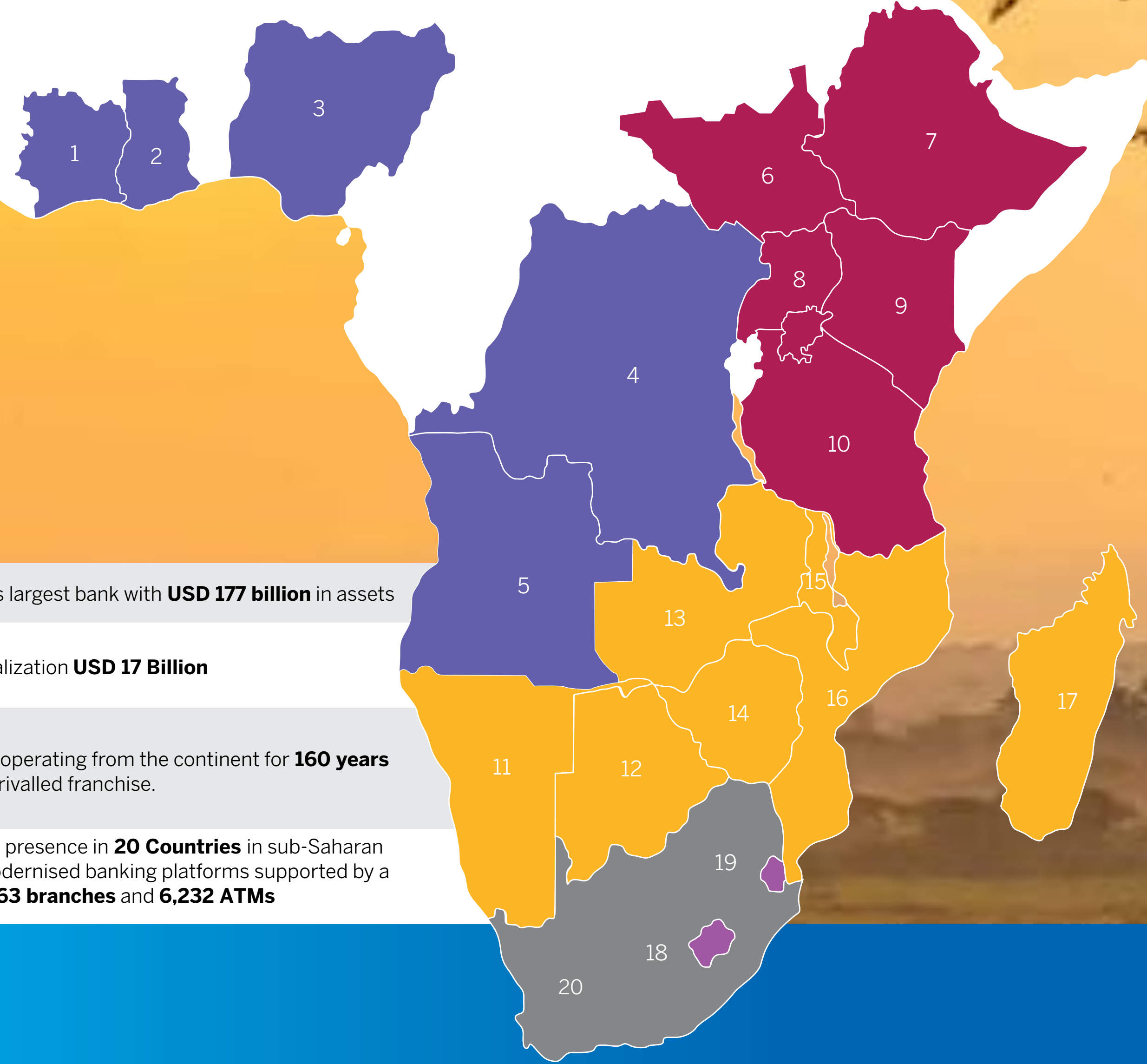
Total numbers of Employees: 1,907

ATMs

Cash Dispensers	Intelligent ATMs	Cash Deposit Machines
117	40	21

We are part of a bigger group - The Standard Bank Group

Standard Bank Group Footprint



We are Africa's largest bank with **USD 177 billion** in assets

Market Capitalization **USD 17 Billion**

We have been operating from the continent for **160 years** building an unrivalled franchise.

On the ground presence in **20 Countries** in sub-Saharan Africa with modernised banking platforms supported by a footprint of **1163 branches** and **6,232 ATMs**

West Africa

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

East Africa

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

South & Central Africa

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

Presence international Markets.

- Beijing
- Dubai,
- London,
- New York
- Sao Paulo

International Financial Services

- Isle of man
- Jersey
- Mauritius

Standard Bank Group on the presence in 20 Countries in sub-Saharan Africa

UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

In the Tutum Cave with waterfall, Sipi trail, Mount Elgon, Eastern Uganda

LEADERSHIP INSIGHTS

Chairman's Statement

Japheth Katto –
Board Chairman

Dear Shareholders,

In June 2014, I assumed office as Chairman of the Board of Stanbic Bank Uganda Limited. Our vision at the time was to be the leading African financial services organisation in, for and across Africa, and our purpose was to transform lives for a better Uganda. We have steadfastly pursued this vision and purpose. Additionally, we committed to delivering value to our shareholders, customers, and stakeholders and we have made tremendous progress to date, which progress I am immensely proud of.

Over the last nine years, the organisation has grown and transformed. Notably, a new corporate structure was created in 2019 comprising Stanbic Uganda Holdings Limited, the holding company, and five wholly owned subsidiaries namely Stanbic Bank Uganda Limited, the anchor subsidiary; Stanbic Properties Limited; SBG Securities Uganda Limited; Flyhub Uganda Limited; and Stanbic Business Incubator Limited, all collectively referred to as Stanbic Uganda. In so doing, the organisation's portfolio was diversified beyond banking to widen our offering to customers and maximise shareholder value and return. We are proud to have been the first bank in Uganda to adopt such an innovative and comprehensive structure. Following the restructure, I was honoured to became chairman of the holding company which is listed on Uganda Securities Exchange (USE).

Performance

I am pleased to report that Stanbic Uganda performed remarkably well in 2022 across all key performance indicators, with a Profit After Tax of UGX 357 billion and a Return on Equity of 21.6%, above a target of 20%. We supported our customers in various sectors of the economy, and notably, our Banking subsidiary gave out credit worth UGX 4 trillion, representing an 8% growth from 2021.

This performance is especially commendable given the challenging operating environment characterised by post-Covid 19 lingering effects, geopolitical tensions, the effects of global economic uncertainty marked by rising inflation, high energy and food prices and volatile markets. The Chief Executive's Statement highlights further details on our performance metrics.

Strategy and Risk

The Board focused on enhancing synergies and collaboration across all the subsidiaries to optimise value creation. We remain optimistic about the immense opportunity and potential for growth that the beyond-banking subsidiaries continue to leverage across critical sectors of the economy.

The implementation of the Future Ready Transformation strategy also continued during the year, and this was marked by crucial investments geared towards enhancing our client experience and ensuring that we can innovatively serve our clients. The Board will continue to support Management on this innovation journey.

The Board ensured that the execution of our strategy was achieved within the parameters of our risk appetite. As such, there was a heightened focus on the broad spectrum of risks across the organisation. The Board will continue to champion a risk-aware culture throughout the organisation and support Management in enhancing our risk management capabilities. The details of risk management are contained in the Risk statement on Page 52.

Regulatory Landscape

The regulatory landscape of the organisation is now broader, owing to the diversification of the portfolio to beyond-banking services. The Board is cognizant of this broader regulatory landscape and maintains a keen focus on the heightened regulatory risk across the organisation.

During the year, Bank of Uganda issued consolidated corporate governance guidelines to supplement the regulations and guidance notes issued in the past, in line with international best practice, including those related to holding companies and subsidiary structures. The Board participated in consultative processes with Bank of Uganda on the guidelines, and we have since commenced embedding these guidelines across the organisation.

Other critical regulatory changes during the year included the revision of the minimal capital requirements for all financial institutions, which resulted in the increase of the banking subsidiary's paid-up share capital by 200%, from UGX 51 billion to UGX 153 billion, amendments to the Anti-Money Laundering Act, 2022 and the passing of the National Payment Systems (Consumer Protection) Regulations, 2022.

The legal and regulatory framework governing the brokerage and investment subsidiary continues to be subject to review by the Capital Markets Authority in conjunction with other stakeholders. The Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2022, were amended in the year.

Board Diversity

54% Male

46% Female

Proposed Dividends per share

UShs **3.61**

Corporate Governance

The Board maintained it's practice of striving to provide relevant insight and foresight to the organisation in line with it's duty to champion the highest standards of corporate governance. I am confident this practice will remain at the core of the Board's culture for many years.

We have made remarkable progress towards achieving diversity on the Board across key indicators such as gender, age, and skills. Today, 70% of the directors of the Bank subsidiary are female, and 45% of the directors across the organisation are below forty years of age. In addition, the board members have wide ranging skills including banking, capital markets, finance, auditing, corporate governance, IT, digital, human resources, agribusiness, and customer service. Board diversity will continue to be a key philosophy informing appointments to boards of the various entities. Please refer to the Corporate Governance Report on Page 88 for details.

At the end of 2022, Prof. Patrick Mangheni, as part of the Bank Board Chairmanship succession plan, completed his term as Board Chairman of the Bank. Subsequently, Mr Damoni Kitabire was appointed as the Bank Board Chairman. Prof. Patrick Mangheni will continue to serve on the Bank Board until the 2023 Bank Annual General Meeting (AGM).

New Board appointments were made during the year to further enhance the diversity of skills and experience. Mr Robert Busuulwa was appointed as a Non-Executive Director to the SUHL Board, Ms Kim Kamarebe was appointed to the Bank subsidiary board as a Non-Executive Director, Mr Hasan Khan was appointed to the Board of Flyhub Uganda Limited, and Ms Pauline Mbayah was appointed to the Board of Stanbic Business Incubator Limited.

I would like to sincerely thank Prof. Mangheni for his steadfast leadership, intellectual curiosity, dedication, and commitment that he so readily and consistently offered to the Bank Board during his time as Chairman.

I would also like to extend my appreciation to Mr Samuel Zimbe, who retired as SUHL Board member and Chairman of the Audit and Risk committee at the 2022 AGM. During the year, Mr Samuel F. Mwogeza, Ms Candy W. Okoboi and Ms Patricia N. Musiime, stepped down from the respective subsidiary Boards on which they served following the regulator's new requirements prohibiting Bank executives from serving on the beyond-bank subsidiaries' Boards. I am grateful for their service and expertise.

Awards

Stanbic Uganda continued to be recognised for it's exceptional performance and leadership in many fields, a trend we have consistently maintained over the years. Yet again, we received several Financial Reporting Awards for outstanding achievement in Sustainability Reporting, Listed Entity Reporting, Integrated Reporting and Corporate Governance Reporting. The Bank subsidiary received several awards for it's excellent performance, notably, the Primary Market Dealer Market Maker Award for a record 11th time, the Digital Impact Awards Africa, the Best Commercial Bank Award in 2022 Consumer Choice Awards, the Digital Banking Excellence Award (Gold), and the Best Digital Campaign Excellence Award (Silver) for the year 2022. I was also honored to receive the Chairperson of a Listed Company Award at the Non-Executive Director Awards organised by the League of East African Directors for the second year running. I dedicated the award to the excellent Board and management team that made this recognition possible.

Sustainability

Sustainability remained a fundamental item on the Board's agenda throughout the year following the approval of the Social Economic Environmental (SEE) Framework, the Corporate Social and Investment Policy and the Environment Social and Governance (ESG) Policy and Standards. The Board, therefore, ensured that sustainability and ESG priorities were aligned across the organisation.

The Bank subsidiary rolled out the "*Stanbic For Her*" proposition, a unique offering of financial and non-financial services for women in business to empower them with competitive abilities to succeed in business. Over 18,500 women have been trained in the fundamentals of bookkeeping, tax reporting and accounting. We have also scaled investment in financial inclusion efforts, and through our SACCO proposition, we have impacted over 2 million Ugandans across the country.

Our flagship sustainability programs, including the National Schools Championship (NSC) and the Stanbic Business Incubator program, continued to be implemented. The NSC reached over 60,00 students across the country, equipping them with entrepreneurship skills and over 3,100 small businesses benefitted through the various capacity development programmes implemented by the Stanbic Business Incubator. We have also implemented other key CSI initiatives, notably raising support and awareness for maternal health in partnership with the Ministry of Health, and other corporate partners. In 2022, this initiative mobilised support in form of hospital equipment which directly benefited 26 health facilities across the country.

I commend Management for the progress made in implementing our ESG-linked initiatives and reiterate the Board's commitment to continue supporting Management in implementing the sustainability agenda.

Further details on our sustainability initiatives are contained in the Report to Society, page 64.

Dividend

On July 25th, 2022, SUHL paid a dividend of UGX 100 billion comprised of a 2021 final dividend of UGX 50 billion and a 2022 interim dividend of UGX 50 billion. This followed receipt of the required regulatory approvals and was the first post-pandemic dividend pay-out by a regulated financial institution in Uganda.

The recommendation for payment of a final dividend for the year ended 31 December 2022 will be presented to the shareholders for consideration at the forthcoming Annual General Meeting on June 2nd, 2023.

Appreciation and Looking Forward

I have had the immense privilege of supporting this incredible organisation's growth journey as Chairman of the Board. While the organisation has transformed over the years from a single entity to a holding company with five subsidiaries, it has remained firmly rooted in it's commitment to being part of the story of Uganda's growth. The impact it has had on the economy and society is undisputed.

This is my last statement as Chairman and director of Stanbic Uganda. I am proud of the milestones that we have been able to accomplish over the years. The work we have done in achieving our purpose – Uganda is our home, and we drive her growth – has been most fulfilling.

I would like to express my gratitude to the directors of Stanbic Uganda, past and present, with whom I have shared a professional and collegial working relationship over the years. Together, we have worked tirelessly to provide leadership and oversight which has resulted in the growth of this great organisation over the years. The Boards of all the subsidiaries are fully operational and continue to demonstrate the highest level of collaboration to ensure maximum value creation across the organisation. I have confidence that my colleagues will continue to steer this organisation in the right direction for the benefit of all our stakeholders. I also extend special thanks to the Standard Bank Group Regional Chief Executive, Mr Patrick Mweheire, for his insights and partnership with the Board through the years.

I would also like to extend my appreciation to all the Chief Executives, the Management teams, and our staff, past and present, who have worked tirelessly in the execution of the organisation's strategy under the leadership of the Board. I must also thank our regulators, customers, partners, the Standard Bank Group, and other stakeholders for their unwavering support, which has been invaluable in enabling us to realise our objectives and deliver on our promises.

In a special way, I would like to thank you, our shareholders, for entrusting me with the rare opportunity to serve as Chairman of Stanbic Uganda. Through the years, you have been most collaborative and adaptive, especially during challenging times such as the COVID-19 pandemic, during which we had to adopt new ways of working and interacting with you. I am especially grateful to you for the support you extended to us during the transition to a holding company structure. I must assure you, dear shareholders, that Stanbic Uganda remains solid as ever and will continue to be a beacon of growth and a key driver of transformation in our home, Uganda.

Despite the numerous challenges, much has been achieved, yet much more remains. I wish the Board, Management, and staff of Stanbic Uganda the best of luck as they strive to achieve the organisation's strategic objectives. I have no doubt in my mind that you will succeed. **IT CAN BE**.


Stanbic
FOR HER
Taking Every Woman
a Step Closer to her dreams
Her benefits Include;
• Financial fitness sessions.
• Connections to industry opportunities across all sectors e.g Oil and Gas.
• All round insurance cover for you and your business.
• 15.5% interest on all Loans*.
With us women are
one step closer
Stanbic Bank IT CAN BE™
*T&Cs Apply
Stanbic Bank Uganda Limited. A Financial Institution regulated by the Bank of Uganda and Customer Deposits are protected by the Deposit Protection Fund of Uganda. License Number A1. 030
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SUHL Chief Executive

Andrew Mashanda

Overview

The past 3 years have presented significant challenges across the world: from the disastrous effects of the COVID-19 pandemic to the Russia – Ukraine conflict and several natural disasters that have adversely impacted lives and caused great economic loss. In 2022, the global economy was particularly impacted by the Russia – Ukraine conflict which contributed to supply chain disruptions, higher commodity prices, higher interest rates and a sharp rise in the cost of living.

Uganda, like other nations, felt the effects of this economic turmoil and uncertainty. In addition to these challenges, Uganda also experienced effects of the Ebola scourge, which put further pressure on the health infrastructure in some parts of the country, and the late arrival of seasonal rains, which led to lower agriculture yields.

In spite of the global and domestic challenges, 2022 was a strong year for Stanbic Uganda, in which we delivered remarkable performance. This performance is testament to our resilience and is a strong reflection of our unwavering commitment to a meticulous execution of our strategy, whose core pillars are hinged on continually transforming our clients' experience, executing with excellence and driving sustainable growth and value to our shareholders.

Performance

Our gross revenues for year grew 15% and crossed a record UGX 1 trillion mark while Profit After Tax (PAT) grew by 33% to UGX 357 billion. The balance sheet also remained quite strong with total capital adequacy at 21.3%, well above the regulatory minimum and sufficient to meet our future growth aspirations.

I would like to thank Anne Juuko, the Chief Executive of the Bank, our anchor subsidiary, for effectively leading the team to deliver these excellent results. I also commend the Chief Executives of the new subsidiaries and their teams for the critical work they are doing in implementing our strategy to diversify our portfolio beyond banking.

A detailed review of our performance, the underlying drivers and a report on the ways we continue to positively impact the communities in which we operate are included in Anne's statement on page 16 and in the Operating and Financial Review report on page 38.

Strategy

We diversified our portfolio and are established new businesses in other sectors of the economy. We are confident of the size of the opportunity and the immense potential that exists for us to contribute to the growth of our home, Uganda, even more.

Our asset management and brokerage subsidiary, SBG Securities Uganda Limited launched it's collective investments schemes offering – *Wezimbe*, whose offering will boost participation in capital and money markets. The brokerage segment of the business was impacted by the challenging operating environment, marked by a significate drop in indices, which caused offshore and institutional investors to exit in pursuit of safety. We however believe this drop has bottomed out and we will start recovery, as several companies declare decent financial results and dividends.

Our real estate business, Stanbic Properties Limited, has remained profitable despite halting it's valuation business line due to regulatory developments. The company has embarked on critical projects aimed at redeveloping our portfolio across the country to increase their commercial viability.

Stanbic Business Incubator Limited continues to play a critical role in developing the capacity of small and medium enterprises (SMEs) in Uganda to facilitate their sustainability in this challenging environment. In 2022, over 3,700 companies were trained on key business management fundamentals and some of them were supported in their journeys to access financing. We take pride in the positive impact we have made in this space and remain committed to supporting the growth and development of SMEs in Uganda.

To support all these ventures, FLYHUB—our technology subsidiary—has continued to serve as a curator and solutions provider for our businesses. FLYHUB is gradually scales it's capacity to be able to extend it's services beyond the Stanbic ecosystem. We are committed to leveraging technology to drive innovation and create value for our customers.

The implementation of our strategy is underpinned by prioritizing and embedding social, economic, and environmental considerations in our operations. Our sustainability framework extends beyond the traditional corporate social investment model and now forms part

Return on Equity

↑ 3%

22%

2021: 19%

Capital Adequacy

↑ 1%

23%

2021: 22%

In spite of the global and domestic challenges, 2022 was a strong year for Stanbic Uganda, in which we delivered remarkable performance. This performance is testament to our resilience and is a strong reflection of our unwavering commitment to a meticulous execution of our strategy, whose core pillars are hinged on continually transforming our clients' experience, executing with excellence and driving sustainable growth and value to our shareholders.

of the core of our businesses. Details of the progress we are making towards achieving our sustainability goals are contained in the **Report to Society** on page 64.

Looking ahead

We have braved through periods of uncertainty over the last 3 years, individually and as an organisation. And while we may be bruised, we remain unbowed in our focus and determination to pursue our strategy with renewed hope. We will continue to innovate for our customers, and deliver a superior banking experience, while accelerating the growth our new businesses to deliver more value and return for our stakeholders and shareholders.

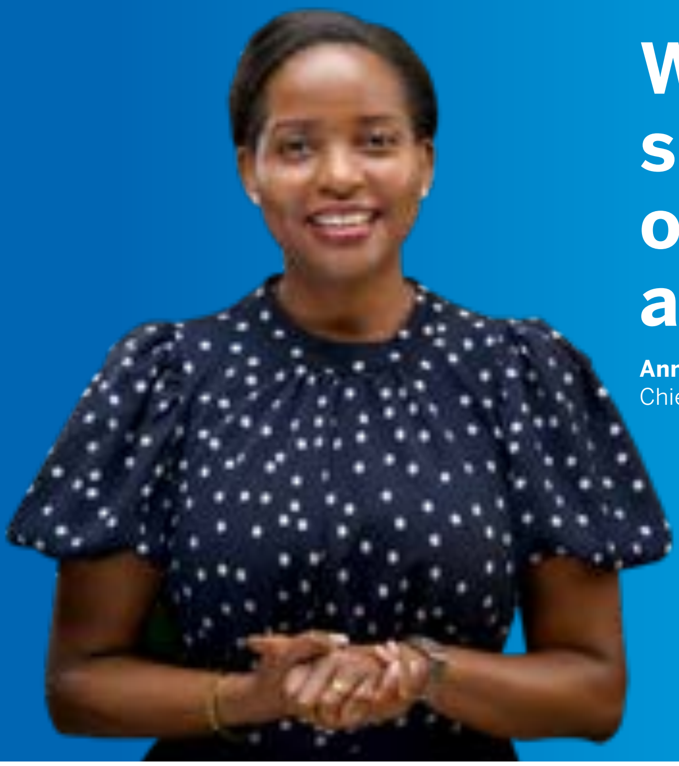
Appreciation

On behalf of the Stanbic Uganda community, I would like to pay special tribute to our Board Chairman, Mr. Japheth Katto, who will be retiring from the Board. Mr. Katto served on the Board with utmost commitment, dedication and distinction for over 9 years. He initially served as the Chairman of the Bank Board and later as Chairman of the Holding Company, following the corporate restructure in 2019. Mr. Katto has been instrumental to the continued growth and transformation of this organisation and his immense contribution is undisputed. Together with the Board, he has provided critical oversight and foresight which has seen us set a solid foundation for sustainable growth. We remain most grateful for his service to Stanbic Uganda and wish him the very best in his future endeavours.

I would also like to extend my deepest appreciation to Prof. Patrick Mangheni, who served as Chairman of the Board of the Bank subsidiary and Ms Sola David-Borha who served as a director on the Board of the Holding Company and the Bank subsidiary, both of whom will be retiring from the Board. I am grateful for Prof. Mangheni and Ms David-Borha's unwavering dedication in their service to Stanbic Uganda and their commitment to the success of the organisation. We will miss their wisdom, candour, deep knowledge, and experience.

I thank Management and all our staff, for the commendable excellence with which we have served our customers despite the challenging environment. The success of the organisation is your success too, which you must remain proud of. I have no doubt in my mind that we will continue in this spirit in 2023.

Last, but not least, I would like to appreciate our customers, shareholders, partners, and all our stakeholders for their unwavering support and commitment to Stanbic, and for their confidence in the Board and Management to steward this organisation forward. We will maintain a dedicated focus on achieving our purpose – Uganda is our home, we drive her growth – in all we do, because **IT CAN BE.**



We delivered shared value for our shareholders and customers

Anne Juuko
Chief Executive SBUL

Ladies and gentlemen, esteemed shareholders,

I am pleased to present to you our comprehensive performance report for the year 2022, during which we achieved significant success despite the challenging economic landscape both domestically and internationally. Throughout the year, we focused on creating shared value for our key stakeholders, ensuring that we navigated the residual effects of the Covid-19 pandemic and contributed to Uganda's economic recovery.

Similar to other global economies, Uganda's journey to recovery continued in 2022. However, we faced additional hurdles due to emerging risks in the external environment, particularly the Russia-Ukraine conflict that erupted in the first quarter of the review period. This conflict disrupted supply chains, resulting in elevated global commodity prices and tighter financial conditions. Additionally, local agricultural harvests were adversely affected by unfavorable weather conditions and this contributed to a higher inflation within the country.

Nevertheless, the resilience of the Ugandan economy presented us with practical opportunities to fulfill our purpose of driving growth. We capitalized on these opportunities by leveraging our diverse product solutions, services, and strategic partnerships. Notably, we supported the recovery of our customers in both the public and private sectors, while simultaneously investing in our most valuable operational resources—our human capital and technology.

Business Performance Highlights

Our financial report exemplifies our leadership position in critical performance metrics, including profitability, assets, customer deposits, and income, all of which have been enabled by our commitment to supporting the economic recovery and growth of our customers. We celebrate attaining financial milestones like total income exceeding a trillion shillings, and customer deposits growing to a high of Ush. 6.1 trillion, and credit to customers robustly expanding to Ush. 4.1 trillion. These shifts in drivers yielded a Profit After Tax of Ush. 366 billion, a significant increase from Ush. 275 billion in 2021.

The scale and growth attained in 2022 resulted in a 22 percent Return on Equity, up from 19 percent in the previous year. Accordingly, our Earnings Per Share rose to 6.9, compared to the previous year of 5.2. This implies our shareholders will receive Ush. 235 billion in dividends for the period in review.

Profit after Tax

↑ 33%

UShs 366 billion

2021: UShs 275 billion

Total Revenue

↑ 14.9%

UShs 1 trillion

2021: UShs 903 billion

I am also pleased to report a reduction in Non-Performing Loans to 3 percent in 2022, down from 5 percent the previous year. Our Total Capacity Adequacy remained healthy and exceeded regulatory requirements at 23 percent.

Our success in delivering value to our shareholders would not have been possible without our most vital resource—our exceptional human capital. During the fiscal year, we invested over Ush. 212 billion in the professional development and well-being of our employees. As part of our corporate leadership commitment, we have proactively embraced diversity and inclusion. We pledge to continue pursuing a minimum target of 10 percent of our total workforce consisting of individuals living with disabilities.

Additionally, our bank has taken a pioneering role in advancing the sustainability agenda through our recently approved Environmental, Social, and Governance (ESG) framework. This framework aligns us with international standards, enabling us to conduct business responsibly, promote shared value, and contribute to sustainable development. A critical and scalable opportunity is partnering with our clients to jointly pursue environmentally progressive initiatives.

I am also delighted to report on our collaboration with the government in mobilizing local revenues and fulfilling its fiscal mandate, which aligns with our purpose of driving Uganda's growth. In 2022, Stanbic Bank contributed over Ush. 272 billion in taxes, establishing us as the largest taxpayer in the banking sector. Furthermore, we facilitated the remittance of Ush. 7.5 trillion in taxes paid by Ugandans through Stanbic banking channels, representing 33 percent of the total remittances to the government by the entire banking industry.

As a bank that primarily focuses on lending, we recognize that credit is the lifeblood of the economy and a significant driver of Uganda's growth. Consequently, we intentionally direct our credit towards sectors with the highest potential for stimulating economic activity. Agriculture, being one of the country's key economic drivers, continued to receive substantial financing from Stanbic Bank, amounting to Ush. 437 billion in 2022.

Furthermore, our credit distribution in 2022 demonstrates our commitment to various sectors. Household/consumer lending received Ush. 1.04 trillion, trade Ush. 663 billion, real estate Ush. 573 billion, and transport/telecommunications Ush. 417 billion.

Financial Inclusion Efforts

I would also like to highlight our progress in financial inclusion, with a remarkable 30 percent increase in transaction volume in 2022. Through our flagship financial technology platform, FlexiPay, we provided digital financial services to over 500,000 unbanked Ugandans.

We take pride in our partnership with the government's Operation Wealth Creation and other development partners, which enabled millions of Ugandans to access affordable credit through our Savings and Credit Cooperatives (SACCO) lending and capacity building programs. During the reviewed period, we served over 6100 SACCOs with nearly 2 million members across the country. These cooperatives accessed affordable credit amounting to Ush. 40 billion, with interest rates as low as 10 percent per annum for those involved in the agricultural sector.

In the first quarter of 2022, we launched Stanbic4Her, a program designed to support women-led businesses. This initiative offers business management training, networking opportunities, market linkages, and access to affordable credit with interest rates as low as 15.5 percent per annum. Thanks to support from the International Finance Corporation (IFC), we successfully trained over 18,500 women in bookkeeping, tax reporting, and accounting, empowering them to manage their businesses effectively. We also disbursed over Ugx 20bn to women in business through this solution.

Looking ahead

We acknowledge the emerging challenges in the international operating environment, which may impact the pace of growth achieved in 2022. Our objective for the upcoming year and beyond is to sustain our growth momentum by strengthening our operational risk management capabilities, improving operational efficiency, and maintaining our focus on customer-centric solutions that unlock growth opportunities.

UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

Panoramic crater lake view from the top in the crater lake region in Uganda near Kibale

HOW WE CREATE VALUE

How we serve our clients

Our operating model is client led and structured around our client segments. This enables the Group to deliver integrated and seamless financial services that meet individual client needs, reduce the time and cost to serve them, and to innovate more quickly and efficiently.

Client Segments

Client segments are responsible for designing and executing the client value proposition. They own the client relationship and create multi-product and experiences distributed through our client engagement platforms.

Corporate Investment Banking

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

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

Products

Global markets (Forex, Money markets/ FI and Credit trading, Structured Derivatives)

Investment Banking (Corporate Finance, debt capital markets, debt solutions)

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

Business and Commercial Clients

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

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

Products

- Products
- Payments
- Collections
- Current accounts
- Savings & Investments
- Term Financing
- Trade Finance

Consumer & High Net worth clients

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

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

Products

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

Beyond banking

SBG Securities Limited.
- Assets management
- Securities brokerage
- Investment advisory

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

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

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

Corporate functions

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

Corporate Functions

- Client Solutions
- Engineering
- Service Quality
- Credit
- Risk
- Governance
- Finance
- Human Capital
- Marketing and Communication
- Compliance Risk
- Internal Audit
- Legal

Legal Entity

- SUHL
- SBUL
- SPL
- SBIL
- SBGS
- FLYHUB

Our approach to value creation

Our clients are at the centre of everything we do. This is the central organising principle in the work we are doing to build a digital bank, redesign our operating models, and to develop our people and change our culture – which together will create long-term sustainable competitive advantage.

OUR CLIENTS

Strategy

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

More details in the Strategy Report on pages 24 to 30

Business units and corporate functions

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

More details in the Business Unit Report on pages 22 and 44 to 47

Operating context

Key trends show opportunity for growth and development in uganda, justifying the long-term optimism that underpins our strategy. However,we operate in a complex and constantly changing environment where our success depends on how well we embrace, anticipate and manage change, while also ensuring that the wellbeing of our clients and our country are at the centre of our responses. Further details on page 38

Risk appetite

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

More details in the Risk Management on pages 52 to 61

GOVERNANCE APPROACH TO VALUE CREATION OVER TIME

Our governance approach

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

Performance linked to value creation

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

Remuneration that drives value over time

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

RESPONDING TO OUR STAKEHOLDERS

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

Details on our response to our stakeholders is found on page 24 to 26

Note: Further details of what is being done with regards to specifc can befound in our **Report to Society.**

CREATING VALUE FOR STANBIC UGANDA

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

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

Ethical and effective leadership

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

CREATING VALUE FOR SOCIETY

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

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

Corporate citizenship

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

DRIVING UGANDA'S GROWTH OVER THE LONG TERM

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

Sustainable development

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

CLIENTS

Business and Commercial Clients

Consumer Hight Net Worth Clients

Corporate & Investment Banking

EMPLOYEES AND THEIR REPRESENTATIVES

Permanent

Temporary

Contract

GOVERNMENTS AND REGULATORS

Bank Of Uganda

Uganda Securities Exchange

Capital Markets Authority

Financial Intelligence Authority

Deposit Protection Fund

National Information Technology Authority

National Bureau for Non - Governmental Organisations

SHAREHOLDERS AND INVESTMENT ANALYSTS

Investors

Shareholders

Analysts

COMMUNITIES AND CIVIL SOCIETY

Suppliers

Media

Advocacy Groups

Public

Our Stakeholders and material issues

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

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

We are committed to:

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

How we engage with our stakeholders

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

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

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

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

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

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

How we determine our material issues.

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

Our material determination process.

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

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

Stakeholder priorities in 2022.

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

Clients:

Over 600k Clients

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

Our response

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

Related material issues.

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

Employees

1,907 Employees

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

Our response

- Invested over UShs 212 billion in employee development across the organisation.
- Further improved diversity metrics at senior and executive levels, including through targeted leadership development initiatives
- Continued to engage employees and managers regarding hybrid working options for different teams.

Related material issues.

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

Shareholders and investors

Over 22,000 Shareholders

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

Our response

- Regular engagements with investors
- Engagement with credit and ratings agencies.

Related material issues.

- Delivering sustainable value to shareholders

Communities and civil society

Non-governmental organisations (NGOs), community representatives

How we engage	Two-way engagement methods that can include online communication channels and in-person discussions.
Capitals impacted	• Social and Relationship capital. • Human Capital. • Intellectual Capital. • Natural Capital.
How we measure the quality of relationships	• Constructive engagements, media monitoring.
Priorities and concerns	• Social and environmental impacts of business activities.

Our response

- Robust screening, due diligence and engagement to assess economic, social and environmental risks and opportunities associated with our business activities

Related material issues.

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

Regulators and Government

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

How we engage	Two-way communication through a range of regulatory engagements and discussions.
Capitals impacted	• Social capital • Financial Capital • Intellectual Capital
How we measure the quality of relationships	• Constructive and positive engagements with our regulators
Priorities and concerns	• Financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/CFT) • Cybersecurity and data protection • Fintech, regulation of cryptocurrencies, digital platforms, open banking, cloud computing • Climate related risk • Financial inclusion and affordability • Conduct

Our response

- Engagement on material issues to ensure understanding of expectations, challenges
- Enhanced client due diligence, record keeping, suspicious and unusual transaction reporting (STR) and risk management
- Strengthened internal reporting on conduct risk and metrics Automation and machine learning to improve risk management

Related material issues.

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

Our value outcomes

Client Focus

- Strong relationships with diverse and growing client base of over 600,000 clients   Recognised brand strength and legitimacy
- Strong strategic partnerships support excellent client experience
- Growing revenue from non-financial services and solutions
- Physical and digital presence supports omnichannel service and distribution capability.

+

Employee Engagement

- Strong executive and leadership teams
- Deeply skilled and experienced people
- 1,907 employees
- High perfomance, ethical culture connected to our purpose

+

Risk Conduct

- Trusted relationships with stakeholders
- Mature governance and control systems
- Well-developed risk and capital management framework

+

Operational Excellence

- Strategic partnerships and digital capabilities support developing innovative solutions   Resilient and secure systems focused on providing 'always on, always secure' services   Increasingly simplified systems architecture.

=

Financial Outcome

- Large and well-balanced portfolio
- Robust capital structure and strong balance sheet
- Future-focused resource allocation.

+

See Impact

- Well-developed SEE approach
- Focused positive impact in seven areas

Creating and distributing financial value

By contributing to the prosperity of African economies, we grow our client base and potential markets and by thinking long-term, we ensure that our markets remain viable and prosperous into the future.

New loans disbursed to clients
UShs 3.9 billion
(2021: 3.0 billion)

Invested in our people
UShs 212 billion
(2021: UShs 179 billion)

Direct and indirect taxes to governments and regulators
UShs 149 billion
(2021: UShs 100 billion)

Invested in our operations, suppliers and third parties
UShs 171 billion
(2021: UShs 145 billion)

Returns to shareholders
UShs 185 billion
(2021: UShs 50 billion)

Reinvesting in the business
UShs 172 billion
(2021: UShs 219 billion)

Creating positive SEE impacts

By ensuring that the financial value we generate for our shareholders is underpinned by the creation of value for society, we build trust and long-term relationships with our clients and motivate and inspire our employees.

Our Strategy

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

Our purpose

The reason we exist

Uganda is our home, we drive her growth

Our strategic priorities

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

TRANSFORM CLIENT EXPERIENCE

We will transform the client experience using digital technology to support the human touch.

We aim to understand our clients as deeply and empathetically as we can, so we can use our human skill and digital capabilities optimally to help meet their needs and enable them to achieve their goals.

EXECUTE WITH EXCELLENCE

We will execute with excellence, delivering innovative and cost-effective products and services ourselves and in partnership with others.

Our values-led culture is underpinned by the principle of doing the right business, the right way.

DRIVE SUSTAINABLE GROWTH AND VALUE

We will drive long-term, environmentally and socially sustainable growth and value.

We will responsibly allocate our resources and strive to deliver positive impacts.

Our medium-term financial targets

What we commit to deliver

10%
Revenue growth

<50%
Cost to income growth

#20%
Return on equty (RoE)

Our long-term outcomes

The value we intend to create for our stakeholders

Growth and scale:
- Client Focus
- +
- Employee Engagement

+

Efficiency and resilience:
- Risk and Conduct
- +
- Operational Excellence

=

Legitimacy:
- Financial Outcome
- SEE Impact

Executing our strategy

Measuring value creation

We have measures and targets with which we track

the progress we are making in executing our strategy

Client Focus	**We consistently deliver excellent client and partner experience via an expanded range of innovative solutions.** **We measure** client satisfaction, active client numbers and beyond revenues
+	
Employee Engagement	**Employee Engagement: We ensure our people feel deeply connected to our purpose and are empowered and recognised** **We measure** employee engagement, retention, diversity and development
+	
Risk and Conduct	**Risk and conduct: We do the right business the right way.** **We measure** responsible risk taking and conduct.
+	
Operational Excellence	**Operational Excellence: We use technology and data to better serve and protect our clients, reduce costs, scale our platforms.** **We measure:** Cost to serve , system security and stability
=	
Financial Outcome	**Financial Outcome: We allocate resources to deliver attractive share holder returns.** **We Measure:** Sustained headline earnings growth , positive jaws and ROE.
SEE Impact	**SEE Impact: We drive Uganda's growth by delivering shared value and positive Impact.** **We measure:** ESG performance and impact we have in seven impact areas.

We are able to make the most meaningful contribution to the achievement of the following UN SDGs:

Creating societal value

We aim to maximise the positive SEE impacts arising from our business activities and minimise negative impacts.

SOCIAL

We build a healthy, inclusive society

01 Education & youth empowerment

We empower the current and future workforces

02 Health

We contribute to a safe and healthy society

03 Responsible business

We collect and use data responsibly, and comply with relevant regulations

ECONOMIC

We finance economic growth and inclusion

01 Job creation & enterprise growth

We create inclusive, decent jobs and empower progressive SME growth

02 Financial inclusion

We use digital solutions to deepen financial inclusion

03 Infrastructure

We finance developmental infrastructure

ENVIRONMENTAL

We protect natural resources and healthy ecosystems

01 Protection of natural resources

We use resources responsibly in our operations

02 Financial inclusion

We use digital solutions to deepen financial inclusion

03 Infrastructure

We finance developmental infrastructure

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

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

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

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

Our 2023 aspirations

Our strategic priorities create a framework within which we work.

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

Our success measures and value drivers	Our specific measures	Our target outcomes

TRANSFORM CLIENT EXPERIENCE

CLIENT FOCUS +

EMPLOYEE ENGAGEMENT +

Client Focus

Improved client service survey scores through:

- Real Impact in focus sectors
- Deepening Eco systems
- Strategic partnerships
- Data analytics

Employees

- Employees NPS improvement by 10%
- Regrettable attrition <5%, Talent management
- Learning hours >80hrs
- Diversity and inclusion

Growth and scale

EXECUTE WITH EXCELLENCE

RISK AND CONDUCT +

OPERATIONAL EXCELLENCE =

Risk & Conduct

- Managing credit risk
- Keep Operational losses <1% of revenue.
- Leveraging Data, Artificial Intelligence (A.I) to manage risk.
- Automation of back office and front office

Operational Excellence

- Increase digital transactions > 90%
- Digital On-boarding > 80%
- Collaborative teams through the Shared services model

Efficiency and resilience

DRIVE SUSTAINABLE GROWTH AND VALUE

FINANCIAL OUTCOME

SEE IMPACT

Financial Outcome

- Cost to income ratio <50%.
- Loans advances growth >10%.
- Deposit book growth >10%.
- Return on Equity >20%

Focuss areas are as below

- Financial Inclusion.
- Uganda is Young: Youth CVP
- Green energy drive participation
- Focus on Sustainability Development Goals.

Legitimacy

Our Strategic Outcomes

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

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

CLIENT EXPERIENCE

CLIENT FOCUS

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

Measure	Metric	Actual 2022	Actual 2021	Actual 2020	Target
Client experience	Net Promoter Score (NPS)	**+22**	+19	+16	-
	Customer Satisfaction Index (CSI)	**8.2**	8.8	8.2	-

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

EMPLOYEE ENGAGEMENT

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

Measure	Metric	Actual 2022	Actual 2021	Actual 2020	Target
Employee engagement	eNPS	**70**	72	61	+70
Employee retention	Total Employee Attrition	**8.2%**	6.4%	4.2%	<10%
	Regrettable Attrition	**2.4%**	1.9%	1.8%	<3%
Employee Diversity	Employee Diversity (%of female managers)	**42%**	42%	41%	38%

To determine engagement levels, we consider the following:

- Employee engagement : which includes an internal survey conducted annually (eNPS) and average learning hours to enable employees become future ready.
- Employee retention: this reviews overall employee turnover rates (both total level and highly talented employees).
- Employee diversity : this looks at the level of inclusivity in our staff compliment.(in this table we have only included the level of females in leadership, however there are other diversity metrics like age, overall gender and as of 2022 focus is being extended towards increasing opportunities for people living with disability. Further details on these metrics can be found in the **Report to Society** on page 64.

EXECUTING WITH EXCELLENCE

RISK & CONDUCT

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

Measure	Metric	Actual 2022	Actual 2021	Actual 2020	Target
Responsible risk taking	Liquid Assets to Deposit Ratio	**52.2%**	58.7%	60.0%	20%
	Capital Adequacy	**23.4%**	21.9%	18.0%	12%
	Liquidity Coverage Ratio	**214%**	360%	315%	≥100%
	Bank of Uganda CAMELS* risk rating.	**Satisfactory**	Acceptable	Fair	
	Credit Loss Ratio(CLR)	**1.5%**	1.8%	2.4%	>2.5
Conduct	Compliance Training	**96%**	96%	96%	>95%

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

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

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

DRIVE SUSTAINABLE GR OWTH AND VALUE

FINANCIAL OUTCOME

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

Measure	Metric	Actual 2022	2021	2020	Target
Shareholder value	Return on Equity (ROE)	**21.6%**	19.4%	20.5%	>20%
	Cost to Income Ratio (CTI)	**47.7%**	51.3%	48.3%	<50%
	Dividend pay-out Ratio	**66%**	19%	0%	40-50%
	Dividend Per Share (DPS)*	**3.61**	0.98	*	Continued growth

The financial outcomes remain key measures to assess our value creation and ensure sustainable delivery of superior returns to our shareholders.
NB: 2020 and 2021 dividend pay out ratios were very low due to the restriction on dividend payments by the regulator which was one of the capital preservation measures due to the effects of the COVID-19 pandemic on the economy.

***No approval was given by Bank of Uganda for payment of 2020 dividends**

SEE IMPACT

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

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

Additionally, we provided support to our clients through loan restructures, awareness campaigns etc. further details of our initiatives can be found in our **Report to Society** page 64 .

Measure	Metric	Actual 2022	2021	2020	Target
Delivering shared value	**Social:** CSI Investments (UShs bn)	**4.2**	3.5	3.9	1% of PAT (3.6bn)
	Economic: Loans disbursed (UShs bn)	**3.9**	3.0	3.2	
	Procurement percentage spent on local suppliers	**80%**	81%	87%	> 75%
	Enviromental:				
	Water consumed (kilolitres)	**18,201**	21,205	20,820	reduction in consumption
	Fuel consumed (litres)	**420,333**	378,235	403,662	
	Paper consumed (tonnes)	**26**	40	59	

Financial inclusion

Job creation and enterprise growth

Infrastructure

Climate change and sustainable finance

Education

Health

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

Note: Details of what is being done with regards to our strategic value drivers can be found in our **Report to Society**

UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

A tea plantation in Uganda
. Tea is an important export in this country.

BUSINESS REVIEW

2022 at a Glance

Total Capital Adequacy
↑ 6.8%
23.4%
21.9%

Return on Equity
↑ 11.3%
21.6%
2021: 19.4%

Non-Performance Loan Ratio
↓ 34.8%
3%
2021:4.6%

Profit Before Tax
↑ 37.5%
UShs **483**billion
2021: UShs 351.2bn

Cost to Income Ratio
↓ 7%
47.7%
51.3%

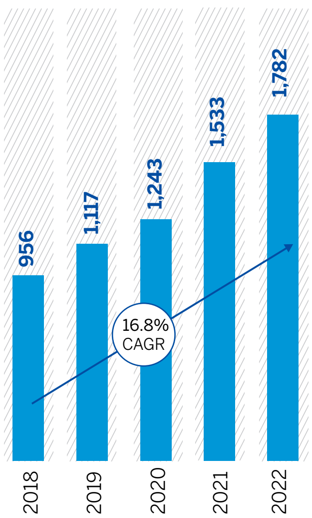
Earnings per share
↑ 32.7%
6.98
2021: 5.26

Customer Loans
↑ 10%
UShs **4.1**trillion
2021: 3.7 trillion

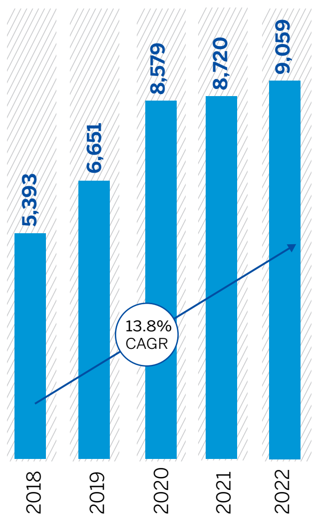
Customer Deposits
↑ 7%
UShs **6.1**trillion
2021: 5.7 trillion

Off Balance Sheet
↑ 3.8%
UShs **2.0**trillion
2021: 1.9 trillion

SHAREHOLDERS EQUITY



TOTAL ASSETS



Awards

Best Bank in Uganda
EMEA Finance African Banking Awards 2022

Best Practice Award in Diversity & Inclusion
Prudential HR Best Practice Awards 2022

Best Innovation in Retail Banking
International Banker Magazine 2022

Best Investment Bank in Uganda
EMEA Finance African Banking Awards 2022

Global Finance Safest Bank Award in Uganda
Global Finance Magazine November 2022

Best Bank in Uganda
Consumer Choice Award 2022

Most trusted Banking brand in Uganda
Global Finance Magazine November 2022

Best Listed Entity
Financial Reporting Awards Uganda 2022

Best Bank in Sustainability
Financial Reporting Awards Uganda 2022

Best Bank in Corporate Governance
Financial Reporting Awards Uganda 2022

Best Primary Dealer
Bank of Uganda 2022

Stanbic Bank Ratings (2022)

FitchRatings

Local Rating = AAA (Uga) Stable

International Rating = B+ (Negative Outlook)

Moody's

Deposit Rating = B1 (Stable)

Counter-party Credit Risk Rating = Ba3 (National Ceiling)

Operating and Financial Review

Ronald Makata –
Ag. Chief Finance and
Value Management Officer

Operating Environment

2022 was initially characterised by optimism following the full re-opening of the economy. The Lag effects of a prolonged pandemic and lockdown period remained evident, further exacerbated by geopolitical tensions in the first quarter of the year. Supply chain disruptions took centre stage resulting in high inflation and increase in interest rates. The local currency depreciated rapidly only to stabilise towards the end of the year. Fiscal and monetary policy interventions to contain inflation were then instituted.

On the global scene, the increased inflationary pressures in advanced economies on the back of geopolitical tensions, the Russia/Ukraine conflict, and China's zero Covid-19 restrictions, led to monetary policy tightening to stave off the pressure. The United States Federal Reserve (FED) increased rates at 7 of it's 8 meetings in the year by a total of 425bps and closed the year with the FED target rate at 4.25% - 4.5% as the committee aimed to manage inflation which was originally forecasted to be temporary.

Locally, inflation spiked to historical high levels touching 10.7% in October 2022. Annual headline inflation for the year 2022 averaged 7.2% as core inflation averaged 6.0% compared to 2.2% and 2.8% for 2021 respectively. Inflation throughout the year was largely driven by a surge in fuel costs caused by supply chain disruption, and food inflation impacted by poor weather conditions. Fuel inflation averaged 12.7% in 2022 from an average of -0.7% in the previous year while food inflation averaged 14.9% compared to -0.8% in the previous year.

In order to manage the inflationary pressure, the Bank of Uganda through the Monetary policy committee (MPC) took a more stringent monetary stance and raised the Central Bank Rate (CBR) by 350 bps to 10% as at December 2022 from lows of 6.5% in June 2022. At it's final meeting of the year, Bank of Uganda MPC held the CBR unchanged signalling a potential pause in monetary policy tightening as they continued to monitor the impact of previous actions in the economy. By end of year, energy and fuel index had started showing declines for four months in a row thus the slowdown in headline inflation. Food inflation however continued to rise albeit at a slower pace in both November and December. Other monetary policy measures instituted during the year included the increase of cash reserve ratio from 8% to 10%. This is the proportion of deposits that banks must keep in reserve at the central bank. This led to a rise in the funding costs for liquidity and less liquidity in the market.

The interest rates followed a similar trend as the CBR with an increase in average interest rates by 3% in the short term and 1% in the long term during the year. As we closed the year interest rates had begun to cool off signalling economic recovery. The primary auction for December closed with treasury bill yields for the 91-day, 182-day and 364-day tenor at 10.67%, 11.66% and 13.15% respectively from 6.50%, 8.47% and 10.40% respectively in December 2021.

The Uganda shilling was volatile during the year deprecating by 4.8% on the back of global strength of the dollar and inflationary effects. Government foreign exchange reserves dropped significantly through the year from $4.2bn (4.8mth import cover) at end of 2021 to $3.5bn (3.5mths import cover) as current account deficit widened as well. The shilling closed the year at 3715/25 having closed 2021 at 3540/50.

Despite the economic challenges, the government data reflected growth of 7.5% in economic activity in the first quarter of the government financial year 2022/23 which was significantly above the same quarter in the previous year. This was attributed to significant growth in industry and service sectors which provided optimism about future economic trends.

Regulatory updates

The Bank of Uganda In exercising of it's powers under FIA 2004 section 26 (5), revised the minimum paid-up capital for Tier 1 banks from UGX 25 billion to UGX 150 billion. The raising of the capital is to be phased with compliance of UGX 120 billion by 31st December 2022 and the full UGX 150 billion by 30th June 2024.

The central bank under it's mandate revised the cash reserving ratio from 8% to 10% and this took effect from June 2022.

Bank of Uganda finalised the guidelines for the implementation of Basel II which included a mandatory submission of Internal Capital Adequacy Assessment Process (ICAAP). This meant that the Financial institutions are required to submit an ICAAP

Cost to Income

-5%

48%

2021: 53%

Non Perfoming Loans

-2%

3%

2021: 5%

self-assessment by 30 April of every year. This helps financial institution do a self-assessment of their capital adequacy taking into consideration plausible stressed related event that could erode their capital. It enables financial institutions put in place measures address these possible stress events should they materialise.

Other key developments

The Government of Uganda signed the Final Investment Decision on the Lake Albert Development with partners, Total Energies, CNOOC Uganda, and Tanzania petroleum development corporation. Uganda is expected to benefit from an investment of $10 billion from the joint venture partners.

Outlook for the year 2023

The global economic environment in 2023 is faced with a fair amount of uncertainty across both developed and emerging markets as Central Bank policy direction and a delicate Geopolitical environment weigh on growth drivers and trade dynamics. Inflationary pressure is expected to remain a key risk to the interest rates and currency outlook while risks of a recession in developed markets do pose additional challenges to the overall global economic outlook.

This notwithstanding, there is reason for optimism as developing economies proved resilient throughout the 2022 period of volatility and uncertainty. Both the World Bank and IMF have revised economic growth forecasts upwards, citing the downward trend to inflationary pressures and the imminent end of the aggressive monetary policy stance across several developed markets. This is expected to provide an uplift to the overall business environment and spur global economic recovery.

Regional economic growth outlook is seen gradually recovering with the IMF projecting 2023 growth of 3.6% and 2024 at 4.2%. Access to external funding remains a challenge to development plans albeit recovery in export markets and tourism are expected to support revenue streams for a few countries in the region and lessen the impact to exchange rates.

The Uganda domestic economy is projected to grow by 5.5% - 6.0% in the FY2022/23 but partially constrained by the tight domestic and external financial conditions. The growth path is expected to remain below the long-term trend until FY2025/26. The exchange rate is expected to trade within a stable range with periodic volatility expected to be driven by seasonal demand and supply imbalances. Interest rates on the other hand are expected to stabilise and trend lower in line with easing inflation and improving liquidity conditions. Risks remain in the form of unpredictable global geopolitical conflicts that could fuel higher commodity prices and stoke inflation.

Financial Review

Our 2022 performance was commendable and demonstrated Stanbic's continued resilience, despite the challenging economic challenges. This reflected our ability to interpret and put in place appropriate responses to the challenges faced. We did close with solid profit after tax of UShs 357 billion, which was 32.7% higher than 2021.This growth was attributed to increased investment in high yielding assets, better cost management and well managed credit impairment during the year

Key performance highlights were.

Growth on customer loans **9.8%**	Well optimized costs with CTI of **47.7%**	Well positioned trading and banking book, that grew by **50.1%**	Well managed credit risk closing with a CLR of 1.5% and NPL of **2.9%**

Financial Performance Review

A brief review of the major assets and liabilities, how they affected the consolidated results and the drivers behind the variances year on year is as follows;

Cash and Balances with Banks

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

The cash and balances with banks dropped by 35.4% against prior year, largely due to drop in loans and advances to banks and group companies by UShs 983 billion (65.2%) resulting from drop in Nostro balances on the back of maturities in swaps with offshores, coupled with drop in placements to banks and group companies as excess liquidity was redeployed in loans and advances to customers and government securities. This was partially offset by growth in balances with the central bank by UShs 101 billion attributable to revision of cash reserve requirement from 8% in 2021 to 10% in 2022.

Securities Investments

Government securities holdings increased year on year under the trading book by UShs 541 billion (51.2%) and financial investments UShs 413 billion (48.7%) largely attributable to better entry levels at the Bank of Uganda auction.

Net Loans and Advances to Customers

Net loans and advances grew by 9.8% (UShs 363 billion) in 2022 above 2021 growth rate of 2.8% (UShs 102 billion) following the private sector credit growth rate of 10.3%. This growth was mainly supported by growth under all business units with Consumer and High Net Worth growth supported by the asset campaign, while growth in other units is attributed to demand for trade facilities and working capital loans.

Customer Deposits

Customer deposits grew by 6.8% (UShs 390 billion) in 2022 higher than 2021 growth of 2.3% (UShs 131 billion). This growth was from both new clients and increased flows from existing clients across our retail, SME and corporate and investment client base supported by improved economic activity. The driving force behind this continued growth in deposits is from a clear strategy of growing the liability base through leveraging our universal banking capabilities, to strengthen our market share position into our customers eco-systems, as well as deepening existing customer relations.

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

Margins

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

The net interest margins (NIMs) registered growth year-on-year off the back of upward revision in CBR during the year as a monetary response to manage inflation and growth across the yield curve for government securities from rising interest rates. This resulted in higher yields on the assets and upward adjustment in the prime lending rate by 300bps resulting in NIMs growing by 80bps from 5.7% in 2021 to 6.5% in 2022.

Credit Loss

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

Credit loss ratio closed low under Corporate and Investment Banking attributable to relative stability in the loan book, coupled with reduced risk under Consumer and High Net Worth (CHNW). Elevated impairment and payment risk in the Business & Commercial Clients portfolio in the year 2022 reflected in the high value of watch-listed accounts as businesses continued to recover. Action plans were in place to ensure risk is mitigated. Management continued to actively monitor the heightened risk environment to identify and appropriately respond to any potential challenges.

As a result, the overall credit loss ratio dropped from 1.8% in 2021 to 1.5% in 2022. This was driven by total recoveries for 2022 which closed at UShs 31.3 billion which was an improvement of 217% year on year from UShs 9.9 billion in 2021.

Below is an analysis of the major revenue lines generated by the Group and the costs incurred in the process:

NET INTEREST INCOME

Net interest income is the difference between interest received on lending products and financial investments, and the interest paid on deposits and debt funding and subordinated debt.

The net interest income for the year increased by 18.3% to UShs 589 billion from UShs 498 billion recorded in 2021. The upward trend was as a result of the increased investment in interest-bearing assets, notably customers loans and advances together with increased investments in government securities held at fair value through other comprehensive income (FVOCI) and investments in government securities measured at amortised cost.

NON-INTEREST INCOME

Non-interest revenue comprises net fee and commission revenue, trading revenue and other revenue. Non-interest revenue edged up by 10.6% closing at UShs 448.5 billion from UShs 405.5 billion recorded in 2021. The increase was registered under trading revenue, fees and commission income and other operating income as highlighted below:

NET FEES AND COMMISSION

Net fees and commission income increased by UShs 12.1 billion (7.4%) to close at UShs 176.9 billion from the UShs 164.8 billion recorded in 2021. The performance of fees and commissions was attributable to increased activity from trade finance and a general increase across transactional fee and commission lines due increased economic activity following the easing of lockdown measures and full re-opening of the economy.

TRADING REVENUE

Trading revenue increased by UShs 27.7 billion (11.9%) closing at UShs 261.4 billion from the UShs 233.7 billion recorded in 2021. The trading revenue growth Year on Year was largely attributable to increased Forex revenue resulting from an uplift in trading volumes from increased demand year on year for both local and offshore activity. This was coupled with growth in structure and restructuring opportunities presented by volatility in the currency. The interest rate desk was constrained by tightened liquidity conditions in the market.

CREDIT IMPAIRMENT CHARGES

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

The impairment charge dropped by UShs 10.8 billion year on year to UShs 59.5 billion from UShs 70.4 billion in 2021, with the credit loss ratio closing the year at 1.5% in 2022 compared to 1.8% in 2021. The decline was largely under CIB and CHNW business segment which reduced by UShs 13 billion and UShs 4.73 billion respectively.

OPERATING EXPENSES

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

Total operating costs edged up (2.8%) closing the year at UShs 495 billion compared to UShs 482 billion in 2021.

Staff costs reflected a growth of 19.0% from UShs 179 billion in 2021 to UShs 212 billion. The increment was as a result of increase in the number of staff, annual inflation-related increment and capacity building initiatives for our staff.

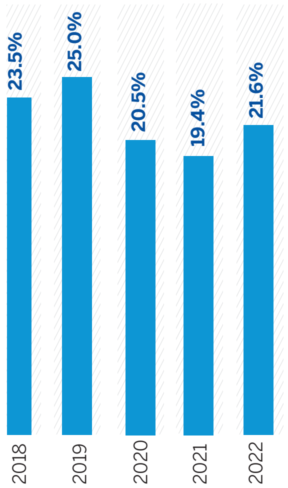
Other operating costs dropped by 6.7%, closing at UShs 282.8 billion from UShs 303.3 billion in 2021. This decrease was mainly due to decline in information technology costs and savings on professional consultancy costs following the growth in internal capacity to handle this task. Further detail on the cost performance on the varied line items is included under Note 13 to the financial statements.

5 Year Performance

	2022	2021	2020	2019	2018
Income Statement (Ushs'm)					
Profit before income tax	**483,036**	351,210	318,613	349,634	296,678
Profit after tax	**357,381**	269,312	241,686	259,094	215,140
Financial position (Ushs'm)					
Shareholder's equity	**1,782,775**	1,533,303	1,243,439	1,116,866	956,352
Total assets	**9,058,947**	8,720,096	8,578,898	6,650,825	5,393,059
Loans and advances to customers	**4,085,001**	3,722,073	3,618,353	2,852,647	2,508,828
Property and equipment	**75,544**	75,545	81,418	86,438	51,527
Customer deposits	**6,131,256**	5,741,043	5,493,480	4,722,204	3,892,295
Returns and ratios					
Return on average equity	**21.6%**	19.4%	20.5%	25.0%	23.5%
Return on average assets	**4.0%**	3.1%	3.2%	4.3%	4.0%
Loan to deposit ratio	**66.6%**	64.8%	65.9%	60.4%	64.5%
Cost to income	**47.7%**	51.3%	48.3%	49.0%	51.5%
Capital adequacy					
Tier 1 capital ratio	**21.3%**	19.9%	15.8%	15.8%	16.2%
Tier 1 + Tier 2 capital ratio	**23.4%**	21.9%	18.0%	18.3%	18.9%
Risk weighted assets (Ushs'm)	**6,425,004**	6,415,439	5,825,212	4,917,214	4,425,055
Share statistics					
Closing number of shares in issues (in millions)	**51,189**	51,189	51,189	51,189	51,189
Earnings per share - basic and diluted	**6.98**	5.26	4.27	5.06	4.2
Dividends per share - proposed and/or paid	**3.61**	0.98	-	2.15	1.9
Other information					
Number of employees	**1,907**	1,756	1,612	1,667	1,664

Key Perfomance Indicators

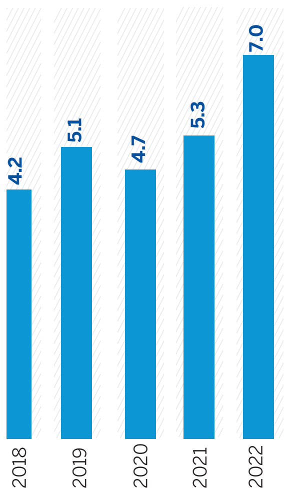
PROFITABILITY



Return On Equity

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

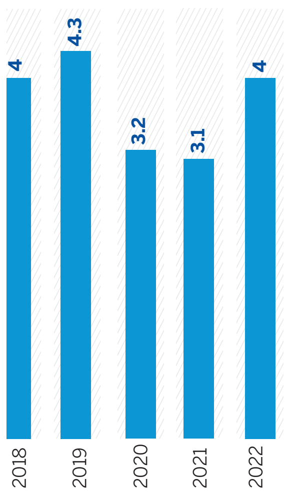
Result: ROE was up 3% from 2021 from 19.4% in 2021 and above 2022 target. The strong growth was supported by effective deployment of capital to enable investment in higher yielding assets plus well managed costs and hence growth in PAT. This plus the large dividend payment supported a much stronger ROE.



Earnings per Share

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

Result: EPS was up by UShs 1.7 to 7.0 from 5.3 the previous year in line with the rise in profits by 32.7%

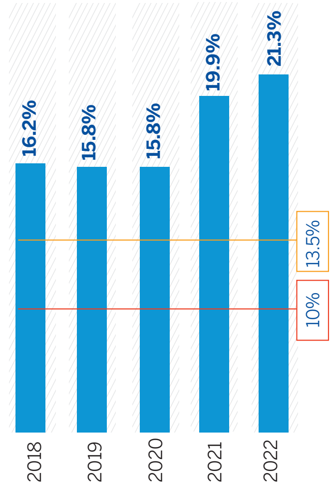


Return On Assets

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

Results: ROA closed 2022 at 4.0% up 0.9% from prior year and right on target. This growth was attributed to high contribution of earning assets to the total asset base in addition to driving non-asset-based revenues such as foreign exchange and trading derivatives income.

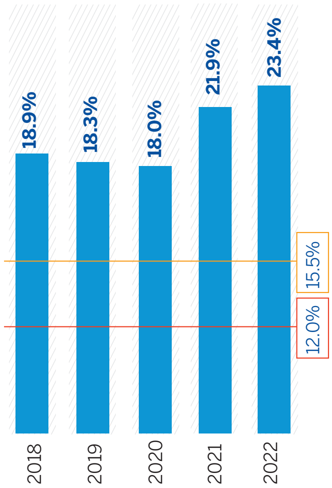
CAPITAL ADEQUACY



Core Capital Adequacy

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

Results: Core capital closed at 21.3% , above the minimum regulatory requirement of 10% and above buffered requirement of 13.5%. (Buffered requirement includes DSIB buffer of 2.5% and counter cyclical buffer of 1%).



Total Capital Adequacy

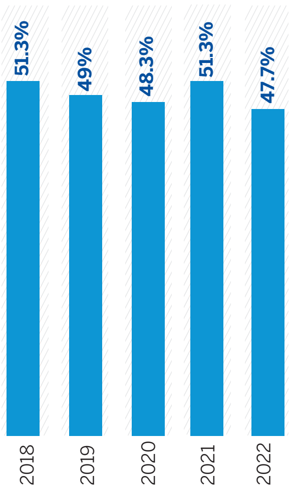
Objective: To attain a target cost to income ratio below 50% target in 2022.

Results: Total capital closed at 23.4% compared to the 12% minimum regulatory requirement and also above the buffered requirement of 15.5% (includes DSIB buffer of 2.5% and countercyclical of 1) . The capital position remains strong and sufficient to cover the growth aspirations.

Buffered regulatory requirement

Minimum regulatory requirement

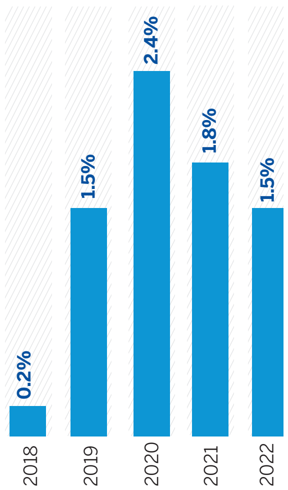
EFFICIENCY



Cost To Income Ratio

Objective: To attain a target cost to income ratio below 50% target in 2022.

Results: Cost to income ratio improved by 3.6% to 47.7% and below set target of 50%. This mainly on a count of continued cost discipline while investing in key areas that would support revenue growth.



Credit Loss Ratio (CLR)

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

Results: The credit loss ratio of 1.5%, 0.3% lower than 1.8% attained in 2021and below target risk appetite level of 2.5%.

Business and Commercial Clients Review

Emma Mugisha
Executive Director and Head BCC

I am pleased to share our experience working with Ugandan small and medium enterprises for the year under review—2022, which, for most of our commercial clients, was a continuation of recovery journeys from the effects of the Covid-19 pandemic.

In 2022, the country's economy demonstrated sustained resilience with the growth outlook remaining slow but steady at 3.7 percent from 3.4 percent in 2021—per the World Bank projections, moreover, against emerging risks in the operating environment.

For instance, in the first quarter of the year, Russia evaded Ukraine a conflict which stirred turmoil in the global economy as it disrupted world trade supply chains and induced high global commodity prices which had direct and indirect effects on our customers whose businesses required imported inputs.

The disruptions in global supply chains arising from the invasion of Ukraine by Russia had a direct link to the inflationary pressures felt in the local economy in 2022 as fuel and food prices went up and spiked the cost of business operations and other overheads for our clients. Indeed, annual average headline inflation for the calendar year 2022 was 7.2 percent, from 2.2 percent registered in the calendar year 2021.

We know that small and medium enterprises are at the centre of the government's strategy for creating jobs. Supporting this effort, is therefore a top agenda for our Business and Commercial banking, in line with our purpose—Uganda is our home, we drive her growth. Two years prior—2020, 2021, we led the banking sector's response to complimenting Government of Uganda efforts to facilitate the recovery of local businesses from the effects of the pandemic.

We, for instance, among other interventions, restructured commercial loans to the tune of nearly Ush. 200 billion and waived accrued unpaid interest on loans held by our clients in the education sector, one of the worst affected by the pandemic. In 2022, we continued to monitor how clients that benefited from these interventions were responding and inform further support interventions to ensure their full recovery to pre-Covid19 era or to pivot as new opportunities arose out of pandemic

As already highlighted in the Chief Executive's report, I am pleased to report that in 2022, we saw the positive results of our interventions on our commercial clients—the value of the restructured loan book reduced from nearly 200 billion to Ush. 14.5 billion, while bad loans in the same pool docked at Ush. 26 billion.

In 2022, we also supported our clients in the energy and infrastructure sector whose payment were delayed, on account of our understanding the Government payment cycles we restructured and extended other interventions to ameliorate their financial pressures.

The education sector remains a key pillar of the Ugandan economy and continues to require close support after two years out of business due to the pandemic. In 2022, we enabled suppliers in the education sector access Ush. 200 million unsecured lending to deliver orders to their school clients. For schools, we extended bridge financing of up to Ush. 500 million per school in unsecured lending to ensure they had steady cashflows to support their operations.

We also continued to support the government of Uganda's import substitution efforts which are being driven by the Build Uganda, Buy Uganda (BUBU) initiative. The bank continued to extend asset financing solutions to local manufactures to support their growth.

Through our Africa-China trade desk, we continued to support Ugandan traders seeking to do business with suppliers in the world's second largest economy. Clients are especially pleased with our effort in prequalifying and authenticating Chinese suppliers giving Ugandan traders the confidence to do business without the risk of being defrauded.

I am pleased to note that our combined efforts contributed to the growth in the demand for new credit in 2022 recorded at 9.8 percent for the period under review.

This growth is reflected in the lending trends for 2022 which benefited many of our customers in sectors that received most of the bank's credit in the period under review. For instance, Ush. 663 billion worth of credit went to trade, commercial activities in real estate received Ush. 573 billion while those in transport/ telecommunications took Ush. 417 billion.

I am also pleased with our work driving the growth of micro-enterprises and women-led businesses through our Stanbic Business Incubator led capacity building trainings, and enabled access to affordable credit through our SACCO lending programme, and Stanbic for Her.

As shared in the Chief Executive's report, we managed to serve over 6100 SACCOs with a combined membership of nearly 2 million Ugandans across the country; these accessed affordable credit to the tune of Ush. 40 billion at interest rates as low as 10 per cent per annum for those involved in the agricultural space and 12.5 percent or those in general trade.

Through Stanbic for Her (which was launched in the first quarter of 2022), with support from the International Finance Corporation (IFC) we managed to close 2022 with over 18,500 women trained in the fundamentals of bookkeeping, tax reporting, and accounting, giving them the confidence to run their businesses.

Looking ahead

As the leading bank in Uganda, we will keep supporting the sectors that are growing the economy, priority sectors include trade, both local and cross border Trade, Agriculture that employees more than 70% of the employable population, Oil and Gas as the projects unveil and infrastructure. Additionally, we strongly believe that by supporting our CIB customers and building their distributors, we can add significant value to their businesses, which is crucial to their long-term success.

We remain committed to helping exporters manage their currency risks, especially within the agriculture export sector. We will also continue to assist our customers in creating buffers for their businesses, as well as improving their financial literacy.

We plan to expand our efforts in working with SACCOs. We are witnessing more contracts being awarded in the oil and gas sector and we shall aim at supporting local content by financing local corporates that are receiving these contracts.

We shall also continue to support the education which has approximately 17 million Ugandans currently enrolled in school. There are several supporting industries, such as food and stationery, which are critical to the education ecosystem. We plan to scale up our efforts in all these areas while remaining committed to our current strategy.

Corporate and Investment Banking Review

Paul Muganwa
Head CIB

I am pleased to share our highlights for 2022, a period during which the Ugandan economy continued to demonstrate resilience to shocks and sustained recovery from the effects of two years of the global Covid-19 pandemic.

As reported by Bank of Uganda, during the period under review, the global economy continued to suffer the adverse impact of the Russia-Ukraine war, which induced heightened global inflation, lower consumer confidence and suppressed growth expectations. Fortunately, Uganda was partially insulated from the full extent of the global economic shocks, boasting GDP growth of 4.7% in 2022, and arresting runaway inflation by Q4 through disciplined implementation of monetary policy.

As Uganda's largest corporate bank, CIB's performance tends to directionally correlate with the performance of the economy. In 2022, similar to the Ugandan economy, CIB delivered a robust set of results. This performance was anchored by the loyal relationships we inspire with our clients, our deep sector capabilities and a talented group of dynamic corporate bankers that were able to pivot with the evolving macroeconomic circumstances.

Our client franchise is diversified and broadly reflective of the profile of the economy, with energy, infrastructure, agro-processing, manufacturing, and the public sector, accounting for majority of the activity. We have been deliberate about concentrating our efforts on sectors and opportunities that substantially move the country forward in terms of export promotion, employment, and inclusiveness.

I am pleased to share that the top five recipients of our credit reflect the government's priority sectors including agriculture at Ush. 437 billion, trade at Ush. 663 billion, real estate at Ush. 573 billion and transport/telecommunications at Ush. 417 billion.

Other than providing credit, CIB also supported government's implementation of the Domestic Revenue Mobilization Strategy (DRMS) by delivering bespoke digital solutions and availing the bank's expansive branch network across the country, to ease an expand tax payment options. For the period under review, the bank is pleased to have collected Ush. 7.5 trillion shillings on behalf of Uganda revenue Authority—representing 33 per cent of total remittances to government by the entire banking industry.

Our Global Markets sub-function within CIB also continued to support government's efforts to mobilise domestic revenues through the sale of bonds and securities. This support which we have ably extended over many years, was recognised again by winning for a record 11th time, the Bank of Uganda Primary Dealer Award for 2022. The bank is proud of its contribution to grow the securities trade through which government mobilises resources to implement its mandate to Ugandans. For instance, secondary market liquidity grew for the period under review, with trading volume rising 11.17 per cent to Ush. 47.4 trillion in the PDMM year ending September 2022 from UGX 42.6 trillion in the year ended September 2021. The number of trades also increased to 15,330 in 2022 from 15,038 the previous year.

Going forward

Despite the high-frequency global macroeconomic indicators showing a generally weak growth outlook, the Ugandan economy has successfully demonstrated resilience over the last two years which gives us confidence in the year ahead.

Our confidence in the period ahead is further strengthened by the Stanbic Bank Uganda Purchasing Managers' Index (PMI)- which increased to 52.0 in December 2022, up from 50.9 in November and above the 50.0 no-change mark for the month running, signalling a recovery in economic conditions.

We also take inspiration from Bank of Uganda's positive economic growth outlook for FY22/23 placed in the range of 5 to 5.3 per cent, driven by increased investments in the energy sector, a rebound in agricultural production owing to good weather, the interventions, and a rebound in industrial activity.

We intend to continue building on the successes in 2022, with a keen focus on providing consistent, quality, and innovative solutions to our clients. Our leading position in the market and deep sector capabilities position us well to capture new opportunities and revenue streams. Important to note that our diversified client profile mitigates some of the adverse impact of pronounced economic strain in certain sectors.

We will pursue debt and advisory services to support local corporates and multinationals in the private sector to sustainably take advantage of the emerging opportunities without compromising the environment and climate concerns.

Consumer and High Networth Review

Sam Mwogeza
Head Consumer and High Net worth Customers (CHNW)

The Consumer and High Networth segment was formed in 2020 aligned to our Future Ready Transformation and refreshed strategy and operating model. Since the implementation of the evolved operating model, we have further clarified our Business Unit strategy and aspirations to enable growth and a better life for our clients. We further note that the ability for customers to move seamlessly along the client continuum and resonate with the naming conventions of our business is an important priority. Therefore, to align to our strategic priorities, our naming convention needed to reflect customers at the centre of what we do and very importantly, their aspirations. To this end, we evolved our naming convention from 'Consumer and High Net Worth' and changed this to 'Personal and Private Banking' to continue elevate the emphasis of our core business, i.e. Banking and to ensure that our clients have a clear and easy understanding of our service offerings and solutions. We believe that the name "Personal and Private Banking" encompasses the broader role that we play in our clients' lives including enabling insurance, asset management and beyond.

As we continued to strengthen the core of our business, we noted the impact of the long tail of the pandemic on the economy, our business and our clients. This situation was further negatively impacted by heightened geo-political tensions through the bulk of the year off the back of the Ukraine invasion by Russia. This led to heightened local and global inflation; with energy and food prices most affected. In light of this context, it was important to continue to proactively engage and solve for our clients and employees to protect and support the rebuilding of their livelihoods off the back of the escalated cost of living.

To alleviate the impact of our inflation on our customers, we launched the Get It Done lending campaign in the second quarter of 2022 in which we offered borrowers solutions to do more with less. For instance, the campaign enabled our customers to borrow at discounted interest rates of as low as 15.5% for women in business as well as government health workers. The campaign also enabled our customers to pay less in monthly installments after we increased the repayment tenor to up to 7 years—this significantly reduced the pressure on customers and gave them much needed flexibility to navigate the high cost of living.

Following on from the strategic positioning we had set from last year, we maintained the 4 broad thematic considerations for our strategic priorities as shared below.

- Uganda is Young. We have a young population that needs preparation to be opportunity and wealth generators of today and tomorrow.
- Uganda is Rising. Enabling the growing middle class with more insight and opportunities to build, protect and grow sustainable/generational wealth.
- Financial Inclusion is critical. Enabling more Ugandans get into the financial ecosystem and achieve financial freedom.
- Uganda is Connected. Deep understanding of the ecosystems our clients live their lives through to solve better.

We continued to make good progress on the strategic priorities we had set coming off the themes above. It is pleasing to report that we registered good growth on our active client base, achieved record employee engagement scores and generally well managed risk within level risk appetite levels across most of the enterprise risk categories. Further insight is shared below;

Leading in/with customer experience: We were keen to heighten our insight gathering from our customers in solving for improved customer experience. To strengthen this, we increased our NPS surveys to twice a year, rolled out customer forums, effected mystery shopper reviews and also leveraged Salesforce to improve centralized tracking of all client complaints and feedback. As an outcome of this, 4 key takeaways were identified as high priority to resolve to improve our customer experience. Deep focus was applied to these areas resulting in improved metrics. The takeaways were as shared below.

- Improve Turn Around Time on issue resolution/solution delivery. Notably our first-time resolution of all customer queries rose to over 90%.
- Improve system uptime / Always On. Significant gains were made closing the year with uptime at approximately 99%.
- Solve for cash and manual transactions through strengthening our digital and agent banking capabilities. Notably active digital clients grew by 9% YoY.
- Enable enhanced value propositions for client groups. We launched Stanbic For Her and Affluent value propositions.

Enabling scalability through low-cost platforms: As part of our strategy to lower the cost of banking services for Ugandans we continued to drive innovation on our non-bank channels to improve their utility and broad-based functionality. Notably we registered good success as shared below;

- **Flexipay:** This flagship low-cost channel that provides access to financial services for all Ugandans including those without a Stanbic or any bank account, registered strong growth in customers closing the year at over 500,000 clients.
- **Other bank digital properties:** The *290# USSD mobile banking, Internet Banking and the Banking App at a combined level registered increase in active digital customers from 138,984 as at December 2022 to 150,807 at December 2023.
- **Agent Banking:** This continued to be a strategic channel for the bank with over 40% of total bank transaction volumes processed through the channel.
- **Partnerships:** We continued to establish new partnerships to create value solutions and enable improved distribution of these solutions.

Deepening our client relationships: We registered improvement across key metrics on entrenchment with our clients with noted improvement in our cross sell ratios from 0.33 to 0.36. We also noted our active customers grow by over 8% YoY. This was supported by a focussed ecosystem approach leveraging our strong CIB and BCB relationships and also roll-out of personalization and behavioural economics that have enabled more targeted client engagement. Strengthening our personalization capability continues to be a key focus to ensure more timely, appropriate and valuable client engagement by our Sales teams. At it's core, Personalisation is about customers being recognised as individuals, and engaged in a way that makes them feel unique, appreciated and understood. This often translates in to getting the relevant conversation to the right client, at the right time, through the right channel with the right experience delivering higher customer activity, conversion rates, ROI and customer loyalty. In 2023 we expect to improve this capability through roll out of Next Best Action (NBA) which is a tool that enables customer centric contextually relevant recommendations; including real time conversations by the Sales teams with our clients.

Enabling and empowering our employees to make the right decisions quickly: We are passionate about our people and enabling the right environment that supports their growth and expression of their unique talents in solving for our customers. Notably we registered one of the highest employee engagement scores at +76 off the back of an enhanced Employee Value Proposition that supported the Wellness and development of our staff especially through the disruption of the pandemic.

Doing the right business the right way: We take pride in our values that elevate "how" we want to win. 100% of our staff completed all the mandatory compliance trainings and required staff declarations were all done in a timely manner. We continued to elevate the role of our frontline staff as the first line of defence for our customers and the bank against any suspicious or fraudulent activity and these trainings and sensitizations have continued into 2023.

Notably our financial results were a reflection of the efforts we made to support our customers through the challenging environment and solid progress on strategic priorities shared above. Our customer loans grew strongly at 11% further cementing our position as the market leader in personal/household lending. This good growth was off the back of extending affordable and well-structured credit financing to our customer base within appropriate risk appetite and increasing on digital channels were approximately 50% of all our lending was extended digitally. It continues to be a priority for us to empower our customers access required financing at the lowest rates possible and within the shortest timeframe through leveraging our investment in our data and digital capabilities.

We also saw more customers trust us with their deposits with a good growth of 16%. This was off the back of improved customer engagement and stronger partnership and collaboration with the CIB and BCB Business Units to solve for the individuals in their ecosystems. Supported by this strong balance sheet growth, our operating revenues increased by 19% with good growth noted on both the Net Interest Income 22% and also Non-Interest revenues 14%.

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

Our credit impairment registered a 20% improvement with generally improved credit quality across the salaried and non-salaried book. Notably also we strengthened our loan recoveries capability resulting in stronger collections on delinquent loans. The solid performance was further supported by strong client engagement through our ecosystem approach that supports de-risking of the bulk of our lending in the "Employed" space.

Our continued focus on improving operational efficiencies also recorded good gains for us with our cost to income (CTI) dropping from 52% to 48%. We continued to register good gains on our physical channel transformation journey and also continued to strengthen our alternative channel capabilities on our digital and agent banking platforms resulting in further migration of customer transactions from the branches to these non-branch channels. As at end of the year we had less than 8% of transactional activity being processed at our branches. As we continue to transform and re-purpose our physical channels, the intent will be to see all our branches attain fit for purpose size and capacity and to enable more value-add activities in the branch as we migrate the bulk of the transactional and enquiry activity to our alternative channels.

Our focus in 2023 continues to be shaped by our aspiration to make the lives of our customers better. We continue to be committed to enabling our customers and the next generation have a better life through availing relevant and affordable financial and "beyond financial" solutions. Our most important strategic priorities to enable this continue to be on leading in customer experience, enabling scalability through low-cost platforms and right partnerships, deepening our client relationships through personalized solutioning, enabling and empowering our employees to make the right decisions quickly and lastly, doing the right business the right way.

We see significant opportunities in the oil and gas sector, which has the potential to support the growth of a rising middle class. Our focus is to enable wealth creation for these clients through relevant wealth management solutions that enable them to generate more income and contribute further to their communities and the broader economy.

We recognise that there is a significant opportunity to strengthen financial intermediation in the informal sector, particularly among small-scale farmers and traders, women, and the youth. Building financial literacy and capacity in these groups is essential to unlocking their potential for meaningful growth. To this end, we continue not effect financial fitness programs for these client groups as a core of our delivery of financial solutions.

Developing personalized customer value propositions (CVPs) that meet the needs of our customers continues to be a priority. We have seen good early impact of some of the CVPs developed over the last 2 years. Notably our propositions to government health workers, women in business and our Employer schemes continue to register strong growth and enable positive impact for the customers.

The heightened fraud risk environment continues to be an area of concern where the bank has made significant investments to safeguard our customers. In addition we will continue to empower customers with educative insight to help them counter the increasing risk of cyber and other financial fraud risks on their accounts.

We remain committed to driving Uganda's growth and enabling our customers live a better life.

Diversification beyond banking

Joel Muhuzuma
Chief Executive, Flyhub

Tony Okao Otoa
Chief Executive, SBIL

Flyhub

Overview

2022 was the first full year of operations for FLYHUB, as a digital solutions enterprise. During the year, we commenced critical work towards achieving our vision to be the preferred technology enabler of the digital economy in Uganda by providing innovative digital solutions that deliver exceptional client experiences and superior value.

We are mindful of the unique challenges Uganda faces in terms of internet penetration and ICT absorption. We view these challenges as an opportunity for us to make a meaningful contribution to the communities in which we operate and in so doing, drive the growth of our home – Uganda.

We embarked on key initiatives and partnerships, the results of which we will start to realize in 2023 and beyond. Notably, we established our Cloud environment in partnership with Amazon Web Services, and this will enable us to build, deploy and host bespoke digital platforms and products in a secure environment.

Regulatory Environment

We will continue to maintain a dogged focus on privacy and cyber-security risks, and we are implementing the appropriate controls to ensure we are adequately protecting our clients' data and the security of our platforms.

In the year, FLYHUB was granted awarded Level 2 Certification, up from Level 1 Certification for the provision of Software and Data Processing Services. This is indeed a symbolism of the progress that we continue to make in delivering to our clients. Additionally, Flyhub is a registered member of the Data Protection Office and are happy to report no incidents of data breaches or loss have occurred since our inception.

Looking ahead

We are optimistic of the immense opportunity to contribute to Uganda's digital transformation journey as a key driver in digital solutions uptake. Our primary focus will remain on constantly innovating for our clients and offering them superior client experiences.

Stanbic Business Incubator Limited

Overview

In 2022, Stanbic Business Incubator Limited marked 2 years of operation as a separate legal entity under Stanbic Uganda holdings limited with the mandate of providing capacity development support to Small and Medium Enterprises (SMEs) in Uganda. The Energy sector was our initial focus sector however this has since been expanded to include other sectors like Hospitality & Tourism, Transport & Logistics, Professional Services and Consumer.

To date, we have trained over 3,700 over companies in key business management fundamentals. Our programs are premised on three core pillars: Business Operational Skilling, Access to Markets and Access to Finance. We provide business development training, follow-up support interventions and a highly engaging learning environment through networking events, access to subject-matter experts, coaching & mentorship, and business development training.

Operating Environment

We continue to re-position our offerings appropriately to meet the needs of SMEs, especially as they recover from the devastating effects of the COVID-19 Pandemic. We are excited about the impact we are creating in the communities we serve. In 2022, we trained over 1,600 entrepreneurs through our different programs such as the Enterprise Development Program, the Network for Innovation Program, the Sustainability in Agriculture & Tourism Program, and the Albertine Development Program. Details of the work we have done in at the incubator can be found in the full version of the **Report to Society.**

Appreciation

I would like to extend my appreciation to our partners like GIZ, the Embassy of France, UNOC and PAU. who have provided some of the funding required to keep our programs running. We will continue fostering our relationships with our existing partners and seeking new partnerships as we seek to impact more SMEs in 2023 and attain our purpose – Uganda is our home, we drive her growth

Joram Ongura
Chief Executive,
SBGS

SBG Securities Uganda Limited

Overview

SBG Securities Uganda Limited has been in existence for the past 21 months and offers investment services that include brokerage, and asset management services. The Company commenced operations with a positive trajectory, and notably won the mandate to act as transaction advisor, lead sponsoring broker and lead retail broker for the MTN Uganda Initial Public Offer (IPO) valued at over USD 250 million in 2021. The IPO significantly boosted capital markets activity, and the stock exchange recorded a 100% growth in number of accounts and a growth in market capitalisation of the Uganda Securities Exchange from UShs 3.8 trillion to UShs 8.2 trillion.

Operating Environment

In 2022 the business was impacted by the lingering effects of the COVID-19 Pandemic and the global geo-political tensions, which saw several investors exit equity markets in favour of higher yielding government debt in both the local and foreign markets . This significantly impact revenue growth in the brokerage segment. Despite these challenges, SBGS maintained a market share of over 60% of the trades executed on the Exchange.

Strategy

During the year, we acquired a Unit Trust Manager license from the Capital Markets Authority as part of our diversification strategy and accordingly launched our unit trust product offering. As at the end of 2022, our Assets Under Management stood at over UShs 15 billion, with a market share of close to 1%.

Our focus for 2023 will be to accelerate our business momentum, transform our business operations through automation, leverage technology to enhance our client experience and build the capacity of our staff to deliver on our aspirations.

Spencer Sabiiti
Chief Executive,
SPL

Stanbic Properties Limited

Overview

Stanbic Properties Limited commenced operations two years ago as a premier real estate provider in Uganda. It gives me great pleasure to report that the company has remained profitable through the two years, the challenging operating environment, and the impact of regulation on one of our business segments notwithstanding.

Strategy Execution

In 2022, we embarked on key property re-development projects across the country to optimise the commercial value of our real estate portfolio. Additionally, we launched our bi-annual Baseline Kampala Metropolitan Property in which we provide key market insights on the real estate sector.

We believe these initiatives will form a solid stepping-stone for us to scale it's offering to our various client segments and ultimately deliver value to our stakeholders sustainably. We are also pursuing initiatives geared towards automating our processes to exponentially improve our operational efficiency and enhance our clients' experience in partnership with FLYHUB.

Looking Ahead

We are confident that as the economic conditions improve in the country, demand for real estate services will also grow and in turn enable us to accelerate our business momentum. We will continue to leverage technology in our operations with a view and continually enhancing our efficiency and client-centred service.

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH

Exotic mountain landscape in Rwenzori mountains, Western Uganda. Moss covered swamp against giant heather trees and rocky mountains in sunny day

RISK MANAGEGEMENT AND CONTROL

Chief Risk Officer's review

Martin Sekaziga –
Chief Risk Officer

We remain firmly committed to **embedding the right risk management principles across SUHL** to serve our clients and grow the franchise in a sustainable manner.

The operating environment in 2022 presented a unique mix of challenges including disruptions resulting from geopolitical tensions and a tightening of financial conditions underpinned by persistent inflation. Prudent risk management practices including stress testing and scenario analysis, ensured that we remained well capitalized and continued to operate in a safe and sound manner. Our primary focus was assessing and monitoring vulnerabilities and proactively deploying the appropriate mitigants timely to protect enterprise value.

We continued to execute our integrated risk agenda across the three lines of defence to develop a more comprehensive view of the risk landscape and apply a risk-based approach to eliminate potential coverage gaps.

We used data driven insights to empower conscious risk taking and at the end of the year, there were no material risk appetite breaches.

We remain firmly committed to embedding the right risk management principles across SUHL to serve our clients and grow the franchise in a sustainable manner.

PERFORMANCE

SUHL demonstrated a commendable and resilient performance with solid earnings closing at higher than 2021 despite the challenges in the operating environment.

CAPITAL AND LIQUIDITY RISK

SUHL maintained a robust capital and liquidity position during the year, well above the regulatory requirements and our risk appetite measures.

Fitch upgraded SBU's Viability Rating (VR), it's assessment of the bank's stand-alone credit worthiness, to 'B+' from 'B' due to improved capital buffers relative to it's risk profile. Fitch has also affirmed the bank's National Ratings at 'AAA (Uga)/Stable'. The Long-Term Issuer Default Rating was revised to Negative from Stable consistent with the Country sovereign rating.

Reflections on the Year

SUHL remains committed to continually improving risk, governance, and controls as we strive to build an enduring franchise that exceeds stakeholder expectations.

As an important institution within our economy, the deep obligation to develop our society is entrenched in our business practices, including compliance with laws and regulations. We promote and reward responsible risk-taking that results in sustainable growth. Each business is responsible for monitoring behaviour that is contrary to our ethos and taking disciplinary action in line with our conduct risk management standards.

RISK CULTURE

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

Unfortunately, in 2023 we experienced an incident where our a few staff members acted in manner that is not consistent with our values and working with external actors exposed the bank to potential financial loss. We acted swiftly to prevent further exposure and in collaboration with law enforcement personnel, provided the evidence necessary to support criminal proceeding against all perpetrators involved in this crime.

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

We educate our people on risk management principles throughout the year via our dedicated learning platforms and through initiatives such as our non-financial risk academy and masterclasses. Our values and ethics are embedded through policies, compliance training and whistleblowing programmes. We have a policy in place to address any risks associated with the introduction or amendment of our products or services, including business processes, initiatives and partnerships.

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

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

CLIMATE AND ESG RISK

Climate and ESG risk are a material risk to our strategy. The physical and transition risks associated with climate change are transmitted to our clients and counterparties and also increased frequency and severity of extreme weather events has implications for both financial and non-financial risk types.

ESG risk is being managed by transaction screening and monitoring in respect of climate risk and social risk. Regarding social risk in large project finance transactions, we will work more closely with our clients on community engagement, land resettlement, and related human rights issues. ESG risk management is a competitive advantage and positions us as a trusted partner to our clients navigating the ESG risks associated with projects.

COMPLIANCE RISK

Uganda was grey listed by Financial Action Task Force (FATF), placing the country under increased monitoring and signaling to the global community that the country has deficiencies in it's anti-money laundering and counter-terrorist financing (AML/CTF) measures. The impact of the listing is multifaceted including potentially higher transactional, administrative, and funding costs for domestic banks; restricted cross-border transaction activity impacting trading; reduced capital inflows (and increased outflows); reputation risk and a potential decline in correspondent banking relationships with other banks. We have been engaging with our correspondent banks and clients to alleviate the likely impact of the decision. In addition, several measures have been implemented to further enhance our anti-money laundering and counter-terrorist financing framework, as well as our capability to detect and prevent financial crime.

FRAUD RISK

The industry is experiencing a rising trend in Financial Crime. This could be attributable to multiple factors including tough macro-economic conditions and adoption of digitised service delivery channels for financial services. This risk unmitigated increases the cost to serve customers and causes distortions in the economy. SUHL is helping customers by clearly articulating this risk and educating customers on potential scams. Furthermore, we have enhanced our fraud monitoring capabilities on our delivery channels.

On 24th March 2023, the bank sponsored the first country-wide Fraud Conference where stakeholders across different sectors and professions came together to charter an effective strategy to combat fraud.

TECHNOLOGY AND THIRD-PARTY RISK MANAGEMENT

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

SUHL continued to rely on third parties to perform critical services needed to offer products and services to our clients. We enhanced the third-party risk management framework and tools to adequately assess the risk posed by the different third parties commensurate to the criticality of the service being consumed using the ARAVO system.

Risk Governance and Oversight

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

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

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

Board of Directors

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

We continued to execute our integrated risk agenda across the three lines of defence to develop a more comprehensive view of the risk landscape and apply a risk-based approach to eliminate potential coverage gaps.

Board Risk Management Committee, Board Credit Committee, Board Engineering Committee and Board Asset and Liability Committee.

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

Board Audit Committee

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

Internal Audit

Internal Audit is mandated by the BAC to provide independent and objective assurance and advisory services designed to add value and improve operations. Internal Audit provides assurance to the Board and Executive Management on the effectiveness of governance practices, risk management and controls designed to mitigate risks.

Management Committees

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

The ALCO is responsible for the ongoing assessment of the demand for capital and the updating of the bank's capital and liquidity plan. The capital and liquidity plans take into account the following:

- Current regulatory capital and liquidity requirements and our assessment of future standards.
- Demand for capital and liquidity due to business growth forecasts, loan impairment outlook and market shocks.
- Available supply of capital and liquidity, and the funding options.

The ALCO formulates a capital and liquidity plan with the help of internal models and other quantitative techniques. The bank uses a model to assess the capital and liquidity demand for material risks and supports this with our internal capital adequacy assessment process (ICAAP). Other internal models help to estimate potential future losses arising from credit, market, and other risks, and, using regulatory formulae, the amount of capital required to cushion the impact of the losses.

In addition, the models enable SUHL to gain an enhanced understanding of it's risk profile, for example, by identifying potential concentrations and assessing the impact of portfolio management actions. Stress testing and scenario analysis are an integral part of capital planning and are used to ensure that ICAAP considers the impact of extreme but plausible scenarios on it's risk profile and capital position. It provides insight into the potential impact of significant adverse events and how these could be mitigated through appropriate management actions. The capital modelling process is a key part of our management discipline. A strong governance and process framework is embedded in our capital planning and assessment methodology.

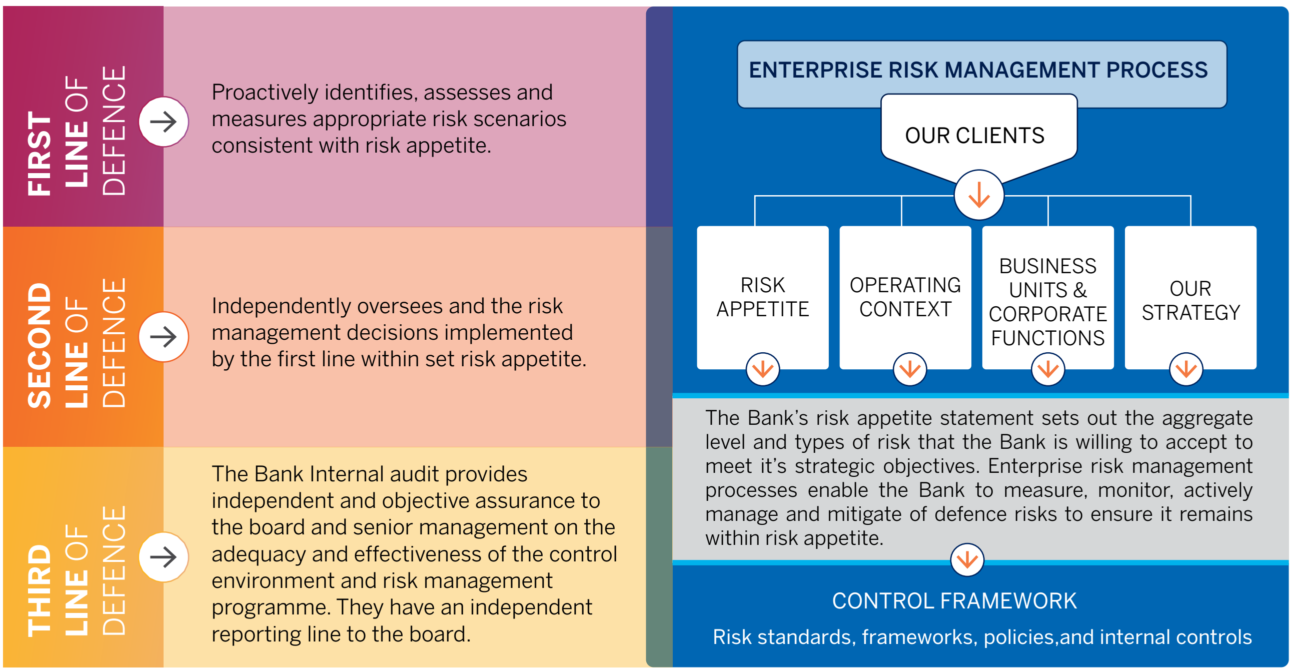
Business Units

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

Governance Documents

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

Three lines of defence



Risk types in Banking activities

RISK UNIVERSE

The principal risks impacting SUHL are continuously assessed to ascertain whether appropriate mitigants are in place to ensure the residual exposures are within appetite.

STRATEGIC RISK

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

CREDIT RISK

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

NON-FINANCIAL RISK

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

FUNDING AND LIQUIDITY RISK

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

COMPLIANCE RISK

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

ESG RISK

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

COUNTRY RISK

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

LEGAL RISK

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

MARKET RISK

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

INSURANCE RISK

The risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder contract values and in pricing products.

Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts.

REPUTATIONAL RISK

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

Credit Risk

YEAR IN BRIEF 2022

CHNW & CIB recorded strong asset growth of 11% during the year. Uplift in CHNW assets was mainly from leveraging sales campaigns, digital up take and risk appetite reviews especially for key ecosystems and clients. In CIB asset growth was driven by capital investment & working capital demand. BCC also slightly grew by 3% however, turnaround is anchored on executing the ecosystem strategy.

The health care and telecommunications sectors registered the highest growth rate of 166% and 82% respectively while the fast-moving consumer goods and real estate had a decline of 19% and 18% respectively year on year.

The BCC portfolio was adversely impacted by the lingering effects of Covid-19 lockdown measures and macro-economic headwinds during the year. This resulted in elevated risk in certain sectors (e.g., public sector) and impairments were taken to reflect the increased risk. The business also proactively engaged clients who were experiencing challenges to provide solutions aligned to their cash flow position. Furthermore, the portfolio is actively monitored to identify potential impacts on credit quality resulting from the operating environment.

Gross loans were up slightly by 8.78% year-on-year driven by a growth in quality assets. The credit loss ratio closed at 1.56% down from 1.8% reported in December 2021. Credit provisions were down year-on-year by 10.72% off pickup in business activity and a prudent approach taken at the start of the year.

FOCUS AREAS FOR 2023

The outlook remains cautiously optimistic given the nascent nature of oil and gas and sector specific risks, regional political risks plus the secondary risks from Covid-19.

The outlook is that a start of activities leading to domestic oil production, the construction of flagship oil projects and associated supporting infrastructure (such as roads and other public utility facilities) will generate strong sectoral growth. Inward investment and construction are set to receive a significant boost in 2023-26 from the development of the Kingfisher and Tilenga oil projects and the East African Crude Oil Pipeline.

Alongside these developments, the industry will also benefit from other ongoing and planned multi-year construction activities in energy and transport, as well as expansion in agro and gold-processing. Furthermore, full reopening of the economy in 2022 accelerated activity in Households, Manufacturing, Construction, Trade, Agriculture and Transport.

The Bank has also commenced initiatives to support women and youth in line with the demographic structure of Uganda as the SACCO proposition is also taking shape. The Bank is also actively driving the digitization agenda to ensure that services are convenient, inclusive, and affordable.

The war in Ukraine continues to have adverse effects on the global economy thus experiencing growing prospects of economic slowdown on the back of rising interest rates. The IMF now projects global output growth to slow down to 2.9 percent in 2023 from 3.1 percent in 2022 as most economies undergo significant slowdowns. In Uganda, inflation has been on an upward trend, 2.9% in Dec 21 Vs 8.9% in Dec 22. CBR has however remained flat at 10% from October to December 2022 thus creating relative stability.

Country Risk

YEAR IN BRIEF 2022

During 2022, the macro environment was characterized by growing inflationary pressures emanating from global shocks related to supply chain issues, geopolitical tensions, and weather conditions.

Inflation reached historical highs and the central bank had to intervene through monetary policy tightening.

On the fiscal side, government expenditure slowed in a bid to harmonize fiscal and monetary policy.

The shilling faced pressure as well from the inflationary pressure and global strengthening of the dollar as the US FED hiked interest rates.

FOCUS AREAS FOR 2023

The economy by end of 2022 has begun to see some recovery and inflation slowed down. Bank of Uganda has left the central bank rate unchanged in 2023 so far.

As weather conditions improve and global inflationary pressures slow down, a recovery of GDP growth is expected.

The Uganda domestic economy is projected to grow by 5.5%-6.0% in the FY2022/23 somewhat constrained by the tight domestic and external financial conditions. The growth path is expected to remain below the long-term trend until FY2025/26.

Funding and Liquidity Risk

YEAR IN BRIEF 2022

Sufficient liquidity was maintained to fund business requirements within regulatory and internal appetite limits. Bank of Uganda increased the Cash Reserving Ratio from 8% to 10% as part of the monetary policy tightening cycle to combat inflation that touched double digit Leverage data science expertise to support a more effiits.

FOCUS AREAS FOR 2023

Dynamic forecasting of funding and liquidity requirements considering the evolving macro and micro economic landscape to ensure liquidity risk remains well managed. Continued balance sheet optimization to ensure the right tenors in the right amount, in the right currency at the right cost to support the bank's strategy.

Bank of Uganda continues to provide liquidity to supervised financial institutions through the standing lending facility program through the monetary policy tightening cycle.

Insurance Risk

YEAR IN BRIEF 2022

SUHL continued to utilise insurance as an alternative risk management mechanism coupled with ensuring a firm internal control environment. The benefit of the insurance program was evident throughout 2022 especially on the staff benefits policies like Group Life that paid out significant amounts accruing to staff related insurance claims. The assets and liability related insurance policies, too, remained steadfast in providing the expected insurance benefits whenever claims arose. The premiums for the period grew within budgeted limits largely owing to a robust internal control environment, as evidenced by a relatively manageable insurance loss experience.

FOCUS AREAS FOR 2023

2023 will be focused on furthering the synergies between insurance and the overall integrated risk program for SUHL with a view to ensuring we keep abreast of the evolving risk landscape while supporting the business's growth agenda.

We will also be focusing on anticipating the various risks that emanate from the new lines and channels of business that SUHL and it's subsidiaries continue to explore with a view to sourcing appropriate insurance coverage that addresses these emergent and evolving risks.

The learnings from past risk events will continue to be incorporated in all insurance related discussions throughout 2023.

Market Risk

YEAR IN BRIEF 2022

The shilling depreciated by 5% between December 2021 to December 2022 owing to elevated dollar demand and the general strengthening of the dollar as globally, Central Banks pursued an aggressive policy rate hikes to curb inflationary pressures. The shilling traded from 3545 per USD in December 2021 to a peak close to 3890 before recovering to close the year at 3720.

The interest rate environment experienced volatile swings as inflationary pressures called for strong responses from Central Banks. Bank of Uganda raised the Central Bank rate (CBR) to 10% by year-end from 6.5% earlier in the year. This filtered through to yields on government securities with the shorter end of the curve (Overnight-1-year) rising by an average of 388 basis points (bps) while the longer end of the curve (2-20-year) rose by an average 100 bps. Towards the end of the year, rates adjusted significantly lower on account of improved liquidity and inflation forecasts highlighting reduced price pressures into 2022

FOCUS AREAS FOR 2023

The Bank will continue to focus on monitoring and managing the trading book and banking book market risk, equity risk, own equity-linked transactions, foreign currency risk and associated hedges in the context of current market volatility, including monetary policy decisions and rate changes.

Capital Management

Our approach to capital management is to maintain a strong capital base to support the growth of our business and to always meet regulatory capital requirements. Strategic business and capital plans are drawn up annually covering a four-year horizon and are approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained to support the banks' strategy. The Banking Subsidiary Stanbic Bank Uganda holds sufficient capital buffers to absorb shocks arising from an adverse economic downturn.

YEAR IN BRIEF 2022

The Bank manages it's capital levels to support business growth, maintain depositor and creditors' confidence and create value for it's shareholders strictly within regulatory requirements and risk appetite limits as approved by the board. This function is managed under oversight of the Asset and Liability Committee (ALCO).

Bank of Uganda issued The Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022 which increased the minimum paid-up capital requirement for banks from UShs 25 billion to UShs 150 billion.

Compliance was to be phased with UShs 120 billion to be met by 31 December 2022 and the total UShs.150bn to be fully met by 30 June 2024. As of 31 December 2022, the bank was compliant with this requirement with a holding of UShs 154 billion.

FOCUS AREAS FOR 2023

There are developments in the regulatory environment such as the transition to Basel II Capital Accord including holding capital for Non-Financial risk. This will be a key influence in capital management while supporting business growth within regulatory and internal appetite limits. The bank will continue to adjust it's capital management strategy to be responsive to the evolving business landscape.

Non Financial Risk

YEAR IN BRIEF 2022

The year continued to be a challenging year for non-financial risk management. While SUHL experienced an improved year in regards to operational losses in comparison to the previous year, the occurrence of single significant loss or potential loss events remained a threat to the control environment.

SUHL's continued investment in technology continued to bear fruit in the year. There was notable improvement in IT system stability that enabled better client experience. Considering the challenging macro environment, fraud risk management was a key focus in the year. SUHL strengthened it's fraud investigation capabilities and capacity, while in tandem continued it's focus on strengthening it's fraud prevention and detection mechanisms. The bank further made progress towards deploying fraud detection and monitoring capability that will enable real time transaction monitoring. SUHL successfully reviewed it's third-party relationships through the year to understand the risks posed by these relationships and safeguard against disruption of critical services.

SUHL elevated the operational risk digital and data capabilities by deploying tools that enable us to be more responsive and predictive to the changing risk landscape as we transition to a more proactive risk posture.

The first line of defence risk management capabilities with a revamped internal control team that is charged with providing the first line with proactive risk insights as they engage in business activities.

Lastly, there was greater collaboration across the three lines of defence and the teams were able to work in concert to provide a comprehensive and integrated assessment of enterprise-wide risks impacting SUHL, to the different stakeholders and the board.

FOCUS AREAS FOR 2023

SUHL will focus on improving the strategic role of risk partners in supporting the growth of client business whilst managing risk appetite. This includes enhancing our Risk As A Service capabilities to provide on-demand risk advice for decision making through automation and digitization of risk management tools.

SUHL will further emphasize efforts to make further improvements to the risk culture through driving ownership and accountability for risk and control at all levels of the organisation.

Drive our integrated risk agenda across the three lines of defence to present a consistent view of the risk landscape by eliminating blind spots and efficiently and effectively deploying resources and tools that are responsive to the evolving threat landscape.

ESG Risk

YEAR IN BRIEF 2022

ESG risks are currently and will continue to dominate top global risks. Given our purpose of driving Uganda's growth and our focus on sectors deemed to be high risk, SUHL recognises that prudent ESG risk management is critical to achieving our purpose and strategy. To that end, SUHL embedded E&S risk assessments within our credit processes in line with the Environmental and Social risk policy and standard.

This ensures we manage any direct or indirect ESG risks and participate in deals that are within risk appetite.

FOCUS AREAS FOR 2023

Continue to embed the E&S risk management principles and empower teams to proactively manage E&S risks.

Continue to educate the stakeholders to better understand how E&S risk impacts SUHL's strategic goals and integrating E&S into the existing risk management frameworks and risk appetite.

Enhance SUHLs sustainability measures to deliver on the sustainability aspirations.

RISK APPETITE AND STRESS TESTING

RISK APPETITE

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

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

Group portfolio risk management committee

Risk appetite guides strategic and operational decisions and is reviewed annually. Our level one risk appetite statements are:

Capital position: We aim to have a strong capital adequacy position measured by regulatory and economic capital adequacy ratios. We manage our capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance. Each banking subsidiary must further comply with regulatory requirements in the countries in which we operate.

Funding and liquidity management: We maintain a prudent approach to liquidity management in accordance with the applicable laws and regulations. The competitive environment in which each banking subsidiary operates is also taken into account. Each banking subsidiary must manage liquidity on a self-sufficient basis.

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

Earnings volatility: We aim to have sustainable and well-diversified earning streams in order to minimise earnings volatility through business cycles.

Reputation: We have no appetite for compromising our

legitimacy or for knowingly engaging in any business, activity or relationship which could result in foreseeable damage to our reputation or our sustainability.

Conduct: We have no appetite for unfair client outcomes arising from inappropriate judgement and conduct in the execution of business activities, or willful breaches of regulatory requirements. We strive to meet clients' expectations for efficient and fair engagements by doing the right business the right way, thereby upholding the trust of our stakeholders.

Level two risk appetite is cascaded into risk types. Level three risk appetite consists of risk type-based limits.

Tabulated below are some of the key metrics, extracted out of our Risk Appetite Statement that we were tracking against, with indication of where we closed the year against each.

Table 1

Component	Measure	Risk Appetite limit	2022
Capital	Total regulatory capital	<16.0%	23.4%
Liquidity	Loan to deposit ratio (FCY)	>75%	64%
Loan impairment	Non-performing loans ratio	>7.5%	2.9%
Portfolio Metrics	Liquid assets to total deposits	<25%	52.2%
	Operational losses to gross revenue	1.0%	0.2%

Emerging enterprise risks

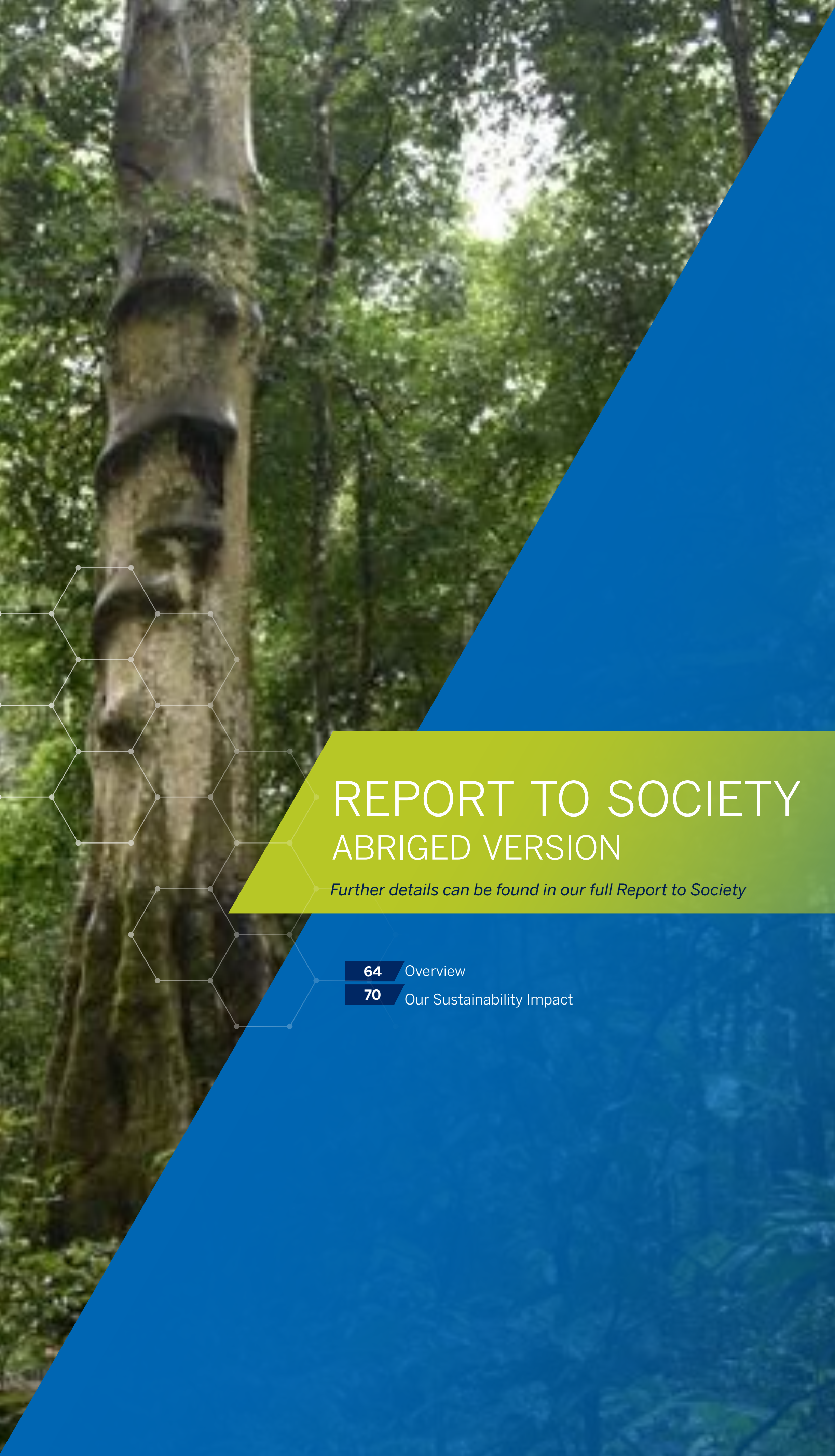
Risk	RISK DRIVERS	MITIGANTS
1 **Cyber** The risk of financial loss, disruption or damage to reputation from breaches or attacks on transaction sites, systems or networks	▪ Remote presence technologies may increase the avenues for attack. ▪ Increasing number and sophistication of cybercrime incidents globally.	▪ Use of adaptive cyber security which uses a combination of artificial intelligence and other methods to dynamically shift tactics and detect and remove threats as quickly as possible. ▪ Multi-factor authentication integrated into all critical payment applications and end-user devices. ▪ The 24/7 cyber security operation centres are enabled with improved monitoring capabilities for evolving cyber vulnerabilities and attacks.
1 **Technology** The inability to manage, develop and maintain secure, agile technology assets to support strategic objectives	▪ A multi-channel digital experience means more technology to keep relevant, up-to-date and safe from fraud attacks. ▪ New types of devices span an extremely wide range of security requirements and have very different security postures.	▪ Dedicated simultaneous development, security and operational teams focus on speeding up implementation of projects and changes. ▪ Continual testing of technology and applications to identify and rectify potential weaknesses that can be exploited.
2 **Regulatory Impact** The risk of reputational and financial losses due to the inability to comply with or keep abreast of regulatory requirements	▪ Changing regulatory and supervisory requirements often come at a high cost and are human resource intensive. ▪ Public interest, social drivers and consumerism may initiate legislative change, requiring appropriate response strategies.	▪ Ongoing engagement with government and regulators to support evidence- based policymaking and dialogue between public and private sectors. ▪ Monitoring of international developments, learnings and benchmarks to identify future supervisory focus areas.
3 **Fraud** The risk of regulatory sanction and reputational and financial losses due to fraud, crime and misconduct from staff or syndicates	▪ Increasingly advanced cyber and malware attacks are expected, which may result in fraud being perpetrated. ▪ Aggressive advancements in technology may cause unforeseeable fraud threats.	▪ Enhanced digital detection capability covering people, processes and technology. ▪ Development of predictive fraud detection and prevention capabilities using agile methodologies.
4 **Information** The risk of financial loss, disruption or damage to reputation from breaches or attacks on transaction sites, systems or networks	▪ Inadvertent or intentional disclosure of protected information by Bank personnel. ▪ Compromise of systems used to store privileged data.	▪ Ongoing awareness encourages a consistent information protection culture. ▪ Automated tools designed to prevent disclosure of information to unauthorized personnel. ▪ Logical access controls designed to ensure information is restricted to authorized ▪ The risk of accidental or intentional unauthorized use, access, modification, disclosure, dissemination or destruction of information resources resulting in potential harm to SUHL

Emerging enterprise risks

Risk	RISK DRIVERS	MITIGANTS
5 People The inability to manage, develop and maintain secure, agile technology assets to support strategic objectives	▪ Personnel not having requisite skills to execute and provide service offerings. ▪ A rise in digitisation and automation will deliver efficiencies and reduce demand for certain skillsets.	▪ A range of learning and development Solutions for future skills to ensure the employees remain relevant in the changing work environment. ▪ Recognition programmes that support a culture where success is celebrated, and employees feel valued. ▪ The risk of failure of the workforce to adequately and efficiently serve clients, support operations and deliver business strategy.
6 Business Resilience The risk of reputational and financial losses due to the inability to comply with or keep abreast of regulatory requirements	▪ Failure to perform adequate due diligence and ongoing monitoring of third-party relationships ▪ Failure to determine the universe of critical services.	▪ The desired culture is defined by our values and doing the right business the right way. ▪ Setting the right tone at the top. ▪ Performance management and incentives are designed to reward the right behaviors ▪ Setting accountability for behaviours that are not aligned with a values ▪ Robust training and awareness sessions to embed the right culture.
7 Conduct The risk of harm being caused to the bank, it's clients and markets due to inappropriate execution of business activities.	▪ Increasingly advanced cyber and malware attacks are expected, which may result in fraud being perpetrated. ▪ Aggressive advancements in technology may cause unforeseeable fraud threats.	▪ Cultural misalignment due to inappropriate ethics, behaviours and values being applied that result in poor business practices. ▪ External or internal pressures on staff to perform during challenging times.
8 ESG The risk of regulatory sanction and reputational and financial losses due to fraud, crime and misconduct from staff or syndicates	▪ Lack of the technical expertise to appropriately assess the risk. ▪ Limited risk data to determine risk appetite qualitatively and quantitatively. ▪ The inability to achieve our strategy arising from our direct and indirect impact on the environment, society, and governance.	▪ Proper trainings have been conducted to ensure staff comply with the ESG policy and standard with clear oversight and accountability from the sustainability unit. ▪ E&S risk assessment tool has been embedded in the credit approval process to assign a risk rating to transactions with potential E&S exposure.

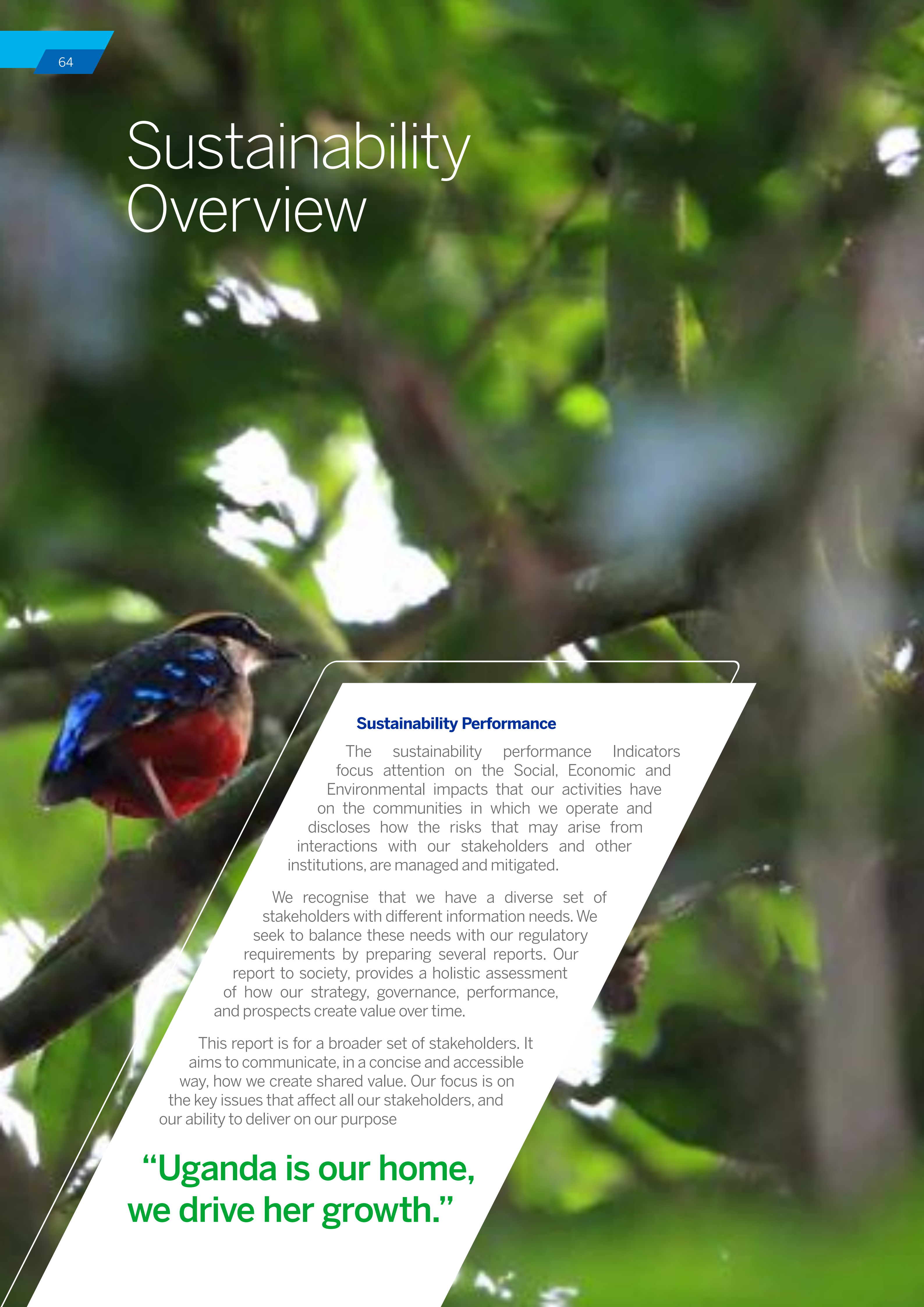
UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

Green landscape of tropical Uganda



REPORT TO SOCIETY
ABRIGED VERSION

Further details can be found in our full Report to Society



Sustainability Overview

Sustainability Performance

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

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

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

“Uganda is our home, we drive her growth.”

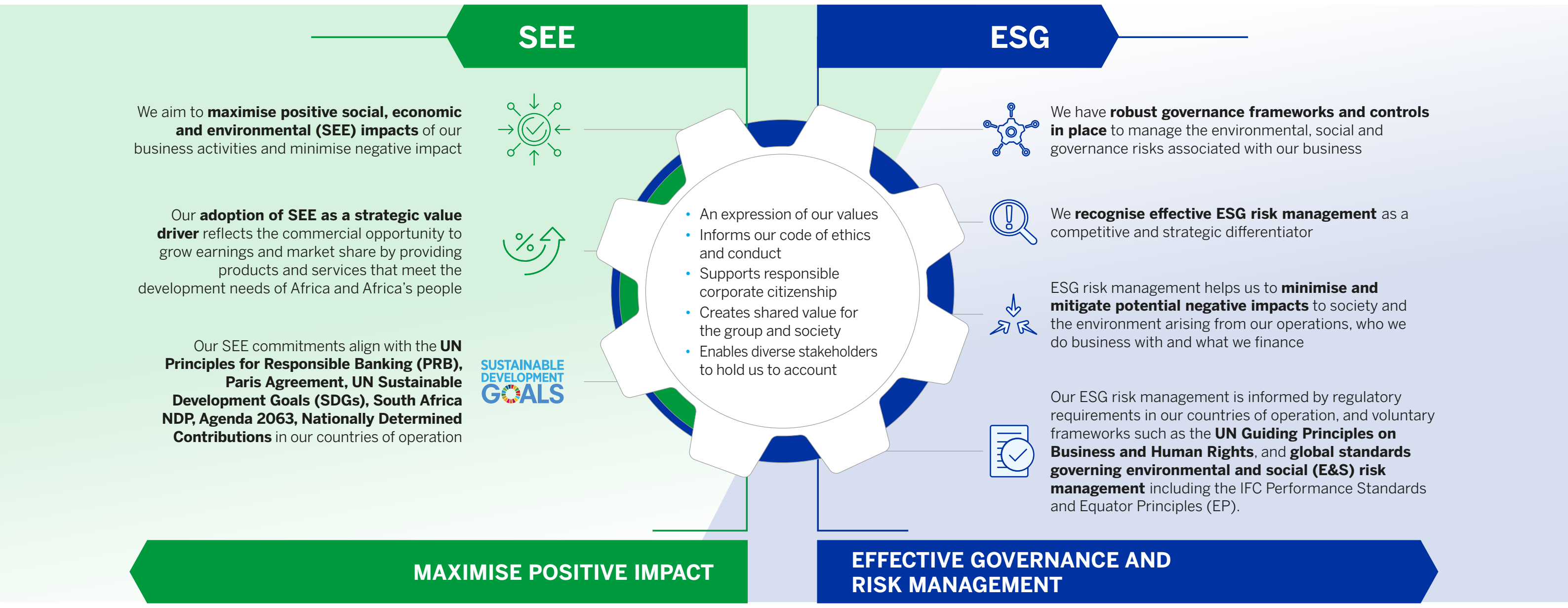
Scope and boundary

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

The material issues identified in 2022 have been reaffirmed as being the most relevant to SUHL for the period ending 2022. These issues are detailed in the reporting practices section.

Sustainability approach

Given our purpose to drive Uganda's growth, our strategy focuses on sectors interventions that support our Social, Economic and Environmental priorities and our approach to ESG risk management. ESG performance is one of our metrics for measuring our SEE impact.



Frameworks applied

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

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

Stanbic SUHL's Sustainability strategy: SEE Framework

At Stanbic Holdings Uganda Limited (SUHL), sustainability is an integral part of our business strategy.

Sustainability and sustainable business practices are embedded at every level of our business. We believe that our most important contribution to sustainable development is to operate an effective and profitable SUHL.

By providing access to credit, savings, and investment products, we enable individuals to improve their quality of life and enhance their financial security. By providing finance

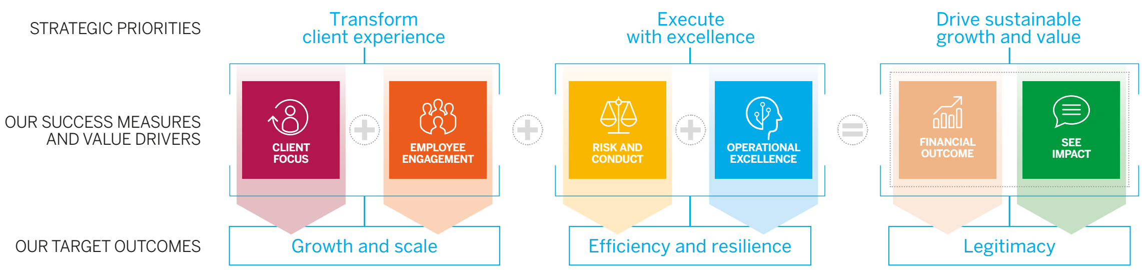
Further details can be found in our full Report to Society
www.stanbic.co.ug/ugandaholdings/stanbic-uganda-holdings-limited/investor-relations

to large and small businesses we facilitate economic growth and job creation, and by financing infrastructure and the development of key sectors, we assist in resolving national challenges such as energy and food security, access to primarily health care, tourism, mining, and information communications technology.

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

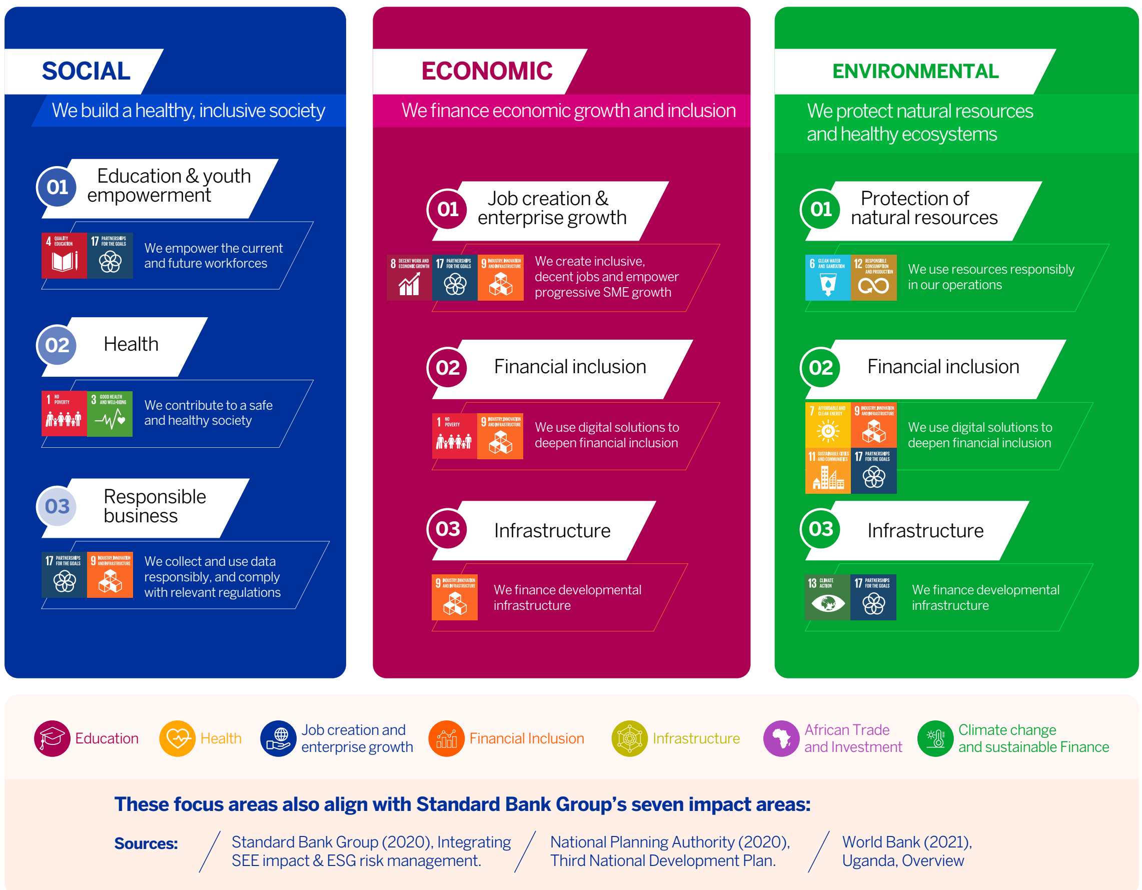
Our Group Value Drivers

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



Stanbic Uganda – SEE Impact framework

2022 the Board of Directors approved the Stanbic Uganda Social, Economic and Environment (SEE) impact framework and strategy that guides the entire business operations to ensure we achieve the positive social, economic, and environmental impacts to create shared value.



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

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

Focus areas:

Social: Under the framework, the business has committed to support education, youth Empowerment, health and responsible business. In the area of education and youth empowerment, Uganda is among the youngest nations in the world with over with over 78% of its population below the age of 30 with literacy levels of just over 50%. Therefore, Stanbic has been deliberate in creating interventions to support youth through education programmes and youth customer value propositions. Health also remains an underserved sector and we continue to create appropriate solutions to improve quality health care in Uganda.

Economic: Our objectives under the economic impact pillar are to support Job creation and enterprise/SME growth, Financial Inclusion and infrastructure development. Through our lending, our objective is to ensure we are supporting Ugandan SME's who create over 75% of employment in the country, provide affordable and easier access to finance for every Uganda especially at the last mile and support Government in the development of critical infrastructure that will develop the economy.

Environmental: We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change and develop innovative financial products and services that support the green economy, reduce carbon emissions, increase climate resilience, and enhance and socioeconomic development. We also establishing strategic partnerships that will support climate action and further investment in green business in Uganda.

E&S Risk Management

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

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

In 2022, the business took the significant step to embed the E&S risk assessments within our credit processes in line with the Environmental and Social risk policy and standard. We therefore introduced the digital E&S risk assessment tool that is utilised by the business teams to conduct environmental and social due diligence as part of the within our credit approval processes.

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

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

Screening for new lending

With the implementation of the E&S risk assessment process, all new lending for business clients are screened for compliance with national laws and standards, the exceptions list and relevant policies, including the E&S framework. Where applicable, we also apply the IFC Performance Standards and the Equator Principles. By embedding E&S risk assessment processes into lending practices at an early stage, we ensure E&S consideration and accountability in decision-making and monitoring.

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

E&S risk management principles

For E&S policy and standard to be fully implemented, we aim to ensure that the following principles are applied:

- E&S risk management is integrated into lending and investment processes, to ensure E&S risks are identified, managed, and mitigated.
- Credit management policies and processes include assessment of E&S risks and associated mitigation measures and opportunities.
- High risk industries, sectors, jurisdictions, and transactions (as identified by the group) require additional due diligence.
- Development of new products and services incorporates E&S risk assessment. Opportunities to create positive E&S outcomes are actively identified and pursued.
- Investment governance includes E&S risk assessment and monitoring. E&S due diligence must be undertaken for investee companies in high-risk industries or transactions. This includes assessment of the quality of the investee company's monitoring and reporting regarding long-term sustainability of strategy and operations.
- We proactively partner with our clients to assist them to manage and mitigate their E&S risks and impacts.
- We use our influence with our clients to encourage them to apply the Precautionary Principle to their operations and activities, where applicable.

All new lending for business clients are screened for compliance with national laws and standards

Further details can be found in our full Report to Society
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Stanbic Bank IT CAN BE.

Our Sustainability Impact

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

Further details can be found in our full Report to Society
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Further details can be found in our full Report to Society
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CATHY ADENGO
HEAD OF SUSTAINABILITY,
STANBIC BANK UGANDA

Our Sustainability Strategy

In 2022, Stanbic Uganda developed a comprehensive Sustainability strategy that was approved by the Board of Directors and currently shapes the business priorities across the organisation.

The strategy aims to create a positive Social, Economic and Environmental impact through our activities, thereby helping address some of the most pressing concerns in our communities and for our clients. We recognise that as one of the leading organisations in Uganda's economy, our mission is to help develop a sustainable economy and to empower people to build better futures.

By delivering on our sustainability priorities, we create a meaningful impact in our communities and for stakeholders we serve. We remain pivotal to facilitating Uganda's economic growth and Stanbic Uganda Holdings through Stanbic Bank, lends to a wide range of growth sectors ranging from primary growth sectors including, Agriculture, Infrastructure, Trade, Health Care, Education and much more.

Our aim is to ensure that through deepening financial inclusion, more Ugandan's and Ugandan businesses will have access to financial services to meet their needs and growth requirements.

Our 2022 report to society highlights our major interventions in line with our commitment to our Social, Economic and environment (SEE) impact priorities.

Social Impact

Under the Social Impact pillar of our Sustainability framework, Stanbic Uganda committed supporting youth empowerment, education, healthcare, and driving ethical business practices. The bank has created initiatives to support the youth through educational programmes and customer value propositions.

A key programme that aims to drive youth empowerment and improved access to quality education is the Stanbic National Schools Championship. The programme reaches 100 schools, 100 teachers, and 60,000 students annually. More than 180,000 students have participated in the programme since its inception and through the competition, over 200 businesses ideas created in the schools.

To support better maternal health care in Uganda, Stanbic and various private sector partners invested more than UGX 800 million on equipment and mama kits for health centres. MTN Uganda, Uganda Breweries Limited, Uganda Communications Commission, and nine other organizations have joined forces through the Corporate Society for Safe Motherhood (CSM) to equip 26 health clinics around the nation.

UGX 61bn

UGX 800m

UGX 20bn

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

Economic Impact

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

To support the growth of Uganda's SME sector, **over 1,074 SME businesses** were trained in 2022 through our Stanbic Business Incubator. The incubator continues provide critical capacity development programmes for small businesses to improve their operations and long-term growth.

A critical intervention that was put in place to support economic recovery following the adverse effects COVID 19 on vulnerable groups including SME's is the Stanbic Economic Enterprise Restart Fund (EERF). In 2022, aBi contributed UGX20 billion to the EERF to improve women-owned SME and SACCO loan access in Uganda.

By executing two rounds of capacity development for farmer cooperatives and SMEs, Stanbic Bank Uganda Limited has strengthened its focus on extending financial inclusion for segments of the population with an agricultural background. Additionally, **we have touched over 260,000 members** through on-lending and have offered 292 SACCOs/VSLAs accessible finance. Additionally, they have used digitalization to improve financial inclusion, providing personnel with the necessary training and technical equipment.

Through our women's proposition **Stanbic For Her, loans worth UGX 19.7 bn** were disbursed to 1,127 women. Liabilities sales were 9,293 in volume, worth 18.1Bn. Through the financial literacy programme, we trained 18,500 women. In addition, we partnered with the Sheema Development Foundation, it also supported the planting of 2,500 fruit trees for women in SACCOs. The Women's CVP (Stanbic for Her) is focused on investing in and promoting women-led firms in Uganda and contributing to global gender parity.

Environmental Impact

The environment is a critical pillar to our sustainability strategy. We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change and develop innovative financial products and services that support the green economy, increase climate resilience, and enhance and socioeconomic development.

In 2022, we implemented the environmental and social (E&S) risk screening and assessment process for all financial transactions. E&S screening is done to help our clients strengthen their resilience and adaptive capacity to environmental and social risks through assessment of the impacts of their businesses. The tool captures client and transaction details (client & transaction risk) to determine level of assessment (Review, level 1, level 2 or level 3) and risk.

We also worked to manage the direct impacts of our operations to minimise any adverse impact on the environment. In 2022, Stanbic Bank Uganda reduced its use of electricity by 738,557 Kwh, paper by 14 tonnes, water by 3,004 cubic metres, and carbon emissions by 492 tonnes.

As part of climate action initiatives, Stanbic Uganda in partnership with Ministry of Water and Environment plus several corporate partners in the Running Out of Trees campaign and planted 74,000 trees.

Sustainability Highlights

Social Impact

331,684
Ugandans benefited

Corporate Social Investments programmes

360,000
Students reached across Uganda

Stanbic National Schools Championship

78,000
Supported Mothers through

Stanbic Maternal Health Programme

UGX 85.17 bn

Financial support provided to the Health Care Sector

Economic Impact

3,100
SME businesses trained through

Stanbic Business Incubator

197,000
Women financed through

Stanbic for Her

UGX 20.2bn
Disbursed over UGX 20.2bn in 2022 to 292 SACCOs/VSLAs and reaching over 260,000 of their members through on-lending

UGX 272 bn

Paid in taxes

Environmental Impact

74,000
trees planted

ROOTS[1] campaign in partnership with NEMA[2] & various private sector players

738,557 Kwh
To manage our direct impacts electricity consumption reduced by 738,557 Kwh in 2022

14 tons
Paper consumption also reduced by 14 tons as we deployed our paperless and digital agenda

[1]Running Out of Trees
[2]National Environment Management Authority

Contribution and payments into the economy and stakeholders

As the largest financial institution in the market, we continue to honour our commitment to driving Uganda's growth. Through our financing activities, we support financial inclusion and promote the growth of critical sectors of the economy in line with Government's national development plan. Below, the numbers highlighted demonstrated our social, economic and environment impact in all areas that touch an influence our clients, government, shareholders, employees, and communities:

1. Value Added Statement

Value added statement for year ended 31st December 2021	2022	% of wealth created	2021	% of wealth created	2020	% of wealth created
Value added	**Ushs '000**		**Ushs '000**		**Ushs '000**	
Interest Income	635,024,818	88%	543,994,626	99%	536,233,586	105%
Commission fee income	176,874,385	25%	164,759,392	30%	157,281,369	31%
Other revenues	271,611,706	38%	240,696,978	44%	183,316,638	36%
Interest paid to depositors	(45,612,036)	-6%	(45,968,548)	-8%	(45,441,437)	-9%
Other operating expenses & impairments	(315,190,279)	-44%	(354,086,987)	-64%	(320,985,403)	-63%
Wealth Created	**722,708,594**	**100%**	**549,395,461**	**100%**	**510,404,753**	**100%**
Distribution of wealth						
Employees	212,397,514	29%	178,547,838	32%	169,512,134	33%
Government	148,777,820	21%	100,195,692	18%	96,227,594	19%
Ordinary shareholders - (Dividends)	148,000,000	20%	40,000,000	7%	76,000,000	15%
Non Controlling Interests	37,000,000	5%	10,000,000	2%	19,000,000	4%
Corporate Social Investment (CSI) spend	4,152,352	1%	1,339,839	0%	2,978,700	1%
Retentions to support future business growth	172,380,908	24%	219,312,092	40%	146,686,325	29%
Wealth Distributed	**722,708,594**	**100%**	**549,395,461**	**100%**	**510,404,753**	**100%**

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

2. Loan Disbursement Per Category

	2022	2021	2020	2019
	Ushs	Ushs	Ushs	Ushs
Corporate and Investment Banking	1,767,551,089,806	1,613,128,094,465	2,041,784,969,158	1,027,545,014,699
Business banking	1,657,342,856,905	1,111,788,553,466	1,014,893,707,726	708,026,337,164
Personal banking	550,641,994,373	249,856,268,020	154,007,448,965	318,327,253,263
Total	**3,975,535,941,084**	**2,974,701,915,951**	**3,210,686,125,849**	**2,053,898,605,126**

3. Financial intermediation by sector and focus factions

Loan Balances per Sector	2022	2021	2020	2019
Economic Sector	**UShs '000**	**UShs '000**	**UShs '000**	**UShs '000**
Agriculture, Fishing & Forestry	437,507,114	467,077,303	484,530,596	518,095,700
Mining and Quarrying	11,652	3,528	201,152	339,301
Manufacturing	365,202,060	434,937,299	345,510,386	403,857,150
Trade	663,004,206	482,955,167	504,355,116	486,217,126
Transport and Communication	417,180,956	301,297,043	285,968,005	199,229,277
Electricity and Water	136,146,627	125,581,718	127,378,090	110,114,662
Building, Mortgage, Construction and Real Estate	572,895,483	506,712,319	445,350,107	399,542,064
Business Services	112,402,857	81,192,158	62,197,173	41,203,844
Community, Social & Other Services	85,812,572	561,986,036	733,599,019	74,462,504
Personal Loans and Household Loans	1,043,829,230	962,523,742	809,109,664	722,286,154
TOTAL*	**3,833,992,758**	**3,924,266,315**	**3,798,199,308**	**2,955,347,782**

4. Financial enablement for our employees

		2022		2021		2020		2019
	No. of Loans	UShs	No. of Loans	UShs	No. of Loans	UShs	No. of Loans	UShs
Staff Home Loans	83	9,108,324,837	35	8,872,554,218	9	952,005,645	61	7,829,785,410
Staff Personal Loans	3 479	29,664,036,189	1025	18,806,910,954	768	10,527,719,517	1,837	18,492,746,234
Total	**3 562**	**38,772,361,026**	**1060**	**27,679,465,172**	**777**	**11,479,725,162**	**1,898**	**26,322,531,644**

Further details can be found in our full Report to Society
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UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

African savanna and Rwenzori Mountains, Queen Elizabeth National nPark, Uganda

CORPORATE GOVERNANCE

Board of Directors

Japheth Katto[71]

Board Chairman SUHL

Academic Qualifications
FCC, CPA – Uganda
BCom – MUK

Primary strength and skills
Leadership of Large Complex Organisations

Corporate Governance/Public Policy & Regulation

Audit, Accounting & Finance

Year of Appointment

2014

Committees
Nomination and Remuneration committee(Chairman)

Olusola Adejoke David-Borha [62]

Non- Executive Director

Academic Qualifications
Advanced Management Program – Harvard Business School: Global CEO Program of CEIBS – Wharton and IESE
MBA – University of Manchester.

Primary strength and skills
Banking and Investment

Leadership of Large Complex Organisation

Strategy Planning and Execution

Doing business in sub-Saharan Africa/ Emerging economies /International Experience

Year of appointment
2019

Committee
SBUL Risk Management (C/M)
Asset and Liability

Patrick Mweheire[52]

Non- Executive Director

Academic Qualifications
MBA (Harvard)

BSc (Econ, Daemen)

Primary strength and skills
Banking and Investment

Strategy Planning and Execution

Leadership of Large Complex Organisations

Doing business in sub-Saharan Africa/ Emerging economies /International Experience

Year of appointment
2012

Committees
SBU Credit(C/M)
Asset and Liability(C/M)
People and Culture
SUHL- Nomination and Remuneration.

Andrew Mashanda[52]

Chief Executive SUHL

Academic Qualifications
BSc. Accounting
Programme in Electronic commerce Strategy – University of South Africa

PGD Global Management – University of Salford, UK

Primary strength and skills
Banking and Investment

Strategy Planning and Execution

Risk and Capital Management and Controls

Year of appointment
2020

Committee
None

Prof. Patrick Mangheni [70]

Non- Executive Director

Academic Qualifications
PhD Functional Analysis - University of Oxford England

Primary strength and skills
DigitiSation/Data/IT

Risk management and controls

Voice of the customer/client centricity

Year of appointment
2015

Committee
Board Engineering and Innovation Committee

Damoni Kitabire[64]

New Board Chairman SBUL

Academic Qualifications
M.Sc. Degree (Finance) – Strathclyde University, Glasgow (UK), Diploma (National Economic Planning) – Central School of Planning Warsaw (Poland)
BA (Economics)- Makerere University

Primary strength and skills
Macro Economics, Finance & Accounting

Development Banking

Public Policy & Leadership of Large Complex Organisations

Year of Appointment
2021

Committee (Retired)
BRMC
Risk & Audit

Anne Juuko[41]

Chief Executive, SBUL

Academic Qualifications
MBA. Strategic Planning - Edinburg Business School

BCom – Makerere University

Primary strength and skills
Banking and Investment

Strategic and Financial skills

Doing business in sub-Saharan Africa/ Emerging economies

Year of appointment
2020

Committee

Adhoc Nominations

Board Credit

Asset and liability

Risk Management

Emma Mugisha[49]

Executive Director

Academic Qualifications
MBA- Rotterdam School of Management, Erasmus University

BA (SWASA) – Makerere University

Primary strengths and skills
Banking and Investment

Strategic and Financial skills

Doing business in sub-Saharan Africa/ Emerging economies

Year of appointment
2020

Committee
Asset and liability

Risk Management

Eva Grace Kavuma[60]

Non- Executive Director

Qualifications
MBA International Management (Thunderbird, Arizona)

BSc Business Administration (Ithaca, New York),

Primary strength and skills
People development/ Remuneration&Reward

Stakeholder relations/Corporate reputation Management

Environmental Social Governance (ESG)

Year of appointment
2016

Committee
Audit
People & Culture (C/M)

Robert Jack Busuulwa[52]

Non-Executive Director

Academic Qualifications
Member of The Institute of chartered Accountants in England and Wales
Member of ICPAU, CPA Uganda

Primary strengths and skills
Audit, Tax, Accounting & Finance

Risk Management and Controls

Doing business in sub-Saharan Africa/ Emerging economies

Year of appointment
2022

Committee
SUHL Audit and Risk(Chair)

Josepha T. Ndamira[42]

Non- Executive Director

Academic Qualifications
MBA – Edinburg Business School (Heriot Watt University)

Fellow of the ACCA(UK)

BCom (Accounting)- Makerere University.

Primary strength and skills
Audit, Tax, Accounting & Finance

Risk Management and Controls

Corporate Governance & Regulation

Year of appointment
2019

Committee
Audit (C/M)

Elizabeth K.Ntege [53]

Non- Executive Director

Academic Qualifications
Business Incubation Management – African Business Incubation Institute, SA, Bullet Proof Management and Leadership – Creston International USA, Certified Network Associate and Professional – Cisco Systems Inc, UK

BSc.Eng – De-Montfort University, UK

Primary strengths and skills
Digitization/Data/IT

People development/ Remuneration&Reward

Doing business in sub-Saharan Africa/ Emerging economies

Year of appointment
2019

Committee
Credit, People and Culture
Risk Management
Engineering and
Innovation.

Agnes A. Konde[50]

Non-Executive Director

Academic Qualifications
Fellow of the chattered Institute of Marketing

Global CEO Program – IESE Business School

MBA – University of Liverpool

BA(SS) – MUK

Primary strengths and skills
Strategy Planning and Execution

Brand Management & Marketing

Stakeholder Management

Year of appointment
2020

Committee
SUHL Audit and Risk.
Board Nominations
Remuneration

Candy Wekesa Okoboi[52]

Non-Executive Director

Academic Qualifications
MBA – Edinburg Business School

Post Graduate Diploma (Law Policy)- Law Development Centre, Uganda

L.L.B – MUK.

Primary strength and skills
Corporate Governance

Corporate and Commercial Law

Legal Risk Management

Legal Advisory

Year of appointment
2020

Committee
None

Retired; October 2022

Tony Okao Otoa[41]

Chief Executive, SBIL

Academic Qualifications

LLM- Oxford Brookes

BSc International Relations and Communication and Media- Oxford Brookes.

Primary strengths and skills
Stakeholder Management

Enterprise Management

Advisory

Capacity Building

Entrepreneurship

Year of appointment
2020

Committee
None

Catherine Poran[52]

Non-Executive Director

Academic Qualifications
MBA- Heriot-Watt University Edinburg

PGD, Business Management, Marketing, and related Support Services - MUBS

LLM – Buckingham University

Primary strength and skills
Banking

Marketing

Credit Management

Business Strategy

Relationship Management

Finance

Year of appointment
2020

Committee
None

Samuel Fredrick Mwogeza[41]

Board Chairman, SPL

Academic Qualifications
Executive Education, Senior Executive Leadership-Harvard Business School

CEO Apprenticeship, Leadership – Strathmore Business School

MBA – Edinburgh Business School

Management Accountancy Training – ACCA, BCom – MUK

Primary strength and skills
Banking, Accounting, Risk Management, Financial Modelling

Certified Executive Coach

Year Of Appointment
2021

Retired; December 2022

Patricia N. Musiime[43]

Non-Executive Director

Academic Qualifications
MBA – Nkozi University

BA(SS) – MUK

Primary strength and skills
Banking

Customer service

Credit

Strategic Planning

Business Analysis &Strategy

Year of appointment.
2021

Retired; October 2022

Spencer Sabiti[38]

Chief Executive, SPL

Academic Qualifications
MBA-Edinburg Business School

PGD, Construction Project Management – MUK

Professional Member, Institute of Surveyors of Uganda

Member of the International Organisation of Health and Safety – UK.

BSc. Quantity Survey – MUK

Primary strengths and skills
Valuation and Surveying

Real Estate management

Project management and Development

Contract management

Stakeholder management

Year of appointment
2020

Joram Ongura[36]

Chief Executive, SBGS

Academic Qualifications
Fundamental Securities-SITI East Africa

Accounting and Business Diploma-ACCA

Primary strength and skills
Financial Analysis

Securities and Financial Markets

Investment Banking

Capital Markets

Year of appointment
2021

Dr. Haruna Mawanda[47]

Non-Executive Director

Academic Qualifications
PHD IT & Computer Science - Capella University. Minneapolis, MN, USA

Master of Information Science – Capella University, Minneapolis, MN, USA

Member of the Certified Information Systems Auditor

Primary strengths and skills
Cloud Strategy

Software Development

Digital Strategy

Programming

Innovation

Information Technology

Digital transformation and solutions

Year of appointment
2020

Committee
None

Joel Muhumuza[37]

Chief Executive, Flyhub

Academic Qualifications
Master of Business Administration (Hons)

BCom

Primary strength and skills
Innovation
Digital Strategy
Digital Transformation and Solutions
Mobile Financial Services

Year of appointment
2021

Hasan Khan[50]

Non-Executive Director

Academic Qualifications
Arab Unity High School

Primary strength and skills
Banking
Global Markets
Treasury Management
Digital Strategy

Year of appointment
2022

Kim Kamarebe[38]

Non-Executive director

Academic Qualifications
MBA -Harvard Business School

BSc Financial Engineering – Princeton University

Primary strength and skills
Investment & Capital Markets

Business Transformation & Innovation

Risk & Capital Management

Year of appointment
2022

● Stanbic Uganda Holdings Limited ● Stanbic Bank Uganda Limited ● Stanbic Properties Limited
● Stanbic Business Incubator Limited ● SBG Securities Uganda Limited ● FlyHub C/M Committee Chairman

SBUL Executive Committee

Anne Juuko
Chief Executive
Joined the Bank: 2012
Joined EXCO: 2020

Emma Mugisha
Head Business and Commercial (BCC)
Joined the Bank: 2013
Joined Exco:2018

Samuel Fredrick Mwogeza
Head Consumer & High Networth (CHNW)
Joined the Bank: 2010
Joined Exco: 2015

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

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

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

Gladys Muchae
Country Head, Credit & CIB Uganda
Joined the Bank: 2012
Joined EXCO: 2020

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

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

Miriam Naigembe
Head Client Solutions
Joined the Bank: 2013
Joined EXCO: 2021

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

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

Elijah Kitaka
Head Engineering
Joined the Bank: 2021
Joined EXCO: 2021

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

Daniel Ogong
Head Marketing & Communications
Joined the Bank: 2017

Samuel Isiko Bulenzi
Head Data Enterprise Office
Joined Bank: 2020

Yvonne Wamukota Namutosi
Head, Salesforce
Joined the Bank: 2014

Sam Kikoni
Head Internal Control
Joined the Bank: 2017

SUHL Executive Committee

Andrew Mashanda
Chief Executive SUHL
Joined SUHL: 2020

Wilson Odadi
Head Business Enablement
Joined SUHL: 2022

Rita Kabatunzi
Company Secretary
Joined SUHL: 2020

Spencer Sabiiti
Chief Executive Stanbic Properties Limited
Joined SPL: 2020

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

Sophie Achak
Investor Relations and Strategy
Joined SUHL: 2020

Joel Muhumuza
Chief Executive, Flyhub Uganda
Joined Flyhub: 2021

Joram Ongura
Chief Executive SBG Securities Uganda Limited
Joined SBGS: 2021


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Corporate Governance Statement

The resilience and responsiveness of our governance framework and practices continued to be tested by the adverse impacts of domestic and global economic challenges. The Board of Directors remained mindful of it's responsibility to provide strategic direction and stewardship to Management with a duty to promote the success of the company and maximise wealth for shareholders while taking into account the multiple interests of stakeholders, including customers, employees, government/regulators, and the community in which Stanbic Uganda operates.

The Corporate Governance Statement sets out the governance framework adopted by Stanbic Uganda Holdings Limited, Stanbic Bank Uganda Limited, the most significant and beyond-banking subsidiaries, jointly referred to as Stanbic Uganda. The framework ensures that Stanbic Uganda operates a sustainable business to benefit all stakeholders. This statement highlights how the key elements of good governance were applied during the 2022 financial year.

Corporate Structure

The Stanbic Uganda Holdings Limited (SUHL/the Company/the organisation) corporate structure is shown on page 4. The structure aligns with SUHL's vision to be the leading financial services organisation in and across Uganda, leveraging the eco-systems across the different subsidiaries to create strategic partnerships that deliver exceptional client experiences and superior value. A brief history of the organisation is on page 6 , and our approach to value creation is shown on page 22.

Regulatory and Governance Framework

The Stanbic Uganda approach to corporate governance is guided by the regulatory and corporate governance frameworks listed below. This comprehensive framework facilitates adherence to good governance practices across SUHL and it's subsidiaries. It enables the Board to effectively fulfil it's mandate, as evidenced by the numerous accolades and recognitions received for good governance at a company and an individual non-executive director level.

Some fundamental corporate governance regulatory changes in 2022 included issuing the Bank of Uganda consolidated corporate governance guidelines, which supplemented the regulations and guidance notes previously issued by BOU. The guidelines included provisions related to holding companies and subsidiaries, which apply to the Stanbic Uganda holding company structure. Other vital regulatory changes during the year included: the revision of the minimal capital requirements for all financial institutions, which increased the Bank's paid-up share capital from UGX 51 billion to UGX 153 billion, amendment of the third schedule of the Financial Institutions Instrument regarding the criteria for determining fit and proper persons for substantial shareholders, directors and executive management, amendment of the Companies Act, Anti-Money Laundering and Anti-Terrorism Act, 2022 and passing of the National Payment Systems (Consumer Protection) Regulations 2022.

Subsidiary Governance Framework and Policy Framework

Beyond the regulatory framework, the Stanbic Uganda governance culture is grounded in the fundamental principles of good corporate governance: accountability, transparency, ethics, disclosure, fairness, and social responsibility, which have been embedded through the subsidiary governance and policy framework.

The subsidiary governance framework considers the requirements of the King IV Code, the Basel Corporate Governance Principles for

Banks and developments in corporate governance. This framework and associated policies establish a common standard of corporate governance and conduct across Standard Bank Group. Guides on the relationship and exercise of power between the Board and Management articulated in the mandates of each subsidiary board, hence providing a yardstick for effective subsidiary governance.

Through the subsidiary governance framework and board mandate, the SUHL board has provided stewardship on the governance of the created subsidiaries to the extent that it doesn't contravene any specific industry regulations. Therefore, this includes providing guidance on the organisational culture, structure, and strategies while reserving certain powers for the holding company, which has offered adequate oversight over the subsidiaries while maintaining the subsidiary boards and Management's independent legal and governance responsibilities.

During the year, the subsidiary Governance framework was reviewed and updated to align with the evolving trends in corporate governance and new regulatory requirements. The amendments expounded on board composition matters such as director independence, retirement, succession planning, board development and dispute resolution.

The governance framework is supported by a policy framework comprised of policies adopted by the subsidiaries as relevant and applied according to the articles of association of the respective subsidiaries. As a practice, the subsidiary governance and policy framework is adopted by all subsidiaries but adapted to the unique circumstances of each subsidiary, ensuring disciplined execution of the organisational purpose and strategy.

Evolving Role of the Board

The Board's role in ensuring the company's short- and long-term success continued to be tested in 2022 as the economy navigated through the emerging global and local macroeconomic conditions. Despite the challenges faced, the Board, in conducting it's oversight role of the strategy, ensured the highest standards of corporate governance were maintained and that notable progress was made in enabling the aspirations of our various stakeholders, including customers, shareholders, employees, regulators, and the community.

The Board continued to demonstrate leadership in it's availability, accessibility, agility and courage to make critical decisions and devote more time to oversight and timely approvals. The Board was guided by the articles of association, subsidiary governance framework, and board mandate, which articulate matters reserved for the Board.

The Board, in performing it's role, is guided by and reviews Managements performance against the agreed strategic value drivers on page 32 and key performance indicators highlighted on page 42. These ensure adequate tracking and corrective action, ensuring Management achieves it's impressive track record as detailed in the financial statements. To ensure effective oversight, the Board reviewed the meeting agenda to incorporate updates on the future-ready initiatives, service quality/client experience and sustainability as standing agenda items. Consequentially the Board approved the relevant organisational structure changes as part of the Future Ready Transformation journey to ensure effective oversight of emerging risks and approved the Social Economic & Environmental Framework, Corporate Social & Investment Policy & Environment Social & Governance Policy & Standards.

To ensure effective oversight of the technology & innovation-related matters essential in enhancing service delivery to our customers, the Board approved the creation of the Board Engineering & Innovation Committee. to support the Board in driving digital innovation and ensure delivery of the Future Ready Transformation strategy. From a beyond banking subsidiary perspective, the SUHL board approved for SBGS Uganda to obtain an additional Investment license and approved the additional capital investment for Stanbic Properties Limited to diversify service offerings to clients.

Other key matters considered and approved by the Board during the year included:

a. The 2022 financial plan, targets, and metrics.

b. Pay-out of the 2022 interim and 2021 final dividend.

c. Increase in the Bank's share capital to comply with regulatory requirements.

d. Approval of the Workplace hybrid policy to respond to the new work demands and trends as employees return to the office.

e. The disability policy resulted in the recruitment of 3 employees with disability.

f. Close oversight of the Revamped Employee Value Proposition review aimed at ensuring the company remains the employer of choice in the market.

The traditional vital responsibilities of the Board remained as follows:

Setting the strategic direction and providing entrepreneurial leadership

Approval of budgets and financial statements considering best practices on integrity and accuracy.

Setting the organisational values to drive culture and ethics and oversee the implementation of the company vision, mission, strategic objectives and corporate values.

Review and approval of policies for appropriateness to the business.

Appointment and setting the remuneration for executive management

Ensuring an effective risk management system and a robust internal control environment

Ensuring requisite financial and human resources are in place for the company to meet it's obligations.

Recommendations to the shareholders director appointments and remuneration.

Monitoring the implementation of strategy and tracks performance against agreed strategic value driver.

The details of the strategic focus for the year are articulated in the Chief Executive statements on page 15 and 17.

Embedding best practice

The Board of Directors is invested in ensuring that it operates in line with recommended best practices, taking cognisance that the best boards are deliberate in their board practices. To continually evolve and improve, the Board has focused on improving the flow of information beyond the traditional channels for sharing information through quarterly board reports. Between board meetings, we focused on building knowledge and understanding of business and keeping the Board up-to-date on industry and business patterns, trends, risks and opportunities.

This was mainly through trainings and development, increased visits and interactions with front-line staff, customers and stakeholders, as illustrated in the pictorial on director engagements on page 95. This interactive approach to director development and learning facilitated a deeper, first-hand understanding of stakeholder interests, customer service, organisational culture and the company's value proposition.

The Board and committee Chairs also periodically have one-on-one sessions with business heads and share their observations with the Board, which has improved the overall contribution of the Board and provided insight into where the Board can partner with Management to solve critical issues.

In keeping the dialogue alive during and between meetings, the directors are mindful of the need to guard against involvement in day-to-day operations.

Delegation of Authority

The Board is responsible for governance across the organisation and is accountable for it's performance. The Companies Act provides that the directors must promote the company's success, exercise independent judgment, reasonable care, skill and diligence, act in the company's best interests, and avoid/declare any conflicts of interest.

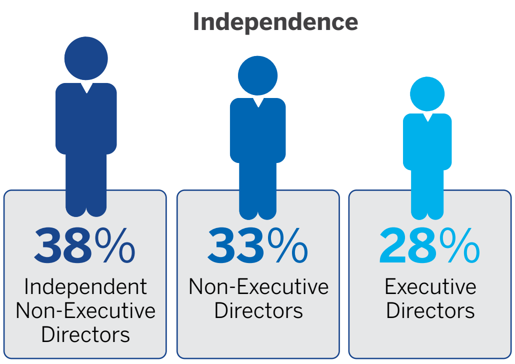
To assist the Board in effectively discharging it's duties, the Board, through the board mandate and delegation of authority framework, delegates it's authority to the board committees and management respectively, with clearly defined terms of reference while ensuring accountability through quarterly reports to the Board and via digital means in between quarterly meetings.

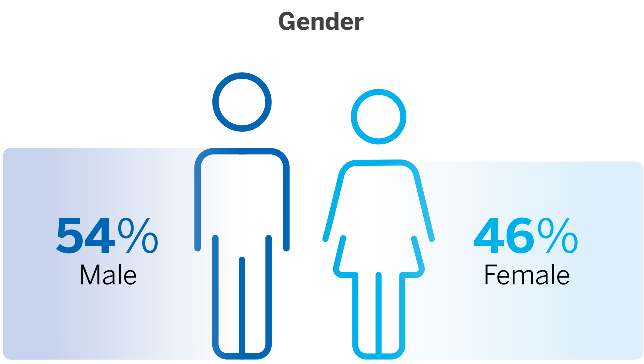
The day-to-day business and affairs of the company have been delegated to the Chief Executive through the delegation of authority framework, which guides management in the exercise of powers and provides thresholds for the exercise of authority. This framework determines the levels of delegation across the different levels of management and is reviewed annually to ensure that it is fit for it's purpose. A culture of operating within the authority granted is emphasised with oversight on approval limits performed by the Chief Finance and Value Management Officer and the Company Secretary. An Executive Committee Mandate is in place to ensure operation within the delegated authority.

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

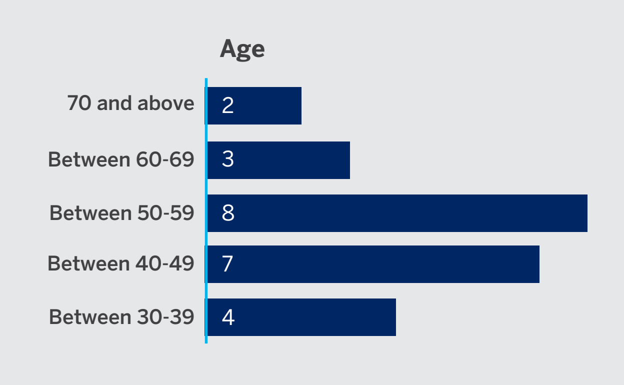
Board Composition

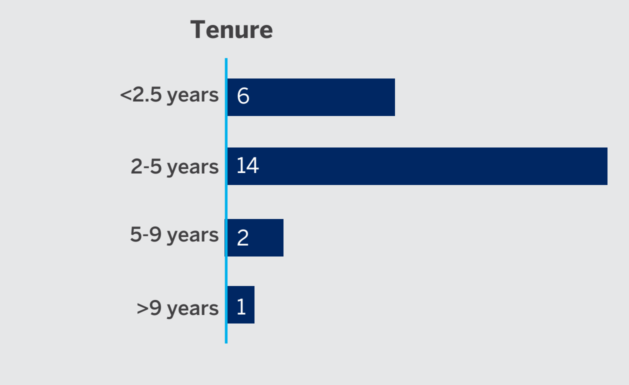
The Board composition is reviewed annually for appropriateness of skillset, experience, tenure independence and diversity of members to ensure that the respective boards under Stanbic Uganda operate effectively. The Boards of Stanbic Uganda Holdings, Stanbic Bank and the beyond banking subsidiaries comprise Executive and Non-Executive Directors (NED), most of whom are Independent NEDs, including the Board Chairpersons. The board size is appropriate to facilitate the effective discharge of responsibilities and mandates, including at the committee level, to ensure productive meetings. This composition balances power so no individual or group dominates discussion or decision-making.





The Non-Executive Directors bring their independent judgement to bear on issues of performance and delivery of strategy across the different business units hence constructively challenging the executive directors' delivery of strategy within the risk and governance structure agreed by the Board. Gender diversity on the Board is demonstrated with 46% of female representation on the boards of SUHL and all it's subsidiaries. This diversity in skills and gender has facilitated strategic innovation and the development of sustainable solutions for the organisation.





In 2022, the director appointments aimed to enhance board effectiveness by filling existing vacancies to ensure diverse skills, experience, thought, and perspective. The directors have a wealth of knowledge, experience and diverse skills in banking, risk management, accounting/audit, digital/innovation, entrepreneurship, people and culture regulation/governance and doing business in sub-Saharan Africa/International Business, among others required to enable the Board to discharge it's duties and responsibilities effectively.

Board Changes

In line with our articles of association and best practice, the Board has adopted a staggered approach to board rotation to invigorate it's capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity. The articles of association stipulate that one-third of the non-executive directors are required to retire annually and, if available and eligible, stand for re-election at the AGM. Directors that have served in office for the longest must stand for re-election.

Changes to the Board in 2022 were as follows: Mr Samuel Zimbe retired from the SUHL Board and did not offer himself for re-election. The shareholders appointed Mr Robert Busuulwa in his place. Ms Kim Kamarebe was appointed to the Bank board as a Non-Executive Director, while Mr Hasan Khan was appointed to the Board of Flyhub Uganda Limited.

The Board has adopted a continual approach to reviewing and refreshing it's succession plan in line with the director recruitment (succession) policy so that candidates identified and recruited possess the skills, experience, and knowledge required to further the vision and strategic direction of the organisation. The director skills matrix guides the selection process, and the policy provides for a formal, rigorous and transparent recruitment process involving both candidates' internal and external vetting.

A director pool of suitable board candidates is developed, and candidates are selected to fill identified actual and potential gaps informed by the skills matrix, which is updated annually.

Selected candidates are interviewed and recommended to the Board for approval by the Board Nomination and Remuneration Committee, and the appointments are confirmed at the AGM. From a bank perspective, the directors' selection, recruitment and recommendation are conducted by the ad-hoc Nominations committee comprised of the Board Chairman, Regional Chief Executive and Chief Executive. The Financial Institutions Act requires that directors nominated for appointment to the bank board are subjected to a 'fit and proper test', which was updated in 2022 to assess the competence and capacity of the candidates to fulfil their responsibilities.

In 2022, the succession plan was critical in identifying Mr Damoni Kitabire as a suitable replacement for Prof. Patrick Mangheni as the Bank's board chairman and Mr Robert Busuulwa in place of Mr Samuel Zimbe. Prof. Patrick Mangheni will continue to serve on the Bank Board until the 2023 Bank Annual General Meeting. The recruitment of additional directors to the boards of SUHL and the different subsidiaries continues to be conducted based on the needs of each entity guided by the director skills matrix and succession plan.

In line with regulatory guidance, Stanbic Uganda continued the phased approach of ringfencing the Bank Executive Management from serving on the Boards of the beyond banking subsidiaries, therefore at the end of 2022, the three executives, Mrs Candy W. Okoboi, Ms Patricia Nshemereirwe and Mr Samuel Mwogeza ceased serving on the SBGS, SBIL and SPL boards. The SUHL Chief Executive was, however, appointed as a director to beyond banking subsidiary boards for purposes of facilitating the smooth operation of the entities through providing a helpful connection between the boards by facilitating information flow and offering perspective and context to board discussion and decision-making, therefore, contributing to the effectiveness of the different boards.

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

Continuous Board Development and Director Induction

The Board is charged with providing strategic direction to the organisation serving as a sounding board for strategy development, tracking implementation as part of the oversight and reviewing appropriateness for the business. Therefore, as collective and individual directors, they must build a shared understanding of strategic matters to provide the right level of challenge and adopt an anticipatory approach and perspective to their roles and responsibilities. Therefore, continuous board development remains an area of focus to ensure that the directors possess the relevant skills and knowledge to provide adequate oversight.

The continuous board development sessions were held between the quarterly board meeting cycle. The areas covered were informed by feedback shared by the directors as part of the annual board evaluation exercise, suggestions shared during board meetings and the organisation and individual needs of the directors. The sessions were facilitated by both local and international external industry experts and internal experts within Standard Bank Group, coupled with the attendance of selected workshops and conferences. Topics considered in 2022 included, among others:

Sustainable Financing	Employee Value Proposition & Remuneration Philosophy	Risk & Conduct Deep dive & Road-to-Green	Risk & Conduct Deep dive & Road-to-Green
Strategy, Risk, and the Director's Evolving Role in the modern era	Analysis of the Macro Environment in Uganda & Regionally	The Future of Financial services in Africa	Corporate Governance Workshop on Consolidated Guidelines and Fit and Proper
Environmental, Social & Governance (ESG)	Anti-Money Laundering and Counter-Terrorism Financing	Leadership & Effective Oversight	Audit Committee Workshops

Joint board development sessions were held for topics that applied to the different subsidiaries, which facilitated peer-to-peer learning and sharing of information, consequently broadening the directors' knowledge of various matters across the holding company and its subsidiaries.

The newly appointed directors underwent an induction programme which involved meetings with the Board Chairman, Committee Chairpersons, Regional Chief Executive, Chief Executives, and Executive Management to understand the company operations. The programme was further enhanced to include visits to key sites and engagements with stakeholders such as customers, shareholders, employees and regulators. The directors also received induction packs that contained relevant governance information such as memorandum and articles of association, governance framework, Board and Committee mandates, organisational structures, significant reports and essential legislation and policies. The remainder of the induction programme was tailored to each new director's specific requirements.

Board Evaluation

The annual board evaluation process provides an opportunity to identify greater efficiencies, maximise strengths and highlight areas of further development to enable the Board to improve its performance and that of the organisation continually. The 2022 board evaluation was conducted internally and comprised an assessment of the Board, committees, individual non-Executive directors, Chairpersons, the Chief Executive, the Executive Director, and the Company Secretary.

In line with recommended best practices, the evaluation covered a broad range of topics, such as:

- Strategy oversight and risk management
- Board composition and succession planning
- stakeholder management
- Board processes and practices
- Effectiveness of the Board, committees, and individual Directors.

The overall average rating was good. The satisfaction areas included: enhanced focus on risk through the Road-to-Green initiatives, enhancement of the board development program, increased board engagement in stakeholder engagements, focus on ESG through the creation of the sustainability unit and the board chairman transition as part of the board leadership succession planning. The Board is satisfied that it fulfilled its responsibilities per its mandate for the year 2022.

Identified areas of improvement included: the need for more focus on effective management of emerging risks, organisational culture and management succession planning, the appointment of an additional INED, adoption of a more forward-looking approach to board reporting and allocation of sufficient time at board meetings, for originality, challenging management assumptions on strategy. The director's findings and recommendations inform the board evaluation action plan, which the Board reviews quarterly to monitor progress in addressing the identified areas and informs the Board and individual director training and development plan.

Areas arising from the previous evaluation that was resolved included: the appointment of an additional INED with innovation-related skills, the creation of the Engineering and Innovation Committee, the introduction of quarterly Non-Executive Director closed-door sessions, enhanced focus on risk management and ESG and enhancement of the board development program.

The 2023 board evaluation will be facilitated externally in line with best practice which requires the exercise to be conducted externally every three years.

Summary of the Board and Committee Evaluation Process:

Board Meetings

Following lifting the Covid-19 travel restrictions in 2022, the Board returned to a more interactive in-person engagement model while allowing for virtual attendance where necessary. Secure electronic meeting platforms were used to host the meetings and access the board papers. In response to the 2021 board evaluation exercise feedback, the Board started holding quarterly closed-door sessions attended by only the Non-Executive Directors led by the Board Chairman. The sessions provide Non-Executive Directors with an opportunity to test thoughts among peers and to raise any matters that may not be appropriate for discussion in the presence of the executives. The Chairman provides the Chief Executive with feedback as appropriate from the closed sessions.

The Board ensured continued focus on matters that required it's attention, and the agendas for the Board and committee meetings were reviewed quarterly, ensuring that the Board kept sight of the longer-term issues that would impact the company. Standing items included in the agenda included: Updates on the implementation of the strategy, Risk Management Road-to-Green initiatives, review of the Employee Value Proposition, the Basel II and LIBOR transition, implementation of the ESG framework and for most of H1 2022, updates on engagements with the regulator regarding approval for the payment of the 2021 final dividend. Management was required, where necessary, to submit additional information to the Board that informed and guided the decision-making process.

Also included in the agenda of the holding company meetings were reports on key activities of the different subsidiaries during the quarter presented by the Chief Executive. The banking subsidiary's Chief Executive is a permanent attendee of the meetings, while the Chief Executives of the beyond subsidiaries are periodically invited to provide updates on ongoing critical projects. This approach to subsidiary reporting has facilitated information flow and adequate oversight of the subsidiaries by the holding company.

Across the subsidiaries, deliberate effort is made to equip the Board Chairs and Committee Chairs with sufficient information to lead the meetings effectively. Following the circulation of board packs, ahead of meetings, the Chairs met with the Reporting managers for a preparatory session to discuss any key areas they would like the Board to deliberate on. This provided them with further insights, which they employed to probe during discussions for the benefit of the committees and boards, resulting in more fruitful discussions and the elevation of important issues.

In line with best practice, management reports are circulated to the directors at least five days before the scheduled meeting to facilitate director preparedness. Management must submit concise, focused reports on the required decisions to achieve clarity and enhance board reporting, which enables the directors to internalise the main items for interrogation and ensures that the board decisions remain strategic and not operational. At the board meetings, the minutes of the previous meeting are approved and signed as an accurate record of the proceedings, while the minutes of the different subsidiaries are noted. A minute book is maintained and safely stored both physically and virtually.

The Board has adopted a forward-looking approach to it's discussions to ensure reports and discussions provide insights into how the business, industry, risks, and opportunities are shaping up. This application of foresight is critical to effective oversight of the business and shapes it's approach to providing leadership to Management. Board decisions are reached by consensus following discussion and debate. If the Board requires further consultation by management, decisions are deferred. Management is kept accountable for agreed actions arising from the meetings through an action log updated with progress discussed at the board meetings.

The Board Chairperson and Chairpersons at the committee level create a boardroom climate that fosters discussion by encouraging open debates, allowing the directors to challenge assumptions constructively. Attendance at meetings remained very good with the well-reasoned absence of directors, which ensured that the quorum was met and the discussions and decisions were of high quality. The Board was satisfied that the directors allocated sufficient time to discharge their responsibilities effectively during the year.

Table 1: Stanbic Uganda Holdings Limited Board and Committee Meetings and Attendance in 2022

		Q1		Q2			Q3		Q4		Strategy
		February 15th & 17th		May 30th & June 1st			August 17th & 18th		November 2nd		December 3rd
Name of Director	**BARC**	**BNRC**	**Board**	**BARC**	**BNRC**	**Board**	**BARC**	**Board**	**BARC**	**Board**	**Board**
Japheth B. Katto (Chairman)	N/A			N/A					N/A		
Patrick Mweheire	N/A			N/A			N/A		N/A		
Samuel Zimbe		N/A			N/A		N/A	N/A	N/A	N/A	N/A
Sola David-Borha	N/A	N/A		N/A	N/A		N/A		N/A		
Agnes Asiimwe Konde											
Robert Busuulwa	N/A	N/A	N/A	N/A	N/A	N/A					
Andrew Mashanda	N/A	N/A		N/A	N/A		N/A		N/A		

Attendance **A** = Apology **NA** = Not Applicable **BARC**-Board Audit & Risk Committee
BNRC – Board Nomination and Remuneration Committee

Table 2: Stanbic Bank Uganda Limited Board and Committee Meetings and Attendance in 2022

			February 14th & 15th						May 31st & June 1st			
Name of Director	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**Board**	**BPCC**	**BAC**	**BCC**	**BRMC**	**BALCO**	**Board**
Patrick J. Mangheni	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	
Patrick Mweheire		N/A		N/A				N/A		N/A		
Sola David-Borha	N/A	N/A	N/A				N/A	N/A	N/A			
Eva G. Kavuma			N/A	N/A	N/A				N/A	N/A	N/A	
Josepha T. Ndamira	N/A		N/A	N/A	N/A		N/A		N/A	N/A	N/A	
Elizabeth K. Ntege		N/A			N/A			N/A			N/A	
Damoni Kitabire	N/A		N/A		N/A		N/A		N/A		N/A	
Anne Juuko	N/A	N/A					N/A	N/A				
Emma Mugisha	N/A	N/A	N/A				N/A	N/A	N/A			

Name of Director	August 16th & 17th							November 1st & 2nd							Strategy Retreat- December 3rd
	BPCC	BAC	BCC	BRMC	BALCO	BEIC	Board	BPCC	BAC	BCC	BRMC	BALCO	BEIC	Board	Board
Patrick J. Mangheni	N/A	N/A	N/A	N/A	N/A			N/A	N/A	N/A	N/A	N/A			
Patrick Mweheire		N/A		N/A		N/A			N/A		N/A		N/A		
Sola David-Borha	N/A	N/A	N/A			N/A		N/A	N/A	N/A			N/A		
Eva G. Kavuma			N/A	N/A	N/A	N/A				N/A	N/A	N/A	N/A		
Josepha T. Ndamira	N/A		N/A	N/A	N/A	N/A		N/A		N/A	N/A	N/A	N/A		
Elizabeth K. Ntege		N/A			N/A				N/A			N/A			
Anne Juuko	N/A	N/A				N/A		N/A	N/A				N/A		
Emma Mugisha	N/A	N/A	N/A			N/A		N/A	N/A	N/A			N/A		
Damoni Kitabire	N/A		N/A		N/A	N/A		N/A		N/A		N/A	N/A		
Kim Kamarebe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

= Attendance: **A** = Apology: **NA** = Not Applicable: **BAC**-Board Audit Committee BRMC-Board Risk Management Committee
BPCC-Board People and Capital Committee **BCC**-Board Credit Committee **BALCO** - Board Asset and Liability Management Committee
BEIC -Board Engineering and Innovation Committee

Stakeholder centricity

Stanbic Uganda is a purpose-led organisation; therefore, the Board, in the execution of it's governance role and responsibilities, adopts a stakeholder-inclusive approach that balances the needs, interests, and expectations of the different stakeholders in the organisation's best interest in the mid and long term.

The Board has adopted a long-term view to the business that recognises that profitability is important; however, long-term sustainable success is key; therefore, the management of ESG risks is critical, as is the measure of the social, Economic and Environmental (SEE) impact. To this end, the Board tracks Management's deliverables on it's strategic goals, which include quarterly performance against the SEE framework and financial performance against financial goals. Financial performance is an outcome of doing the right things and doing the right business the right way.

In performing it's role, the Board remained committed to our purpose of driving Uganda's growth inclusively and sustainably by taking significant steps in delivering our SEE strategy. Following the board approval to create a sustainability unit in 2021, the Board, in the first half of 2022, approved the SEE Framework, Corporate Social & Investment Policy & Environment Social & Governance Policy & Standards, which were embedded into the business strategy and decision-making processes The sustainability unit was fully operationalised and standing agenda item on sustainability included to the Board Risk & Management Committee agenda.

The Covid-19 interventions approved by the Board in 2020 and 2021 continued to bear fruit in 2022, reflected in the considerable decline in the value of restructured loans arising from the impact of the pandemic and the increase in the volume of loans disbursed in 2022 as the economy recovered.

Through the Board People and Culture Committee, the Board initiated and oversaw the conception of the disability policy, which resulted in the recruitment of 3 employees with disability with a medium target of 10-per cent of the total workforce. The significant success inspired the target in other initiatives such as financial inclusion, gender equality, maternal health education and environmental conservation. The Report to Society on page 70 highlights the significant interventions aligned with our commitment to our SEE and Environment, Social and Governance (ESG) priorities.

The Board actively took part in these different initiatives, which included, among others: our flagship CSI programme, the Stanbic National Schools Championship, partnership with the Ministry of Health to promote maternal health, the Stanbic-for-Her programme designed to support women-led businesses, Stanbic Business Incubator initiatives, and the Running-out-of-Trees (ROOTs) campaign which aims to plant 40 million per year until 2026 in partnership with National Environment Management Authority (NEMA) and various private sector players.

The different initiatives are informed by the United Nations global sustainable Development Goals and focus on the following goals: No poverty, quality education, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, climate action and partnership.

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

1. Mrs Josepha T. Ndamira and Chief Executives Mr Andrew Mashanda and Ms Anne Juuko accepting awards issued to SUHL and the Bank by the Institute of Corporate Governance Uganda

2&3. Mr Japheth Katto (the first picture giving an acceptance speech) and Ms Eva. G. Kavuma (Second picture, second from the right) attending the 2022 League of East African Directors where Mr Japheth Katto was awarded Best the Non-Executive Director (NED)under the Listed Entities category. Ms Eva Kavuma was a nominee under the category of Best NED under the Financial Services Category.

4. Prof. Patrick Mangheni is participating in the National Schools Championship business appraisal at Bishop Cyprian Kihangire SS, Luzira.

5. Mr Robert Busuulwa (first on the right) participates in CSI activity at Kawempe Women's Hospital.

6. Mr Japheth Katto (first on the left) and Mr Joel Muhumuza (third on the left attended the 12th ICSA & KPMG Annual Directors & Company Secretaries Conference, which was attended by the Bank of Uganda Deputy Governor and panellists from Uganda National Oil Company, Uganda Airlines, among others.

7. Mr Damoni Kitabire participates in the "Stanbic Every Mother Counts" Maternal Health Initiative at the Gulu Referral Hospital.

8. Mrs Agnes A. Konde (third from the right) officiating at the launch of the Stanbic for Her programme designed to support women-led businesses.

9. Ms Sola David-Borha (sitting second from the right) takes a picture with the Ignite Women Leadership Programme participants.

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A sequence of investor briefings was held before the AGM following the release of the audited financial statements. The Chief Executive and Senior Management provided a deep dive into the company's performance and strategic outlook for the following year. Participants were also allowed to share their views on the company's performance. The Chief Executive held an additional media engagement post the AGM following obtaining regulatory approval to pay the 2021 final dividend.

The different shareholder engagements highlighted above facilitated consistent interaction and communication with shareholders throughout the year aimed at ensuring disclosure and transparency of the company's activities and performance.

Relationship with shareholders

An essential part of governing our stakeholder relationships is ensuring that our shareholder views are heard and fully considered. Our Annual General Meeting (AGM) allows the Board to interact with and account to the shareholders. The 2022 AGM was hosted virtually; however, the Board ensured that the shareholders were allowed to submit questions ahead of the AGM in real time on the AGM platform, with the questions answered by the Board Chairman, Chief Executives and other executive members. Over 1,050 shareholders attended the AGM virtually.

In the lead-up to the AGM, the company proactively conducted shareholder data clean-up exercises to validate and update shareholder details to support full shareholder participation and resolve any unpaid dividend claims. The AGM enabled the shareholders to make critical decisions that ensured the company's governance, management, and operations continued to be implemented.

Dividend

On July 25th, 2022, SUHL paid a dividend of UGX 100 billion comprised of a 2021 final dividend of UGX 50 billion and a 2022 interim dividend of UGX 50 billion, which followed the receipt of the required regulatory approvals and was the first post-pandemic dividend pay-out by a regulated financial institution in Uganda.

The recommendation for payment of a final dividend for the year ended 31 December 2022 will be presented to the shareholders for consideration at the forthcoming Annual General Meeting on 2 June 2023.

Shareholders with unclaimed dividend payments are encouraged to contact the company's share registrars, C&R, via email or telephone. Details of the share registrar are included in the company information section on page 203. Additionally, shareholders who still hold shares in hard copy certificate form are encouraged to migrate to the Uganda Securities Exchange electronic system by contacting their licenced stockbroker or C&R Registrars for assistance.

Access to information and resources

Executive Management and the Board interact regularly. Executive Management is invited to attend Board meetings where necessary. In addition, directors have unrestricted access to management and information required to carry out their roles and responsibilities. It includes external legal and other professional advice at the company's expense where necessary. The directors also have unlimited access to the advice and services of the Company Secretary, who assists in providing any information or documentation that may be required to facilitate the discharge their duties and responsibilities. A resource centre containing comprehensive reference materials is also available to board members.

Digital Technology

Aligned with the company's digital strategy, the Board has adopted online processes in it's operations through the Diligent Board software, through which reports are circulated. Decisions are made using the highest grade of security encryption, enabling the Board to operate effectively by exploiting available digital solutions and furthering the Corporate Social Environment Economic (SEE) goals on waste management to safeguard the environment. Online circulation of board papers is an example of reduced paper use, and this culture, as set at the top, has cascaded to operations across the company, contributing to a drop in the paper consumed.

Ethics and Organisational Integrity

The Board and executive Management set the tone from the top to instil an ethical culture by treating customers fairly, achieving positive client outcomes, acting ethically and soundly and doing the right

business in the right way. The Board exercises oversight of executive Management's efforts to foster this culture of ethics and appropriate conduct throughout the organisation. The organisation's overarching governance structures are robust and ensure that the Board has effective oversight over the conduct and culture of the organisation.

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

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

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

Conflict of interest

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

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

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

Dealing in Securities

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

Going Concern

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

Company Secretary

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

Board Committees

To increase efficiency and allow for a deeper focus on specific areas, the Board has set up specialised board committees which report directly to the Board. The Board has delegated some of it's responsibilities to the Board committees in line with the Board mandate but remains ultimately accountable to shareholders.

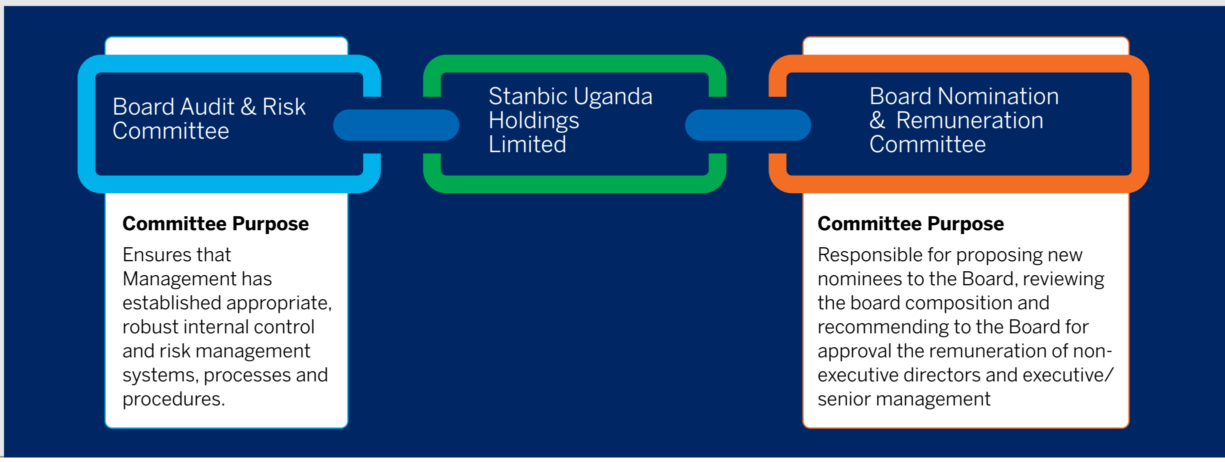
The Board committees allow the Board to divide it's work into manageable sections and tap into the directors' skills, knowledge, and experience, hence contributing to the Board's overall effectiveness. It also enhances board objectivity and independent judgement in critical areas such as oversight controls, remuneration, people and culture, information technology and director nomination.

Each committee has a mandate, approved by the Board and reviewed annually for relevance and appropriateness, considering changes in the legal, regulatory framework, governance best practices and trends in the business environment. These mandates set out roles, responsibilities, the scope of authority, composition, and procedures.

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

A. Stanbic Uganda Holdings Limited

Due to the non-operating nature of the holding company, the SUHL Board operates with only two board committees: The Audit and Risk Committee and the Board Nomination and Remuneration Committee, in line with the Capital Markets Authority Corporate Governance Guidelines.



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

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

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

In discharging it's responsibilities, the key focus areas of the committee for the year under review included a review of the director recruitment policy for alignment with best practices and recommending to the Board for approval the appointment of directors to Flyhub Uganda and appointment of the Head Business Development.

Following the full operationalising of the non-banking subsidiaries in 2021, the BARC 2022 started meeting quarterly to review the audit and risk-related matters of Stanbic Uganda Holdings Limited and the beyond banking subsidiaries. The committee reviewed the internal audit findings and risk management reports in response to the increased inherent risk profile and reviewed the measures taken to ensure the internal financial control environment remained resilient to the challenges faced in the operating environment.

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

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

The committee also reviewed the quality and integrity of the interim and annual financial statements. It satisfied itself that the appropriate accounting principles had been adopted per the IFRS and that the disclosures in the financial statements were clear, complete and well-contextualised as per the provisions of the Financial Institutions Act and the Uganda Securities Exchange Limited. After that, recommended the financial results to the Board for approval, including recommendations for the payment of the 2021 final and 2022 interim dividends.

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

Nomination and Remuneration Committee

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

Skills & Experience
- Corporate Governance & Regulation
- Culture/Conduct/Ethics
- Remuneration/reward

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

In discharging it's responsibilities, the key focus areas of the committee for the year under review included a review of the director recruitment policy for alignment with best practices and recommending to the Board for approval the appointment of directors to Flyhub Uganda and appointment of the Head Business Development.

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

B. Stanbic Bank

In the reporting year, the number of standing committees under the Bank Board increased from five to six following the creation of the Board Engineering and Innovation Committee. The committees comprised Audit, Risk management, Credit, People and Culture, the Asset and liability committee and Engineering and Innovation Committee. Following the different board changes during the year, the composition of the board committees was reviewed based on the skills and expertise of the various directors.

Board Audit Committee
Ensures that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk.

Board Risk Management Committee
Oversees all matters relating to the Bank's Engineering function which is comprised of Information and Technology, Innovation, Operations, and the Enterprise Data Office.

Board Asset & Liability Committee
Reviews and provides oversight on the implementation of effective and efficient People & Culture matters, including but not limited to: Employee talent acquisition and management, succession planning, reward management, performance management, learning & talent development, employee engagement and employee wellness & Well-being

Board Audit Committee
Ensures that Management has created and maintained an effective control environment in the organisation that demonstrates and stimulates the necessary respect of the internal control structure amongst all parties.

Board Risk Management Committee
Reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control.

Board Asset & Liability Committee
Oversees all matters relating to liquidity & capital management of the Bank including establishing guidelines on the Banks tolerance for risk and investment expectations.

Board Audit Committee

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

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

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

In discharging it's responsibilities, the key focus areas of the committee for the year under review included a review of the director recruitment policy for alignment with best practices and recommending to the Board for approval the appointment of directors to Flyhub Uganda and appointment of the Head Business Development.

In discharging it's responsibilities as set out in the committee's terms of reference, the committee's activities in 2022 did not only focus on common areas of responsibility but also the continued focus on key areas such as the road-to-green initiatives, which aimed to, among others ensure complete resolution of all overdue audit findings. Where necessary, the respective heads of the unit were invited to attend meetings to present an update on the closure of overdue audit findings.

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

As part of the interim and financial year-end reporting process, the committee reviewed the accounting approach adopted to determine the impact of the pandemic from an IFRS 9 perspective on the Bank's credit provisions and considered the results of the external audit's review of management estimation of the impact of covid-19 on the Bank's annual financial statements.

The committee also ensures effective communication between the Board, internal auditors, external auditors, management, and regulators. The committee has a constructive relationship with the Head of Internal Audit, who reports directly to this committee which ensures the independence of the Internal Audit function. The Head Internal Audit compiles quarterly reports on gaps and weaknesses in controls that have been identified, including financial controls. During the year, the committee adopted a new practice of interchangeably holding quarterly sessions with the Head of Internal Audit and External Auditors outside of the meetings to discuss audit-related

Following the Financial Institutions Act provisions, the committee recommends for approval the appointment of external auditors considering the auditor firm profile and the quality of expertise on core aspects of it's business and overseeing their relationship with the shareholders, including annual financial reporting.

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

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

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

Board Risk and Management Committee

Committee Composition

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

Skills & Experience

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

The Board has ultimate responsibility for risk management. The Board Risk Management Committee (BRMC) assists the Board in discharging this responsibility by ensuring that the Bank's risk management system is robust, reliable and constantly up to date to identify emerging and principal risks. The committee provides independent and objective risk management oversight and makes relevant recommendations for the Board's improvement.

BRMC reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed, and monitored to contribute to a climate of discipline and control, which will reduce the risks faced by the Bank in all areas of operation.

Consistent with the above principles, the committee continued to play a significant role in assessing the impact of the post-pandemic challenges and the emerging local and global risks, such as the Ukraine-Russia war, rising inflation and the Ebola outbreak to the Banks' financial and non-financial risk profile which guided the committee's decision-making process.
Key risks considered by the committee included: strategic, operational, credit, liquidity, cybersecurity, and reputational risks. An integrated approach to risk reporting continued to be applied, enabling the committee to satisfy itself with the adequacy, robustness, and resilience of the risk management frameworks and the business continuity plans. Some of the critical policies approved by the committee during the year included: the ESG policy and standards, Anti-Money Laundering and Combating Financing of Terrorism Risk framework, Reputational Risk Governance Standard and Flexi-pay Governance framework.

The committee held a Risk Management deep dive session during the quarterly meetings into the Bank's emerging risks. It resulted in the Road-to-Green campaign spearheaded by the Board Risk Management and Board Audit Committee Chairpersons.

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

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

The committee is comprised of a majority of independent Non-Executive Directors. Attendees of the BRMC meetings include The Chief Risk Officer, Head of Compliance, Head of Legal, Head of Engineering and Head of Investigations and Fraud Risk. The committee complied with it's mandate for the year under review and it's legal and regulatory responsibilities. A comprehensive risk management report on page 52 outlines the risk and capital management framework.

Board Credit Committee

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

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

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

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

The Covid-19 credit restructuring interventions put in place by the committee in 2020 and 2021 continued to bear fruit in 2022, reflected in the considerable decline in the value of restructured loans arising from the impact of the pandemic and the increase in the volume of loans disbursed in 2022 as the economy recovered. In discharging it's responsibilities as set out in the committee's terms of reference, it's activities in 2022 focused on close monitoring of credit performance across different sectors against the Board approved credit risk appetite to identify areas of potential distress and mitigate identified credit risks. The committee reviewed the forward-looking assessments of the macroeconomic outlook in the context of the effects of the emerging global and local challenges and the potential impact on the credit book.

Further detail on the management of credit risk is set out in the comprehensive risk management report on page 52.

Board People and Culture Committee

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

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

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

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

The Board adopted an employee-centric approach in fulfilling it's mandate, with the People & Culture committee playing a central role in overseeing the Management team on employee matters. The Board remained mindful that the people equation is central to the performance and building of a sustainable business and that focus on employees as key stakeholders were critical. The employee is at the centre of delivery on the customer promise because exceptional delivery to customer satisfaction is only achievable from highly motivated employees and ensuring that the desired culture is in place.

The committee took a highly proactive role in the review and discussion of employee retention matters, including review of employee turnover, focus on regrettable attrition, appropriateness of policies post-COVID pandemic such as flexible working policies, strategies for retention and management of the risk of poaching talent by competitors and the employee value proposition. The committee also focused on the reward philosophy and the centrality of a culture of accountability and discipline.

The committee was also cognisant that people are at the centre of risk, particularly fraud; therefore, it focused on non-financial risks such as culture and conduct, which was tracked quarterly. Management provided updates on actions taken to balance reward and discipline to ensure the right risk culture was embedded to safeguard the business. The Board committee structure greatly enabled this oversight role, with at least one People & Culture committee member also serving on the Board Risk Committee, ensuring flow of information between the committees.

The committee initiated the creation and subsequently approved the disability policy in line with the diversity and inclusion goals of the organisation. The policy manifested in recruiting three employees with disability with a medium target of 10 per cent of the total workforce of people living with a disability. The Banks success in gender equality inspired the new target, further expounded in the sustainability report.

The committee comprises solely of Non-Executive Directors. The Chief Executive and Head of People and Culture attend the meetings by invitation. The committee complied with it's mandate for the year under review and it's legal and regulatory responsibilities.

Four scheduled board calendar meetings were held during the year; however, additional sessions were held to discuss the Group philosophy on remuneration as part of the revamped Employee Value Proposition initiative and a board development session on people and culture-related matters.

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

Board Asset Liability Management Committee

Committee Composition

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

Skills & Experience

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

The committee is responsible for the board capital and asset-liability management function. It establishes guidelines on the Bank's tolerance for risk and expectations from investments, including, among others, limits on loan-to-deposit ratio and capital ratio and limits on maximum and minimum maturities for newly acquired and existing categories of assets. The committee also reviews and approves the bank policies, procedures and holding portfolio to ensure that goals for diversification, credit quality, profitability, liquidity, community investment, pledging requirements and regulatory compliance are met and sets the guidelines on the capital position of the Bank and the capital management plans undertaken to ensure that capital levels are maintained following the risk appetite, business strategy and regulatory requirements.

The committee's activities in 2022 were focused on ensuring that the Bank's capital and liquidity risk management frameworks were robust to mitigate the increased liquidity and capital risks associated with the global and local economic challenges. The committee closely oversaw the LIBOR transition and the transition and implementation of the Basel II capital accord.

The committee, every quarter, monitored and evaluated the Bank's liquidity and capital adequacy positions using scenario forecasts to ensure compliance with both internal and regulatory ratios and, where required, made recommendations to the Board, which included the increase in the Banks Share capital to ensure compliance with the revised regulatory minimum capital requirements.

The committee also reviewed and recommended the internal capital and Liquidity adequacy assessment processes to the Board for approval, which were instrumental in obtaining the required regulatory approvals for the payments of the 2021 final dividend and 2022 interim dividends.

The committee comprised Non-Executive and Executive Directors and complied with it's mandate for the year under review and it's legal and regulatory responsibilities. Four meetings were held during the year.

Board Engineering and Innovation Committee

Committee Composition

- Chaired by an independent non-executive director
- Comprised of only non-executive directors

Skills & Experience

- Digital/technology, innovation,
- Business and risk management skills.

The Board Engineering and Innovation Committee was set up in Q2 2022 and held it's first meeting in Q3 2022. The committee aims to support the Board in driving digital innovation and ensure effective Future Ready Transformation strategy oversight and related risks. The committee oversees all matters relating to the Bank's Engineering function, which comprises Information and Technology, Operations, and the Enterprise Data Office.

In performing it's role, the committee reviewed the engineering and Innovation management reports, whicAh included updates on progress on related matters such as significant engineering-related projects, system stability, digital transformation progress, scalability initiatives, data and analytics and value management.

The committee comprised Non-Executive Directors and complied with it's mandate for the year under review and it's legal and regulatory responsibilities.

Remuneration Report

Where considered appropriate, the Board initiates modifications to remuneration designs to ensure that regulatory requirements are met and that the remuneration policies are progressive, consistent with, and promote effective risk management.

Remuneration Philosophy and Policy

Stanbic Uganda Holdings Limited and it's subsidiaries are committed to attracting and retaining world-class people. Consequently, we work to develop a depth and calibre of human resource capable of delivering sustainable growth across multiple geographies, products and regulatory regimes, and always within our agreed risk tolerance.

At the heart of this commitment lies the value we place on our people. Therefore, effective management and remuneration of our talent is a core competency of the company. As an integral part of growing and fortifying our human capital skills, the Board continually reviews the remuneration philosophies, structures and practices. In determining the remuneration of employees, the Board reviews market and competitive data and considers the company's performance against financial objectives and individual performance. A key step in this development was taken by the Committee and Management to seek benchmarking guidance from the Group and Global Remuneration Services . Certain specialist departments, for example, people and culture and finance, provide supporting information and documentation relating to matters considered by the Board

Structure of remuneration for managerial and general employees

Terms of Service

The terms and conditions of employment of all managers and general employees are guided by local legislation and are aligned to Standard Bank Group practices. Notice periods are stipulated by legislation and can go up to three months.

Structure of the Remuneration

Fixed Pay

Fixed pay is intended to attract and retain employees by ensuring competitive positioning in the local market and in some instances, globally. Fixed pay is normally reviewed annually, in the first quarter of the year, and market data is used for benchmarking this. In the longer term, the Board aims to move from a fixed salary and benefits to a 'cost-to-company' philosophy whereby a cash sum is delivered from which all benefits are deducted.

Benefits

Benefits are provided in line with market practice and regulatory requirements. The company provides medical cover and death benefits for staff and dependents. In addition, retirement benefits are provided on a deferred contribution basis linked to fixed pay.

Variable Pay

Annual Incentive

Annual incentives are provided to ensure appropriate reward for performance. Incentive pools are allocated to teams shaped by a combination of the overall company and team performance within the set risk tolerance levels. Individual awards are based on personal performance, both financial and non-financial. In some cases, a portion of the annual incentive above a certain threshold is deferred.

Deferral Schemes

Deferred Bonus Scheme (DBS)

The company has implemented a DBS to compulsorily defer a portion of incentives over a minimum threshold for some senior managers and executives. This improves the alignment of shareholder and management interests and enables clawback under certain conditions, supporting risk management. All employees who are awarded an incentive over a certain threshold are subject to a mandatory deferral of a certain percentage of their bonus into the DBS for up to 42 months. To enhance the retention component of the scheme, additional increments of the deferred bonus become payable at vesting and one year thereafter.

Claw-back Provision

A claw-back provision was introduced on the deferred remuneration plan. A key provision in the plans is that unvested awards may be reduced or forfeited, in whole or in part, at the Board's discretion, subject to prescribed conditions.

Long Term Incentives

Share Incentive Schemes

The Standard Bank Group (parent company) runs a Standard Bank Equity Growth Scheme (EGS) and Group Share Incentive Scheme (GSIS) to which certain employees of Stanbic Uganda are eligible to participate. Participation rights under the EGS and share options under the GSIS are granted to qualifying employees. Grants of rights or options are typically made annually as part of the annual reward

review: however, grants are also made to new employees on appointment or as ad hoc awards for retention purposes. EGS and GSIS long term incentives are awarded to key talent and are motivated by an individual's current performance and future potential. No awards are made to Non- Executive Directors. No participation rights or options are issued at a pricing discount, nor can they be re-priced, except as provided for in terms of the scheme in relation to a reduction or re-organisation of the issued share capital of Standard Bank Group.

The table below sets out the general vesting conditions of the various options or participating rights issued. The Standard Bank Group Directors have the discretion to vary the vesting

Vesting Category	Year	Cumulative Vesting	Expiry
A	3, 4, 5	50, 75, 100	10 years
B	5, 6, 7	50, 75, 100	10 years
C	2, 3, 4	50, 75, 100	10 years

Terms of Employment

Retention agreements

Retention agreements are only entered into in exceptional circumstances, and retention payments have to be repaid should the individual concerned leave within a stipulated period.

Severance payments

Severance payments are determined by legislation, market practice and, where applicable, agreement with recognised trade unions to employee forums. It is not the practice of Stanbic Uganda to make substantial severance awards.

Restrictive Covenants

Some executive employment contracts include restrictive covenants on the poaching of employees or customers. No other restrictions are included in contracts at present.

Sign on Payments

In attracting key employees, it may be necessary to compensate for the loss of unvested awards with their prior employer. In such cases, we would consider compensating such new employees in the appropriate share incentive scheme or in certain situations; a cash sign-on payment may be made on joining, subject to repayment should the employee leave the company within a certain period.

Directors' remuneration

Remuneration of Executive Directors

The remuneration packages and longterm incentives for Executive Directors are determined along with other employees on the same basis and using the same qualifying criteria. The compensation of the Chief Executive is subject to an annual review process that includes the Board. The disclosure of the remuneration of the highest-paid employees who are not Directors is considered competitor sensitive, and after due consideration, the Board has resolved not to publish this information.

Non-Executive Directors Remuneration and Terms of Engagement

Terms of Service

All Non-Executive Directors are provided with a letter of appointment setting out the terms of engagement. Shareholders appoint directors at the AGM. Between AGMs, interim appointments may be made by the Board. These interim appointees are required to retire

at the following AGM, where they then offer themselves for re-election by shareholders. In addition, one -third of Non-Executive Directors are required to retire at each AGM and may offer themselves for re-election. If supported by the Board, the Board then proposes their re-election to shareholders. There is no limitation on the number of times a Non-Executive Director may stand for reelection. Proposals for re-election are based on individual performance and contribution.

Fees

Non-Executive Directors receive a fee for their service on the Board and a meeting attendance fee for Board committee meetings. Fees are paid quarterly in arrears. There are no contractual arrangements for compensation for loss of office. Non- Executive Directors do not receive shortterm incentives, nor do they participate in any long-term incentive schemes. The Board Nomination and Remuneration Committee reviews the fees paid to Non-Executive Directors annually and makes recommendations to the Board for consideration. In determining the remuneration of the Non- Executive Directors, the Board considers the extent and nature of their responsibilities and reviews of comparative remuneration offered by other similar companies in Uganda.

Directors Emoluments 2022

Category	Services as directors	Board committee fees	Cash portion of package	Performance incentives	Other Benefits	Pensions contribuitions	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Executive Directors	-	-	5 254 248	2 397 115	702 953	1 224 172	9 578 488
Non executive Directors	611 096	198 464	-	-	-	-	809 560
Former non-executive directors	24 107	13 520	-	-	-	-	37 627
Total	**635 203**	**211 984**	**5 254 248**	**2 397 115**	**702 953**	**1 224 172**	**10 425 676**

Directors Emoluments 2021

Category	Services as directors	Board committee fees	Cash portion of package	Performance incentives	Other Benefits	Pensions contribuitions	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Executive Directors	-	-	3 474 876	1 647 306	645 641	638 500	6 406 323
Non executive Directors	663 018	335 161	-	-	-	-	998 179
Former non executive directors	-	-	-	-	-	-	-
Total	**663 018**	**335 161**	**3 474 876**	**1 647 306**	**645 641**	**638 500**	**7 404 503**

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of Stanbic Uganda Holdings Limited ("the Company" or "SUHL") and it's subsidiaries (together "the Group").

Principal Activities

SUHL is a non-operating holding company that wholly owns with 5 (five) subsidiaries; Stanbic Bank Uganda Limited (the Bank/SBU), Stanbic Properties Limited (SPL), Stanbic Business Incubator Limited (SBIL), Flyhub Uganda Limited (Flyhub) and SBG Securities Uganda Limited (SBGS).

SBU is a financial institution regulated by the Bank of Uganda (BOU) and licensed under the Financial Institutions Act, 2004 as amended, to conduct commercial banking business. SPL primarily holds and manages the real estate portfolio of the Group and offers other services such as valuation services, site acquisition, property consultancy, and execution of real estate projects. SBIL is a licensed Non-Governmental Organisation (NGO) under the NGO Act, set up to support the sustainability of Small and Medium Enterprises in Uganda through capacity building programs on best business practices. Flyhub is a software development company that provides digital integration and innovative services as part of our digital transformation journey. SBGS is a stockbrokerage company licensed by the Capital Markets Authority and admitted by the Uganda Securities Exchange as a trading participant that provides securities trading, brokerage, dealing and management services.

Results

The consolidated profit for the year ended 31 December 2022 of UShs 357 billion (2021: UShs 269 billion) has been added to retained earnings.

Dividends

During the year, an interim dividend of UShs 50 billion was paid. The Directors recommend the approval of a final dividend for the year ended 31 December 2022 of UShs 185 billion. The total dividend for the year, therefore, is UShs 235 billion (2021: UShs 50 billion).

Share Capital

The total number of issued ordinary shares as at the end of 31 December 2022 was 51,188,669,700 ordinary shares of UShs 1 each.

Directors

The Directors who held office during the year to the date of this report were:

Japheth Katto (Chairman)

Andrew Mashanda

Patrick Mweheire

Olusola Adejoke David-Borha (Appointed 03 March 2022)

Agnes A. Konde

Robert Busuulwa (Appointed 02 June 2022)

Sam Zimbe (Retired 02 June 2022)

Directors' interest in shares

The following director as of 31 December 2022, held direct interest in SUHL's ordinary issued share capital as reflected below:

Director	Number of Shares
Josepha T. Ndamira	30,000

Auditor

The Company's auditor, PricewaterhouseCoopers Certified Public Accountants, continues in office in accordance with Section 167(2) of the Ugandan Companies Act.

Insurance

Directors' and Officers' liability insurance was maintained during the year.

Management by Third Parties

None of the business of Stanbic Uganda Holdings Limited has been managed by a third person or a company in which a Director has had an interest during the year.

By Order of the Board

Rita Kabatunzi
Company Secretary
2 March 2023

Statement of Directors' Responsibilities

The Ugandan Companies Act requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and it's subsidiaries ("the Group") as at the end of the financial year and of it's profit or loss. It also requires the Directors to ensure that the Company and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Company and the Group.

The Directors of the Company accept responsibility for the financial statements of the Company and the Group, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Ugandan Companies Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and the Group. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have assessed the Company and the Group's ability to continue as a going concern. The Directors hereby report that nothing has come to their attention to indicate that the Company and the Group will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The financial statements of Stanbic Uganda Holdings Limited were approved by the Board of Directors on 2 March 2023 and were signed on it's behalf by:

Japheth Katto
Board Chairman
2 March 2023

Andrew Mashanda
Chief Executive
2 March 2023

Report of the Board Audit and Risk Committee

This report is provided by the Board Audit and Risk Committee (the "Committee") in respect of the 2022 financial year of Stanbic Uganda Holdings Limited (the "Company") and it's subsidiaries. The Committee's operation is guided by a Board Committee Mandate (the "mandate"), which is informed by the Ugandan Companies Act, and the Financial Institutions Act 2004 as amended, impacting the banking subsidiary, the Uganda Securities Exchange (USE) Listing Rules 2021 and is approved by the Board. The Committee composition is annually reviewed by the Board.

Execution of Functions

The Committee has executed it's duties and responsibilities during the financial year in accordance with it's mandate, in relation to Stanbic Uganda's accounting, internal auditing, internal control and financial reporting practices.

During the year under review, the Committee, among other matters, considered the following:

In respect of the External Auditor and the External Audit:

- Recommended to the Board for an approval of the re-appointment of PricewaterhouseCoopers (PWC), Certified Public Accountants Uganda, as external auditors for the financial year ended 31 December 2022, in accordance with all applicable legal requirements.
- Approved the external auditor's terms of engagement, the audit plan and budgeted audit fees payable.
- Reviewed the audit process and evaluated the effectiveness of the audits.
- Obtained assurance from the external auditors that their independence was not impaired.
- Considered the nature and extent of all non-audit services provided by the external auditors.
- Through the Chairman, approved proposed contracts with the external auditors for the provision of non-audit services and pre-approved proposed contracts with the external auditors for the provision of non-audit services above an agreed threshold amount.
- Confirmed that no reportable irregularities were identified and reported by the external auditors.

In respect of internal control and internal audit:

- Reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with it's charter.
- Considered reports of the internal and external auditors on the group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and management.
- Assessed the independence and effectiveness of the group chief audit officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Considered the outcome of the group's external auditors' annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements.
- Reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information.
- Based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the group.
- Over the course of the year, met with the group chief audit officer, the group chief compliance officer, the head of anti-financial crime, the group financial director, management, and the external auditors.
- Considered quarterly reports from the group's internal financial control committee.

In respect of the financial statements:

- Confirmed the going concern principle as the basis of preparation of the consolidated annual financial statements.
- Examined and reviewed the consolidated interim and annual financial statements prior to submission and approval by the Board.
- Reviewed reports on the adequacy of the provisions for performing and non- performing loans and impairment of other assets, and the formulae applied by the company in determining charges for and levels of impairment of performing loans.
- Ensured that the consolidated annual financial statements fairly present the financial position of the company, as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company is determined to be a going concern.
- Ensured that the consolidated annual financial statements conform with IFRS.
- Considered accounting treatments, significant unusual transactions and accounting judgements.
- Considered the appropriateness of the accounting policies adopted and changes thereto.
- Reviewed and discussed the external auditor's audit report.
- Considered and made recommendations to the Board on the consolidated interim and final dividend payments to the shareholder.
- Recommended the consolidated financial statements to the Board for approval.
- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of the consolidated annual financial statements, internal controls and related matters.

In respect of risk management and information technology:

- Considered risks as they pertained to the control environment, financial reporting and the going concern assessment.
- Considered and reviewed reports from Management on risk management, including reports on fraud and it's bearing on financial reporting and the going concern assessment.
- Considered updates on key internal and external audit findings in relation to the IT (Information Technology) control environment, significant IT programmes and IT intangible assets.

In respect of financial accounting and reporting developments:

- Reviewed Management's process and progress with respect to new financial accounting and reporting developments.

In respect of the coordination of assurance activities, the committee:

- Reviewed the plans and work outputs of the external and internal auditor as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business, and
- Considered the expertise, resources and experience of the finance function and the senior members of Management responsible for this function and concluded that these were appropriate.

In respect of the Annual Report:

- Evaluated Management's judgments and reporting decisions in relation to the Annual Report and ensured that all material disclosures are included.
- Reviewed forward-looking statements, financial and sustainability information in respect of internal control, internal audit and financial crime control.
- Reviewed and approved the annual internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with it's charter.
- Considered reports of the internal and external auditors on the Company's internal control systems, including internal financial controls and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and Management.
- Assessed the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal.
- Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control at the date of this report, including internal financial controls, resulting in any material loss to the Company.
- Reviewed any significant tax matters that could have a material impact on the financial statements.
- Considered quarterly reports from the Company's internal financial controls departments.
- Considered the independent assessment of the effectiveness of the internal audit function.

In respect of legal, regulatory and compliance requirements.

- Reviewed, together with Management, matters that could have a material impact on the Company.
- Monitored compliance with the Companies Act of Uganda, the Financial Institutions Act, the USE Listing Rules, all other applicable legislation and governance codes and reviewed reports from internal audit, external auditors and compliance detailing the extent of compliance.
- Noted that no complaints were received through the Company's Ethics and Fraud Hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.
- Reviewed reports from management on risk management, including fraud and it's risks as they pertain to financial reporting and the going concern assessment.

Independence of the External Auditor

The Committee is satisfied that the External Auditors, PWC, are independent of the Company. This conclusion was arrived at, inter alia, after taking into account the following factors:

- The representations made by PWC to the Committee.
- The Auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company.
- The Auditors' independence was not impaired by any consultancy, advisory or other work undertaken by them.
- The Auditors' independence was not prejudiced as a result of any previous appointment as the Company's Auditors.
- The criteria specified for independence by the independent regulatory Board for Auditors and international regulatory bodies were met.

In conclusion, the Board Audit and Risk Committee has complied with it's legal, regulatory and governance responsibilities as set out in it's mandate.

On behalf of the Board Audit Committee

Chairperson, Board Audit and Risk Committee

2 March 2023

REPORT OF THE INDEPENDENT AUDITOR

to the Members of Stanbic Uganda Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the state of the financial affairs of Stanbic Uganda Holdings Limited ("the Company") and it's subsidiaries (together "the Group") as at 31 December 2022, and of it's consolidated and separate profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act.

What we have audited

The financial statements of Stanbic Uganda Holdings Limited set out on pages 116 to 192 comprise:

- the consolidated and separate statement of financial position as at 31 December 2022;
- the consolidated and separate income statement for the year ended;
- the consolidated and separate statement of other comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("the IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

PricewaterhouseCoopers Certified Public Accountants, Communications House, 1 Colville Street, P. O. Box 882, Kampala, Uganda. Registration Number 113042
T: +256 (414) 236018, +256 (312) 354400, F: +256 (414) 230153, E: ug_general@pwc.com,www.pwc.com/ug
Partners: C Mpobusingye D Kalemba P Natamba U Mayanja
PricewaterhouseCoopers CPA is regulated by the Institute of Certified Public Accountants of Uganda (ICPAU), ICPAU No. AF0004

Key audit matters	How our audit addressed the key audit matters
Impairment of loans and advances As disclosed in **Note 19** of the financial statements, the Directors have estimated provisions for expected credit losses ("ECL") on loans and advances of UShs 149,835 million as at 31 December 2022 (2021: UShs 169,372 million). We considered this a key audit matter in view of the complex and subjective judgement exercised by the Directors in estimating the above provisions. In addressing this area, we focused on the following: • the appropriateness of models used by the Directors in estimation of ECL on loans and advances; • the reasonableness of assumptions and estimates applied to the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the Group's ECL framework; and • evaluation of the basis for determining loans and advances for which a Significant Increase in Credit Risk ("SICR") applies; • evaluation of the adjustments made to expected credit losses in respect of forward-looking information; and • the reasonableness of overlays applied to the impairment calculation.	**Our audit procedures are summarised as follows:** We evaluated the appropriateness of the methodology, and the mathematical accuracy of the models, applied by the Group in the estimation of expected credit losses for consistency with IFRS9, Financial Instruments ("IFRS9"); We validated controls implemented by the Group over the staging of loans and advances between default (Stage 3), significant increase in credit risk (Stage 2) and others (Stage 1) and tested, on a sample basis, the staging of loans and advances; We evaluated the appropriateness of segmentation of the Group's loan portfolio for purposes of estimation of PDs; We tested, on a sample basis, the PDs used by the Directors in comparison to the history of default and external indicators where made use of. We also tested the accuracy of the underlying historical data applied by the Directors in deriving PDs; We assessed the the extent to which the incorporation of forward-looking information into the estimation of expected credit losses is correlated with default history and corroborated the data and assumptions therein using publicly available information, where applicable; We tested, on a sample basis the reasonableness of the EAD for on and off-balance sheet items based on historical experience of the Group; We tested, on a sample basis, the reasonableness of the loss given default estimated by the Directors using present values of expected future cashflows of loans and advances derived from the estimated recoverable value of collateral held and historical loss experience; We performed an independent recomputation of provisions for expected credit losses, separately on the Group's consumer and high net worth and business and commercial portfolio and corporate and investment banking portfolio, using independently recomputed PDs and independent forward-looking information and compared our results to those obtained by the Directors to evaluate the reasonableness of provisions for expected credit losses in these financial statements; and We assessed the adequacy of the disclosures in the financial statements in accordance with IFRS 9.

Key audit matters	How our audit addressed the key audit matters
Fair valuation of derivative assets and liabilities The Group is the holder and issuer of derivative financial instruments in the normal course of business. In line with IFRS 9: Financial Instruments, these derivatives are measured at fair value at each reporting date. The Directors employed valuation techniques in estimating the fair values of outstanding derivatives as at 31 December 2022 at Shs 111 billion (2021: Shs 129 billion) for derivative assets and Shs 149 billion (2021: Shs 205 billion) for derivative liabilities, as disclosed in **Note 27** of the financial statements. This was considered a key audit matter for our audit in view of the significant judgments exercised by the Directors in estimating the fair value of derivatives, the materiality of outstanding derivatives, and the additional complexity and long-dated nature of currency swap derivatives which are predominantly over 5 years in duration. In particular, we focused on the fair valuation methodology applied by the Directors; the estimation of inputs into the fair valuation in view of the limitations on available market data/ prices; and the overall reasonableness of prices applied in the valuation.	**Our audit procedures are summarised as follows:** We obtained evidence that selected manual and computer controls applied by the Directors that are relevant to the completeness, existence, accuracy and fair valuation of derivative assets and liabilities were designed and operated effectively during the year; We obtained evidence of the appropriateness of the methodology and computational accuracy of the model used by the Directors in the fair valuation of derivative assets and liabilities; We tested the accuracy of data inputs used by the Directors in the fair valuation of derivative assets and liabilities; and We evaluated the completeness and accuracy of disclosures made by the Directors in respect of derivative assets and liabilities.

Other information

The Directors are responsible for the other information. The other information comprises Corporate Information, the Director's Report the Statement of Directors' Responsibilities, the Report of the Board Audit and Risk Committee and Supplementary information which we obtained prior to the date of this auditor's report, and additional sections of the Group's annual report which are expected to be made available to us after that date, 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the additional sections of the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

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 the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

The Ugandan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm 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;

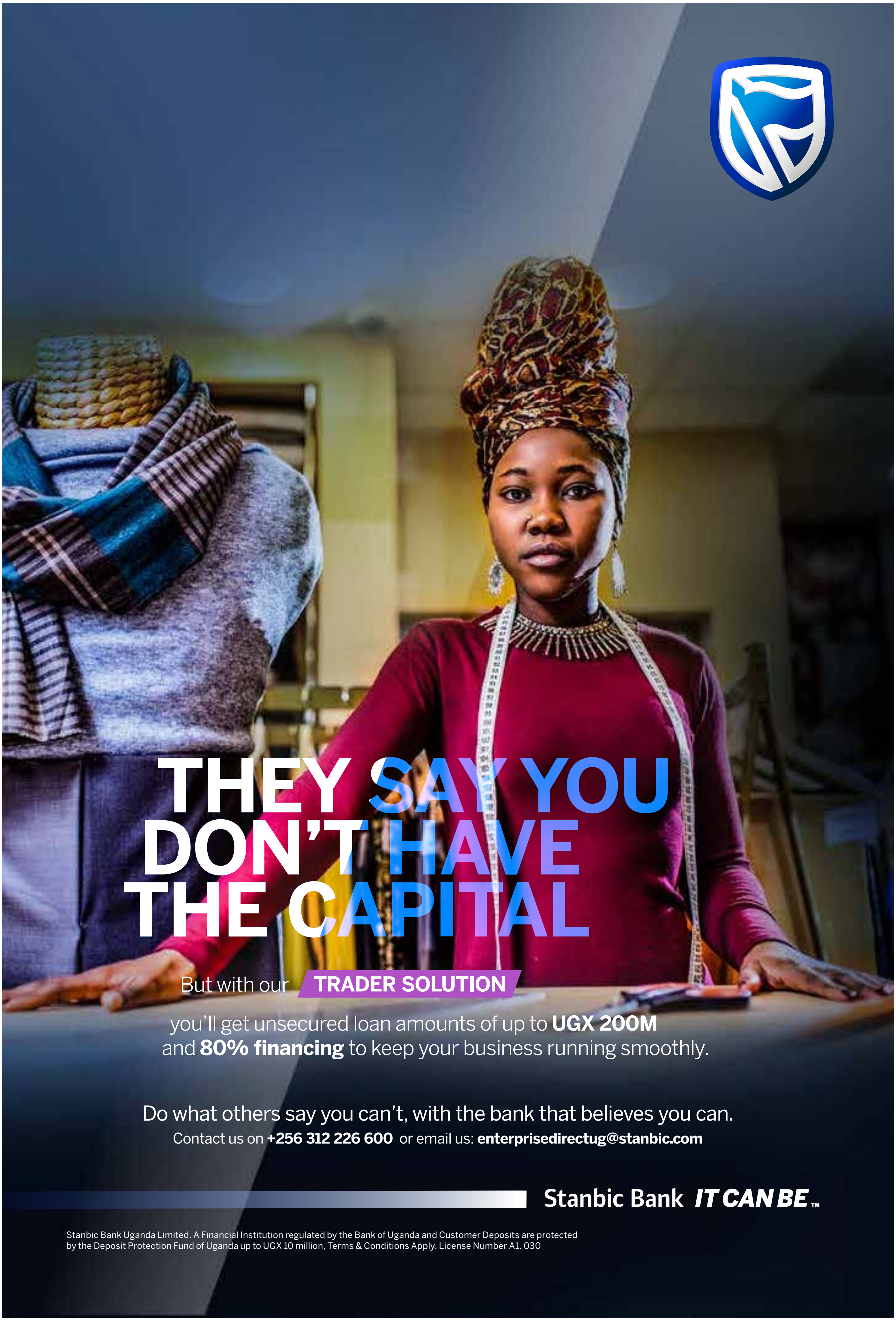
ii) in our opinion proper books of account have been kept by the Group, so far as appears from our examination of those books; and

iii) the consolidated and separate statement of financial position and the consolidated and separate income statement are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Uthman Mayanja – P0181.

Certified Public Accountants
Kampala
28 March 2023

CPA Uthman Mayanja


THEY SAY YOU
DON'T HAVE
THE CAPITAL
But with our TRADER SOLUTION
you'll get unsecured loan amounts of up to UGX 200M
and 80% financing to keep your business running smoothly.
Do what others say you can't, with the bank that believes you can.
Contact us on +256 312 226 600 or email us: enterprisedirectug@stanbic.com
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Stanbic Bank Uganda Limited. A Financial Institution regulated by the Bank of Uganda and Customer Deposits are protected
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UGANDA IS OUR HOME,
WE DRIVE HER GROWTH

Wide panoramic view of the Rwenzori Mountains, Uganda. Weismanns peak summit in cloudy day.

FINANCIAL STATEMENTS

Consolidated and separate income statement
For the year ended 31 December 2022

		GROUP		COMPANY	
	Notes	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Interest income	5	635,024,818	543,994,626	387,221	-
Interest expense	6	(45 612 036)	(45,968,548)	(40,938)	(75,253)
Net interest income		**589,412,782**	**498,026,078**	**346,283**	**(75,253)**
Fee and commission income	7	190,979,159	173,617,048	-	-
Fee and commission expenses	7	(14,104,774)	(8,857,656)	-	-
Net fees and commission income		**176,874,385**	**164,759,392**	**-**	**-**
Net trading income	8	261,425,547	233,701,721	-	-
Other losses on financial instruments	9	-	(3,295)	-	-
Other operating income	10	10,186,159	6,998,552	110,092,919	-
Non interest revenue		**448,486,091**	**405,456,370**	**110,092,919**	**-**
Total income before credit impairment charge		1,037,898,873	903,482,448	110,439,202	(75,253)
Impairment charge for credit losses	11	(59,572,490)	(70,407,666)	-	-
Total income after credit impairment charge		**978,326,383**	**833,074,782**	**110,439,202**	**(75,253)**
Employee benefits expense	12	(212,397,514)	(178,547,838)	(6,267,496)	(7,415,205)
Amortisation	22	(15,162,264)	(15,041,404)	-	-
Depreciation	23	(34,215,727)	(33,017,641)	(612,281)	(568,659)
Other operating expenses	13	(233,514,804)	(255,257,740)	(2,156,974)	(1,680,990)
Profit/(loss) before income tax		**483,036,074**	**351,210,159**	**101,402,451**	**(9,740,107)**
Income tax (expense)/credit	14	(125,655,166)	(81,898,067)	2,704,803	2,748,127
Profit/(loss) for the year attributable to the equity holders of the Group		**357,380,908**	**269,312,092**	**104,107,254**	**(6,991,980)**
Earnings per share for profit/(loss) attributable to the equity holders of the Group during the year (expressed In UShs per share):					
Basic and diluted earnings per share	**15**	**6.98**	**5.26**	**2.03**	**(0.14)**

The notes set out on pages 121 to 192 form an integral part of these financial statements.

Consolidated and separate statement of other comprehensive income
For the year ended 31 December 2022

		GROUP		COMPANY	
	Note	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Profit/(loss) for the year		357,380,908	269,312,092	104,107,254	(6,991,980)
Other comprehensive income for the year after tax:[1]					
Items that may be subsequently reclassified to profit or loss					
Net change in debt financial assets measured at fair value through other comprehensive income (OCI)	25	(7,909,086)	20,551,757	-	-
Total comprehensive income/(loss) for the year		**349,471,822**	**289,863,849**	**104,107,254**	**(6,991,980)**

Income tax relating to each component of other comprehensive income is disclosed in note 25.
The notes set out on pages 121 to 192 form an integral part of these financial statements.

Consolidated and separate statement of financial position as at 31 December 2022

		GROUP		COMPANY	
	Notes	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Assets					
Cash and balances with Bank of Uganda	16	1,085,102,127	984,530,697	-	-
Derivative assets	27	111,325,016	129,164,041	-	-
Trading assets	17	1,598,475,974	1,057,416,156	-	-
Pledged assets	17	5,504,897	3,840,314	-	-
Financial investments	17	1,255,700,950	844,345,030	10,076,259	-
Current income tax recoverable	14	-	-	11,594,808	11,545,375
Loans and advances to banks	18	296,044,517	1,106,122,016	-	-
Loans and advances to customers	19	4,085,001,025	3,722,073,070	-	-
Amounts due from group companies	36	228,474,116	401,399,239	29,624,190	35,757,732
Investment in subsidiaries	38	-	-	896,504,489	896,504,489
Other assets	21	204,249,085	267,011,390	102,550	506,189
Deferred tax assets	20	46,097,001	46,355,807	6,428,580	3,773,211
Property, equipment and right-of-use assets	23	75,544,090	75,544,628	1,045,465	1,599,759
Goodwill and other intangible assets	22	67,428,584	82,293,413	-	-
Total assets		**9,058,947,382**	**8,720,095,801**	**955,376,341**	**949,686,755**
Shareholders' equity and liabilities					
Shareholders' equity					
Ordinary share capital	24	51,188,670	51,188,670	51,188,670	51,188,670
Fair value through other comprehensive income reserve	25	10,129,128	18,038,214	-	-
Retained earnings	39	1,536,457,261	1,414,076,353	697,414,443	828,307,189
Proposed dividends	33	185,000,000	50,000,000	185,000,000	50,000,000
Total shareholders' equity		1,782,775,059	1,533,303,237	933,603,113	929,495,859
Liabilities					
Derivative liabilities	27	149,082,358	205,061,504	-	-
Current tax liabilities	14	11,289,587	3,817,466	-	-
Deposits from customers	28	6,131,256,477	5,741,043,166	-	-
Deposits from banks	29	142,092,860	155,075,114	-	-
Amounts due to group companies	36	220,079,961	260,392,702	575,785	562,112
Borrowed funds	30	37,324,647	165,196,485	-	-
Subordinated debt	32	75,931,416	71,753,914	-	-
Other liabilities	31	509,115,017	584,452,213	21,197,443	19,628,784
Total liabilities		7,276,172,323	7,186,792,564	21,773,228	20,190,896
Total equity and liabilities		**9,058,947,382**	**8,720,095,801**	**955,376,341**	**949,686,755**

The notes set out on pages 121 to 192 form an integral part of these financial statements.
The financial statements on pages 116 to 192 were approved for issue by the Board of Directors on 2 March 2023 and signed on it's behalf by:

....
Chairman

....
Chief Executive

....
Director

....
Company Secretary

Consolidated and separate statement of changes in equity
For the year ended 31 December 2022

GROUP	Notes	Share Capital UShs'000	Fair value through OCI reserve UShs'000	Statutory Credit Risk Reserve UShs'000	Proposed dividends UShs'000	Retained earnings UShs'000	Total equity UShs'000
Balance at 1 January 2022		51,188,670	18,038,214	-	50,000,000	1,414,076,353	1,533,303,237
Profit for the year		-	-	-	-	357,380,908	357,380,908
Other comprehensive loss after tax for the year	25	-	(7,909,086)	-	-	-	(7,909,086)
Transactions with owners recorded directly in equity							
Dividends paid	33	-	-	-	(50,000,000)	-	(50,000,000)
Interim dividends paid	33	-	-	-	-	(50,000,000)	(50,000,000)
Proposed dividends	33	-	-	-	185,000,000	(185,000,000)	-
Balance at 31 December 2022		**51,188,670**	**10,129,128**	**-**	**185,000,000**	**1,536,457,261**	**1,782,775,059**
Balance at 1 January 2021		51,188,670	(2,513,543)	-	95,000,000	1,099,764,261	1,243,439,388
Profit for the year		-	-	-	-	269,312,092	269,312,092
Other comprehensive income after tax for the year	25	-	20,551,757	-	-	-	20,551,757
Transactions with owners recorded directly in equity							
Proposed dividends transferred back to retained earnings	33	-	-	-	(95,000,000)	95,000,000	-
Proposed dividends	33	-	-	-	50,000,000	(50,000,000)	-
Balance at 31 December 2021		51,188,670	18,038,214	-	50,000,000	1,414,076,353	1,533,303,237

COMPANY	Notes	Share capital UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2022		**51,188,670**	**50,000,000**	**828,307,189**	**929,495,859**
Profit for the year		-	-	104,107,254	104,107,254
Other comprehensive income after tax for the year		-	-	-	-
Transactions with owners recorded directly in equity					
Dividends paid	33	-	(50,000,000)	-	(50,000,000)
Interim dividends paid	33	-	-	(50,000,000)	(50,000,000)
Proposed dividends	33	-	185,000,000	(185,000,000)	-
Balance at 31 December 2022		**51,188,670**	**185,000,000**	**697,414,443**	**933,603,113**
Balance at 1 January 2021		51,188,670	95,000,000	790,299,169	**936,487,839**
Loss for the year		-	-	(6,991,980)	(6,991,980)
Other comprehensive income after tax for the year		-	-	-	-
Transactions with owners recorded directly in equity					
Proposed dividends transferred back to retained earnings	33	-	(95,000,000)	95,000,000	-
Proposed dividends	33	-	50,000,000	(50,000,000)	-
Balance at 31 December 2021		**51,188,670**	**50,000,000**	**828,307,189**	**929,495,859**

The fair value through OCI reserve relates to debt financial investments measured at fair value through OCI.

The notes set out on pages 121 to 192 form an integral part of these financial statements.

Consolidated and separate statement of cash flows
For the year ended 31 December 2022

		GROUP		COMPANY	
	Notes	2022	2021	2022	2021
		UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cash flows from operating activities					
Interest received		680,931,084	543,521,114	310,962	-
Interest paid		(49,171,375)	(45,616,592)	(40,938)	(75,253)
Net fees and commissions received		182,768,651	160,583,904	110,092,919	-
Net trading and other Income		298,672,213	248,832,500	-	-
Cash payment to employees and suppliers		(440,424,106)	(477,337,194)	(8,173,195)	(10,804,587)
Cash flows from operating activities before changes in operating assets and Liabilities		**672,776,467**	**429,983,732**	**102,189,748**	**(10,879,840)**
Changes in operating assets and liabilities					
Income tax paid	14	(114,491,967)	(83,593,142)	-	-
Decrease in derivative assets	27	17,839,025	31,753,085	-	-
Increase in financial investments	17	(375,206,699)	(744,556,343)	(10,000,000)	-
(Increase)/decrease in trading assets	17	(542,724,401)	501,219,810	-	-
Increase in cash reserve requirement	35	(117,610,000)	(60,350,000)	-	-
Increase in loans and advances to customers	19	(497,848,955)	(181,875,005)	-	-
Decrease/(increase) in other assets	21	56,868,039	(166,047,172)	403,639	(278,685)
Increase in customer deposits	28	393,772,650	247,211,676	-	-
Decrease in deposits and balances due to other banks	29	(12,982,254)	(630,402,329)	-	-
Decrease in deposits from group companies	36	(40,312,741)	(91,214,777)	-	-
Decrease in derivative liabilities	27	(55,979,146)	(24,671,907)	-	-
(Decrease)/ increase in other liabilities	31	(83,985,333)	272,258,680	1,331,058	(103,152,411)
Net cash (used in)/from operating activities		**(699,885,315)**	**(500,283,692)**	**93,924,446**	**(114,310,936)**
Cash flows from investing activities					
Purchase of property and equipment	23	(17,390,752)	(8,952,743)	(57,987)	(1,306,567)
Purchase of computer software	22	(297,435)	(3,887,241)	-	-
Proceeds from sale of property and equipment	23	335,638	73,898	-	-
Net cash used in investing activities		**(17,352,549)**	**(12,766,086)**	**(57,987)**	**(1,306,567)**
Cash flows from financing activities					
Principal Lease payments	23	(11,573,886)	(21,133,035)	-	(621,051)
Dividends paid to shareholders	33	(100,000,000)	-	(100,000,000)	-
Investment in subsidiary		-	-	-	(3,000,000)
(Decrease)/increase in borrowed funds	30	(127,871,838)	121,849,918	-	-
Increase/(decrease) in subordinated debt		4,177,502	(1,268,611)	-	-
Net cash (used in) /from financing activities		**(235,268,222)**	**99,448,272**	**(100,000,000)**	**(3,621,051)**
Net decrease in cash and cash equivalents		(952,506,086)	(413,601,506)	(6,133,542)	(119,238,554)
Cash and cash equivalents at start of year	35	2,036,943,287	2,450,544,793	35,757,732	154,996,286
Cash and cash equivalents at end of year	35	**1,084,437,201**	**2,036,943,287**	**29,624,190**	**35,757,732**

The notes set out on pages 121 to 192 form an integral part of these financial statements.

Notes

1. General information

Stanbic Uganda Holdings Limited (the "Company") is a limited liability company, incorporated and domiciled in Uganda. The address of it's registered office is Plot 17 Hannington Road 11th floor Short Tower - Crested Towers, P. O. Box 7395, Kampala, Uganda.

The Company's shares are listed on the Uganda Securities Exchange (USE) and it has five subsidiaries which are; Stanbic Bank Uganda Limited, FLYHUB Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited and SBG Securities Uganda Limited. For purposes of reporting under the Companies Act of Uganda 2012 (herein referred to as the Ugandan Companies Act) the balance sheet is represented by the statement of financial position and the profit or loss account is represented by the income statement in these financial statements.

2.1 Accounting policy elections

(i) Summary of significant accounting policies

The principal accounting policies applied in the preparation of the group and company's financial statements are set out below. These policies have been consistently applied to all years presented for both group and company, unless otherwise stated.

a) Basis of preparation

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and in the manner required by the Ugandan Companies Act. The financial statements are presented in the functional currency, Uganda Shillings (UShs), rounded to the nearest thousand, and prepared under the historical cost basis except where otherwise stated below:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy h).
- Intangible assets, property, equipment and right-of-use assets are accounted for at cost less accumulated amortisation/ depreciation and impairment (accounting policy c).
- The portfolio exception is applied to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy a).
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
- Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 2.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates, Uganda Shillings; UShs ("the functional currency"). The financial statements are presented in UShs, and figures are stated in thousands of UShs (UShs'000) unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition: non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currency classified as fair value through OCI are analyzed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

b) Changes in accounting policies

The accounting policies are consistent with those reported in the previous year. There are no new or amended standards that are effective for the current reporting period. The group also did not early adopt any amended standards during the current reporting period.

ii) Key management assumptions

In preparing the Group and Company financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred during current or prior reporting periods apart from those mentioned below. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions below apply to the Group and Company, unless otherwise stated.

Expected credit losses (ECL)

During the current reporting period, models for measurement of ECL, have been enhanced but no material changes to assumptions have occurred. Changes in macro-economic conditions imposed considerable strain on our operations specifically retail, business and corporate clients, however, the Group's risk appetite remained unchanged. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The home services, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain home services, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e., where defaulted exposures cure and then subsequently re-default. Financial assets must be assessed for significant increase in credit risk (SICR) compared to when the loan was first originated, prior to the loan reaching 30 days past due arrear status. This consideration increases the potential ECL.
- The measurement period for unutilised loan commitments utilise the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk

Home services, vehicle and asset finance, card, personal, business lending and other products

All exposures are assessed to determine whether there has been significant increase in credit risk at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. Significant increase in credit risk thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness.

The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often considered in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met. The group applied the 30 day period for identifying the significant increase in credit risk, except for corporate customer and Business Banking customers above USD 2 million in exposure. In addition, the Group applies override to the 30 day rule presumed higher for significant increase in credit on the personal banking government portfolio based on the fact that arrears position at a point in time are only technical in nature and not a reflection of actual account performance.

The Group determines the significant increase in credit risk (SCR) threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. This transfer rate is such that the proportion of the 0-29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0-29 days accounts into 30 or more days in arrears. The significant increase in credit risk thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank lending products (including certain business banking exposures)

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Corporate exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre- defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Group's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk. To determine whether a client's credit risk has increased significantly since origination, the Group determines the extent of the change in credit risk using the table below.

Master rating scale band (from origination)	SICR trigger
SB 1 - 12	Low credit risk
SB 13 - 20	Change of 3 rating or more
SB 21 - 25	Change of 1 rating or more

Incorporation of forward-looking information (FLI) in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, based on the Group's global outlook and it's global view of commodities..

For home services, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro- economic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustment. These out-of-model adjustments are subject to group credit governance committee oversight.

The Group's macroeconomic outlooks are incorporated in corporate, sovereign and bank products' clients rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of 6 months, while observing payment behaviour; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted the 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e., no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries.

The Group assesses whether there is a reasonable expectation of recovery at an exposure level. As such, once the below criteria are met at an exposure level, the exposure is written off.

The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e., vehicle and asset finance, home services, etc.) which is deemed sufficient to determine whether the Group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured home services, VAF, card, personal, business lending and other products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries. Factors that are within the Group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, unless it is after I year of going into arrears: and
- at the point of write-off, the financial asset is fully impaired (i.e., 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post- realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- For corporate, sovereign and bank products, write-off are assessed on a case-by-case basis and approved by the CIB credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels post write off recoveries as well as the key factors influencing post write-off recoveries, which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels over time.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e., stage 3) still exist. Distressed restructured financial assets (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e., an average of six full consecutive monthly payments per the terms and conditions). In addition, distressed restructured financial assets that no longer qualify as credit impaired remain under observation within stage 3 for a minimum of 12 months to comply with Financial Institutions Act (FIA).

In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or home services, VAF, card, personal, business lending and other products credit governance committees (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Stanbic Group's forward-looking economic expectations were applied in the determination of the ECL at the reporting date
A range of base, bear and bull forward-looking economic expectations were determined, as at 31 December 2022, for inclusion in the Group's forward-looking process and ECL calculation.

Ugandan economic expectations
The base case is the most likely scenario and is assigned a 60% probability. Bank of Uganda is expected to hike CBR into Q1 of 2023 as headline inflation remains above 7.5% until April 2023. Inflation is expected to average 3% in the second half of 2023. GDP growth forecast trimmed to 5.0%-5.3% as adverse weather conditions constrain net exports, with coffee sector productivity expected to decline. Furthermore, disposable incomes will likely remain under pressure until at least the second half of 2023 due to tighter monetary policy. Over the medium term, increased oil-related investment should drive growth. First oil expected to be due 2026, and investment in this sector should underpin multiplier expenditure benefits for other sectors such as construction and transport.

The bear case shows a pessimistic trend and is assigned a 30% probability. CBR in this case is expected to be hiked much more than in the base case as inflation continues to rise and becomes sticky in some sectors. On a global scale, stagflation is expected to be more intense and cause further monetary policy tightening by major economies. In this scenario, owing to ESG concerns in regards to oil investment, first oil production is delayed to 2027 as government faces difficulties in sourcing funding. These delays in funding reduce public investment in infrastructure and weigh down FDI, dragging GDP growth lower.

The bull case shows an optimistic trend and is assigned a 10% probability. In this scenario, Bank of Uganda starts easing monetary policy in Q3 of 2023 as inflation sees a sharp decline. Notwithstanding ESG concerns, the government of Uganda manages to secure financing for the construction of the East Africa Crude Oil Pipeline (EACOP) and first oil is realised in 2025. Further, monetary policy easing which leads to faster private sector lending by commercial banks, combined with an expansionary fiscal policy and higher oil related investments, supports GDP growth notably.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

2023	Base scenario		Bearish scenario		Bullish scenario	
Macroeconomic factors	Next 12 months	Remaining forecast period[2]	Next 12 months	Remaining forecast period[2]	Next 12 months	Remaining forecast period[2]
Uganda						
Inflation (%)	9.5	5.0	10.8	6.3	3.5	2.7
Real GDP1 (%)	4.3	6.9	3.2	4.7	6.8	7.6
Policy Rate (%)	10.3	8.5	12.8	9.8	7.9	6.8
91-Day T-Bill (%)	9.9	7.8	12.5	11.2	8.1	7.1
Exchange rate USD/UGX	3,838	3,795	3,940	3,924	3,731	3,640
Prime lending rate (%)	19.0	19.0	21.0	21.0	17.0	17.0
2022						
Inflation (%)	5.5	3.7	5.8	4.5	3.6	2.5
Real GDP1 (%)	6.0	7.3	4.5	6.0	7.5	7.9
Policy Rate (%)	6.5	6.0	8.0	8.0	6.0	5.5
91-Day T-Bill (%)	7.5	6.7	10.4	10.1	6.4	5.9
Exchange rate USD/UGX	3,600	3,650	3,800	4,027	3,500	3,480
Prime lending rate (%)	16.0	15.5	17.5	17.5	15.5	15.0

1 Gross domestic product
2 The remaining forecast period is 2024 to 2026
3 Next 12 months following 31 December 2022 is 1 January 2023 to 31 December 2023

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The expected credit loss methodology for corporate, sovereign and bank products is based primarily on client specific risk metrics, as such the forward-looking macroeconomic information is one of the component and/or driver of the total reported expected credit loss. Rating reviews of each client are performed at least annually and entails credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client. Therefore, the impact of forward-looking economic conditions is embedded into the total expected credit loss for each client and cannot be stressed or separated out of the overall expected credit loss provision.

Sensitivity analysis of the forward-looking impact

on the total ECL provision

During 2022, higher forward-looking ECL provisioning was raised due to significant uncertainty on the impact linked to macro-economic outlook and the forecast underlying the bear macro-economic scenarios.

The following table shows a comparison of the forward-looking impact on the IFRS 9 provision as at 31 December 2022 based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighing of the above factors.

Macro-economic factors

	2022		2021	
Allowances for credit losses	Forward-looking component of ECL provision UShs' 000	Income statement (release)/charge UShs' 000	Forward-looking component of ECL provision UShs' 000	Income statement (release)/charge UShs' 000
Scenarios				
100% Base	4,457,727	723,727	3,068,074	723,727
100% Bear	12,068,838	1,933,940	14,353,920	1,933,940
100% Bull	505,829	(1,537,989)	377,783	(1,537,989)
Total ECL impact	**17,032,394**	**1,119,678**	**17,799,777**	**1,119,678**

Refer to **Note 19** loans and advances for the carrying amounts of the loans and advances and **Note 3(c)** for additional disclosures in relation to credit risk.

BCC and CHNW IFRS 9 Impairment Model Overlays:

The portfolio model

For the portfolio model the Group applies an enhanced Significant Increase in Credit Risk (SICR) rule that includes downgrading customers that are identified to have relatively lower turnovers. These transfers are done in addition to the other SICR components of historical delinquency and any qualitative factors. Expert judgement is used on products that do not have sufficient historical data to model the loss given default (LGD). Underlying assumptions to these overlays are discussed and approved by the Credit Risk Management Committee.

The corporate model

Counterparty specific review of the population was undertaken to determine counterparties with indicators of elevated risk. To these counterparties, we applied downgrades, thus the linked Probability of Default (PD) and higher impairments for any counterparties with elevated risk. The overlay was applied to identified increased credit risk leading to transfer of accounts from Stage 1 to Stage 2. The overlay proactively resulted into transfer of counterparties to Stage 2 in account of additional stress. The provisions are therefore accounted for under this stage 2 resulting into additional provisions of UShs 3.6 billion (2021: 4.88 billion). This amount is derived by comparing the total ECL position after including these transfers and the total ECL position without these transfers.

The forward-looking model

Adoption of a minimum forward-looking for loans under stage 3 percentage (PD equivalent). This is obtained by comparing the statistically derived forward-looking loans under stage 3 ratio based on most recent trends and comparing it to the actual under stage 3 ratio and in instances where the latter is greater, the parameter is adopted after applying an incremental percentage based on information available at the time. This model overlay has been adopted to cater for any uncertainty that comes with the impact of changes in the macro-economic environment on the BCC and CHNW portfolio at large.

Approach to stage 3 impairment

Overlay applied on inputs to the provisions of loans under stage 3 counterparties in terms of the timing of the cashflows expected to be realised from the recovery and rehabilitation; we maintained cashflows in the initial projection period irrespective of passing of time and drawing closer to the realisation date thus maintaining the provisions as we monitor the macro-economic environment.

Fair value

Financial instruments

In terms of IFRS, the Group is either required to or elects to measure a number of it's financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern, and that fair value is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

Valuation process

The Group's valuation control framework comprises internal control standards, methodologies, and procedures over it's valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the Group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions.

Changes in these assumptions may affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- implied volatilities on thinly traded instruments
- correlation between risk factors

In making appropriate valuation adjustments, the Group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated by the Group's model validation unit. This control applies to both off the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Valuation comparisons are also performed, and any significant variances noted are appropriately investigated.

Portfolio exception: The Group, has on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date.

Computer software intangible assets

The Group reviews it's assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to it's carrying amount. The review and testing of assets for impairment inherently requires significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

During 2022, the Group's computer software assets' recoverable values were determined to be higher than their carrying values and therefore not impaired (Impairment 2021: Nil).

*Refer to **note 22** for goodwill and intangibles disclosures.*

Current and deferred income tax

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognise provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 14 and note 20, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within *IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax treatments (IFRIC 23).*

Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

*Refer to **note 14** and **note 20** for current and deferred tax disclosures*

Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the Group's legal counsel.

In determining the amount and timing of the obligation once it has been assesswed to exist, management exercises it's judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results.

*Refer to **note 34** off- Balance sheet financial instruments, contingent liabilities and commitments disclosures and **note 31** other liabilities and provisions.*

(iii) Detailed Accounting Policies

(a) Financial instruments

Initial measurement - financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Nature

(i) Amortised cost

A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

- Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
-

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.

(ii) Fair value through OCI

Includes a debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

- Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.

Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.

(iii) Held-for-trading

Those financial assets acquired principally for the purpose of selling in the near term (Including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.

(iv) Designated at fair value through profit or loss

Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

(v) Fair value through profit or loss – default

Financial assets that are not classified into one of the above-mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

(i) Amortised cost

Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.

(ii) Fair value through OCI

Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.

Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

(iii) Held-for-trading

Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.

(iv) Designated at fair value through profit or loss

Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

(v) Fair value through profit or loss – default

Debt instruments: Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Equity instruments: Fair value gains and losses on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are not measured at fair value through profit or loss nor are used to provide loans at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: · default · significant financial difficulty of borrower and/or modification · probability of bankruptcy or financial reorganisation · disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the Group assesses whether the credit risk of it's exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet it's contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil it's contractual obligations.
Default	The Group's definition of default has been aligned to it's internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or group of financial assets: • significant financial difficulty of borrower and/or modification (i.e.,, known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider. • Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (BOU). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are available for use by the Group, subject to certain restrictions and limitations levied by the central bank but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes it's business model for managing it's financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value.
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI.
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value.
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value.
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Nature

Held-for-trading

Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Designated at fair value through profit or loss

Financial liabilities are designated to be measured at fair value in the following instances:

- to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed, and their performance evaluated and reported on a fair value basis
- where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading

Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.

Designated at fair value through profit or loss

Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue.

Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting.

Amortised cost

Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities

Amortised cost using the effective interest method recognised in interest expense.

Derecognition		Modification
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred it's contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in it's statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of it's continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Financial guarantee contracts or loan commitment below market rate

A financial guarantee contract is a contract that requires the Group (as issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

A loan commitment is described in IFRS 9 as a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose. Loan commitments at a below market interest rate are initially recognised when the Group become party to the irrevocable commitment at fair value.

Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitments; or
- unamortised premium.

Derivatives and embedded derivatives

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and economic hedging purposes. Derivative financial instruments are entered into for benefit of the Group and it's customers and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs, and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

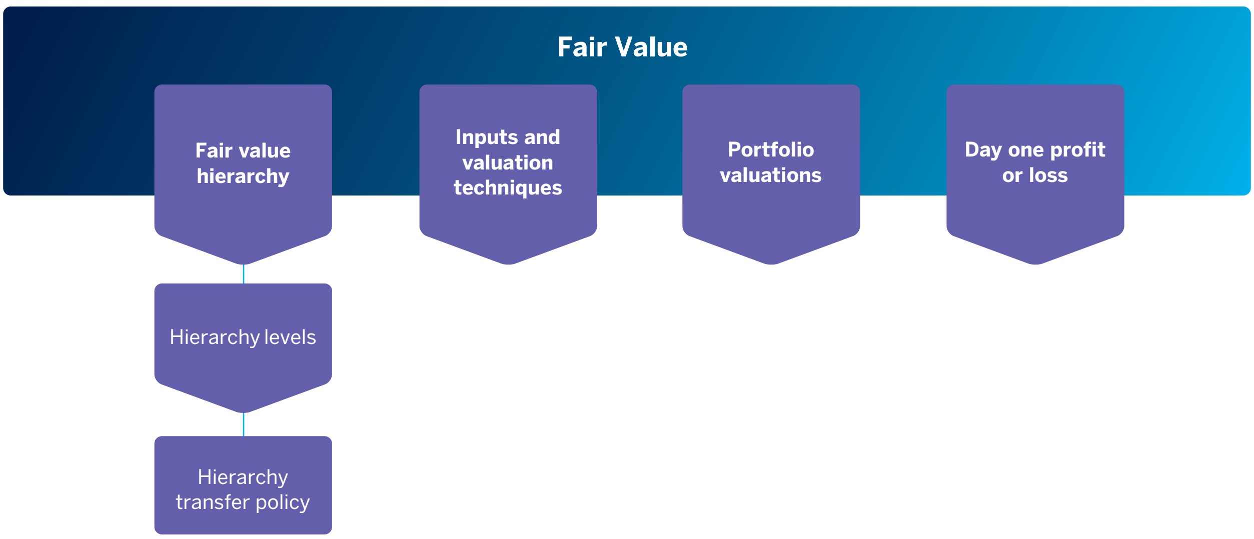
Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a standalone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant bank accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

(b) Fair value



In terms of IFRS, the Group is either required to or elects to measure a number of it's financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1
Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2
Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3
Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy
Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques
Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value. The fair value of cash and cash equivalents does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The Group's valuation control framework governs internal control standards, methodologies, and procedures over it's valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: · discounted cash flow model · Black-Scholes model · combination technique models.	For level 2 and 3 fair value hierarchy items: · discount rate* · spot prices of the underlying · correlation factors · volatilities · dividend yields · earnings yield · valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Bank's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by the Bank's counterparty in the absence of default by the Bank. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the BOU, investments in mutual fund investments and unit-linked investments.		

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers **Loans and advances comprise:** · Home services · Vehicle and asset finance · Card and payments · Personal unsecured lending · Business lending and other · Corporate and sovereign · Bank	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: · discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Bank's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: · discount rate*

** Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/ service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.*

Portfolio valuations

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

Statutory credit risk reserve

In addition to the measurement of impairment losses on loans and advances in accordance with the International Financial Reporting Standards (IFRS) as set out above, Stanbic Bank Uganda Limited - the banking subsidiary is required by the Financial Institutions Act (FIA) 2004, as amended to establish minimum provisions for losses on loans and advances as follows:

i) A specific provision for those loans and advances considered to be non- performing based on criteria and classification of such loans and advances established by Bank of Uganda, as;

   a) Substandard assets being facilities in arrears between 90 and 179 days – 20%.

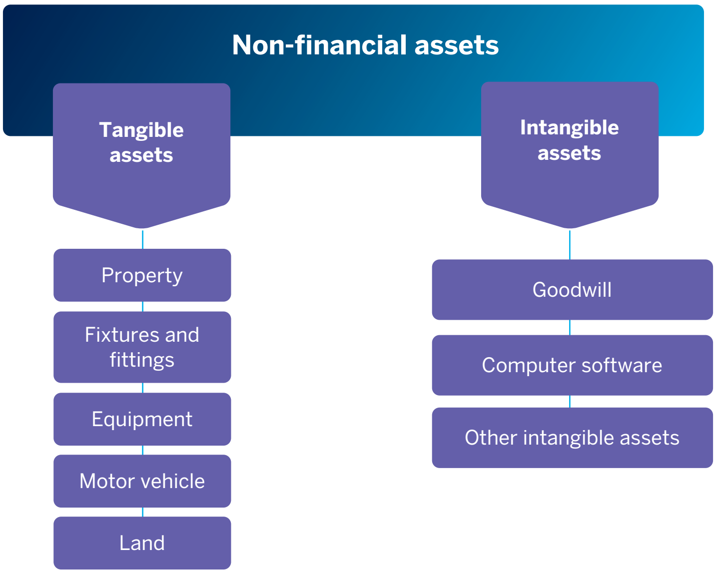
   b) Doubtful assets being facilities in arrears between 180 days and 364 days – 50%.

   c) Loss assets being facilities in arrears between over 364 days – 100%.

ii) A general provision of at least 1% of their total outstanding credit facilities net of specific provisions and interest in suspense.

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings. Otherwise, no further accounting entries are made.

(c) Non- financial assets



<table>
<tr><th>Type and initial and subsequent measurement</th><th>Useful lives, depreciation/ amortisation method or fair value basis</th><th>Impairment</th></tr>
<tr>
<td>Tangible assets (property, equipment, land and right-of-use assets)

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and it's cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.</td>
<td>Depreciation is recognised in profit or loss on straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

<table>
<tr><td>Leasehold premises and buildings</td><td>50 years or over the shorter period of lease</td></tr>
<tr><td>Furniture and fittings</td><td>5 years</td></tr>
<tr><td>Motor vehicles</td><td>5 years</td></tr>
<tr><td>Other computer equipment</td><td>5 years</td></tr>
<tr><td>Laptops and personal com-puters</td><td>4 years</td></tr>
<tr><td>Office equip-ment</td><td>8 years</td></tr>
</table>

The residual values, useful lives and the depreciation method applied are reviewed,

and adjusted if appropriate, at each financial year end.</td>
<td>These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes

in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds it's recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs).

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and it's value in use.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.</td>
</tr>
</table>

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Goodwill Goodwill arises on business combinations and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non–controlling interest in the acquiree. Goodwill on acquisitions is reported in the statement of financial position as an intangible asset	Not applicable	The accounting treatment is generally the same as that for tangible assets except as noted below. • Goodwill is tested annually for • impairment and additionally when an indicator of impairment exists. • An impairment loss in respect of goodwill • is not reversed.
Computer software Costs associated with maintaining computer software programmes are recognised as an expense as incurred on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met: • It is technically feasible to complete the software product so that it will be available for use. • management intends to complete the software product and use or sell it. • there is an ability to use or sell the software product. • it can be demonstrated how the software product will generate probable future economic benefits. • adequate technical, financial and other resources to complete the development and to use or sell the software product are available. • the expenditure attributable to the software product during it's development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.	Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed fifteen years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets

Derecognition

Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

(d) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and nonrestricted balances with the Central Bank treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and government securities.

(e) Equity-linked transactions

The group operates equity-based compensation plans comprised of equity settled and cash settled schemes as follows.

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the Group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability is recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Further details of the Group's equity compensation plans are disclosed in **note 37.**

(f) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution pension scheme for it's employees. The defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund managed by a board of trustees and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition, all employees are obliged to be members of the National Social Security Fund, a state managed defined contribution pension scheme. The Group contributes to the scheme in line with the requirements of the National Social Security Fund Act. The regular contributions by the Group and employees constitute net periodic costs for the year in which they are due and as such are included in employee benefit expenses. The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate.

(ii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated. A liability is recognised to the best estimate of the amount to settle the obligation.

(iv) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(g) Accounting for leases

TYPE AND DESCRIPTION	STATEMENT OF FINANCIAL POSITION	INCOME STATEMENT
Lessee Accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right-of use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's standardized funding transfer pricing rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes: • Amounts expected to be payable under any residual value guarantee. • The exercise price of any purchase option granted in favor of the Group, should it be reasonably certain that this option will be exercised. • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. **Right-of-use assets:** Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. The Group applies the cost model subsequent to the initial measurement of the right-of-use assets. **Termination of leases:** When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period. **Depreciation on right-of-use assets:** Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right-of- use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of depreciation and amortization. **Termination of leases:** On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss.

Lease accounting policies (continued)	
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a Payments made under these leases, net straight-line lease asset or liability, being the difference of any incentives received from the lessor, between actual payments and the straight-line lease are recognised in operating expenses on expense are recognised a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	**Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:** When the Group reassesses the terms of any lease (i.e.,, it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease. **Lease modifications that are accounted for as a separate lease:** When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the Bank elected the short-term lease exemption and the lease term is subsequently modified.

Lessor lease modifications	
Finance leases	When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.

(h) Sale and repurchase agreements

Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate.

For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

(i) Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

(j) Equity

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Ordinary shares are classified as equity.

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends on ordinary shares

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at the year end.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for it's ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(k) Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss.

The 'Effective interest rate' is the rate that exactly discounts estimated future payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financials liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received between parties of the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement relates to interest on financial assets and financial liabilities measured at amortised cost and financial assets at FVOCI.

When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the original effective interest rate that is used to discount future cash flows for the purpose of measuring the recoverable amount.

Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of financial investments financial assets, and excluding those classified as trading assets, are included in net interest income.

(l) Net fees and commission

Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

Performance obligation and revenue recognition policies

TYPE OF SERVICE	DESCRIPTION OF THE SERVICE	REVENUE RECOGNITION
Transactional and service related	These are service and transactional fee-based revenue that mainly comprise of but are not limited to commissions on cheques cashed, bank statement charges, auxiliary charges, management fees, advisory fees, payments and collection related fees.	Revenue from account service fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Trade related	These are origination and processing fees relating to issuance of guarantees, performance bonds and letters of credit.	Revenue related to trade fees is recognised at the point in time when the transaction takes place.
Credit related	These fees include mainly loan arrangement fees, search fees, loan processing fees on short-term facilities, commitment fees which are amortised over the period of the loan using the EIR model.	Revenue from credit related fees is recognised over time as the services are provided.

(m) Net trading revenue

Net trading revenue comprises gains or losses related to trading assets and liabilities, and include all realised and unrealised fair value changes, interest and foreign exchange differences.

(n) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of other operating income based on the underlying classification of the equity investment.

(o) Other gains/losses on financial instruments

Includes:

- Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)
- The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI
- Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost
- Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value
- Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost
- Fair value gains and losses on designated financial liabilities
- Fair value gains and losses on private equity or venture capital investment designated at fair value through profit or loss.

(p) Other revenue

Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the Group's short-term insurance operations and related insurance activities and re-measurement gains and losses from contingent consideration on disposals and purchases.

(q) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act. The rates used are based on laws enacted or substantially enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets andliabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised or for items recognised in OCI and Equity.

Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses
- investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the Group controls the timing of the reversal of temporary differences, and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using tax rates currently enacted.

(r) Segment reporting

An operating segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments and whose operating results are reviewed to assess it's performance and for which discrete financial information is available. The Group's primary business segmentation is based on the Group's internal reporting about components of the Group as regularly reviewed by the Board and executive management committees. Segments results include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Business segments are the only segments presented since the Group operates in a single geographical segment, Uganda.

(s) Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)
- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

(t) Basis of consolidation

Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control up to the date that control is lost. Control is assessed on a continuous basis. The acquisition method of accounting is used to account for business combinations by the Group.

Changes in ownership interests

When the group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to it's fair value, with the change in carrying amount recognised in profit or loss.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

2.2 New standards and interpretations not yet adopted by the Group

The following new, and amendments are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these annual financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture (amendments)

Effective date: deferred indefinitely

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and it's associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the Group's financial statements.

IAS 1 Presentation of Financial Statements (amendments)

Effective date: 1 January 2024

The amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. Pending the finalisation of the exposure draft on ED/2021/9 – Non-Current Liabilities with Covenants: Proposed Amendments to IAS 1, the effective date of all IAS 1 amendments will be deferred to 1 January 2024. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the Group.

IFRS 16 Leases (narrow scope amendments)

Effective date: 1 January 2024

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the Group's financial statements.

3. Financial Risk Management

3(a) Strategy in using financial instruments

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews it's risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out centrally under policies approved by the Board of Directors. The Global Markets team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group also seeks to raise it's interest margins by obtaining above- average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-statement of financial position loans and advances, the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds. The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds, currency and interest rate. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

3(b) Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- To comply with the capital requirements of the regulator, Bank of Uganda, that are enshrined in the Financial Institutions Act 2004 as amended and accompanying Financial Institutions (Capital Adequacy Requirements) Regulations, 2018.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of it's business.

The Group's banking subsidiary - Stanbic Bank Uganda Limited ("the Bank") monitors the adequacy of it's capital using capital adequacy ratios established under the Financial Institutions Act 2004, as amended (FIA) which ratios are broadly in line with those for the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Bank's eligible capital with it's statement of financial position assets, off- balance- sheet commitments at weighted amounts to reflect their relative risk.

Assets are weighted according to broad categories of notional credit risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, and 100%) are applied. Certain asset categories have intermediate weightings. The Bank is required at all times to maintain a core capital (tier 1) of not less than 10% of total risk adjusted assets plus risk adjusted items off the statement of financial position and a total capital (tier 1 + tier 2) of not less than 12% of it's total risk adjusted assets plus risk adjusted items off the statement of financial position.

Off-balance-sheet credit related commitments and forwards are taken into account by applying different categories of credit conversion factors, designed to convert these items into statement of financial position equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as for statement of financial position assets.

Tier 1 capital consists of shareholders' equity comprising paid up share capital, share premium and retained earnings less intangible assets, deferred income tax asset and investments in financial companies, not consolidated. Tier 2 capital includes the Bank's eligible long-term loans, and general provisions. Tier 2 capital is limited to 50% of Tier 1 capital.

b (i) The table below summarizes a composition of regulatory capital

	2022 UShs' 000	2021 UShs' 000
Core capital (Tier 1)		
Shareholders' equity	153,566,009	51,188,670
Share premium	725,964,739	829,879,881
Retained earnings	645,264,788	529,229,421
Less: Deductions determined by Bank of Uganda	(156,714,065)	(134,957,779)
Total core capital	**1,368,081,471**	1,275,340,193
Supplementary capital (Tier 2)		
Unencumbered general provisions for losses	61,950,720	57,445,269
Subordinated term debt	75,931,416	71,753,914
Total supplementary capital	**137,882,136**	129,199,183
Total capital (core and supplementary)	**1,505,963,607**	1,404,539,376

b(ii) Breakdown of deductions determined by the Financial Institutions Act 2004, as amended.

	2022 UShs' 000	2021 UShs' 000
Goodwill and other intangible assets	67,131,149	82,293,413
Unrealised gains on government securities and derivatives	50,168,597	10 285 907
Deferred tax asset	39,414,319	42,378,459
	156,714,065	134,957,779

b(iii) The table below summarises the risk weighted asset

	Risk Weight			Risk weighted balance	
		2022 USh' 000	2021 USh' 000	2022 USh' 000	2021 USh' 000
Statement of financial position					
Cash and balances with Bank of Uganda	0%	1,086,437,141	985,199,682	-	-
Financial investments	0%	1,240,197,346	844,166,562	-	-
Other financial investments	100%	176,548	178,468	176,548	178,468
Trading assets	0%	1,598,475,974	1,057,416,156	-	-
Pledged assets	0%	5,504,897	3,840,314	-	-
Placements with local banks	20%	67,913,571	109,489,724	13,582,713	21,897,944
Repurchase loan agreement	0%	-	150,030,812	-	-
Placements with foreign banks	Note b(iv)	221,110,729	846,732,827	129,568,525	431,632,741
Amounts due from group companies	100%	227,657,014	401,305,727	227,657,014	401,305,727
Loans and advances to customers-regulatory basis	100%	4,202,777,813	3,824,590,968	3,751,697,451	3,319,457,223
Other assets	100%	320,952,876	371,122,899	288,317,216	371,122,899
Deferred tax asset	0%	39,414,319	42,378,459	-	-
Goodwill	0%	1,901,592	1,901,592	-	-
Other intangible assets	0%	65,229,557	80,391,821	-	-
Property, equipment and right-of-use asset	100%	73,348,387	76,166,502	73,348,387	76,166,502
		9,151,097,764	8,794,912,513	**4,484,347,854**	4,621,761,504
Off-balance sheet items					
Contingencies secured by cash collateral	0%	63,938,451	56,377,886	-	-
Guarantees and acceptances	100%	26,479,351	6,780,070	26,479,351	6,780,070
Performance bonds	50%	1,752,645,670	1,662,109,349	876,322,835	831,054,675
Trade related and self-liquidating credits	20%	149,230,748	194,668,616	29,846,150	38,933,723
Other commitments	50%	1,536,881,106	1,237,793,640	768,440,553	618,896,820
		3,529,175,326	3,157,729,561	**1,701,088,889**	1,495,665,288
Counterparty Risk				16,784,752	31,595,951
Market Risk				222,782,330	266,416,380
Total risk weighted assets				**6,425,003,825**	6,415,439,123

As guided by Bank of Uganda regulation on capital, some items have been reclassified to align to the risk weighting provided.

b(iv) Risk weights applied to placements with foreign banks

Category	Risk Weight	Financial position nominal balance		Risk weighted balance	
		2022 USh' 000	2021 USh' 000	2022 USh' 000	2021 USh' 000
Rated AAA to AA (-)	20%	-	-	-	-
Rated A (+) to A (-)	50%	183,084,835	830,200,172	91,542,204	415,100,086
Non-rated	100%	38,025,894	16,532,655	38,026,321	16,532,655
	Total	**221,110,729**	846,732,827	**129,568,525**	431,632,741

b (v) Tier 1 and Tier 2 capital

	Capital		Bank ratio		FIA minimum ratio	
	2022 USh' 000	2021 USh' 000	2022 %	2021 USh 000	2022 %	2021 %
Tier 1 capital	1,368,081,471	1,275,340,193	21.3%	19.9%	10%	10%
Tier 1 + Tier 2 capital	**1,505,963,607**	1,404,539,376	23.4%	21.9%	12%	12%

b (vi) Leverage Ratio

	2022 USh' 000	2021 USh' 000
Core Capital	1,368,081,471	1,275,340,193
Total Assets	9,033,320,976	8,713,652,526
Letters of credit	170,460,826	223,703,640
Guarantees	1,821,833,394	1,696,232,281
Commitments to extend credit	1,536,881,106	1,237,793,640
	3,529,175,326	3,157,729,561
Total assets and off-balance sheet	12,562,496,302	11,871,382,087
Leverage Ratio	**10.9%**	10.7%

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 introduced a Capital Conservation buffer of 2.5%, a Systemic Risk Buffer for domestic systemically important banks ranging from 0% to 3.5% and a Countercyclical Buffer ranging from 0% to 2.5%. The buffers are calculated as a percentage of total risk adjusted assets plus risk adjusted off balance sheet items. The buffers are added on the minimum core capital and total capital ratios.

The regulations also introduced a minimum leverage ratio of 6%. This is calculated as the core capital divided by the total balance sheet plus off-balance sheet exposure.

Of the total risk adjusted assets plus risk adjusted items off the statement of financial position, the Group's banking subsidiary - Stanbic Bank Uganda Limited ("the Bank") is always required to maintain a core capital (tier 1) of not less than 10%, a total capital (tier 1 + tier 2) of not less than 12%, a Capital Conservation buffer of 2.5%, a prescribed Systemic Risk Buffer for domestic systemically important banks of 1%. As of 31 December 2022, the capital adequacy ratio of 21.3% and 23.4% for core capital and total capital respectively as well as the leverage ratio at 10.9% of the Group's banking subsidiary - Stanbic Bank Uganda Limited was within the regulatory requirements.

In the computation of capital ratios, statement of financial position assets are weighted according to the Standardized Approach supported by external credit risk ratings. In this approach, the Group applies prescribed risk-weights to both on-balance sheet and off-balance sheet exposures. Loans and advances to customers are stated net of provisions as determined in accordance with the Financial Institutions Act, 2004 as amended. These are risk weighted at 100% except for sovereign which are risk weighted at zero and loans with cash collateral which are risk weighted at zero.

The Group's subsidiary – Stanbic Bank Uganda Limited holds loans and advances for which it is required to write-off in accordance with the Financial Institutions Act 2004, as amended. However, these loans are not yet due for write-off in accordance with IFRS. These facilities are adjusted out of the loan book when preparing capital ratios.

Adjustments are made for other IFRS requirements to arrive at the loans and advances amount required by the Financial Institutions Act 2004, as amended.

Loans and advances to customers include a loan to Government of Uganda totaling to UShs 448,897 million (2021: UShs 503,289 million) risk weighted at zero.

In 2022, Bank of Uganda issued The Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022 which increased the minimum paid-up capital requirement for banks from UShs 25 billion to UShs 150 billion. Compliance was to be phased with UShs 120 billion to be met by 31 December 2022 and the total UShs.150 billion to be fully met by 30 June 2024. As of 31 December 2022, the Group's banking subsidiary - Stanbic Bank Uganda Limited ("the Bank") was compliant with this requirement with a holding of UShs 154 billion.

Off-balance sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into statement of financial position equivalents.

The risk weight for local banks is 20% and for balances with Bank of Uganda is 0%.

Foreign banks are rated based off the risk ratings from international rating agencies. These are categorized as below;

Category	Risk Weight
Rated AAA to AA (-)	20%
Rated A (+) to A (-)	50%
Rated A (-) to non-rated	100%

b(vii) Loans and advances to customers for regulatory capital purposes

	2022 UShs'000	2021 UShs'000
Gross loan and advances	4,282,890,004	3,924,266,315
Loans and advances to other financial institutions	5,130,137	-
Specific provisions (regulatory)	(72,120,658)	(85,984,754)
Interest in suspense (regulatory)	(13,121,670)	(13,690,593)
	4,202,777,813	**3,824,590,968**
Less		
Loan to Government of Uganda	(448,897,246)	(503,289,483)
Loans secured by cash cover	(2,183,116)	(1,844,262)
Risk weighted balance on loans to customers	**3,751,697,451**	3,319,457,223

b(viii) Reconciliation of loans and advances to customers between IFRS and FIA

	2022 UShs'000	2021 UShs'000
Gross loans and advances (IFRS purposes)	4,238,654,344	3,896,645,056
Written off facilities according to FIA, 2004 as amended	-	(12,775,429)
Loans and advances to other financial institutions	(5,130,137)	-
Staff loans fair value adjustment	32,017,845	21,389,258
Modification	6,061,732	6,747,966
Effective interest rate adjustment	11,286,220	12,259,464
Gross loans and advances for regulatory purposes	**4,282,890,004**	3,924,266,315

The Group holds loans and advances for which it is required to write them off in accordance with the Financial Institutions Act 2004, as amended. However, these loans are not yet due for write off in accordance with IFRS. These facilities are adjusted out of the loan book when preparing capital ratios.

Adjustments are made for other IFRS requirements to arrive at the loans and advances amount required by the Financial Institutions Act 2004, as amended.

3(c) Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of it's business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The management of credit risk is aligned to the Group's three lines of defense framework. The business functions own the credit risk assumed by the Group and as the first line of defense they are primarily responsible for it's management, control and optimisation in the course of business generation.

The credit function acts as the second line of defense and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second line oversight is provided by the Group risk function through independent credit risk assurance.

The third line of defense is provided by the Group's internal audit, under it's mandate from the Group audit committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the Group, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re- evaluating risk appetite under actual and stressed conditions
- monitoring the Group's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and it's mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the Group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including counterparty credit risk (CCR) to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used. In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility

- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the Group for it's banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA). Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the Group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the Group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (i.e., the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels.

The Group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e., specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

Default

The Group's definition of default has been aligned to it's internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the BASEL definition) as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e., known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit losses, the Group may seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which in relation to derivatives is a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that group will make payments in the event that a customer cannot meet it's obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

ECL coverage

The table below shows composition of loans between stage 1, 2 and 3 and the percentage of provisions under each stage.

	2022		2021	
	Loans and advances %	Coverage ratio	Loans and advances %	Coverage ratio
Stage 1	91.3	0.6	90.5	0.8
Stage 2	6.0	17.9	6.0	12.6
Stage 3	2.7	67	3.5	55.4
	100.0		100.0	

The following table provides information regarding credit risk exposures relating to assets included on the statement of financial position:

	GROUP		COMPANY	
	2022 UShs'000	2021 UShs'000	2022 UShs'000	2021 UShs'000
Bank of Uganda	593,119,817	552,252,953	-	-
Loans and advances to banks	522,785,222	1,506,230,304	27,973,547	34,808,894
Financial investments				
Treasury bonds -FVOCI	744,038,418	506,340,724	-	-
Treasury bonds -amortised cost	90,334,380	-	-	-
Treasury bills - FVOCI	405,782,022	337,825,838	-	-
Treasury bills - amortised cost	14,847,920	-	10,076,259	-
Pledged assets	5,504,897	3,840,314	-	-
Loans and advances to customers				
Loans to individuals				
Overdrafts	80,896,547	65,754,097	-	-
Term loans	944,404,323	888,892,084	-	-
Mortgages	170,672,943	151,291,900	-	-
Loans to corporate entities				
Large corporate entities	1,987,383,767	1,783,666,706	-	-
Small and medium size entities	1,055,296,764	1,007,040,269	-	-
Trading assets				
Treasury bonds	1,135,079,089	848,381,748	-	-
Treasury bills	463,396,885	209,034,408	-	-
Derivative assets	111,325,016	129,164,041	-	-
Other assets and related party receivables.	203,566,478	268,302,341	1,753,193	1,455,027
	8,528,434,488	**8,258,017,727**	**39,802,999**	**36,263,921**

Credit risk exposure relating to assets not on the statement of financial position are as follows:

	2022 UShs'000	2021 UShs'000	2022 UShs'000	2021 UShs'000
Financial guarantees	1,821,833,394	1,696,232,281	-	-
Loan commitments and other credit related liabilities	1,536,881,106	1,237,793,640	-	-
	3,358,714,500	**2,934,025,921**	-	-
	11,887,148,988	11,192,043,648	**39,802,999**	36,263,921

The above table represents a worst-case scenario of credit risk exposure to the Group at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

The table below shows the collateral for the secured loans and unsecured loans as at 31 December

As at 31 December 2022				Collateral coverage			
GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,486,032,684	2,183,116	1,483,849,568	126,511,513	343,435,537	1,013,902,518	1,483,849,568
Unsecured loans	2,752,621,660	-	2,752,621,660	-	-	-	-
	4,238,654,344	**2,183,116**	**4,236,471,228**	**126,511,513**	**343,435,537**	**1,013,902,518**	**1,483,849,568**

As at 31 December 2021				Collateral coverage			
GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,336,244,433	1,844,262	1,334,400,171	112,026,189	822,177,540	400,196,442	1,334,400,171
Unsecured loans	2,560,400,623	-	2,560,400,623	-	-	-	-
	3,896,645,056	1,844,262	3,894,800,794	112,026,189	822,177,540	400,196,442	1,334,400,171

Management remains confident in it's ability to continue to control the exposure of credit risk to the Bank resulting from both it's loan and advances portfolio and debt securities based on the following:

- 91.3% and 6.0% of the loans and advances portfolio is categorised in stage 1 and stage 2 respectively (2021: 90.5% stage 1 and 6.0% stage 2)
- Mortgage loans, are backed by collateral
- All debt securities held by the Bank are issued by the Bank of Uganda on behalf of the Government of Uganda

Loans and advances are summarised as follows

		2022		2021
GROUP	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
Stage 1	3,842,384,518	296,078,320	3,420,015,119	1,106,253,364
stage 2	275,573,177	-	299,475,954	-
Stage 3	120,696,649	-	177,153,983	-
Gross loans and advances	**4,238,654,344**	**296,078,320**	**3,896,645,056**	**1,106,253,364**
Allowances for impairment	(149,834,704)	(33,803)	(169,372,214)	(131,348)
Interest in suspense	(3,818,615)	-	(5,199,772)	-
	4,085,001,025	**296,044,517**	**3,722,073,070**	**1,106,122,016**

The allowance for impairment are summarised per segment as follows:

	31 December 2022		31 December 2021	
	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000	Loans and advances to customers UShs'000	Loans and advances to banks UShs'000
BCC and CHNW				
Mortgage lending	45,784,188	-	27,733,788	-
Instalment sales and finance Leases	11,202,974	-	12,331,322	-
Card debtors	708,061	-	1,472,104	-
Other loans and advances	87,516,350	-	112,651,264	-
Corporate and Investment Banking				
Corporate lending	8,441,746	33,803	20,383,508	131,348
	153,653,319	**33,803**	**174,571,986**	**131,348**

The total impairment provision for loans and advances is UShs 149,835 million (2021: UShs 169,372 million) of which UShs 77,002 million is stage 3 impairment (2021: UShs 98,066 million). Further information on the impairment allowance for loans and advances to banks and to customers is provided in Notes 18 and 19.

The table below illustrates the credit risk for debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure as per the Group's master rating scale.

		SB 1-12	SB 13 - 20		SB 21 - 25	Default						
As at 31 December, 2022	**Total Gross Carrying Amounts USh's'000**	**Stage 1 UShs'000**	**Stage 1 UShs'000**	**Stage 2 UShs'000**	**Stage 2 UShs'000**	**Stage 3 UShs'000**	**Total gross carrying amount of default exposures UShs'000**	**Securities and expected recoveries on default exposures UShs'000**	**Interest in suspense on default exposures UShs'000**	**Balance sheet impairments for non-performing specifically impaired loans (Stage 3 and purchased or originated credit impaired) UShs'000**	**Gross specific impairment coverage %**	**Non-per-forming expo- sures (%)**
Loans and advances at amortised cost												
BCC and CHNW												
Mortgage loans	**319,628,688**	-	287,204,165	-	17,157,289	15,267,234	**15,267,234**	**(19,106,880)**	(1,793,820)	7,050,777	34%	5%
Vehicle and asset finance	**112,367,297**	-	77,115,343	-	29,205,077	6,046,877	**6,046,877**	**3,148,206**	(238,881)	3,137,552	48%	5%
Card debtors	**4,796,328**	-	3,176,527	-	1,233,266	386,535	**386,535**	**196,135**	-	190,400	49%	8%
Other loans and advances	**1,790,273,286**	-	**1,463,385,254**	-	**227,892,029**	**98,996,003**	**98,996,003**	**55,637,772**	**754,907**	**66,624,072**	73%	6%
Personal unsecured lending	**1,016,558,975**	-	943,920,545	-	56,895,428	15,743,002	**15,743,002**	**40,834,715**	754,907	3,270,537	26%	2%
Business lending and other	**773,714,311**	-	519,464,709	-	170,996,601	83,253,001	**83,253,001**	**14,803,057**	5,096,409	63,353,535	82%	11%
CIB												
Corporate	**1,562,691,492**	312,535,337	1,250,070,639	85,516	-	-	-	**(2)**	-	2	0%	0%
Sovereign	**448,897,253**	-	448,897,253	-	-	-	-	-	-	-	-	-
Bank	**296,078,320**	198,926,925	97,151,395	-	-	-	-	-	-	-	-	-
Other service							-	-			-	-
Gross carrying amount	**4,534,732,664**	**511,462,262**	**3,627,000,576**	**85,516**	**275,487,661**	**120,696,649**	**120,696,649**	**39,875,231**	**3,818,615**	**77,002,803**	**67%**	**3%**
Less: Interest in suspense	(3,818,615)	-	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit losses for loans and advances	(149,868,507)	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount of loans and advances measured at amortised cost	4,381,045,542	511,462,262	3,627,000,576	85,516	275,487,661	120,696,649	120,696,649	39,875,231	3,818,615	77,002,803	67%	3%
Financial investments at fair value through OCI and amortised cost												
Sovereign	1,255,524,402	1,255,524,402	-	-	-	-	-	-	-	-	-	-
Swift	176,548	176,548	-	-	-	-	-	-	-	-	-	-
Gross carrying amount	**1,255,700,950**	**1,255,700,950**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)	(427,655)	(427,655)	-	-	-	-	-	-	-	-	-	-
Total financial investment at fair value through OCI	**1,255,273,295**	**1,255,273,295**	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures												
Letters of credit and banker's acceptances	170,460,826	4,903,327	155,916,331	8,525,931	1,115,237	-	-	-	-	-	-	-
Guarantees	1,821,833,394	1,172,723,977	642,965,138	12,000	6,132,279	-	-	-	-	-	-	-
Irrevocable unutilized facilities	1,536,881,106	1,478,229,571	58,124,551	-	526,984	-	-	-	-	-	-	-
Total exposure to off-balance sheet credit risk	**3,529,175,326**	**2,655,856,875**	**857,006,020**	**8,537,931**	**7,774,500**	-	**-**	**-**	**-**	**-**	**-**	**-**
Expected credit losses for off-balance sheet exposures	(2,606,114)	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount of off-balance sheet exposures	3,526,569,212	2,655,856,875	857,006,020	8,537,931	7,774,500	-	-	-	-	-	-	-
Total exposure to credit risk on financial assets subject to an expected credit loss	9,162,888,049	4,422,592,432	4,484,006,596	8,623,447	283,262,161	120,696,649	120,696,649	39,875,231	3,818,615	77,002,803	67%	1%
Add the following other banking activities exposures:												
Cash and balances with the central bank	1,086,437,141	-	-	-	-	-	-	-	-	-	-	-
Derivative assets	111,325,016	-	-	-	-	-	-	-	-	-	-	-
Trading assets	1,598,475,974	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to credit risk	**11,959,126,180**	**4,422,592,432**	**4,484,006,596**	**8,623,447**	**283,262,161**	**120,696,649**	**120,696,649**	**39,875,231**	**3,818,615**	**77,002,803**	**67%**	**1%**

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and it's link to the underlying entity's ability to operate as a bank.
3 Due to the short-tern nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

As at 31 December, 2021	Total Gross Carrying Amounts UShs'000	SB 1-12 Stage 1 UShs'000	SB 13 - 20 Stage 1 UShs'000	SB 13 - 20 Stage 2 UShs'000	SB 21 - 25 Stage 2 UShs'000	Default Stage 3 UShs'000	Total gross carrying amount of default exposures UShs'000	Securities and expected recoveries on default exposures UShs'000	Interest in suspense on default exposures UShs'000	Balance sheet impairments for non performing specifically impaired loans (Stage 3 and purchased or originated credit impaired) UShs'000	Gross specific impairment coverage %	Non performing exposures (%)
Loans and advances at amortised cost												
BCC and CHNW												
Mortgage loans	151,291,900	-	67,853,411	-	41,309,321	42,129,168	42,129,168	30,001,965	298,674	11,828,529	29%	28%
Vehicle and asset finance	159,452,367	-	109,854,014	-	29,110,528	20,487,825	20,487,825	4,741,570	114,646	15,631,609	77%	13%
Card debtors	3,750,141	-	213,955	-	3,379,019	157,167	157,167	74,004	-	83,163	53%	4%
Other loans and advances	1,798,483,942	-	1,466,890,592	-	220,888,711	110,704,639	110,704,639	39,071,016	4,786,452	66,847,171	65%	6%
Personal unsecured lending	1,064,116,653	-	957,582,073	-	82,242,534	24,292,046	24,292,046	(6,577,189)	231,643	30,637,592	127%	2%
Business lending and other	734,367,289	-	509,308,519	-	138,646,177	86,412,593	86,412,593	45,648,205	4,554,809	36,209,579	47%	12%
CIB												
Corporate	1,280,377,223	324,134,931	947,778,733	4,788,375	-	3,675,184	3,675,184	-	-	3,675,184	100%	0%
Sovereign	503,289,483	-	503,289,483	-	-	-	-	-	-	-	-	-
Bank	1,106,253,364	1,106,253,364	-	-	-	-	-	-	-	-	-	-
Other service												
Gross carrying amount	5,002,898,420	1,430,388,295	3,095,880,188	4,788,375	294,687,579	177,153,983	177,153,983	73,888,555	5,199,772	98,065,656	58%	4%
Less: Interest in suspense	(5,199,772)	-	-	-	-	-	-	-	-	-	-	-
Less: Total expected credit losses for loans and advances	(169,503,562)	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount of loans and advances measured at amortised cost	4,828,195,086	1,430,388,295	3,095,880,188	4,788,375	294,687,579	177,153,983	177,153,983	73,888,555	5,199,772	98,065,656	58%	4%
Financial investments at fair value through OCI												
Sovereign	844,345,030	844,345,030	-	-	-	-	-	-	-	-	-	-
Gross carrying amount	844,345,030	844,345,030	-	-	-	-	-	-	-	-	-	-
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)	(285,582)	(285,582)	-	-	-	-	-	-	-	-	-	-
Total financial investment at fair value through OCI Off-balance sheet exposures	**844,059,448**	**844,059,448**	-	-	-	-	-	-	-	-	-	-
Letters of credit and banker's acceptances	223,703,640	182,909,968	39,399,451	1,110,293	70,087	213,841	-	-	-	-	-	-
Guarantees	1,696,232,281	1,452,806,223	240,350,304	46,327	-	3,029,427	-	-	-	-	-	-
Irrevocable unutilised facilities	1,237,793,640	1,190,556,091	46,813,120	-	424,429	-	-	-	-	-	-	-
Total exposure to off-balance sheet credit risk	3,157,729,561	2,826,272,282	326,562,875	1,156,620	494,516	3,243,268	-	-	-	-	-	-
Expected credit losses for off-balance sheet exposure	(4,733,611)	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount of off-balance sheet exposures	3,152,995,950	2,826,272,282	326,562,875	1,156,620	494,516	3,243,268	-	-	-	-	-	-
Total exposure to credit risk on financial assets subject to an expected credit loss	8,825,250,484	5,100,720,025	3,422,443,063	5,944,995	295,182,095	180,397,251	177,153,983	73,888,555	5,199,772	98,065,656	58%	2%
Add the following other banking activities exposures:												
Cash and balances with the central bank	985,199,682	-	-	-	-	-	-	-	-	-	-	-
Derivative assets	129,164,041	-	-	-	-	-	-	-	-	-	-	-
Trading assets	1,057,416,156	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to credit risk	10,997,030,363	5,100,720,025	3,422,443,063	5,944,995	295,182,095	180,397,251	177,153,983	73,888,555	5,199,772	98,065,656	58%	2%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and it's link to the underlying entity's ability to operate as a bank.
3 Due to the short-tern nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Loans and advances to banks

The total gross amount of stage 3 loans and advances to banks as at 31 December 2022 is Nil (2021: nil). No collateral is held by the Group against loans and advances to banks.

Other financial assets

There are no other financial assets in stage 3 (2021: nil). No collateral is held by the Group against other financial assets.

Concentrations of risk of financial assets with credit risk exposure

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The Group's credit risk portfolio is well-diversified. The Group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing. The group's credit risk portfolio is concentrated within Uganda.

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

Concentrations of risk of financial assets with credit risk exposure

As at 31 December 2022	Sovereign UShs' 000	Financial institutions UShs' 000	Manufacturing UShs' 000	Agriculture UShs' 000	Transport UShs' 000	Individuals UShs' 000	Others UShs' 000	Total UShs' 000
Government securities - FVOCI (Note 17)	1,150,518,650	-	-	-	-	-	-	1,150,518,650
Government securities - amotised cost (Note 17)	105,182,300	-	-	-	-	-	-	105,182,300
Pledged assets (Note 17)	5,504,897	-	-	-	-	-	-	5,504,897
Loans and advances to banks (Note 18)	-	296,078,320	-	-	-	-	-	296,078,320
Loans and advances to customers (Note 19)	448,897,246	341,756,672	389,012,622	437,528,766	72,549,970	1,017,951,993	1,530,957,075	4,238,654,344
Financial assets designated at fair value through profit or loss:								
Trading assets (Note 17)	1,598,475,974	-	-	-	-	-	-	1,598,475,974
	3,293,209,485	**637,834,992**	**389,012,622**	**437,528,766**	**72,549,970**	**1,017,951,993**	**1,530,957,075**	**7,394,414,485**
As at 31 December 2021								
Government Securities FVOCI (Note 17)	844,166,562	-	-	-	-	-	-	844,166,562
Pledged assets (Note 17)	3,840,314	-	-	-	-	-	-	3,840,314
Loans and advances to banks (Note 18)	-	1,106,253,364	-	-	-	-	-	1,106,253,364
Loans and advances to customers (Note 19)	503,289,483	11,174,878	434,917,119	467,064,325	83,119,851	945,591,847	1,451,487,553	3,896,645,056
Financial assets designated at fair value through profit or loss:								
Trading assets (Note 17)	1,057,416,156	-	-	-	-	-	-	1,057,416,156
	2,408,712,515	**1,117,428,242**	**434,917,119**	**467,064,325**	**83,119,851**	**945,591,847**	**1,451,487,553**	**6,908,321,452**

The Group's credit concentration

As at 31 December 2022, the Group had one customer with an aggregate amount exceeding twenty five percent of the Group's core capital extended to a single person or group of related persons totaling to UShs 448,897 million on balance sheet exposures (2021: UShs 503,289 million).

3(d) Market Risk

Definition

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

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk measurement techniques:

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book

The Group's policy is that all trading activities are undertaken within the Group's global markets' operations. The market risk functions are independent of the Group's trading operations and are accountable to the relevant legal entity Asset-Liability Committees (ALCOs). ALCOs have a reporting line into Group ALCO, a subcommittee of Group Leadership Council. All VaR and SVaR limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level. Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily.

Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

As part of the management of market risk, the Group's major measurement techniques used to measure and control market risk is Value at Risk and Pv01 (present value at one). The Group applies 'value at risk' methodology (VaR) to it's trading and Grouping portfolio, to estimate the market risk of foreign exchange positions held and the maximum losses expected. Management applies Pv01 methodology to it's trading and non-trading portfolios to estimate the market interest rate risk of positions held and the maximum losses that could arise.

The estimates are based upon a number of assumptions for various changes in market conditions. The assets and liabilities committee (ALCO) sets limits on both the value of risk and Pv01 that may be acceptable for the Group. These are monitored on a daily basis by the Risk Management department.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a lower level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. Pv01 is the present value impact of a one basis point move in an interest rate.

The use of these approaches does not prevent losses outside of these limits in the event of more significant market movements. As VaR and Pv01 constitute an integral part of the Group's market risk control regime, limits are established by the Board annually for all trading and non-trading portfolios. Actual exposure against limits, together with a consolidated group- wide VaR, is reviewed daily by the Group's Treasury.

The quality of the VaR model is continuously monitored by back-testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated.

Market risk measurement techniques

				31 December
	Average	Maximum	Minimum	2022
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
12 months to 31 December 2022				
Interest rate book - Trading	903,366	1,125,760	471,399	978,600
Interest rate book - FVOCI	1,041,929	1,548,889	560,809	1,528,412
Foreign exchange trading book VAR	661,661	1,997,373	165,538	169,363

				31 December
	Average	Maximum	Minimum	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
12 months to 31 December 2021				
Interest rate book - Trading	690,468	1,015,586	317,252	646,751
Interest rate book - FVOCI	491,069	923,819	367,504	730,754
Foreign exchange trading book VAR	421,141	1,503,117	93,731	224,385

The Uganda shilling depreciated by 5% during the year owing to elevated dollar demand during the course of the year and the general global dollar strength following policy rate hikes to curb inflationary pressures by the United States of America. The Uganda shilling traded from 3545 per USD in December 2021 to a peak close to 3890 per USD before recovering to close the year at 3720 per USD.

The interest rate environment experienced volatile swings as inflationary pressures called for strong responses from Central Banks. Bank of Uganda raised the Central Bank rate (CBR) to 10% by year-end from 6.5% earlier in the year. This filtered through to yields on government securities with the shorter end of the curve (Overnight-1-year) rising by an average of 388 basis points (bps) while the longer end of the curve (2-20-year) rose by an average 100 bps. Towards the end of the year, rates adjusted significantly lower on account of improved liquidity and inflation forecasts highlighting reduced price pressures into 2023.

Average normal Value at Risk Utilisation for the year on the Interest Rate Trading desk was UShs 903 million representing an increase over 2021 (UShs 690 million) due to increase in government securities investments especially at the long end of the bond curve. On the Forex Trading book, average normal Value at Risk utilisation was UShs 662 million which was more than UShs 421 million registered in 2021 due to an increase in transactions during the year.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on it's financial position and cash flows. The Asset and Liability Committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings)

As at 31 December 2022	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
Assets				
Cash and balances with Bank of Uganda	140,666	15,115	9,434	165,215
Loans and advances to banks	192,725	30,887	19,504	243,116
Amounts due from group companies	310,042	1	5,713	315,756
Loans and advances to customers	1,003,535	513,328	623	1,517,486
Derivative assets	-	-	-	-
Other assets	6,901	290	27	7,218
Total Assets	**1,653,869**	**559,621**	**35,301**	**2,248,791**
Liabilities:				
Customer deposits	2,259,409	195,424	23,301	2,478,134
Amounts due to banks	233,541	15,760	902	250,203
Amounts due to group companies	14,683	179,046	225	193,954
Derivative liabilities	30,397	-	-	30,397
Subordinated bonds/debt	75,931	-	-	75,931
Other liabilities	207,002	10,117	1,427	218,546
Total Liabilities	**2,820,963**	**400,347**	**25,855**	**3,247,165**
Net statement of financial position	**(1,167,094)**	**159,274**	**9,446**	**(998,374)**
Net currency forwards contracts	(444,381)	-	-	(444,381)
Options, swaps and other derivatives	(219,606)	-	-	(219,606)
Commitments to extend credit	(886,186)	-	-	(886,186)
Net foreign currency exposure	**(2,717,267)**	**159,274**	**9,446**	**(2,548,547)**

As at 31 December 2021	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
Assets				
Cash and balances with Bank of Uganda	207,346	45,200	13,141	265,687
Loans and advances to banks	885,490	(1,880)	10,707	894,317
Amounts due from group companies	365,446	1	40,685	406,132
Loans and advances to customers	1,007,568	547,623	574	1,555,765
Derivative assets	64,481	-	-	64,481
Other assets	4,524	1,237	39	5,800
Total Assets	2,534,855	592,181	65,146	3,192,182
Liabilities:				
Customer deposits	2,308,374	188,812	20,997	2,518,183
Amounts due to banks	297,535	109,437	922	407,894
Amounts due to group companies	15,056	200,729	34,745	250,530
Derivative liabilities	70,272	-	-	70,272
Subordinated bonds/debt	71,754	-	-	71,754
Other liabilities	364,454	12,045	1,913	378,412
Total Liabilities	3,127,445	511,023	58,577	3,697,045
Net statement of financial position	(592,590)	81,158	6,569	(504,863)
Off-balance sheet items				
Net currency forwards contracts	(328,918)	-	-	(328,918)
Options, swaps and other derivatives	(173,835)	-	-	(173,835)
Commitments to extend credit	(630,169)	-	-	(630,169)
Net foreign currency exposure	(1,725,512)	81,158	6,569	(1,637,785)

Foreign currency risk sensitivity UShs equivalent

		USD 2022	USD 2021	EUR 2022	EUR 2021
Total net long/(short) position	millions	(2,717,267)	(1,448,891)	159,274	81,158
Sensitivity (UGX depreciation)	%	10	10	10	10
Impact on profit or loss and equity	millions	10,107	8,625	4.021	2.092

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies. As at 31 December 2022, the company did not hold any foreign denominated assets and liabilities. (31 December 2021: Nil).

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both it's fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The table that follows summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear interest rate risk on items not on the statement of financial position.

Interest Rate Risk

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non-interest bearing UShs'm	Total UShs'm
At 31 December 2022						
Asset:						
Cash and balances with Bank of Uganda	-	-	-	-	1,085,102	1,085,102
Government securities FVOCI	64,795	190,096	373,994	521,634	-	1,150,519
Government securities- amotised cost	-	14,848	-	90,334	-	105,182
Pledged assets	-	-	-	5,505	-	5,505
Government securities FVTPL	15,847	712,026	599,106	271,497	-	1,598,476
Deposits and balances due from other banks	296,045	-	-	-	-	296,045
Amounts due from group companies	228,474	-	-	-	-	228,474
Loans and advances to customers	851,529	656,763	558,691	2,018,018	-	4,085,001
Derivative assets	-	-	-	-	111,325	111,325
Other assets	-	-	-	-	393,318	393,318
Total assets	**1,456,690**	**1,579,238**	**1,531,791**	**2,901,483**	**1,589,745**	**9,058,947**
Liabilities and shareholders' funds:						
Customer deposits	5,847,483	187,272	72,921	23,580	-	6,131,256
Deposits due to other banks	142,093	-	-	-	-	142,093
Borrowed funds	12,229	12,500	164	12,432	-	37,325
Amounts due to group companies	220,080	-	-	-	-	220,080
Derivative liabilities	-	-	-	-	149,082	149,082
Other liabilities	-	-	-	-	509,115	509,115
Current tax liabilities	-	-	-	-	11,290	11,290
Subordinated debt	-	-	-	75,931	-	75,931
Total liabilities	6,221,885	199,772	73,085	111,943	669,487	7,276,172
Shareholders' equity	-	-	-	-	1,782,775	1,782,775
Total interest repricing gap	**(4,765,195)**	**1,379,466**	**1,458,706**	**2,789,450**	**(862,517)**	**-**

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non-interest bearing UShs'm	Total UShs'm
At 31 December 2021						
Asset:						
Cash and balances with Bank of Uganda	-	-	-	-	984,531	984,531
Government securities FVOCI	-	181,093	234,396	428,856	-	844,345
Pledged assets	-	-	-	3,840	-	3,840
Government securities FVTPL	10,953	385,765	122,773	537,925	-	1,057,416
Deposits and balances due from other banks	1,106,122	-	-	-	-	1,106,122
Amounts due from group companies	401,399	-	-	-	-	401,399
Loans and advances to customers	853,250	652,978	429,926	1,785,919	-	3,722,073
Derivative assets	-	-	-	-	129,164	129,164
Other assets	-	-	-	-	471,205	471,205
Total assets	2,371,632	1,219,836	787,095	2,756,540	1,584,900	8,720,096
Liabilities and shareholders' funds:						
Customer deposits	5,577,931	121,090	28,898	13,124	-	5,741,043
Deposits due to other banks	155,075	-	-	-	-	155,075
Borrowed funds	7,456	30,008	100,331	27,401	-	165,196
Amounts due to group companies	260,393	-	-	-	-	260,393
Derivative liabilities	-	-	-	-	205,062	205,062
Other liabilities	-	-	-	-	584,453	584,453
Current tax liabilities	-	-	-	-	3,817	3,817
Subordinated debt	-	-	-	71,754	-	71,754
Total liabilities	6,000,855	151,098	129,229	112,279	793,332	7,186,793
Shareholders' equity	-	-	-	-	1,533,303	1,533,303
Total interest repricing gap	(3,629,130)	1,068,738	657,866	2,644,261	(741,735)	-

The Group monitors the sensitivity of net interest income to changes in interest rates.
The sensitivity of net interest income to changes in interest rates for LCY (UGX) is as follows:

		31 December 2022		31 December 2021
	Change in net interest income UShs'000	% of net interest income	Change in net interest income UShs'000	% of net interest income
100bps Increase in interest rates	15,640,284	2.7%	21,442,170	4.8%
100bps decrease in interest rates	(17,737,615)	(3.0%)	(21,405,070)	(4.8%)
NII sensitivity in for FCY(USD) is as follows;				

Net Interest Income sensitivity in for FCY(USD) is as follows:

		31 December 2022		31 December 2021
	Change in net interest income UShs'000	% of net interest income	Change in net interest income UShs'000	% of net interest income
100bps Increase in interest rates	4,595,659	11.9%	6,828,270	35.5%
100bps decrease in interest rates	(5,632,187)	(14.6%)	(315,807)	(1.6%)

The Company does not have interest bearing financial assets and liabilities as at 31 December 2022 (31 December 2021: Nil)

3 (e) Liquidity risk

Definition

Liquidity risk is the risk that the Group is unable to meet it's payment obligations associated with it's financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Approach to managing liquidity risk

The Group is exposed to daily call on it's available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Asset and Liability Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter- Bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury and Capital Management (TCM) team includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cashflow.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.
- The assets and liability management (ALM) team within TCM also monitors unmatched medium-term assets, the level and type of un- drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

	2022 UShs' 000	2021 UShs' 000
Liquid assets to deposit ratio		
Total deposits	6,131,256,477	5,741,043,166
Total liquid assets held	3,203,409,322	3,369,790,111
Liquidity ratio	52.2%	58.7%
Regulatory requirement	20.0%	20.0%

3 (e) (i) The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates. All figures are in millions of Uganda Shillings.

GROUP **At 31 December 2022**	**Carrying Amount UShs' m**	**Gross norminal In/ out flow UShs' m**	**Up to 1 month UShs' m**	**2-6 Months UShs' m**	**7-12 Months UShs' m**	**1-5 Years** UShs' m	**Over 5 Years UShs' m**
Liabilities							
Deposits from customers	(6,131,256)	(6,146,238)	(5,858,387)	(182,099)	(75,091)	(30,661)	-
Deposits from other banks	(142,093)	(142,093)	(142,093)	-	-	-	-
Amounts due to group companies	(220,080)	(257,818)	(41,114)	-	-	-	(216,704)
Derivative liabilities	(149,082)	(149,203)	(341)	(4,066)	(5,175)	(85,574)	(54,047)
Borrowed funds	(37,325)	(38,121)	(12,229)	(12,500)	(164)	(12,009)	(1,219)
Subordinated debt	(75,931)	(134,363)	-	(3,540)	(3,540)	(28,324)	(98,959)
Other liabilities	(520,405)	(587,348)	(556,413)	(474)	(1,240)	(22,366)	(6,855)
Total financial liabilities (contractual maturity dates)	**(7,276,172)**	**(7,455,184)**	**(6,610,577)**	**(202,679)**	**(85,210)**	**(178,934)**	**(377,784)**
Assets							
Cash and bank balances with Bank of Uganda	1,085,102	1,085,102	1,085,102	-	-	-	-
Government securities-FVOCI	1,150,519	1,308,340	65,000	184,030	406,849	583,995	68,466
Government securities -amortised cost	105,182	145,681	-	14,848	-	62,366	68,467
Pledged assets	5,505	5,580	-	5,580	-	-	-
Government securities- FVTPL	1,598,476	1,716,509	15,939	720,778	643,688	283,882	52,222
Loans and advances to banks	296,045	296,045	296,045	-	-	-	-
Amounts due from group companies	228,474	228,474	42,558	185,960	-	-	-
Loans and advances to customers	4,085,001	5,736,548	715,877	319,754	319,264	3,337,282	1,044,371
Derivative assets	111,325	111,260	1,947	5,518	7,863	41,885	54,047
Other assets	165,690	165,690	165,690	-	-	-	-
Total financial assets (expected maturity dates)	**8,831,319**	**10,799,273**	**2,388,158**	**1,436,468**	**1,377,664**	**4,309,410**	**1,287,573**
Liquidity gap	1,555,147	3,340,089	(4,222,419)	1,233,789	1,292,454	4,129,257	911,008
Cumulative Liquidity Gap	1,555,147	3,340,089	(4,222,419)	(2,988,630)	(1,696,176)	2,433,081	3,344,089
Off-Balance Sheet							
Guarantees	(1,821,833)	1,821,833	153,212	641,051	326,419	701,151	-
Letters of credit	(170,461)	170,461	48,239	35,921	929	85,372	-
Commitments to extend credit	(1,536,881)	1,536,881	1,536,881	-	-	-	-
Total Off-Balance Sheet	(3,529,175)	3,529,175	1,738,332	676,972	327,348	786,523	-
Liquidity gap	(1,974,028)	6,873,264	(2,484,087)	1,910,761	1,619,802	4,916,999	909,789
Cumulative Liquidity Gap	**-**	**6,873,264**	**(2,484,087)**	**(573,326)**	**1,046476**	**5,963,475**	**6,873,264**

GROUP At 31 December 2021	Carrying Amount UShs' m	Gross norminal In/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
Liabilities							
Deposits from customers	(5,741,043)	(5,743,634)	(5,588,492)	(125,648)	(29,219)	(275)	-
Deposits from other banks	(155,075)	(155,075)	(155,075)	-	-	-	-
Amounts due to group companies	(260,393)	(278,835)	(59,665)	-	-	-	(219,170)
Derivative liabilities	(205,062)	(205,062)	(171)	(3,768)	(7,935)	(123,249)	(69,939)
Borrowed funds	(165,196)	(167,841)	(7,457)	(30,008)	(101,726)	(28,650)	-
Subordinated debt	(71,754)	(103,887)	-	(1,737)	(1,737)	(13,892)	(86,521)
Other liabilities	(588,270)	(588,270)	(556,961)	(309)	(1,673)	(29,774)	(15)
Total financial liabilities (contractual maturity dates)	(7,186,793)	(7,243,066)	(6,367,821)	(161,470)	(142,290)	(195,840)	(375,645)
Assets							
Cash and bank balances with Bank of Uganda	984,531	984,531	984,531	-	-	-	-
Government securities-FVOCI	844,345	985,794	-	194,887	252,339	501,455	37,113
Pledged assets	3,840	3,936	-	3,936	-	-	-
Government securities- FVTPL	1,057,416	1,155,095	10,970	396,435	130,837	587,722	29,131
Loans and advances to banks	1,106,122	1,106,122	1,106,122	-	-	-	-
Amounts due from group companies	401,399	402,149	71,869	330,280	-	-	-
Loans and advances to customers	3,722,073	5,721,204	631,003	816,727	263,745	2,137,851	1,871,878
Derivative assets	129,164	129,164	2,092	155	26,649	30,329	69,939
Other assets	241,570	241,570	241,570	-	-	-	-
Total financial assets (expected maturity dates)	8,490,460	10,729,565	3,048,157	1,742,420	673,570	3,257,357	2,008,061
Liquidity gap	1,303,667	3,486499	(3,394,317)	1,580,950	531,280	3,061,517	1,632,416
Cumulative Liquidity Gap	1,303,667	3,486499	(3,319,664)	(1,738,714)	(1,207,433)	1,854,084	3,393,087
Off-Balance Sheet							
Guarantees	(1,696,232)	1,696,232	113,340	520,031	446,556	616,305	-
Letters of credit	(223,704)	223,704	78,672	109,200	32,710	3,122	-
Commitments to extend credit	(1,237,794)	1,237,794	1,237,794	-	-	-	-
Total Off-Balance Sheet	(3,157,730)	3,157,730	1,429,806	629,231	479,266	619,427	-
Liquidity gap	(1,854,063)	6,644,229	(1,889,858)	2,210,181	1,010,546	3,680,944	1,632,416
Cumulative Liquidity Gap	-	6,644,229	(1,889,858)	320,323	1,330,870	5,011,814	6,644,229

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, Central Bank balances, items in the course of collection; loans and advances to banks; and loans and advances to customers. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

Company	Carrying Amount UShs' m	Gross norminal In/ out flow UShs' m	Up to 1 month UShs' m
At 31 December 2022			
Liabilities			
Amounts due to group companies	(576)	(576)	(576)
Other liabilities	(21,197)	(21,197)	(21,197)
Total financial liabilities (contractual maturity dates)	(21,773)	(21,773)	(21,773)
Assets			
Amounts due from group companies	29,624	29,624	29,624
Other Assets	18,126	18,126	18,126
Total financial assets (expected maturity dates)	47,750	47,750	47,750
Liquidity gap	25,977	25,977	25,977
Cumulative Liquidity Gap	25,977	25,977	25,977
At 31 December 2021			
Liabilities			
Amounts due to group companies	(562)	(562)	(562)
Other liabilities	(19,629)	(19,629)	(19,629)
Total financial liabilities (contractual maturity dates)	(20,191)	(20,191)	(20,191)
Assets			
Amounts due from group companies	35,758	35,758	35,758
Other Assets	15,825	15,825	15,825
Total financial assets (expected maturity dates)	51,583	51,583	51,583
Liquidity gap	31,392	31,392	31,392
Cumulative Liquidity Gap	31,392	31,392	31,392

3(e) (ii) Maturity analysis

The Group assesses the maturity of financial assets and financial liabilities at 31 December each year which provides an indication of the remaining contractual life of these assets at that point in time. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to note 3(e) (i) above.

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Total UShs'm
At 31 December 2022					
Asset:					
Cash and balances with Bank of Uganda	1,085,102	-	-	-	1,085,102
Government securities -FVOCI	64,795	190,096	373,994	521,634	1,150,519
Government securities -amortised cost	-	14,848	-	90,334	105,182
Pledged assets	-	5,505	-	-	5,505
Government securities - FVTPL	15,847	712,026	599,106	271,497	1,598,476
Deposits and balances due from other banks	296,045	-	-	-	296,045
Amounts due from group companies	228,474	-	-	-	228,474
Loans and advances to customers	851,529	656,763	558,691	2,018,018	4,085,001
Derivative assets	15,497	41,782	54,046	-	111,325
Deferred income tax assets	-	-	-	46,097	46,097
Other assets	204,249	-	-	-	204,249
Intangible asset	-	-	-	67,429	67,429
Property and equipment	-	-	-	75,544	75,544
Total assets	**2,557,289**	**1,621,020**	**1,585,837**	**2,901,483**	**8,665,629**
Liabilities:					
Customer deposits	5,847,483	187,272	72,921	23,580	6,131,256
Deposits due to other banks	142,093	-	-	-	142,093
Borrowed funds	12,229	12,500	164	12,432	37,325
Amounts due to group companies	220,080	-	-	-	220,080
Derivative liabilities	149,082	-	-	-	149,082
Other liabilities	509,115	-	-	-	509,115
Subordinated bonds / debt	-	-	-	75,931	75,931
Current Tax Liabilities	11,290	-	-	-	11,290
Total liabilities	**6,891,372**	**199,772**	**73,085**	**111,943**	**7,276,172**
Net liquidity gap	**(4,334,083)**	**1,421,248**	**1,512,752**	**2,789,540**	**1,389,457**
Cummulative liquidity gap	**(4,334,083)**	**(2,912,835)**	**(1,400,083)**	**1,389,457**	**-**
Off-Balance Sheet					
Guarantees	153,212	641,051	326,419	701,151	1,821,833
LCs	48,239	35,921	929	85,372	170,461
Commitments to extend credit	1,536,881	-	-	-	1,536,881
Total Off balance sheet	**1,738,332**	**676,972**	**327,348**	**786,523**	**3,529,175**
Net Liquidity gap	**(6,072,415)**	**(3,589,807)**	**(1,727,431)**	**602,934**	**(10,786,719)**
Net Cumulative liquidity gap	**(6,072,415)**	**(9,662,222)**	**(11,389,653)**	**(10,786,719)**	**-**
At 31 December 2021					
Total assets (expected maturity dates)	3,385,307	1,250,010	857,034	2,756,540	8,248,891
Total liabilities (Contractual maturity dates)	6,794,187	151,098	129,229	112,279	7,186,793
Liquidity gap	(3,408,880)	1,098,912	727,805	2,644,261	1,062,098
Cumulative liquidity gap	(3,408,880)	(2,309,968)	(1,582,163)	1,062,098	-
Total Off balance sheet	1,429,806	629,231	479,266	619,427	3,157,730
Net Liquidity gap	(4,838,686)	(2,939,199)	(2,061,429)	442,671	(9,396,643)
Net Cumulative liquidity gap	(4,838,686)	(7,777,885)	(9,839,314)	(9,396,643)	-

3(f) Off balance sheet

(i) Loan commitments

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 34), are summarised in the table below.

(ii) Other financial facilities

Other financial facilities (Note 34) are also included below based on the earliest contractual maturity date.

GROUP	Not later than 1 year USh's'000	1 to 5 years UShs'000	Above 5 years UShs'000	Total UShs'000
As at 31 December 2022				
Letters of credit	85,088,703	85,372,123	-	170,460,826
Guarantees	1,120,682,012	701,151,382	-	1,821,833,394
Commitments to extend credit	1,536,881,106	-	-	1,536,881,106
Total	**2,742,651,821**	**786,523,505**	-	**3,529,175,326**

GROUP	Not later than 1 year UShs'000	1 to 5 years UShs'000	Above 5 years UShs'000	Total UShs'000
As at 31 December 2021				
Letters of credit	220,582,107	3,121,533	-	223,703,640
Guarantees	1,079,927,385	616,304,896	-	1,696,232,281
Commitments to extend credit	1,237,793,640	-	-	1,237,793,640
	2,538,303,132	619,426,429	-	3,157,729,561

3(g) Fair value of financial assets and liabilities

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value.

GROUP	Carrying Value 2022 UShs'000	Carrying Value 2021 UShs'000	Fair Value 2022 UShs'000	Fair Value 2021 UShs'000
Financial assets				
Cash and balances with Bank of Uganda	1,085,102,127	984,530,697	1,085,102,127	984,530,697
Loans and advances to banks	296,044,517	1,106,122,016	296,044,517	1,106,122,016
Amounts due from group companies	228,474,116	401,399,239	228,474,116	401,399,239
Loans and advances to customers	4,085,001,025	3,722,073,070	4,085,001,025	3,722,073,070
Other assets	204,249,085	2,778,671	204,249,085	2,778,671
Financial liabilities				
Customer deposits	6,131,256,477	5,741,043,166	6,131,256,477	5,741,043,166
Amounts due to other banks	142,092,860	155,075,114	142,092,860	155,075,114
Borrowed funds	37,324,647	165,196,485	37,324,647	165,196,485
Amounts due to group companies	220,079,961	260,392,702	220,079,961	260,392,702
Subordinated debt	75,931,416	71,753,914	75,931,416	71,753,914
Other liabilities	239,734,474	240,005,964	239,734,474	240,005,964

3(h) Fair value hierarchy

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy as at 31 December 2022 and 2021.

31 December 2022 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	491,982,310	-	-	491,982,310
Bank of Uganda cash reserving requirement	634,950,000	-	-	634,950,000
Derivative assets	-	111,325,016	-	111,325,016
Government securities - FVTPL	-	1,598,475,974	-	1,598,475,974
Pledged Assets	-	5,504,897	-	5,504,897
Government securities - FVOCI	-	1,149,820,440	-	1,149,820,440
Other financial investments	-	-	698,210	69,8210
Total assets	1,126,932,310	2,865,126,327	698,210	3,992,756,847
Financial liabilities				
Derivative liabilities	-	149,082,358	-	149,082,358
Total liabilities	-	149,082,358	-	149,082,358

31 December 2021 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	432,277,745	-	-	432,277,745
Bank of Uganda cash reserving requirement	517,340,000	-	-	517,340,000
Derivative assets	-	129,164,041	-	129,164,041
Government securities - FVTPL	-	1,057,416,156	-	1,057,416,156
Pledged Assets	-	3,840,314	-	3,840,314
Government securities - FVOCI	-	844,166,562	-	844,166,562
other financial investments	-	-	178,468	178,468
Total assets	**949,617,745**	**2,034,587,073**	**178,468**	**2,984,383,286**
Financial liabilities				
Derivative liabilities	-	205,061,504	-	205,061,504
Total liabilities	**-**	**205,061,504**	**-**	**205,061,504**

The balances with the central bank excluding cash reserving requirement were in terms of IFRS 9 classified as amortised cost. Coins and bank notes have been classified at fair value through profit or loss - default as the contractual terms do not give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding as per IFRS9.

Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments.

Other equity investments at fair value through profit or loss

GROUP	2022 UShs' 000	2021 UShs' 000
Opening balance	178,468	199,424
New share allocation	521,663	-
Losses recognised in profit or loss	(1,921)	(20,956)
Closing balance	698,210	178,468
Total losses for the period included in profit or loss under other gains/(losses)	**(1,921)**	**(20,956)**

The table below shows items not measured at fair value for which fair value is disclosed

31 December 2022 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	105,182,300	-	105,182,300
Loans and advances to banks	-	-	296,044,517	296,044,517
Amounts due from group companies	-	-	228,474,116	228,474,116
Loans and advances to customers	-	-	4,085,001,025	4,085,001,025
Other financial assets and related party receivables	-	-	204,249,085	204,249,085
Total assets	**-**	**105,182,300**	**4,813,768,743**	**4,918,951,043**
Financial liabilities				
Customer deposits	5,661,377,248	469,879,229	-	6,131,256,477
Amounts due to other banks	-	-	142,092,860	142,092,860
Borrowed funds	-	-	37,324,647	37,324,647
Subordinated debt	-	-	75,931,416	75,931,416
Amounts due to group companies	-	-	220,079,961	220,079,961
Other financial liabilities	-	-	239,734,474	239,734,474
Total liabilities	**5,661,377,248**	**469,879,229**	**715,163,358**	**6,846,419,835**

31 December 2021 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Balances with Bank of Uganda	34,912,953	-	-	34,912,953
Loans and advances to banks	-	-	1,106,122,016	1,106,122,016
Amounts due from group companies	-	-	401,399,239	401,399,239
Loans and advances to customers	-	-	3,722,073,070	3,722,073,070
Other financial assets and related party receivables	-	-	2,778,671	2,778,671
Total assets	34,912,953	-	5,232,372,996	5,267,285,949
Financial liabilities				
Customer deposits	5,550,416,605	190,626,561	-	5,741,043,166
Amounts due to other banks	-	-	155,075,114	155,075,114
Borrowed funds	-	-	165,196,485	165,196,485
Subordinated debt	-	-	71,753,914	71,753,914
Amounts due to group companies	-	-	260,392,702	260,392,702
Other financial liabilities	-	-	240,005,964	240,005,964
Total liabilities	5,550,416,605	190,626,561	892,424,179	6,633,467,345

The table below shows Items not measured at fair value for which fair valuation hierarchy is disclosed

COMPANY For the year ended 31 December 2022	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Government securities - amortised cost	-	10,076,259	-	10,076,259
Amounts due from group companies	-	-	29,624,190	29,624,190
Other financial assets	-	-	102,550	102,550
Total assets	**-**	**10,076,259**	**29,726,740**	**39,802,999**
Financial liabilities				
Amounts due to group companies	-	-	575,785	575,785
Other liabilities	-	-	21,197,443	21,197,443
Total liabilities	**-**	**-**	**21,773,228**	**21,773,228**
For the year ended 31 December 2021				
Financial assets				
Amounts due from group companies	-	-	35,757,732	**35,757,732**
Other assets	-	-	506,189	**506,189**
Total assets	**-**	**-**	**36,263,921**	**36,263,921**
Financial liabilities				
Amounts due to group companies	-	-	562,112	**562,112**
Other liabilities	-	-	19,628,784	**19,628,784**
Total liabilities	**-**	**-**	**20,190,896**	**20,190,896**

3(i) Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

The table below sets out the Group's classification of financial assets and liabilities, and their fair values

GROUP For the period ended 31 December 2022	FVTPL Held-for-trading	Default	Debt instruments	FVOCI Equity instruments	Amortised cost	Other assets/ liabilities	Total carrying amount
Assets							
Cash and balances with central banks	-	1,085,102	-	-	-	-	1,085,102
Derivative assets	111,325	-	-	-	-	-	111,325
Financial investments	-	-	1,149,821	698	105,182	-	1,255,701
Trading assets	1,598,476	-	-	-	-	-	1,598,476
Pledged assets	-	-	5,505	-	-	-	5,505
Loans and advances to banks	-	-	-	-	296,045	-	296,045
Loans and advances to customers	-	-	-	-	4,085,001	-	4,085,001
Amounts due from group companies	-	-	-	-	228,474	-	228,474
Other financial assets and related party receivables.	-	-	-	-	204,249	-	204,249
Other non-financial assets and related party receivables	-	-	-	-	-	189,069	189,069
	1,709,801	**1,085,102**	**1,155,326**	**698**	**4,918,951**	**189,069**	**9,058,947**
Liabilities							
Derivative liabilities	149,082	-	-	-	-	-	149,082
Deposits from banks	-	-	-	-	142,093	-	142,093
Deposits from customers	-	-	-	-	6,131,256	-	6,131,256
Subordinated debt	-	-	-	-	75,931	-	75,931
Amounts due to group companies	-	-	-	-	220,080	-	220,080
Borrowed funds	-	-	-	-	37,325	-	37,325
Other financial liabilities	-	-	-	-	239,734	-	239,734
Other non-financial liabilities	-	-	-	-	-	280,671	280,671
	149,082	**-**	**-**	**-**	**6,846,419**	**280,671**	**7,276,172**
For the period ended 31 December 2021							
Assets							
Cash and balances with central banks	-	949,618	-	-	34,913	-	984,531
Derivative assets	129,164	-	-	-	-	-	129,164
Financial investments	-	-	844,167	178	-	-	844,345
Trading assets	1,057,416	-	-	-	-	-	1,057,416
Pledged assets	-	-	3,840	-	-	-	3,840
Loans and advances to banks	-	-	-	-	1,106,122	-	1,106,122
Loans and advances to customers	-	-	-	-	3,722,073	-	3,722,073
Amounts due from group companies	-	-	-	-	401,399	-	401,399
Other financial assets and related party receivables.	-	-	-	-	2,779	-	2,779
Other non-financial assets and related party receivables	-	-	-	-	-	468,427	468,427
	1,186,580	949,618	848,007	178	5,267,286	468,427	8,720,096
Liabilities							
Derivative liabilities	205,062	-	-	-	-	-	205,062
Deposits from banks	-	-	-	-	155,075	-	155,075
Deposits from customers	-	-	-	-	5,741,043	-	5,741,043
Subordinated debt	-	-	-	-	71,754	-	71,754
Amounts due to group companies	-	-	-	-	260,393	-	260,393
Borrowed funds	-	-	-	-	165,196	-	165,196
Other financial liabilities	-	-	-	-	240,006	-	240,006
Other non-financial liabilities	-	-	-	-	-	348,264	348,264
	205,062	-	-	-	6,633,467	348,264	7,186,793

The table below sets out the Company's classification of financial assets and liabilities, and their fair values:

COMPANY 2022	2022 UShs' 000	2021 UShs' 000
Financial assets at amortised cost		
Amounts due from group companies	29,624,190	35,757,732
Financial investments	10,076,259	-
Other assets	102,550	506,189
	39,802,999	36,263,921
Financial liabilities at amortised cost		
Amounts due to group companies	575,785	562,112
Other liabilities	21,197,443	19,628,784
	21,773,228	20,190,896

4. Segment information

The principal business units in the Group are as follows:

Consumer and High Net Worth clients

The consumer and high net worth (CHNW) client segment is responsible for the end-to-end lifecycle of clients. CHNW services individual clients. We enable our clients' daily lives by providing relevant solutions throughout their life journeys

Business and Commercial clients

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

Corporate and Investment Banking clients

The Corporate Investment Banking (CIB) client segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory, transactional, trading and funding support.

Income statement

GROUP	Business Consumer Clients UShs' 000	Consumer and High Net Worth UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital management Shs' 000	Other subsidiaries Shs' 000	Total UShs' 000
Year ended 31 December 2022						
Net Interest income	189,231,360	198,285,810	224,678,065	25,747,138	636,041	638,578,414
Fee and commission income	57,996,695	72,981,249	40,693,248	134,366	601,832	172,407,390
Net trading income	45,603,028	17,969,109	148,687,777	-	-	212,259,914
Other income	106,582	10,868,041	2,382	58,826	2,203,307	13,239,138
Total operating income	**292,937,665**	**300,104,209**	**414,061,472**	**25,940,330**	**3,441,180**	**1,036,484,856**
Impairment losses	(54,570,636)	(18,868,789)	-	-	-	(73,439,425)
Reversal of prior year impairment losses	-	-	13,820,398	46,537	-	13,866,935
Other operating expenses	(161,119,568)	(148,090,972)	(161,864,787)	(8,152,641)	(14,670,914)	(493,898,882)
Profit before tax	77,247,461	133,144,448	266,017,083	17,834,226	(11,229,734)	483,013,484
Income tax expense	(19,756,770)	(34,577,326)	(69,229,842)	(4,643,915)	2,575,277	(125,632,576)
Profit after tax	**57,490,691**	**98,567,122**	**196,787,241**	**13,190,311**	**(8,654,457)**	**357,380,908**
Year ended 31 December 2021						
Net Interest income	155,104,993	167,169,621	208,181,797	6,763,292	38,291	537,257,994
Fee and commission income	52,048,521	69,607,708	36,771,623	964,308	339,155	159,731,315
Net trading income	36,878,863	12,358,949	145,231,993	-	-	194,469,805
Other income	563,388	6,874,961	6,197	105,183	2,497,908	10,047,637
Total operating income	244,595,765	256,011,239	390,191,610	7,832,783	2,875,354	901,506,751
Impairment losses	(43,846,428)	(22,585,550)	(3,319,110)	(656,578)	-	(70,407,666)
Other operating expenses	(171,878,105)	(139,742,443)	(161,688,148)	4,726,603	(11,306,833)	(479,888,926)
Profit before tax	28,871,232	93,683,246	225,184,352	11,902,808	(8,431,479)	351,210,159
Income tax expense	(900,351)	(20,581,018)	(59,917,725)	(2,804,382)	2,305,409	(81,898,067)
Profit after tax	**27,970,881**	**73,102,228**	**165,266,627**	**9,098,426**	**(6,126,070)**	**269,312,092**

Liquidity management of the Group is handled by the treasury and capital management unit. Other subsidiaries include Stanbic Flyhub Uganda Limited, Stanbic Properties Uganda Limited, SBG Securities Uganda Limited and Stanbic Business Incubator Limited.

The change in operating segments from 1 January 2021 resulted in a change in presentation in the form of renaming certain line items throughout these financial statements to align with the client solutions terminology. This change in presentation was applied retrospectively and the segmental analyses' comparative figures were reclassified accordingly. This change had no impact on the comparative figures within the primary statements or notes thereto.

Income statement	Business Consumer Clients UShs' 000	Consumer and High Net Worth UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital management Shs' 000	Other subsidiaries Shs' 000	Total UShs' 000
As at 31 December 2022						
Other segment items included in the income statement						
Depreciation	(762,879)	(17,827,317)	(1,352,230)	(14,482,245)	208,945	(34,215,726)
Amortisation of intangible assets	-	(2,295,674)	-	(12,866,591)	-	(15,162,265)
As at 31 December 2021						
Other segment items included in the income statement						
Depreciation	(577,843)	(18,286,405)	(1,067,375)	(13,877,167)	791,149	(33,017,641)
Amortisation of intangible assets	-	(2,295,674)	-	(12,745,730)	-	(15,041,404)

Statement of financial position

	Business Consumer Clients UShs' 000	Consumer and High Net Worth UShs' 000	Corporate and Investment Banking UShs' 000	Treasury & Capital management UShs' 000	Other Subsidiaries UShs' 000	Total UShs' 000
As at 31 December 2022						
Net Loans and advances to banks	2,864,691	-	293,179,826	-	-	296,044,517
Amounts due from group companies	-	-	228,474,116	-	-	228,474,116
Net loans and advances to customers	921,486,177	1,160,367,637	2,003,147,211	-	-	4,085,001,025
Total assets	**1,173,811,847**	**2,029,801,215**	**5,769,401,039**	**60,306,875**	**25,626,406**	**9,058,947,382**
Deposits from banks	49,021,271	-	93,071,589	-	-	142,092,860
Amounts due to group companies	-	-	220,079,961	-	-	220,079,961
Deposits and current accounts from customers	1,796,221,272	1,559,179,002	2,775,856,203	-	-	6,131,256,477
Total Liabilities	**919,298,434**	**1,268,915,079**	**5,065,817,501**	**49,365,298**	**(27,223,989)**	**7,276,172,323**
Equity	**254,513,412**	**760,886,136**	**703,583,539**	**10,941,577**	**52,850,395**	**1,782,775,059**
As at 31 December 2021						
Net Loans and advances to banks	-	-	1,106,122,016	-	-	1,106,122,016
Amounts due from group companies	-	-	401,399,239	-	-	401,399,239
Net loans and advances to customers	915,988,276	1,006,962,512	1,798,996,690	125,592	-	3,722,073,070
Total assets	1,164,664,634	1,263,555,840	5,770,637,332	514,794,720	6,443,275	8,720,095,801
Deposits from banks	77,512,809	-	77,562,305	-	-	155,075,114
Amounts due to group companies	-	-	260,392,702	-	-	260,392,702
Deposits and current accounts from customers	1,931,430,513	1,346,795,544	2,462,817,109	-	-	5,741,043,166
Total Liabilities	952,689,768	1,076,950,163	5,082,421,771	118,254,638	(43,523,776)	7,186,792,564
Equity	169,579,893	149,284,542	550,572,449	613,899,302	49,967,051	1,533,303,237

5. Interest income

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Financial investments -FVOCI	125,603,962	97,144,757	-	-
Financial investments -amortised cost	3,745,131	-	76,259	-
Loans and advances to customers	489,580,066	438,422,213	310,962	-
Loans and advances to banks	5,586,144	3,514,019	-	-
Placements with group companies	4,438,809	310,924	-	-
Interest income on credit impaired financial assets	6,070,706	4,602,713	-	-
	635,024,818	**543,994,626**	**387,221**	**-**

All the amounts reported above comprise interest income calculated using the effective interest method. Interest income is recognised over a period of time.

6 Interest expense

	GROUP		COMPANY	
	2022	2021	2022	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Current accounts	21,835,896	20,467,557	-	-
Savings and deposit accounts	9,904,485	13,688,550	-	-
Subordinated debt	4,954,435	3,807,113	-	-
Deposits and borrowings from banks	719,664	248,626	-	-
Amounts due to group companies	4,135,169	3,598,404	-	-
Interest paid on other money market borrowings	1,811,999	1,838,972	-	-
Interest expense on leased liabilities	2,250,388	2,319,326	40,938	75,253
	45,612,036	45,968,548	**40,938**	75,253

All interest expense relates to financial liabilities at amortised cost except for interest expense on lease liabilities.

7 Net fee and commission income

Disaggregation of fees and commission income in the following table, fee and commission income from contracts with customers is disaggregated by major type of services.

	GROUP	
	2022	2021
	UShs' 000	UShs' 000
Fee and commission income		
Transactional fees and commission income	182,793,159	151,430,190
Trade fees and commission income	4,082,114	5,944,685
Credit related fees	4,103,886	16,242,173
	190,979,159	173,617,048
Fee and commission expense		
Transactional fees and commission expenses	(14,104,774)	(8,857,656)
Net fee and commission income	**176,874,385**	164,759,392

Net fee and commission income above comprises of amounts included in determining the effective interest rate on financial assets measured at amortised cost of UShs 3,885 million (UShs 6,070 million). All net fee and commission income relate to financial assets or liabilities at amortised cost. Fees and commission income is recognised over a period of time.

8. Net trading income

	GROUP	
	2022	2021
	UShs' 000	UShs' 000
Foreign exchange trading gains/ (losses) - realised	12,971,997	(9,176,401)
Foreign exchange trading gains - unrealised gains	39,586,872	10,285,907
Gains on trading assets	199,197,116	234,583,509
Unrealised gain/ (losses) on financial instruments	10,581,725	(1,253,337)
Other trading losses	(912,163)	(737,957)
	261,425,547	233,701,721

Included in trading gains on financial instruments are realised gains and losses from buying and selling debt securities coupled with the impact of changes in the fair value of government securities. Included in foreign exchange are realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

9. Other gains and losses on financial instruments

	GROUP	
	2022	2021
	UShs' 000	UShs' 000
Derecognition losses	-	(3,295)
	-	(3,295)

2021 balance relates to gains arising from the derecognition of financial assets classified as amortised cost (2022: Nil)

10. Other operating income

(a) Dividend income

	COMPANY	
	2022	2021
	UShs' 000	UShs' 000
Dividends income	110,000,000	-
	110,000,000	**-**

(b) Other operating income

	GROUP		COMPANY	
	2022	2021	2022	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Gain on disposal of property and equipment	324,179	(43,280)	-	-
Other income	9,861,980	7,041,832	92,919	-
	10,186,159	**6,998,552**	**92,919**	**-**

Other income includes profit share in relation to bancassurance fees of UShs 7 billion (2021: UShs 3.8 billion) resulting from joint venture arrangements with Liberty General Insurance Limited and Liberty Life Insurance Limited.

11. Impairment charge for credit losses

	GROUP	
	2022	2021
	UShs' 000	UShs' 000
Net expected credit losses raised and released		
Loans and advances to customers (Note 19)	(89,482,127)	(74,958,072)
Loans and advances to banks (Note 18)	(114,764)	21,088
Financial investments (Note 17)	(142,073)	(97,370)
Off balance sheet items (Note 31)	2,102,086	125,482
Recoveries on loans and advances previously written off	27,384,686	8,209,129
Interest in suspense released on cured loans and advances	1,941,847	3,154,415
Modification losses	(1,262,145)	(6,862,338)
	(59,572,490)	**(70,407,666)**

12. Employee benefits expense

	GROUP		COMPANY	
	2022	2021	2021	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Salaries and wages	156,734,323	132,857,550	4,888,575	4,874,325
Contributions to statutory and other defined benefit plans	32,089,875	28,650,130	1,050,875	2,101,464
Other employee benefits	23,573,316	17,040,158	328,046	439,416
	212,397,514	**178,547,838**	**6,267,496**	**7,415,205**

13. Other operating expenses

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Premises	10,793,140	10,897,901	233,662	237,486
Office expenses	4,936,381	3,731,156	-	-
Auditors' remuneration	1,056,144	997,093	35,433	35,433
Professional fees	1,925,124	5,954,173	223,719	486,442
IT expenses	57,735,329	65,846,790	15,313	41,550
Travel and entertainment	9,743,443	4,136,586	465,156	290,525
Marketing and advertising	12,207,035	11,047,761	163,998	43,560
Insurance	3,643,750	3,850,497	-	-
Deposit Protection Scheme Contribution	11,399,644	10,453,179	-	-
Security expenses	8,054,284	9,180,618	8,397	16,903
Franchise fees	30,991,310	26,958,959	-	-
Directors' fees and expenses	1,087,301	858,164	314,550	308,070
Training costs	3,482,848	1,702,569	197,042	167,454
Operational losses	1,056,519	24,040,999	-	-
Indirect taxes (VAT)	23,122,654	18,297,625	-	-
Bank charges	2,142,883	1,566,545	159,395	75,801
Credit Bureau expenses	1,089,837	1,915,650	-	-
Other operating expenses	49,047,178	53,821,475	340,309	(22,234)
	233,514,804	**255,257,740**	**2,156,974**	**1,680,990**

Other operating expenses (note 13 above) is comprised of the following items:

	GROUP	
	2022 UShs' 000	2021 UShs' 000
Communication expenses	6,992,824	9,811,661
Commissions paid	27,245,063	24,648,544
Administration and membership fees	1,538,192	1,402,849
Donations: non-tax allowable	2,252,352	1,287,719
Conference expenses (non-training)	417,233	650,258
Refreshments	1,381,549	1,066,354
Other operating costs	9,219,965	14,954,090
	49,047,178	**53,821,475**

Included in the IT costs are additional costs relating to Salesforce and FlexiPay (support costs and annual licenses) and other peripheral system that support the day-to-day operations of the Group. The other operating costs include commissions paid to bank agents and provisions for unspecified expected losses of UShs 6 billion netted off by releases during the year (2021: UShs 6.9 billion).

14. Income tax expense

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Current income tax	121,964,088	92,477,319	(49,433)	175,042
Deferred income tax (see note 20)	3,691,078	(10,579,252)	(2,655,370)	(2,923,169)
	125,655,166	**81,898,067**	**(2,704,803)**	**(2,748,127)**

The income tax on the company and Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Profit before income tax	483,036,074	351,210,159	101,402,451	(9,740,107)
Tax calculated at statutory tax rate of 30% (2021: 30%)	144,910,822	105,363,048	30,420,735	(2,922,032)
Income not subject to tax	-	-	(33,000,000)	-
Income subject to tax at 20%	(23,419,404)	(22,202,705)	-	-
Income subject to tax at 10%	(182,746)	(3,398,617)	-	-
Expenses not deductible for tax purposes	4,514,250	2,715,846	36,715	173,905
Prior year current income tax (over)/under provision	(167,756)	(579,505)	(162,253)	-
	125,655,166	**81,898,067**	**(2,704,803)**	**(2,748,127)**

The movement in the current income tax liability/ (recoverable) was as follows:

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
At the start of year	3,817,466	(5,066,711)	(11,545,375)	(11,720,417)
Prior year under provisions	-	-	(162,253)	-
Charge for the year	121,964,088	92,477,319	112,820	175,042
Income tax paid	(114,491,967)	(83,593,142)	-	-
At the end of year	**11,289,587**	**3,817,466**	**(11,594,808)**	**(11,545,375)**

15. Earnings per share and dividends per share

	GROUP		COMPANY	
	2022	2022	2022	2022
Earnings per share				
Profit attributable to ordinary shareholders (UShs'000)	357,380,908	269,312,092	104,107,254	(6,991,980)
Weighted average number of ordinary shares in issue (thousands)	51,188,670	51,188,670	51,188,670	51,188,670
Basic earnings per share (expressed in Shs per share)	**6.98**	**5.26**	**2.03**	**(0.14)**
Dividends per share				
Proposed dividends	185,000,000	50,000,000	185,000,000	50,000,000
Weighted average number of ordinary shares in issue (thousands)	51,188,670	51,188,670	51,188,670	51,188,670
Dividends per share	**3.61**	**0.98**	**3.61**	**0.98**

There were no potentially dilutive shares as at 31 December 2022 or on 31 December 2021. Therefore, diluted earnings per share are the same as basic earnings per share.

16. Cash and balances with Bank of Uganda

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Coins and bank notes	491,982,310	432,277,744	-	-
Balances with Bank of Uganda	593,119,817	552,252,953	-	-
	1,085,102,127	984,530,697	-	-

Banks are required to maintain a prescribed minimum cash balance with Bank of Uganda. The amount is determined by Bank of Uganda on a pre-set formula on a rolling fortnightly basis; 10% in 2022 (2021: 8.33%). The cash reserve as at 31 December 2022 was UShs 634,950 million partially utilised UShs 41,830 million to close at 593,120 million (2021: UShs 517,340 million) as disclosed in Note 35. Included in cash and cash balances are cash reserves relating to Flexipay electronic money of UShs 238 million representing 20% of the FlexiPay electronic liabilities as at 31 December 2022 in compliance with Section 51 of the NPS Act. The cash reserves are available for use in the Bank's Day to day activities and may fall below the requirement up to 50% on a given day. There were no compliance breaches within the year.

17. Financial investments

	GROUP		COMPANY	
	2022 USHs' 000	2021 USHs' 000	2022 USHs' 000	2021 USHs' 000
(a) Financial investments-FVOCI				
Government treasury bills				
At start of the year	337,825,838	305,755,107	-	-
Additions	429,770,856	272,605,058	-	-
Disposals	(357,406,916)	(234,570,899)	-	-
Fair value adjustments	1,097,141	(2,123,114)	-	-
Transfer to pledged assets	(5,504,897)	(3,840,314)	-	-
At end of the year	**405,782,022**	**337,825,838**	-	-
Government treasury bonds				
At start of the year	506,340,724	415,818,251	-	-
Additions	489,962,099	123,367,191	-	-
Disposals	(238,852,582)	(61,552,932)	-	-
Fair value adjustments	(13,411,823)	28,708,214	-	-
At end of the year	744,038,418	506,340,724	-	-
Total at end of year	**1,149,820,440**	**844,166,562**		
Financial investments-amortised Cost				
Government treasury bills				
At start of the year	14,847,920	-	10,076,259	-
Additions	-	-	-	-
Disposals	-	-	-	-
Fair value adjustments	-	-	-	-
At end of the year	**14,847,920**	**-**	**10,076,259**	-
Government treasury bonds				
At start of the year				
Additions	90,334,380	-	-	-
Disposals	-	-	-	-
Fair value adjustments	-	-	-	-
Transfer to and from pledged assets	-	-	-	-
At end of the year	**90,334,380**	**-**	**-**	**-**
Total at end of year	**105,182,300**	**-**	**10,076,259**	**-**
Other equity investments				
Total other equity investments	698,210	178,468	-	-
	698,210	178,468	-	-
	1,255,700,950	**844,345,030**	**10,076,259**	**-**
(b) Trading assets				
Government treasury bills				
At start of the year	209,034,408	572,844,527	-	-
Additions	3,605,786,951	4,463,604,259	-	-
Disposals	(3,356,018,346)	(4,826,842,035)	-	-
Fair value adjustments	4,593,872	(572,343)	-	-
At end of the year	**463,396,885**	**209,034,408**	-	-
Government treasury bonds				
At start of the year	848,381,748	529,104,511	-	-
Additions	7,437,924,560	7,492,212,280	-	-
Disposals	(7,155,578,905)	(7,177,321,997)	-	-
Fair value adjustments	4,351,687	4,386,954	-	-
Transfer to pledged assets	-	-	-	-
At end of the year	**1,135,079,089**	**848,381,748**	**-**	**-**
Total Trading Assets	1,598,475,974	1,057,416,156	-	-
Total Financial Investments	**2,854,176,924**	**1,901,761,186**	**10,076,259**	-

Government securities are categorised as fair value through other comprehensive income which are fair valued through reserves, amortised cost and trading assets, which are fair valued through the income statement. The weighted average effective interest rate on treasury bills and bonds was 13.22% (2021: 12.91%).

Included in financial investments are placements of Flexipay electronic money in government treasury bills at FVOCI totaling to UShs 951 million representing 80% of the FlexiPay electronic liabilities as at 31 December 2022 in compliance with Section 51 of the NPS Act.

Other equity investments relate to investment in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) shares, an entity that provides a network that enables financial institutions to send and receive information about financial transactions in a secure, standardised and reliable environment.

The following table presents details of financial assets which have been provided as collateral to the counterparty. To the extent that the counterparty is permitted to sell the financial asset where the Group defaults on the obligation, they are classified in the statement of financial position as pledged assets.

(c) Pledged assets

	Carrying amount of transferred assets UShs'000	Carrying amount of associated liabilities UShs'000	Fair value of transferred assets UShs'000	Fair value of associated liabilities UShs'000	Net fair value UShs'000
2022					
Securities pledged under clearing house values	5,504,897	-	5,499,089	-	5,499,089
Total assets pledged	**5,504,897**	**-**	**5,499,089**	**-**	**5,499,089**
2021					
Securities pledged under clearing house values	3,840,314	-	3,879,862	-	3,879,862
Total assets pledged	**3,840,314**	**-**	**3,879,862**	**-**	**3,879,862**

As at 31 December 2022, the Group had pledged government securities totaling UShs 5.5 billion to Bank of Uganda under the automated clearing house rules (2021: UShs 3.84 billion). These assets are reclassified from financial investments measured at fair value through OCI to pledged assets. Bank of Uganda has the right to transfer or sell these instruments. Accordingly, these have been presented separately on the face of the statement of financial position.

(f) Reconciliation of expected credit losses for debt financial investments measured at FVOCI

GROUP		Income statement movements				
2022	UShs'000				UShs'000	UShs'000
Year ended 31 December 2022	As at start of Year	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net impairments raised/ (released)	At end of Year
	UShs'000	Shs'000	Shs'000	Shs'000	UShs'000	UShs'000
Financial investments measured at FVOCI						
Stage 1	(285,582)	(239,544)	29,659	110,338	(99,547)	(385,129)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**(285,582)**	**(239,544)**	**29,659**	**110,338**	**(99,547)**	**(385,129)**
Year ended 31 December 2021						
Financial investments measured at FVOCI						
Stage 1	(188,212)	(140,073)	(20,711)	63,414	(97,370)	(285,582)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**(188,212)**	**(140,073)**	**(20,711)**	**63,414**	**(97,370)**	**(285,582)**

(g) Reconciliation of expected credit losses for debt financial investments measured at amortised cost as at 31 December 2022. (2021: Nil)

		Income statement movements				
Year ended 31 December 2022	At start of year	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net impairments raised/ (released)	At end of year
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Financial investments measured at armotised cost						
Stage 1	-	(42,526)	-	-	(42,526)	(42,526)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**-**	**(42,526)**	**-**	**-**	**(42,526)**	**(42,526)**

18. Loans and advances to banks

	GROUP 2022 UShs' 000	2021 UShs' 000
Measured at amortised cost		
Items in course of collection - foreign banks	6,137,711	3,455,712
Placements with local banks	67,913,571	259,520,537
Placements with foreign banks	222,027,038	843,277,115
Gross loans and advances	**296,078,320**	1,106,253,364
Less: provision for impairment	(33,803)	(131,348)
	296,044,517	1,106,122,016

The weighted average effective interest rate on loans and advances to Banks was 1.9% (2021: 0.6%)

Reconciliation of expected credit losses for loans and advances to banks measured at amortised cost as at 31 December 2022

GROUP	Income statement movements							
Year Ended 31 December 2022	At Start of Year	Total transfers between stages	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition	Net impairments raised/ (released)	Exchange and other movements	At End of Year
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Stage 1	(126,771)	-	(130,926)		36,690	(94,236)	211,457	(9,550)
Stage 2	(4,577)	-	(590)	(19,938)	-	(20,528)	852	(24,253)
Stage 3	-	-	-	-	-	-	-	-
Total	**(131,348)**		**(131,516)**	**(19,938)**	**36,690**	**(114,764)**	**212,309**	**(33,803)**
Year Ended 31 December 2021								
Stage 1	(32,753)	37,402	(21,775)	(102,092)	29,352	(57,113)	(36,905)	(126,771)
Stage 2	(82,456)	(37,402)	(3,562)	119,165	-	78,201	(322)	(4,577)
Stage 3	-	-	-	-	-	-	-	-
Total	(115,209)	-	(25,337)	17,073	29,352	21,088	(37,227)	(131,348)

19. Loans and advances to customers

	GROUP 2022 UShs' 000	2021 UShs' 000
Home Services	319,628,688	151,291,900
Vehicle and asset finance	136,572,276	159,452,367
Card and Payments	4,796,328	3,750,141
Personal unsecured lending	1,016,558,975	1,064,116,653
Business and other lending	773,714,310	734,367,289
Corporate lending	1,540,954,975	1,280,377,223
Sovereign lending	446,428,792	503,289,483
Gross loans and advances	**4,238,654,344**	**3,896,645,056**
Less: Interest in suspense	(3,818,615)	(5,199,772)
Less: Expected credit loss for loans and advances measured at amortised cost	(149,834,704)	(169,372,214)
	4,085,001,025	3,722,073,070

Included in business and other lending is the fair value adjustment of loans advanced to staff at off market rates of UShs 32,017 million (2021: UShs 21,389 million).

19.1 Reconciliation of expected credit losses for loans and advances measured at amortised cost as at 31 December 2022

Year ended 31 December 2022	At start of year	Income statement movements				Net impairments raised/ (released)[1]	TVM unwinding and IIS movement	Impaired accounts written off	Exchange and other movements	At end of year
		Total transfers between stages	ECL on new exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition					
	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's' 000	USh's'000	USh's'000
BCC and CHNW										
Mortgage loans	**(27,733,788)**	**-**	**(707,359)**	**6,568,643**	**-**	**5,861,284**	**2,092,493**	**1,253,716**	**65,445**	**(18,460,850)**
Stage 1	(4,155,418)	(9,847,483)	(499,216)	13 040,879	-	2,694,180	-	-	6,199	(1,455,039)
Stage 2	(11,451,167)	10,005,197	(126,849)	(8,441,461)	-	1,436,887	-	-	59,246	(9,955,034)
Stage 3 (including IIS)	(12,127,203)	(157,714)	(81,294)	1,969,225	-	1,730,217	2,092,493	1,253,716	-	(7,050,777)
Vehicle and asset finance	**(12,331,322)**	**-**	**(4,080,253)**	**(1,964,184)**	**-**	**(6,044,437)**	**48,084**	**7,111,931**	**12,770**	**(11,202,974)**
Stage 1	(1,587,909)	(1,714,921)	(758,575)	2,813,431	-	339,935	-	-	2,479	(1,245,495)
Stage 2	(4,097,405)	2,185,459	(2,861,162)	(1,990,548)	-	(2,666,251)	-	-	10,291	(6,753,365)
Stage 3 (including IIS)	(6,646,008)	(470,538)	(460,516)	(2,787,067)	-	(3,718,121)	48,084	7,111,931	-	(3,204,114)
Card debtors	**(1,472,104)**	**-**	**(168,921)**	**641,972**	**-**	**473,051**	**-**	**290,992**	**-**	**(708,061)**
Stage 1	(98,581)	(26,235)	(12,393)	65,824	-	27,196	-	-	-	(71,385)
Stage 2	(1,290,360)	119,338	(91,345)	816,091	-	844,084	-	-	-	(446,276)
Stage 3 (including IIS)	(83,163)	(93,103)	(65,183)	(239,943)	-	(398,229)	-	290,992	-	(190,400)
Other Loans and Advances	**(112,651,264)**	**-**	**(36,945,711)**	**(63,771,383)**	**-**	**(100,717,094)**	**6,715,999**	**91,748,950**	**63,721**	**(114,839,688)**
Stage 1	(20,142,531)	(4,227,385)	(5,974,837)	18,019,959	-	7,817,737	-	-	12,315	(13 312,479)
Stage 2	(20,875,110)	2,970,759	(10,784,302)	(3,513,836)	-	(11,327,379)	-	-	51,406	(32,151,083)
Stage 3 (including IIS)	(71,633,623)	1,256,626	(20,186,572)	(78,277,506)	-	(97,207,452)	6,715,999	91,748,950	-	(70,376,126)
Sub-total	**(154,188,478)**	**-**	**(41,902,244)**	**(58,524,952)**	**-**	**(100,427,196)**	**8,856,576**	**100,405,589**	**141,936**	**(145,211,573)**
Corporate and Investment Banking	**(20,383,508)**	**-**	**(6,619,467)**	**67,762**	**17,496,774**	**10,945,069**	**-**	**994,689**	**2,004**	**(8,441,746)**
Stage 1	(7,561,122)	56,216	(6,536,093)	59,043	5,672,782	(748,052)	-	-	3,390	(8,305,784)
Stage 2	(46,955)	(56,216)	(83,374)	8,719	43,252	(87,619)	-	-	(1,386)	(135,960)
Stage 3 (including IIS)	(12,775,431)	-	-	-	11,780,740	11,780,740	-	994,689	-	(2)
Total	**(174,571,986)**	**-**	**(48,521,711)**	**(58,457,190)**	**17,496,774**	**(89,482,127)**	**8,856,576**	**101,400,278**	**143,940**	**(153,653,319)**

1 The Bank's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can appear to be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column 'ECL on new exposure raised' based on the exposures' ECL stage as at the end of the reporting period. It is therefore possible to disclose new/originated exposures in stage 2 and 3.

2 The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the rows 'ECL on new exposures raised' based on the exposures' ECL stage as at the end of the reporting period.

3 The contractual amount outstanding on secured loans and advances that were written off during the year are still subject to enforceability activities.

4 Exchange and other movements included the net interest in suspense (IIS), time value of money (TVM) unwind, raised and released during the year.

Reconciliation of expected credit losses for loans and advances measured at amortised cost as at 31 December 2021

Year ended 31 December 2021	At start of year	Income statement movements: Total transfers between stages	Income statement movements: ECL on new exposures raised	Income statement movements: Subsequent changes in ECL	Income statement movements: Change in ECL due to derecognition	Net impairments raised/ (released)[1]	TVM unwinding and IIS movement	Impaired accounts written-off	Exchange and other movements	At end of year
	USh s' 000	USh s' 000	USh s' 000	USh s' 000	USh s' 000		USh s' 000	USh s' 000	USh s' 000	USh s' 000
BCC and CHNW										
Home Services	**(12,511,935)**	**-**	**(467,398)**	**(16,468,456)**	**-**	**(16,935,854)**	**356,819**	**1,182,026**	**175,156**	**(27,733,788)**
Stage 1	(3,690,013)	1,684,423	(447,898)	(1,518,657)	-	(282,132)	-	-	(183,273)	(4,155,418)
Stage 2	(2,737,938)	(1,923,884)	(19,500)	(7,128,274)	-	(9,071,658)	-	-	358,429	(11,451,167)
Stage 3 (including IIS)	(6,083,984)	239,461	-	(7,821,525)	-	(7,582,064)	356,819	1,182,026	-	(12,127,203)
Vehicle and asset finance	**(8,314,696)**	**-**	**(1,686,456)**	**(3,270,998)**	**-**	**(4,957,454)**	**375,655**	**524,042**	**41,131**	**(12,331,322)**
Stage 1	(1,243,132)	1,105,453	(1,479,386)	29,156	-	(344,777)	-	-	-	(1,587,909)
Stage 2	(3,091,891)	(1,209,644)	(53,364)	216,363	-	(1,046,645)	-	-	41,131	(4,097,405)
Stage 3 (including IIS)	(3,979,673)	104,191	(153,706)	(3,516,517)	-	(3,566,032)	375,655	524,042	-	(6,646,008)
Card and Payments	**(1,049,747)**	**-**	**(11,937)**	**(668,010)**	**-**	**(679,947)**	**-**	**337,715**	**(80,125)**	**(1,472,104)**
Stage 1	(102,575)	(509,946)	(10,617)	524,557	-	3,994	-	-	-	(98,581)
Stage 2	(690,475)	486,255	(941)	(1,005,074)	-	(519,760)	-	-	(80,125)	(1,290,360)
Stage 3 (including IIS)	(256,697)	23,691	(379)	(187,493)	-	(164,181)	-	337,715	-	(83,163)
Other Loans and Advances	**(92,065,156)**	**-**	**(20,230,226)**	**(28,307,856)**	**-**	**(48,538,082**	**782,548**	**27,305,588**	**(136,162)**	**(112,651,264)**
Stage 1	(21,387,752)	853,425	(9,213,479)	,9,422,002	-	1,061,948	-	-	183,273	(20,142,531)
Stage 2	(14,451,622)	(1,301,925)	(2,010,343)	(2,791,785)	-	(6,104,053)	-	-	(319,435)	(20,875,110)
Stage 3 (including IIS)	(56,225,782)	448,500	(9,006,404)	(34,938,03)	-	(43,495,977)	782,548	27,305,588	-	(71,633,623)
Sub total	**(113,941,534)**	**-**	**(22,396,017)**	**(48,715,320)**	**-**	**(71,111,337)**	**1,515,022**	**29,349,371**	**-**	**(154,188,478)**
Corporate and Investment Banking	**(58,803,580)**	**-**	**(2,216,419)**	**2,950,220**	**(4,580,536)**	**(3,846,735)**	**6,042,108**	**35,740,930**	**483,769**	**(20,383,508)**
Stage 1	(9,249,862)	3	(2,176,874)	2,529,518	852,801	1,205,448	-	-	483,292	(7,561,122)
Stage 2	(158,526)	(3)	(39,545)	3,980	146,662	111,094	-	-	477	(46,955)
Stage 3 (including IIS)	(49,395,192)	-	-	416,722	(5,579,999)	(5,163,277)	6,042,108	35,740,930	-	(12,775,431)
Total	**(172,745,114)**	**-**	**(24,612,436)**	**(45,765,100)**	**(4,580,536)**	**(74,958,072)**	**7,557,130**	**65,090,301**	**483,769**	**(174,571,986)**

19.2 Changes in gross exposures relating to changes in ECL

The below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the above changes in ECL:

The ECL on new exposures raised of UShs 1.9 trillion (2021: 1.1 trillion) primarily relates to the growth in the gross carrying amount from new exposures originated of:

- home services of UShs 82 billion (2021: UShs 467 million)
- vehicle and asset finance of UShs 48 billion (2021: UShs 1.7 billion)
- personal unsecured lending and business and other lending of UShs 656 billion (2021: UShs 120 billion)
- corporate of UShs 1.1 trillion (2021: UShs 1.0 trillion)
- the decrease in ECL is due to recoveries on impaired accounts written off of UShs 27.4 billion (2021: UShs 8.2 billion).

The Group's policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period.

Therefore, the related gross carrying amount of the significant transfers primarily relate to the continued impact of economic environment together with positive collection trends, and are shown in the table below:

Gross carrying amounts of ECL movements For the year ended 31 December 2022	Gross carrying amounts of transfers between stages			
	Transfer Stage 1 to/(from) UShs'000	Transfer Stage 2 to/(from) UShs'000	Transfer Stage 3 to/(from) UShs'000	Total UShs'000
Stage 1				
Home Services	-	(82,298,951)	(2,322,238)	(84,621,189)
Vehicle and asset finance	-	(20,973,579)	(660,106)	(21,633,685)
Card and Payments	-	(533,244)	(79,236)	(612,480)
Personal unsecured lending	-	(44,034,832)	(11,763,925)	(55,798,757)
Business and other lending	-	(79,992,791)	(6,855,196)	(86,847,987)
Corporate lending	-	1,824,251	-	1,824,251
Bank lending	-	(15,175,739)	-	(15,175,739)
	-	**(241,184,885)**	**(21,680,701)**	**(262,865,586)**
Stage 2				
Home Services	82,298,951	-	(6,274,861)	76,024,090
Vehicle and asset finance	20,973,579	-	(3,051,449)	17,922,130
Card and Payments	533,244	-	(156,346)	376,898
Personal unsecured lending	44,034,832	-	(4,985,903)	39,048,929
Business and other lending	79,992,791	-	(22,034,183)	57,958,608
Corporate lending	(1,824,251)	-	-	(1,824,251)
Bank lending	15,175,739	-	-	15,175,739
	241,184,885	**-**	**(36,502,742)**	**204,682,143**
Stage 3				
Home Services	2,322,238	6,274,861	-	8,597,099
Vehicle and asset finance	660,106	3,051,449	-	3,711,555
Card and Payments	79,236	156,346	-	235,582
Personal unsecured lending	11,763,925	4,985,903	-	16,749,828
Business and other lending	6,855,196	22,034,183	-	28,889,379
	21,680,701	**36,502,742**	**-**	**58,183,443**
Total	**262,865,586**	**(204,682,143)**	**(58,183,443)**	**-**
For the year ended 31 December 2021				
Stage 1				
Home Services	-	(93,178,282)	(21,433,617)	(114,611,899)
Vehicle and asset finance	-	(16,002,526)	(5,149,118)	(21,151,644)
Card and Payments	-	(865,770)	(67,028)	(932,798)
Personal unsecured lending	-	(10,536,307)	(10,656,375)	(21,192,682)
Business and other lending	-	(36,374,635)	(5,019,113)	(41,393,748)
	-	**(156,957,519)**	**(42,325,252)**	**(199,282,771)**
Stage 2				
Home Services	93,178,282	-	(4,280,039)	88,898,242
Vehicle and asset finance	16,002,526	-	(4,274,571)	11,727,955
Card and Payments	865,770	-	(146,803)	718,967
Personal unsecured lending	10,536,307	-	(4,769,180)	5,767,126
Business and other lending	36,374,635	-	(8,666,309)	27,708,326
	156,957,519	**-**	**(22,136,903)**	**134,820,616**
Stage 3 (excluding IIS)				
Home Services	21,433,617	4,280,039	-	25,713,656
Vehicle and asset finance	5,149,118	4,274,571	-	9,423,689
Card and Payments	67,028	146,803	-	213,831
Personal unsecured lending	10,656,375	4,769,180	-	15,425,556
Business and other lending	5,019,113	8,666,309	-	13,685,422
	42,325,252	**22,136,903**	**-**	**64,462,154**
Total	**199,282,771**	**(134,820,616)**	**(64,462,154)**	**-**

19.3 Modifications on loans and advances measured at a mortised cost

GROUP	Stage 2 Gross amortised cost before modification UShs'000	Net modification gain or loss UShs'000
Other loans and advances	26,440,104	(1,262,145)
	26,440,104	**(1,262,145)**

2021 Modifications on loans and advances measured at a mortised cost

GROUP	Stage 3 Gross amortised cost before modification UShs'000	Net modification gain or loss UShs'000
Mortgage loans	6,205,490	(1,550,888)
Other loans and advances	22,950,456	(5,311,450)
Total	29,155,946	(6,862,338)

The gross carrying amount for modifications during the reporting year that resulted net modification gain or loss is UShs 57.4 billion (2021: UShs 351.7 billion).

19.4 The loans and advances to customers include finance lease receivables for both BCC and CHNW and CIB as follows:

Vehicle and Asset Finance	2022 UShs' 000	2021 UShs' 000
Gross investment in finance leases		
No later than 1 year	111,952,419	123,852,049
Later than 1 year but no later than 5 years	18,572,981	15,112,493
Later than 5 years	6,046,876	20,487,825
Investment in finance leases	**136,572,276**	159,452,367

20. Deferred Tax asset

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2022 UShs' 000
At start of year	46,355,807	44,542,719	3,773,211	850,042
(Credit)/charge to profit or loss	(3,689,076)	10,579,252	2,655,369	2,923,169
Prior year tax (over) / under statement	(2,001)	-	-	-
Financial investments	3,432,271	(8,766,164)	-	-
At end of year	**46,097,001**	**46,355,807**	**6,428,580**	**3,773,211**
Deferred income tax assets				
Provisions for loans and advances	22,654,303	22,351,020	-	-
Financial investments	(4,178,001)	(7,608,271)	-	-
Other deductible temporary differences	44,514,113	51,443,660	6,454,025	3,803,954
	62,990,415	**66,186,409**	**6,454,025**	**3,803,954**
Deferred income tax liabilities				
Property, equipment and right-of-use assets	(16,893,414)	(19,830,602)	(25,445)	(30,743)
Net deferred income tax asset	**46,097,001**	**46,355,807**	**6,428,580**	**3,773,211**
Income statement movement				
Property, equipment and right-of-use assets	2,941,216	1,665,379	5,298	(371,528)
Provisions for loans and advances	303,283	4,299,944	-	-
Other deductible temporary differences	(6,933,575)	4,613,929	2,650,071	3,294,697
	(3,689,076)	**10,579,252**	**2,655,369**	**2,923,169**

Other deductible temporary differences include deferred income UShs 3.8 billion (2021: UShs 4.3 billion), bonus provisions UShs 22.7 billion (2021: UShs 18.8 billion), deferred tax on leases UShs 1.3 billion (2021: UShs 0.7 billion) and fair value on derivatives and trading assets UShs 9.7 billion (2021: UShs 23.2 billion).

21. Other assets

	GROUP			COMPANY
	2022	2021	2021	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Clearances in transit	6,747,781	3,434,777	-	-
Prepayments	38,559,551	25,441,431	-	13,365
Fees receivable	12,479,381	6,585,115	-	-
Mobile wallet balances	75,096,820	159,812,763	-	-
Other accounts receivable	71,365,552	71,737,304	102,550	492,824
	204,249,085	**267,011,390**	**102,550**	**506,189**

Due to the short-tern nature of these assets and historical experience, other financial assets are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The fees receivable includes custody fees UShs 0.62 billion (2021: UShs 0.6 billion), structured fees UShs 4.8 billion (2021 UShs 1.4 billion). Other accounts receivable includes spot transactions from counter parties of UShs 57 billion (2021: UShs 55.9 billion).

22 Goodwill and other intangible assets

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment of goodwill identified in 2022 (2021: nil). Intangible assets relate to Finacle-core banking system, New Business Online (Bol) and records management software developed to digitise the customer (KYC) records for the Group.

GROUP	Computer software UShs' 000	Goodwill UShs' 000	Work in progress UShs' 000	Total UShs' 000
Cost				
At 1 January 2022	149,701,988	1,901,592	-	151,603,580
Additions	297,435	-	-	297,435
Transfers	-	-	-	-
At 31 December 2022	**149,999,423**	**1,901,592**	**-**	**151,901,015**
Amortisation				
At 1 January 2022	69,310,167	-	-	69,310,167
Charge for the year	15,162,264	-	-	15,162,264
At 31 December 2022	**84,472,431**	**-**	**-**	**84,472,431**
Net book value as at 31 December 2022	**65,526,992**	**1,901,592**	**-**	**67,428,584**
Cost				
At 1 January 2021	145,721,207	1,901,592	93,540	147,716,339
Additions	3,206,781	-	680,460	3,887,241
Transfers	774,000	-	(774,000)	-
At 31 December 2021	**149,701,988**	**1,901,592**	**-**	**151,603,580**
Amortisation				
At 1 January 2021	54,268,763	-	-	54,268,763
Charge for the year	15,041,404	-	-	15,041,404
At 31 December 2021	69,310,167	-	-	69,310,167
Net book value as at 31 December 2021	**80,391,821**	**1,901,592**	**-**	**82,293,413**

23. Property, equipment and right-of-use assets

	Property		Equipment			Right-of-use asset			
GROUP	**Land and buildings UShs' 000**	**Furniture, fittings and equipment UShs' 000**	**Computer equipment UShs' 000**	**Motor vehicles UShs' 000**	**Work in progress UShs' 000**	**Building UShs' 000**	**Branches UShs' 000**	**ATM Spacing and others UShs' 000**	**Total UShs' 000**
Cost									
At 1 January 2022	3,402,996	83,028,632	106,194,989	10,036,021	129,475	36,101,029	26,180,704	11,850,124	276,923,970
Additions	-	4,404,948	9,391,841	3,224,863	369,100	3,190,394	5,355,417	3,028,075	28,964,638
Transfers	-	143,588	-	-	(143,588)	-	-	-	-
(Disposals)/ modification	-	(1,602,114)	(3,104,618)	(788,824)	-	5,549,018	(179,566)	(107,442)	(233,546)
At 31 December 2022	**3,402,996**	**85,975,054**	**112,482,212**	**12,472,060**	**354,987**	**44,840,441**	**31,356,555**	**14,770,757**	**305,655,062**
Depreciation									
At 1 January 2022	1,355,637	71,453,539	80,510,731	7,263,267	-	17,936,093	14,890,674	7,969,401	201,379,342
Charge for the year	68,966	5,062,751	11,382,770	1,625,646	-	8,590,555	4,967,859	2,517,180	34,215,727
On disposals	-	(1,595,532)	(3,099,741)	(788,824)	-	-	-	-	5,484,097
At 31 December 2022	1,424,603	74,920,758	88,793,760	8,100,089	-	26,526,648	19,858,533	10,486,581	230,110,972
Net book value as at 31 December 2022	**1,978,393**	**11,054,296**	**23,688,452**	**4,371,971**	**354,987**	**18,313,793**	**11,498,022**	**4,284,176**	**75,544,090**
Cost									
At 1 January 2021	3,402,996	83,166,208	103,977,905	9,055,938	-	21,197,919	24,564,827	10,177,224	255,543,017
Additions	-	2,034,940	5,640,290	1,058,858	218,655	14,572,159	3,663,766	2,897,110	30,085,778
Transfers	-	89,180	-	-	(89,180)	-	-	-	-
(Disposals)/ modification	-	(2,261,696)	(3,423,206)	(78,775)	-	330,951	(2,047,889)	(1,224,210)	(8,704,825)
At 31 December 2021	3,402,996	83,028,632	106,194,989	10,036,021	129,475	36,101,029	26,180,704	11,850,124	276,923,970
Depreciation									
At 1 January 2021	1,286,672	67,664,448	71,644,177	5,951,731	-	11,739,117	10,073,657	5,765,285	174,125,087
Charge for the year	68,965	6,050,692	12,289,564	1,390,311	-	6,196,976	4,817,017	2,204,116	33,017,641
On disposals	-	(2,261,601)	(3,423,010)	(78,775)	-	-	-	-	(5,763,386)
At 31 December 2021	1,355,637	71,453,539	80,510,731	7,263,267	-	17,936,093	14,890,674	7,969,401	201,379,342
Net book value as at 31 December 2021	2,047,359	11,575,093	25,684,258	2,772,754	129,475	18,164,936	11,290,030	3,880,723	75,544,628

COMPANY	Property Land and buildings USh's' 000	Furniture, fittings and equipment UShs' 000	Computer equipment UShs' 000	Motor vehicles UShs' 000	Work in progress UShs' 000	Equipment Building UShs' 000	Total UShs' 000
Cost							
At 1 January 2022	-	745,910	67,518	440,678	109,475	1,042,981	2,406,562
Additions	-	38,313	19,674	-	-	-	57,987
Transfers	-	109,475	-	-	(109,475)	-	-
At 31 December 2022	-	**893,698**	**87,192**	**440,678**	-	**1,042,981**	**2,464,549**
Depreciation							
At 1 January 2022	-	224,409	16,843	73,446	-	492,105	806,803
Charge for the year	-	159,845	20,441	88,136	-	343,859	612,281
On disposals	-	-	-	-	-	-	-
At 31 December 2022	-	384,254	37,284	161,582	-	835,964	1,419,084
Net book value as at 31 December 2022	-	**509,444**	**49,908**	**279,096**	-	**207,017**	**1,045,465**
Cost							
At 1 January 2021	-	639,481	38,584	-	-	421,930	1,099,995
Additions	-	106,429	28,934	440,678	109,475	621,051	1,306,567
Transfers	-	-	-	-	-	-	-
At 31 December 2021	-	745,910	67,518	440,678	109,475	1,042,981	2,406,562
Depreciation							
At 1 January 2021	-	86,281	3,617	-	-	148,246	238,144
Charge for the year	-	138,128	13,226	73,446	-	343,859	568,659
On disposals	-	-	-	-	-	-	-
At 31 December 2021	-	224,409	16,843	73,446	-	492,105	806,803
Net book value as at 31 December 2021	-	521,501	50,675	367,232	109,475	550,876	1,599,759

Right-of-use assets relates to leased branches, ATMs and buildings.

Disposals of right-of-use assets under Group amounted to UShs 227 million (2021: UShs Nil) while modifications of right-of-use assets totaled UShs 5.1 billion (2021: UShs 3 billion).

24. Ordinary share capital

GROUP	Number of ordinary shares (thousands)	Ordinary share capital UShs' 000	Total UShs'000
Issued and fully paid			
At 31 December 2021	51,188,670	51,188,670	51,188,670
At 31 December 2022	51,188,670	51,188,670	51,188,670

The par value of ordinary shares is UShs 1 per share. The holders of the ordinary shares are entitled to one vote per share at the annual or special general meeting of the Bank. They are also entitled to dividends when declared.

25. Fair value through other comprehensive income

	GROUP 2022 UShs' 000	2021 UShs' 000
At start of year	18,038,214	(2,513,543)
Net gains/(losses) from changes in fair value	(11,440,904)	29,220,552
Deferred tax on fair value change	3,432,271	(8,766,166)
Net change in expected credit losses	99,547	97,371
Net movement for the year	(7,909,086)	20,551,757
At end of year	**10,129,128**	**18,038,214**

26. Statutory credit risk reserve

The statutory credit risk reserve represents amounts by which provisions for impairment of loans and advances, determined in accordance with the Financial Institutions Act 2004, as amended exceed those determined in accordance with International Financial Reporting Standards.

	GROUP	
	2022	2021
	UShs' 000	UShs' 000
Specific provisions (regulatory)	72,120,658	85,984,754
General provisions (regulatory)	61,950,720	57,377,297
BoU provisions	**134,071,378**	**143,362,051**
Less		
Stage 3 (in accordance with IFRS)	77,002,803	86,958,342
Stage 1 and stage 2 (in accordance with IFRS)	75,856,946	74,788,984
IFRS provisions	**152,859,749**	**161,747,326**
Difference	**(18,788,371)**	**(18,385,275)**
Statutory credit risk reserves	-	-

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings, otherwise, no further accounting entries are made. 2022: nil (2021: nil).

27. Derivatives

The Group uses currency forward derivative instruments and interest rate derivatives for trading and economic hedge purposes. Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market foreign exchange rates on hand relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities.

The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Group's participation in derivative contracts.

	Fair value of assets amount		Fair value of liabilities		Notional	
GROUP	2022	2021	2022	2021	2022	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Interest rate swaps	68,518,217	70,852,475	(54,079,141)	(70,271,575)	3,482,014,020	3,273,557,564
Currency options	23,775,644	18,831,829	(24,122,455)	(19,016,597)	779,637,087	1,270,631,848
Currency forwards	8,305,729	6,029,381	(22,299,609)	(13,782,283)	468,845,950	919,935,015
Currency swap	10,725,426	33,450,356	(48,581,153)	(101,991,049)	2,059,943,620	831,736,364
	111,325,016	129,164,041	**(149,082,358)**	(205,061,504)	**6,790,440,677**	6,295,860,791

The maturity analysis of the fair values of derivative instruments held is set out below.

31 December 2022	Less than 1 year USh's' 000	1-5 years UShs' 000	Over 5 years UShs' 000	Total UShs' 000
Assets				
Interest rate swaps	75,495	14,396,228	54,046,494	68,518,217
Currency options	3,113,849	20,661,795	-	23,775,644
Currency forwards	4,610,664	3,695,065	-	8,305,729
Currency swap	7,696,778	3,028,648	-	10,725,426
Fair value of assets	**15,496,786**	**41,781,736**	**54,046,494**	**111,325,016**
Liabilities				
Interest rate swaps	-	(32,647)	(54,046,494)	(54,079,141)
Currency options	(3,113,927)	(21,008,528)	-	(24,122,455)
Currency forwards	4,797,305)	(17,502,304)	-	(22,299,609)
Currency swap	(1,654,430)	(46,926,723)	-	(48,581,153)
Fair value of liabilities	(9,565,662)	(85,470,202)	(54,046,494)	(149,082,358)
Net fair value	**5,931,124**	**(43,688,466)**	**-**	**(37,757,342)**
31 December 2021				
Assets				
Interest rate swaps	-	913,835	69,938,640	70,852,475
Currency options	4,304,447	14,527,382	-	18,831,829
Currency forwards	1,956,048	4,073,333	-	6,029,381
Currency swap	22,790,701	10,659,655	-	33,450,356
Fair value of assets	29,051,196	30,174,205	69,938,640	129,164,041
Liabilities				
Interest rate swaps	-	(332,935)	(69,938,640)	(70,271,575)
Currency options	(4,334,014)	(14,682,583)	-	(19,016,597)
Currency forwards	(2,308,867)	(11,473,416)	-	(13,782,283)
Currency swap	(5,230,819)	(96,760,230)	-	(101,991,049)
Fair value of liabilities	(11,873,700)	(123,249,164)	(69,938,640)	(205,061,504)
Net fair value	17,177,496	(93,074,959)	-	(75,897,463)

The weighted average effective interest rate on customer deposits was 0.63% (2020: 0.63%)

28. Deposits from customers

	GROUP	
	2022 UShs' 000	2021 UShs' 000
Current and demand deposits	4,967,871,754	4,970,751,135
Savings accounts	658,047,491	531,547,555
Fixed and call deposit accounts	504,148,059	238,744,476
Flexipay wallet deposit	1,189,173	366,656
	6,131,256,477	5,741,043,166
Current	6,108,452,212	5,741,043,166
Non-current	22,804,265	-
	6,131,256,477	**5,741,043,166**

The weighted average effective interest rate on customer deposits was 0.75% (2021: 0.63%). Included in customer deposits are electronic wallet deposits relating to Flexipay customers amounting to UShs 1.2 billion (2021: UShs 367 million) and MTN and Airtel escrow balances of UShs 137 billion (2021: UShs 310 billion).

29. Deposits from banks

		GROUP
	2022	2021
	UShs' 000	UShs' 000
Balances due to other banks - local currency	131,997,221	57,679,704
Balances due to other banks - foreign currency	10,095,639	97,395,410
	142,092,860	155,075,114

	2022	2021
	UShs' 000	UShs' 000
Trading Liabilities		
Due to banks	100,112,002	43,666,351
Due to individuals and companies	357,750,250	54,641,314
Total	**457,862,252**	**98,307,665**

30. Borrowed funds

		GROUP
	2022	2021
	UShs' 000	UShs' 000
Bank of Uganda: Agricultural Credit Facility	30,958,328	54,910,821
Other borrowed funds	6,366,319	110,285,664
	37,324,647	165,196,485
Movement Analysis		
As at 1 January	175,196,485	43,346,567
New disbursements (BOU)	1,500,000	13,775,000
New disbursements (others)	308,411	120,285,664
Payments Others	(114,227,756)	(2,210,746)
Payments to BOU	(25,452,493)	-
Net movement	(137,871,838)	131,849,918
As at 31 December	**37,324,647**	175,196,485

The Government of Uganda, through Bank of Uganda (BOU), set up an Agricultural Credit Facility scheme for the purpose of supporting agricultural expansion and modernization in partnership with commercial banks. All eligible Stanbic Bank Uganda Limited customers receive 50% financing from the Government of Uganda through the Bank of Uganda administered credit facility while the remaining 50% is provided by the Bank. The outstanding balance as at 31 December 2022 was UShs 30,958 million (2021: UShs 54,911million). The Bank does not pay any interest to the Government of Uganda. Refunds to the government are made half yearly and as at 31 December 2021; the last payable instalment is due on 18 November 2029. The Bank complied with all the terms and conditions of the agreements during the year.

As part of the Bank's foreign currency funding plan, the Bank borrowed Euro 25 million from Standard Chartered London to support it's foreign currency assets. The loan is priced against Euribor with a tenor of 1 year."

As part of the efforts to support the recovery of the economy following the effects of COVID19, Stanbic Bank partnered with several entities that include ABI Finance Limited to support the lower echelons of the economy which has Village Savings and Lending Associations (VSLA), Savings and Credit Cooperative Organisations (SACCO), Cooperatives and Microfinance institutions. In 2021, SBU and ABI signed an agreement for a concessional funding of UShs 20billion to support on lending to the listed entities operating in the agricultural sector. As at 31 December 2021, the Bank had received 1st tranche of UShs 10 billion. As at 31 December 2022 the outstanding borrowed funds amounted to UShs 6.3bn.

31. Other liabilities

	GROUP 2022 USHs' 000	GROUP 2021 USHs' 000	COMPANY 2022 USHs' 000	COMPANY 2021 USHs' 000
Uganda Revenue Authority - tax revenue collections	11,578,774	9,943,574	(241,808)	196,496
Bills payable	152,306,159	173,689,786	508,648	529,917
Unclaimed balances	61,894,122	45,658,075	-	-
Sundry creditors	66,853,679	63,396,212	55,937	51,298
Unearned fees and commission income	2,581,651	3,164,734	-	-
Dividends payable	17,691,474	15,917,796	17,691,474	15,917,796
Expected credit loss for off-balance sheet exposures	2,606,114	4,733,611	-	-
Lease liabilities	36,008,135	33,955,759	310,360	600,473
Accepted letters of credit	107,342,389	187,926,288	-	-
Other liabilities	50,252,520	46,066,378	2,872,832	2,332,804
	509,115,017	**584,452,213**	**21,197,443**	**19,628,784**

Included in other liabilities under Group for 2022 is staff cost provisions of UShs 43 billion (2021: UShs 37 billion). Bills payable include; country driven change the Bank projects of UShs 38.4 billion (2021: UShs 43.4 billion), UShs 5.7 billion digital financial inclusion contribution (2021: UShs 8.6 billion), Legal provisions UShs 11.5 billion (2021: UShs 15 billion).

aBi 2020 limited also extended a grant of UShs 1.2 billon towards digitisation of SACCOs, VSLAs, Cooperatives and Microfinance institutions to drive financial inclusion and efficiencies to run their businesses. As at 31 December 2022, the Bank had received 1st tranche of UShs 1.2 billion reported under other liabilities.

31.1 Reconciliation of expected credit losses for off-balance sheet exposure

GROUP	Opening ECL	Income statement movements				Net impairments raised/ (released)	Exchange and other movements	Closing ECL
Year ended 31 December 2022		Total transfers between stages	ECL on new Exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition			
	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000
Letters of credit and bank acceptances								
Stage 1	(155,725)	(25,414)	(2,928)	(345,825)	2,683	(371,484)	-	(527,209)
Stage 2	(25,414)	(84,571)	-	102,881	-	18,310	-	(7,104)
Stage 3	(109,985)	109,985	-	(1)	46,212	156,196	-	46,211
Guarantees								
Stage 1	(2,883,767)	-	(102,554)	944,639	40,568	882,653	24,245	(1,976,869)
Stage 2	(590)	(1,511,919)	(9)	1,414,579	590	(96,759)	2,417	(94,932)
Stage 3	(1,558,130)	1,511,919	-	-	1,251	1,513,170	(1,251)	(46,211)
Total	**(4,733,611)**	**-**	**(105,491)**	**2,116,273**	**91,304**	**2,102,086**	**25,411**	**(2,606,114)**

GROUP	Opening ECL	Income statement movements				Net impairments raised/ (released)	Exchange and other movements	Closing ECL
Year ended 31 December 2021		Total transfers between stages	ECL on new Exposures raised	Subsequent changes in ECL	Change in ECL due to derecognition			
	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000	USHs' 000
Letters of credit and bank acceptances								
Stage 1	(144,202)	(485)	(2,304)	(2,304)	(36,334)	20,328	7,272	(155,725)
Stage 2	(485)	485	(25,421)	(25,421)	-	-	7	(25,414)
Stage 3	(352,374)	-	232,767	232,767	-	-	9,622	(109,985)
Guarantees								
Stage 1	(2,625,970)	(70,421)	(499,132)	(499,132)	298,000	1,664	12,092	(2,883,767)
Stage 2	(480,603)	70,421	196	196	-	410,182	(786)	(590)
Stage 3	(1,321,344)	-	(280,066)	(280,066)	(570)	6,172	37,678	(1,558,130)
Total	(4,924,978)	-	(573,960)	(573,960)	261,096	438,346	65,885	(4,733,611)

31.2 Reconciliation of lease liabilities

GROUP	At 1 January 2022	Additions/ modification	Terminations/ modifications and or Cancellations	Interest Expense	Payments	At 31 December 2022
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Buildings	(16,150,348)	(2,313,863)	(5,549,018)	(1,158,353)	6,319,867	(18,851,715)
Branches	(13,470,019)	(5,355,420)	179,569	(707,999)	6,524,002	(12,829,867)
ATM spaces and others	(4,335,392)	(3,028,285)	107,653	(384,037)	3,313,508	(4,326,553)
Total	**(33,955,759)**	**(10,697,568)**	**(5,261,796)**	**(2,250,389)**	**16,157,377**	**(36,008,135)**

GROUP	At 1 January 2021	Additions/ modification	Terminations/ modifications and or Cancellations	Interest Expense	Payments	At 31 December 2021
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Buildings	(6,644,431)	(14,572,158)	(330,951)	(1,080,440)	6,477,632	(16,150,348)
Branches	(14,995,427)	(3,663,766)	2,047,892	(945,752)	4,087,034	(13,470,019)
ATM spaces and others	(5,704,580)	(2,897,110)	1,224,209	(293,135)	3,335,224	(4,335,392)
Total	(27,344,438)	(21,133,034)	2,941,150	(2,319,327)	13,899,890	(33,955,759)

The Group leases various offices, branch spaces and ATM spaces. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

COMPANY	Balance 1 January 2022	Additions/ modification	Terminations/ modifications and or Cancellations	Interest Expense	Payments	Balance 31 December 2022
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Buildings	(600,473)	-	-	(40,938)	331,051	(310,360)
Total	**(600,473)**	**-**	**-**	**(40,938)**	**331,051**	**(310,360)**

COMPANY	Balance 1 January 2021	Additions/ modification	Terminations/ modifications and or Cancellations	Interest Expense	Payments	Balance 31 December 2021
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Buildings	(326,053)	-	(621,051)	(75,253)	421,884	(600,473)
Total	**(326,053)**	**-**	**(621,051)**	**(75,253)**	**421,884**	**(600,473)**

31.3 Maturity of undiscounted contractual cash flows for lease liabilities

GROUP For the year ended 31 December 2022	Within 1 year	From 1 to 5 years	More than 5 years	Total
	UShs'000	UShs'000	UShs'000	UShs'000
Buildings	(679,727)	(17,097,703)	(1,258,772)	(19,036,202)
Branches	(1,251,640)	(8,496,149)	(5,503,468)	(15,251,257)
ATM Spaces & others	(206,540)	(5,713,475)	(92,500)	(6,012,515)
Total	**(2,137,907)**	**(31,307,327)**	**(6,854,740)**	**(40,299,974)**
For the year ended 31 December 2021				
Buildings	(413,665)	(20,802,316)	-	(21,215,981)
Branches	(426,793)	(14,895,725)	-	(15,322,518)
ATM Spaces & others	(626,811)	(4,776,537)	(93,700)	(5,497,048)
	(1,467,269)	**(40,474,578)**	**(93,700)**	**(42,035,547)**

Maturity of undiscounted contractual cash flows

COMPANY

For the year ended 31 December 2022	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	239,306	-	-	239,306
Total	**239,306**	**-**	**-**	**239,306**
For the year ended 31 December 2021				
Buildings	158,791	478,613	-	637,404
	158,791	**478,613**	**-**	**637,404**

31.4 Reconciliation of staff cost provision

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Opening Balance 1 January	36,209,839	34,801,049	2,011,110	329,371
Less: provision utilisation	(37,376,768)	(35,250,714)	(1,015,171)	(315,605)
Add: New provision made in the year	47,456,729	36,659,504	1,063,851	1,997,344
Closing balance 31 December	**46,289,797**	**36,209,839**	**2,059,790**	**2,011,110**

31.5 Reconciliation of litigation provision

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Opening Balance 1 January	15,449,423	12,436,332	-	-
Add: New provisions made in the year	83,681	3,411,006	-	-
Less: Cases settled	(36,830)	(254,293)	-	-
Less: Adjustments in provisions	(4,043,345)	(143,622)	-	-
Closing balance 31 December	**11,452,929**	15,449,423	-	-

32 Subordinated debt

GROUP At 31 December 2022	Date of issue	Carrying value UShs' 000	Notional value UShs' 000
Subordinated loan facility - Standard Bank South Africa	1 April 2021	75,931,416	71,753,914
		75,931,416	71,753,914
At 31 December 2021			
Subordinated loan facility - Standard Bank South Africa	1 April 2021	71,753,914	71,753,914
		71,753,914	71,753,914

Movement analysis	2022 UShs' 000	2021 UShs' 000
At 1 January	71,753,914	73,022,525
Interest expense	4,954,435	3,807,113
Interest paid	(4,259,699)	(4,821,263)
Exchange rate movement	3,482,766	(254,461)
Net movement	4,177,502	(1,268,611)
At 31 December	**75,931,416**	71,753,914

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan was sourced to supplement the Group's capital and diversify funding sources and amounted to USD 20 million at a rate of Libor plus 4.77% as at 31st December 2022.

33. Dividends

GROUP AND COMPANY	2022 UShs' 000	2021 UShs '000
(i) Dividends paid		
Final dividend for the year ended 31 December 2021	50,000,000	-
Interim dividend for the year ended 31 December 2022	50,000,000	-
	100,000,000	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of UShs 185 billion (2021: UShs 50 billion).	**185,000,000**	50,000,000

The Directors recommend payment of dividends per share of UShs 3.61 per share totalling UShs 185 billion for the year ended 31 December 2022. (2021: UShs 50 billion). In the 2021 annual general meeting held in June 2022 dividends of UShs 0.98 per share totalling UShs 50 billion were declared and subsequently paid.

In addition, during the year ended 31 December 2022, the Directors declared interim dividends of UShs 0.98 per share totalling UShs 50 billion which were paid in the year. (2021: Nil).

Payment of the dividend is subject to withholding tax as per the provisions of the Uganda Income Tax Act depending on the residence of the shareholders.

34 Off-balance sheet financial instruments, contingent liabilities, and commitments

In common with other banks, the Group's banking subsidiary, Stanbic Bank Uganda Limited conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the statement of financial position.

GROUP	2022 UShs' 000	2021 UShs' 000
Contingent liabilities		
Acceptances and letters of credit	170,460,826	223,703,640
Guarantees and performance bonds	1,821,833,394	1,696,232,281
	1,992,294,220	**1,919,935,921**
Commitments		
Commitments to extend credit	1,536,881,106	1,237,793,640
Currency forwards	444,380,538	328,917,790
	1,981,261,644	1,566,711,430
	3,973,555,864	**3,486,647,351**

Nature of contingent liabilities

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group's banking subsidiary, Stanbic Bank Uganda Limited expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by a Bank to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer defaults. Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Group may withdraw from it's contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Pending litigation

The Group is a litigant in several other cases which arise in the normal course of business. The directors and management believe the Group has strong grounds for success in majority of the cases and are confident that they should get a ruling in their favor and none of the cases individually or in aggregate would have a significant impact on the Group's operations.

The directors have carried out an assessment of all the cases outstanding as at 31 December 2022 and where considered necessary based on the merits of each case, a provision has been raised. In aggregate the total provisions raised amount to UShs 16.8 billion (2021: UShs 14.6 billion) which are reported under other liabilities (Note 31).

Other matters

Following the 2016 amendment to the Stamp duty Act, the Uganda Revenue Authority (URA) sought to levy stamp duty of 1% of the value of the performance bonds and guarantees instead of the fixed rate of UShs 10,000. Through the Uganda Bankers Association (UBA), an appeal was made to the Tax Appeals Tribunal (TAT) to interpret the question of the tax applicable.

The TAT declined to entertain the appeal on the grounds that it was filed after the statutory 6 months within which a decision of the URA must be appealed against. The UBA challenged this position in High court on the grounds that URA and UBA continued to discuss the matter and appealed to TAT only after negotiations failed.

URA on 25 March 2019, prior to the High Court hearing, issued a demand letter for UShs 9.95 billion in connection with the above treatment. UBA and SBU immediately sought, an interim order of injunction from High Court restraining URA's enforcement of the tax liability. The main application was heard In High Court, on 30 May and an order dated 27 June 2019, staying the execution was granted on condition that the applicants deposit 30% of UShs 9.95 billion with the court.

URA sent it's objection decision on 13 June 2019 reconfirming it's earlier decision. SBU made it's appeal to the TAT on 24 June 2019 and paid the mandatory 30% of the original assessment, amounting to UShs 2.9 billion and filed it's defence in TAT on 24 June 2019.

On 21 March 2022, TAT ruled that Performance Bonds, Advance Payment Bonds, and Guarantees are "Indemnity Bonds" but Bid Bonds are not "Indemnity Bonds". Stanbic Bank Uganda Limited has therefore been held liable for stamp duty tax of UShs 6.4 billion.

Stanbic Bank Uganda Limited appealed the ruling and applied to the High Court for a stay of execution on the 31 March 2022 and the High Court of Uganda granted an order staying or restraining URA from executing/enforcing the orders of the Tax Appeals Tribunal in TAT Application 56 of 2019 including collection of the tax of UShs 6.4 billion until the hearing of the appeal.

In the event of an unsuccessful appeal process, a review of the stamp duty returns for the period 1 January 2017 to 1 October 2018 shows additional stamp duty payable of UShs 12.5 billion. The High Court is yet to schedule a hearing date.

35 Analysis of cash and cash equivalents as shown in the cash flow statement

	GROUP		COMPANY	
	2022 UShs' 000	2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
Cash and balances with Bank of Uganda	1,085,102,127	984,530,697	-	-
Cash reserve requirement	(634,950,000)	(517,340,000)	-	-
Government securities maturing within 90 days	109,732,640	62,099,989	-	-
Placements with other banks	296,078,320	1,106,253,364	-	-
Deposits from group companies	228,474,114	401,399,237	29,624,190	35,757,732
	1,084,437,201	**2,036,943,287**	**29,624,190**	**35,757,732**

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances maturing in 90 days or less from the date of acquisition including: cash and balances with central banks, treasury bills and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Uganda. (See Note 16).

36 Related party transactions

Stanbic Uganda Holdings Limited (the Group) is 80% owned by Stanbic Africa Holdings Limited incorporated in United Kingdom. The ultimate parent and controlling party of the Group is Standard Bank Group Ltd, incorporated in South Africa. There are other companies which are related to Stanbic Uganda Holdings Limited through common shareholdings or common directorships. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa, CfC Stanbic Bank Kenya Limited, Stanbic Bank Tanzania Limited, Stanbic Bank Botswana, Stanbic International Uganda Limited, Stanbic International Insurance Limited, Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited. In the normal course of business, current accounts are operated, and placings of foreign currencies are made with the parent company and other group companies at interest rates in line with the market.

Key management personnel have been defined as Stanbic Uganda Holdings Limited's board of directors and prescribed officers in the Group effective for 2022 and 2021. Non-executive directors are included in the definition of key management personnel as required by IFRS. The definition of key management personnel includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with Stanbic Uganda Holdings Limited.

Related party transactions further breakdown

	GROUP						COMPANY	
			2022 UShs' 000			2021 UShs' 000	2022 UShs' 000	2021 UShs' 000
	Parent	Other	Total	Parent	Other	Total		
Amounts due from group companies								
Placements and borrowings	3,051,631	223,689,074	226,740,705	40,332,249	359,776,039	400,108,288	27,973,547	154,995,286
Other assets	1,268,575	464,836	1,733,411	1,105,705	185,246	1,290,951	1,650,643	-
	4,320,206	**224,153,910**	**228,474,116**	**41,437,954**	**359,961,285**	**401,399,239**	**29,624,190**	**154,995,286**
Amounts due to group companies								
Deposits and current accounts	12,312,904	187,164,086	199,476,990	3,616,942	214,738,725	218,355,667	-	-
Lease liabilities	-	-	-	-	-	-	-	-
Other liabilities	20,572,607	30,364	20,602,971	42,055,319	(18,284)	42,037,035	575,785	-
	32,885,511	**187,194,450**	**220,079,961**	**45,672,261**	**214,720,441**	**260,392,702**	**575,785**	**-**
Subordinated debt due to group companies (see note 32)	75,931,416	-	75,931,416	71,753,914	-	71,753,914	-	-
Derivative asset due from group companies (see note 27)	107,525,948	-	107,525,948	42,669,747	27	42,669,774	-	-
Derivative liabilities due to group companies (see note 27)	54,781,841	243	54,781,841	118,392,616	1,167	118,393,783	-	-
Income and expenses							-	-
Interest income earned	389,319	4,049,490	4,438,809	-	310,924	310,924	-	-
Interest expense paid	4,954,435	4,135,169	9,089,604	3,807,113	3,598,403	7,405,516	-	-
Trading revenue	(83,707,630)	(45)	(83,707,630)	(47,431,830)	(46,724)	(47,478,554)	-	-
Commission	-	6,992,923	6,992,923	-	3,793,638	3,793,638	-	-
Operating expenses incurred	53,025,617	(77,198)	52,948,419	53,025,617	(77,198)	52,948,419	-	-

Stanbic Bank Uganda Limited has a joint venture agreement with Liberty Life Assurance Uganda Limited, Stanlib Uganda Limited and Liberty General Insurance Uganda Limited for which it receives a share of the profits derived from the bancassurance business. The Group also acts as an agent and receives commission.

Included in other assets is commission earned but not yet received from the bancassurance business and joint venture profit share of UShs 6.9 billion (2021: UShs 3.8 billion).

Nature of the transactions with related parties

In the normal course of business, the Group performs the following transactions with it's related parties:

- Current accounts operation and placement of foreign currencies
- IT services including procurement and maintenance of various banking systems like; Business Online (BOL)
- Payment of franchise and management fees to the parent company
- Money market borrowing and lending
- Economic hedge transactions like interest rate swaps with various clients
- Loans or borrowings

Loans to key management and related parties for the year ended 31 December 2022

GROUP 2022	Aggregate amount outstanding UShs '000	Interest Rate	Status Performing or Non performing	Facility
Directors	2,376,950	7.5%-38%	Performing	Loans and advances
Non-Executive Directors	2,450,596	7.5%-38%	Performing	Loans and advances
Executive Officers	1,313,165	7.5%-38%	Performing	Loans and advances
Credit extensions to individual affiliates	58,046	18%-19.5%	Performing	Loans and advances
Total	**6,198,757**			

No specific impairment has been recognised in respect of loans advanced to related parties (2021: nil).

Deposits with key management and related parties for the year ended 31 December 2022

GROUP 2022 Nature of related party	Aggregate Amount Outstanding UShs'000	Facility
Directors	3,234,473	Deposit
Executive Officers	13,988,915	Deposit
Credit extensions to related companies		
Uganda Breweries Ltd	20,312,882	Deposit
Total	**37,536,270**	

Loans to key management and related parties for the year ended 31 December 2021

GROUP 2021	Aggregate amount outstanding UShs '000	Interest Rate	Status Performing or Non-performing	Facility
Directors	1,389,408	7.5%-38%	Performing	Loans and advances
Non-Executive Directors	2,564,928	7.5%-38%	Performing	Loans and advances
Executive Officers	1,334,035	7.5%-38%	Performing	Loans and advances
Credit extensions to related companies				
Uganda Breweries Ltd	38,000,000	7.30%	Performing	Loans and advances
Credit extensions to individual affiliates	55,338	18%-19.5%	Performing	Loans and advances
Total	43,343,709			

No specific impairment has been recognised in respect of loans advanced to related parties (2021: nil).

Deposits with key management and related parties for the year ended 31 December 2021

GROUP 2021	Aggregate Amount Outstanding	
Nature of related party	**UShs'000**	**Facility**
Directors	504,983	Deposit
Executive Officers	898,869	Deposit
Credit extensions to related companies		
Uganda Breweries Ltd	6,181,299	Deposit
Total	7,585,151	

Companies affiliated to directors and key management are Uganda Breweries Ltd (2021; Uganda Breweries Ltd)

Loans granted to non-executive directors and their affiliates are granted at commercial rates while those granted to executive directors and executives are Mortgage – 50% of prime rate, staff miscellaneous and car loans – 75% of prime rate, study loans – 0%

Interest income	2022 UShs'000	GROUP 2021 UShs'000
Interest income from loans with key management	599,371	347,470
	599,371	347,470
Key management compensation		
Salaries and other short-term employment benefits	15,119,249	11,947,596
Post-employment benefits	1,989,829	1,657,777
	17,109,078	13,605,373
Directors' remuneration		
Directors' fees	847,187	534,667
Other emoluments included in key management compensation	9,578,488	3,612,012
	10,425,675	**4,146,679**

37. Equity linked transactions

Standard Bank Group (SBG) has two equity-settled schemes, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights. The two schemes have five different sub-types of vesting categories as illustrated by the table below.

The two schemes have five different sub-types of vesting categories as illustrated by the table below:

	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 Years
Type B	5, 6, 7	50, 75, 100	10 Years
Type C	2, 3, 4	50, 75, 100	10 Years
Type D	2, 3, 4	33, 67, 100	10 Years
Type E	3, 4, 5	33, 67, 100	10 Years

A reconciliation of the movement of share options and appreciation rights is detailed below:

	31 December 2022 Option price range (ZAR)	31 December 2022 Number of options
Options outstanding at beginning of the period	-	**3,500**
Transfers		
Lapsed		
Exercised	-	**(3,500)**
Options outstanding at end of the period	-	-

There were no share options exercised in 2022 (2021: ZAR 3,500)

Options granted to employees that had not been exercised as at 31 December 2022:

Number of ordinary shares (ZAR)	Option price range	Weighted average price (ZAR)	Option expiry period
			Year to 31 December 2022
There were no options granted to employees as at 31 December 2022			

Number of ordinary shares (ZAR)	Option price range	Weighted average price (ZAR)	Option expiry period
	0		**Year to 31 December 2021**

Equity Growth Scheme	Appreciation right price range (ZAR) 31 December 2022	Number of rights 31 December 2021
Rights outstanding at beginning of the period	-	**44,501**
Transfers	-	**(44,501)**
Rights outstanding at end of the period		

Shares Appreciation Right Scheme (SARP)

The SARP is a long-term incentive which was introduced during 2021, and represents appreciation rights allocated to employees. The converted value of the rights is effectively settled by issue of shares equivalent to the value of the rights. Vesting and expiry of the rights are indicated below:

	Year	% vesting	Expiry
SARP	**2,3,4**	**33,67,100**	4,5,6

Awards are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled.

A reconciliation of the movement of share options is detailed below:

	Average price range (rand)	Number of rights 2022	2021
SARP			
Units outstanding at beginning of the year		41,790	213,417
Transfers		(28,325)	(171,627)
Granted		-	-
Rights outstanding at the end of the year		13,465	41,790

During the year no Standard Bank Group shares (SBG) were issued to settle the appreciated rights value.
At the end of the year the Group would need to issue SBG shares to settle the outstanding appreciated rights value.

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2022.

Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
13,465	182.43	182.43	Year to 31 December 2023

The share appreciation rights granted are valued using a Black-Scholes option pricing model. Each grant is valued separately. There were no weighted fair value of the options granted per vesting and the assumptions utilized for 2021.

Cash settled deferred bonus scheme (CSDBS)

All employees granted an annual performance award over a threshold and who is in employment in a group entity domicile outside of South Africa have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are classified as cash-settled awards.

The award units are denominated in employee's host countries' local current, the value of which moves parallel to the changes in the price of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. Final pay-out is determined with reference to SBG share price on vesting date.

The following table shows cash settled deferred bonus scheme as at 31 December 2022.

					2022			
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
GHS	GHS152.64	2.51	-	-	-	-	-	-
GBP	GBP152.64	2.51	-	427	(219)	-	-	208
KES	Kes152.64	2.51	(22,390)	18,069	(3,339)	23,380	-	15,720
NAD	NAD152.64	2.51	(580)	-	(1,879)	3,706	-	1,247
UGX	UShs152.64	2.51	(10,956,712)	10,967,747	(6,847,778)	25,909,622	86,715	19,159,594
NGN	152.64	2.51	175,018	160,168	(101,684)	51,158	-	284,660
ZAR	ZAR152.64	2.51	16,112	-	5,393	(15,396)	-	6,110

					2021			
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
GHS	GHS152.64	2.51	-	-	-	-	-	-
KES	Kes152.64	2.51	-	-	(2,199)	(20,191)	-	(22,390)
NAD	NAD152.64	2.51	-	-	(1,784)	1,204	-	(580)
UGX	UShs152.64	2.51	-	8,479,776	(6,417,621)	(12,369,722)	(649,145)	(10,956,712)
NGN	152.64	2.51	-	125,751	(74,593)	123,860	-	175,018
ZAR	ZAR152.64	2.51	-	32,109	(17,540)	1,543	-	16,112

Deferred bonus scheme 2012 (DBS 2012)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the regions. The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the group's share price on vesting date.

The provision in respect of liabilities under the scheme amounts to UShs 3.1 billion (2021: UShs 2.3 billion) and the amount charged for the period was UShs 768 million (2021: UShs 1.3 billion).

	Units	
	31 December 2022	31 December 2021
Reconciliation		
Units outstanding at beginning of the year	7,368	8,869
Granted	-	3,793
Exercised	304	(3,555)
Lapsed	-	-
Transfers	(4,734)	(1,739)
Units outstanding at end of the year	2,938	7,368
Weighted average fair value at grant date (R)	-	-
Expected life (years)	-	-

Performance reward plan (PRP)

A new long-term performance driven share plan commenced in March 2014 which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, the group share incentive scheme (GSIS) and DBS post 2011.

The PRP is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

	Units	
	31 December 2022	31 December 2021
Reconciliation		
Units outstanding at beginning of the year	62,820	82,300
Granted	-	37,100
Exercised	-	-
Transfers	(37,797)	(46,936)
Lapsed	10,158	(9,644)
Units outstanding at end of the year	**35,181**	**62,820**
Weighted average fair value at grant date (R)	-	-
Expected life at grant date (years)	-	-

38 Investment in subsidiary

COMPANY	Beneficial ownership	Country of incorporation	2022	2021
			UShs'000	UShs'000
Stanbic Bank Uganda Limited	100%	Uganda	881,068,551	881,068,551
FLYHUB Uganda Limited	100%	Uganda	10,000,000	10,000,000
Stanbic Properties Limited	100%	Uganda	2,335,938	2,335,938
Stanbic Business Incubator Limited	100%	Uganda	100,000	100,000
SBG Securities Uganda Limited	100%	Uganda	3,000,000	3,000,000
			896,504,489	896,504,489

FLYHUB Uganda Limited

FLYHUB Uganda Limited ("FLYHUB") was incorporated on 8th October 2020. FLYHUB is a Fintech company that provides financial technology and innovative services as part of the group's digital transformation journey. The principal place of business for FLYHUB is Plot 5, Lower Kololo Terrace, Kampala, Uganda. PO Box 7131.

Stanbic Business Incubator Limited

Stanbic Business Incubator Limited ("SBIL") is a company limited by guarantee, incorporated on 18th May 2020 and commenced it's activities as a separate entity on 1st June 2020. SBIL was set up as part of the reorganisation process to continue training SME's in Uganda by equipping them with best business practices in management, record keeping, marketing, finance to address the challenges of short lifespan of SME's in the economy. Stanbic Bank Uganda Limited started this initiative in 2018 before the reorganisation with the Business incubator operating as a unit under Business Banking. The principal place of business for SBIL is Plot 5, Lower Kololo Terrace, Kampala, Uganda. PO Box 7395.

Stanbic Bank Uganda Limited

Stanbic Bank Uganda Limited (SBU) is a licensed financial institution under the Financial Institutions Act and is a member of the Uganda Bankers Association. The Group is engaged in the business of commercial banking and the provision of related banking services. The principal place of business for SBU is Plot 17 Hannington Road, Short Tower - Crested Towers, Kampala, Uganda. PO Box 7131.

Stanbic Properties Limited

Stanbic Properties Limited ("SPL") was incorporated on 5th February 2020 and started business operations on 1st May 2020. SPL holds and manages the real estate portfolio of the Group. Other services offered to clients include valuation services, site acquisition, property consultancy and execution of real estate projects. The principal place of business for SPL is Plot 17 Hannington Road, Tall Tower – Crested Towers, Mezzanine Floor, Kampala, Uganda. PO Box 7395.

SBG Securities Uganda Limited

SBG Securities Uganda Limited was incorporated and registered by the registrar of Companies in Uganda as a private limited liability company on 6 November 2020. SBG Securities Uganda Limited was established to acquire the business of SBG Securities Limited (Uganda Branch) and carry out other securities business in Uganda.

39. Interest rate benchmarks and reference interest rate reform

The Group has several LIBOR linked contracts that extend beyond 2022. The Group ceased booking new LIBOR linked exposures from 1 October 2021, apart from very limited circumstances to align with industry guidance and best practice. The new exposures are booked using the ARRs being SOFR, SONIA, and ESTR. In certain instances, other suitable rates may be used, such as Central Bank Policy Rates.

The table below shows the outstanding exposures that have not yet transitioned from LIBOR interest rate benchmarks:

Year ended 31 December 2022	GBP LIBOR UShs'000	USD LIBOR UShs'000	EUR IBOR UShs'000	Not subject to IBOR reform UShs'000	Total UShs'000
Derivative assets	-	54,049,007	-	57,276,010	111,325,017
Gross loans and advances	-	224,564,738	-	4,310,167,926	4,534,732,664
Total assets recognised on the balance sheet subject to IBOR reform	**-**	**278,613,745**	**-**	**4,367,443,936**	**4,646,057,681**
Derivative liabilities	-	(54,049,007)	-	(95,033,351)	(149,082,358)
Deposits and debt funding	-	-	-	(6,273,349,337)	(6,273,349,337)
Subordinated debt	-	(75,931,416)	-	-	(75,931,416)
Total liabilities recognised on the balance sheet subject to IBOR reform	**-**	**(129,980,423)**	**-**	**(6,368,382,688)**	**(6,498,363,111)**
Off balance sheet items	-	2,586,021,706	-	6,429,592,881	9,015,614,587
Total off balance sheet exposures subject to IBOR reform	**-**	**2,586,021,706**	**-**	**6,429,592,881**	**9,015,614,587**
Year ended 31 December 2021					
Derivative assets	-	70,852,477	-	58,311,564	129,164,041
Loans and advances	-	1,348,217,698	-	3,654,680,722	5,002,898,420
Total assets recognised on the balance sheet subject to IBOR reform	**-**	**1,419,070,175**	**-**	**3,712,992,286**	**5,132,062,461**
Derivative liabilities	-	(70,271,574)	-	(134,789,930)	(205,061,504)
Deposits and debt funding	-	(200,727,889)	-	(5,695,390,391)	(5,896,118,280)
Subordinated debt	-	(71,753,914)	-	-	(71,753,914)
Total liabilities recognised on the balance sheet subject to IBOR reform	**-**	**(342,753,377)**	**-**	**(5,830,180,321)**	**(6,101,179,784)**
Off balance sheet items	-	3,836,147,683	-	4,250,152,761	8,086,300,444
Total off balance sheet exposures subject to IBOR reform	**-**	**3,836,147,683**	**-**	**4,250,152,761**	**8,086,300,444**

40 Notes to the Cash Flow statement

	GROUP		COMPANY	
	2022	2021	2022	2021
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Reconciliation of net income before taxation to cash flows from operating activities				
Profit before income tax	**483,036,074**	351,210,159	**101,402,451**	(9,740,107)
Adjusted for:				
- Depreciation - property & equipment	**34,215,727**	33,017,641	**612,282**	568,659
- Amortisation of intangible assets	**15,162,264**	15,041,404	**-**	-
- Loss on disposal of fixed assets	**(324,179)**	(73,607)	**-**	-
impairment of intangibles	**-**	-	**-**	-
- write off of Assets	**-**	-	**-**	-
- Loan impairment Charges	**87,636,878**	74,908,872	**-**	-
Interest in suspense released on cured loans and advances	**(1,941,847)**	(3,154,415)	**-**	-
Modification gains and losses	**1,262,145**	6,862,338	**-**	-
- Changes in provisions and accruals	**53,729,409**	(47,828,660)	**175,016**	(1,708,392)
Cash flows from operating activities	**672,776,471**	429,983,732	**102,189,749**	(10,879,840)
Income tax paid	**(114,491,967)**	(83,593,142)	**-**	-
(Increase)/decrease in operating assets				
Decrease in derivative assets	**17,839,025**	31,753,085	**-**	-
Increase in financial investments	**(375,206,699)**	(744,556,343)	**(10,000,000)**	-
(Increase)/decrease in trading assets	**(542,724,401)**	501,219,810	**-**	-
Increase in cash reserve requirement	**(117,610,000)**	(60,350,000)	**-**	-
Increase in loans and advances to customers	**(497,848,955)**	(181,875,005)	**-**	-
Decrease/(increase) in other assets	**56,868,039**	(166,047,172)	**403,639**	(278,685)
	(1,458,682,991)	**(619,855,625)**	**(9,596,361)**	**(278,685)**
Increase/(decrease) in operating liabilities				
Increase in customer deposits	**393,772,650**	247,211,676	**-**	-
Decrease in deposits and balances due to other banks	**(12,982,254)**	(630,402,329)	**-**	-
Decrease in deposits from group companies	**(40,312,745)**	(91,214,777)	**-**	-
Decrease in derivative liabilities	**(55,979,146)**	(24,671,907)	**-**	-
(Decrease)/increase in other liabilities	**(83,985,332)**	272,258,680	**1,331,058**	(103,152,411)
	200,513,173	**(226,818,657)**	**1,331,058**	**(103,152,411)**
Net cash from operating activities	**(699,885,314)**	**(500,283,692)**	**93,924,44**	**(114,310,936)**
Cash flows from investing activities				
Purchase of property & equipment	**(17,390,752)**	(8,952,743)	**(57,988)**	(1,306,567)
Purchase of computer software	**(297,435)**	(3,887,241)	**-**	-
Proceeds from sale of property & equipment	**335,638**	73,898	**-**	-
Net cash used in investing activities	**(17,352,549)**	**(12,766,086)**	**(57,988)**	**(1,306,567)**
Cash flows from financing activities				
Principle lease payments	**(11,573,882)**	(21,133,035)	**-**	(621,051)
Dividends paid to shareholders	**(100,000,000)**	-	**(100,000,000)**	-
investment in Subsidiary	**-**	-	**-**	(3,000,000)
(Decrease)/increase in borrowed funds	**(127,871,838)**	121,849,918	**-**	-
Increase/(decrease) in subordinated debt	**4,177,502**	(1,268,611)	**-**	-
Net cash used financing activities	**(235,268,218)**	**99,448,272**	**(100,000,000)**	**(3,621,051)**

41 Retained earnings

This comprises prior period retained profits, plus profit for the year (less)/plus appropriation of statutory risk reserve less proposed dividends.

42 Subsequent events

There were no significant subsequent events to report

UGANDA IS OUR HOME,
WE DRIVE HER GROWTH / An extinct volcano crater in the Katwe region at sunset, Uganda.

SUPPLEMATARY INFORMATION

Shareholder Analysis

Top Ten shareholders as at 31 December 2022.

Rank	Name	Number of shares	%Shareholding
1.	Stanbic Africa Holdings Limited	40 950 935 760	80.00%
2.	National Social Security Funds	2 103 236 446	4.11%
3.	Duet Africa Opportunities Master Fund Ic Duet Africa Opportunities Master Fund Ic	556 592 615	1.09%
4.	Kimberlite Frontier Africa Master Fund, L.p.-Rckm Kimberlite Frontier Africa Master Fund, L.p.-Rckm	461 433 356	0.90%
5.	Bnymsanv Re Bnymsanvfft Re Oddo Bhf Asset Management Gmbh Wegen Kilimanjaro Frontier Africa Fund	376 217 538	0.73%
6.	Frontaura Global Frontier Fund Llc Frontaura Global Frontier Fund Llc	374 000 000	0.73%
7.	Sudhir Ruparelia	330 723 247	0.65%
8.	Ssbt-Change Global Frontier Markets, Lp-Cgpa	288 630 604	0.56%
9.	Bank Of Uganda Defined Benefits Scheme- Geneafrica	273 044 994	0.53%
10.	Ibulaimu Kironde Kabanda	212 610 920	0.42%

Key Shareholder Information

Stanbic Uganda is majority- owned by Stanbic Africa Holdings Limited (SAHL), which is a private limited liability company incorporated in the United Kingdom. SAHL is, in turn, wholly owned by Standard Bank Group and is the vehicle through which Standard Bank Group hold it's interests in several banks in African countries. Standard Bank Group is a limited liability Company incorporated in South Africa and is listed on the Johannesburg Stock Exchange (JSE), Standard Bank Group as at 31st December 2022 had total assets of ZAR 2.9trillion (US$177 billion), the market capitalisation of ZAR 284billion (US$ 17 billion) and employees more than 52000 (including Liberty staff)people worldwide. Standard Bank Group, whose year of funding traces back to 1862 in South Africa, trades started as Standard Bank in South Africa, Namibia, Mauritius, Mozambique and Swaziland and as Stanbic Bank throughout the remainder of the African continent. It has a wide representation, which spans 20 African Countries and owns a controlling stake in South African listed insurance company: Liberty Holdings Limited. While it's principal activities are banking and related financial services, Standard Bank Group has delivered it's operators to meet the demands of the fast changing and demanding business world, with investments in insurance, wealth management and investment. It provides a wide range of banking and related financial services.

Analysis by size of holding

Volume	No. Of Shares	%	Holders
1 - 1,000	172 708	0.00%	356
1,001 - 5,000	2 463 009	0.00%	848
5,001- 10,000	40 232 429	0.08%	4 128
10,001 - 100,000	613 766 314	1.20%	11 690
100,001 - 500,000	1 001 963 036	1.96%	3 957
500,001 - 1,000,000	600 140 652	1.17%	734
1,000,001 - 5,000,000	954 787 660	1.87%	602
> 5,000,001	47 975 143 892	93.72%	101
Register totals	**51 188 669 700**	**100.00%**	**22 416**

Stanbic Uganda Holdings Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** (AGM) of Stanbic Uganda Holdings Limited ("the Company") for the year ended December 31^{st}, 2022, will be held as a hybrid meeting—comprising of a physical meeting at the Victoria Hall at Kampala Serena Hotel, and via electronic means on **Friday**, **June 02^{nd}, 2023** at **11:00 am** to conduct the following business:

Agenda

Ordinary Business

1. To consider and, if deemed fit, pass an ordinary resolution to receive and adopt the annual audited financial statements for the year ended December 31^{st}, 2022, including the reports of the Directors and External Auditors.
2. To consider and, if deemed fit, pass an ordinary resolution to receive and adopt the recommendation of the Directors on the declaration of a final dividend for the year 2022.
3. To consider and, if deemed fit, pass an ordinary resolution to confirm the appointment and re-election of directors in accordance with the provisions of the Company articles of association.
4. To consider and, if deemed fit, pass an ordinary resolution to approve the appointment of Ernst and Young Uganda (EY) as the External Auditors of the Company for the year 2023.
5. To consider and, if deemed fit, pass an ordinary resolution to receive and approve the fees payable to the Non-Executive Directors for the year 2023.

Dated: May 11^{th}, 2023

By Order of the Board

Rita Kabatunzi

Notes

AGM registration

1. Shareholders have the option to participate in the AGM either physically or electronically. **Physical** attendance will be on a first come, first-in basis.
2. Registration shall only be done electronically for **both** physical and electronic attendance from **Thursday, May 11^{th}, 2023, at 8:00 am** and will close on **Thursday, June 01^{st} 2023, at 5:00 pm**.
3. A shareholder wishing to attend the AGM must submit a valid national identification card or, in the case of a non-Ugandan, a passport or SCD account number to facilitate verification and registration.
4. Shareholders are advised to use any of the options below to register for the AGM:
   i. Dial ***284*833#** (Uganda mobile networks) or ***483*833#** (Kenya mobile networks) and follow the prompts or,
   ii. Send an email request to be registered at **suhlagm@image.co.ke** or,
   iii. The registration link circulated to shareholders whose valid email addresses we possess.
5. Shareholders and proxies who have successfully registered to attend the AGM will be able to follow the AGM proceedings, participate and ask questions in person or using the live stream platform.
6. Shareholders and proxies who have successfully registered will receive a short message service (SMS/USSD) prompt on their registered mobile numbers 24 hours before the AGM with a reminder of the AGM and a link to the live stream. A second SMS/USSD prompt shall be sent one hour before the AGM. By registering to attend the AGM, shareholders consent to receive all messages about the AGM.
7. For support during registration, please call 0762 260 804 (MTN) or 0758 336 660 (Airtel) or email **suhlagm@image.co.ke.** Shareholders are encouraged to update their contact details. Please get in touch with the share registrar, Custody & Registrars Services Uganda, at **shareholder@candrgroup.co.ug** or call +256 757 072 773 or 0760 451945 or 0414 237504.

Proxies

8. To ensure that all votes on the proposed resolutions are considered, shareholders unable to attend the AGM in person are encouraged to fill in and return a proxy form which can be found in the Annual Report or downloaded from the Company website **www.stanbic.co.ug**
9. Duly completed proxy forms should be delivered to the Company Secretary at the address below or emailed to **suhlagm@image.co.ke** at least 48 hours before the scheduled time for the meeting. In default of this, it shall be treated as invalid.

Voting

10. During the meeting, shareholders will receive an SMS prompt with instructions on their registered mobile phone number, alerting them to propose and second the resolutions in the Notice.
11. Voting for physical and electronic attendees shall be done **electronically** using the VOTE tab on the live stream link and via USSD. All registered shareholders and proxies may vote (when prompted) using the live stream link or the USSD prompts.

Shareholders' right to ask questions.

12. Shareholders interested in asking questions or clarifications regarding the AGM may do so by:
    i. Sending their written questions by email to **suhlagm@image.co.ke** or **shareholder@candrgroup.co.ug**
    ii. Via SMS by dialing the USSD code *284*833# (Uganda network) or *483*833# (Kenya Network) and selecting the option (Ask Question) on the prompts or,
    iii. Via the Question Tab or dial-in options on the live stream link during the AGM or,
    iv. To the extent possible by physically delivering their written questions with a physical return address or email address below or,
13. Although a few questions shall be answered during AGM, all questions shall be responded to. A complete list of all questions received with responses will be published on the Company's website following the conclusion of the AGM.

AGM Information

14. The Notice of the AGM, annual report, audited financial statements, and proxy form will be uploaded onto the Company website, **www.stanbic.co.ug.** The reports may also be accessed via the live stream link or the USSD codes in clause 12 (ii) under the Reports option.

Dividends

15. In July 2022, shareholders were paid an interim dividend worth UGX 50Bn for the year 2022. The Board recommends, for Shareholders approval, a final dividend of Ushs 3.61 per ordinary share (UGX 185Bn) be paid for the year ended December 31^{st}, 2022, subject to withholding tax deductions where applicable.
16. The dividend, if approved at the AGM, will be paid on or about **July 25^{th}, 2023**, to shareholders whose names appear on the share register at the close of business on **July 4^{th}, 2023.**
17. To update payment details to receive the dividends through mobile money, Flexipay or Bank accounts, shareholders are encouraged to visit the Company's Share Registrar, Custody & Registrars Services Uganda Ltd on 4^{th} Floor, Rm 403, Diamond Trust Building, Kampala Road, or their preferred broker.
18. Shareholders who have not received past declared dividends are requested to email **shareholder@candrgroup.co.ug** or call +256 757 072 773.

Immobilisation

19. The Uganda Securities Exchange (USE) directed shareholders of listed companies to immobilise their shares. This allows shareholders to transition their physical certificates into Digital form and continue trading in shares. Shareholders are encouraged to embrace this development and engage any registered Securities Central Depository Agents listed on the USE website at **https://www.use.or.ug** to open their SCD accounts.

Proxy Form

Stanbic Uganda Holdings Limited

(Registration number **80020001344445**) ("the Company")

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

I/We...

(Name in block letters)

of ....

(Address in block letters), being a shareholder(s) and the holder(s) of .... ordinary shares of Ushs. 1 each and entitled to vote, hereby appoint:

1...

or, failing him/her

2. ....

or, failing him/her the Chairman of the Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday June 02nd 2023 at 11:00am, and at any adjournment thereof as follows;

AGENDA	For	Against	Abstain
Ordinary resolution to:			
Receive and Adopt the annual audited financial statements for the year ended December 31st, 2022, including the reports of the Directors and External Auditors.			
Receive and adopt the recommendation of the Directors on the declaration of a final dividend for the year 2022.			
Confirm the appointment of Mr Baker Magunda as an Independent Non-Executive director in accordance with the provisions of the Company Articles of Association.			
Appointment of Ernst and Young Uganda (EY) as the External Auditors of the Company for the year 2023.			
Receive and approve the fees payable to the Non-Executive Directors for the year 2023			

Please indicate a cross or tick for each resolution above how you wish your votes to be cast. The 'abstain' option above is provided to enable you to withhold your vote on any resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution. If no options are marked, the proxy can vote as he/she deems fit

Signature; ....

Dated this .... day of ...., 2023

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. To be effective, completed proxy forms must be lodged with the registered office at Crested Towers, Short Tower 17 Hannington Road, or emailed to suhlagm@image.co.ke at least 48 hours before the scheduled time for the meeting.
3. The Chairman of the Annual General Meeting may accept or reject any proxy form which is completed or received other than in compliance with these notes.
4. The signatories must initial any alteration to this proxy form, other than the deletion of alternatives.

Our Products and Services

CORPORATE AND INVESTMENT BANKING

GLOBAL MARKETS

FOREX
- Callable FX Forwards
- FX FWD and swaps
- FX Options (Vanilla and Combo)

MONEY MARKETS /FI AND CREDIT TRADING
- Callable notice deposit /Loan (clients)
- Corporate bonds (Trading and banking book)
- Fixed /floating rate for loans & deposits (Interbank)
- Fixed Income Forward
- GM wholesale term deposits (+3 months)
- Government bonds / Eurobond
- LCY buy-sellback /sell-buyback
- T-bills

STRUCTURED DERIVATIVES
- Vanilla FX Options
- Interest rate swap
- Cross currency swap
- Vanilla interest rate options
- Dual currency deposits
- Pass through credit linked deposit
- Structured deposit

INVESTMENT BANKING

CORPORATE FINANCE
- Advisory
- Equity Capital Markets
- Equity Finance & Investments
- Structuring

DEBT CAPITAL MARKETS
- Debt Capital Markets
- Loan Syndication
- Agency & Distribution
- Securitisation

DEBT SOLUTIONS
- Corporate Financing solutions
- Energy & Infrastructure Finance
- Real Estate Finance

TRANSACTIONAL PRODUCTS AND SERVICES

CASH & LIQUIDITY MANAGEMENT
- Direct debits
- Cheque collections
- Trust accounts
- Biller payments
- Payroll processing
- Statutory payments
- Sweeps

TRADE
- Bonds / Guarantees
- Receivables Discounting
- Invoice Financing
- Import Finance
- Supplier Chain Financing

INVESTOR SERVICES
- Custody Services
- Issuer services

CONSUMER HIGH NET WORTH CLIENTS

TRANSACTIONAL ACCOUNTS
- Personal current Account
- Karibu Account
- Smart account
- Everyday banking
- Gold account
- Private banking account
- Wealth & Investment

STUDENT ACCOUNT PERSONAL LENDING
- Unsecured personal loans
- Overdrafts
- Home loan
- Building loan
- Equity Release Loan
- Vehicle and asset Finance
- Credit Card

SAVINGS & INVESTMENTS
- PureSave (local and foreign currency)
- Fixed deposit Account

BUSINESS AND COMMERCIAL CLIENTS

CURRENT ACCOUNTS
- Business current account (overdraft) commercial
- Business current account overdraft (SME)
- SME Trader account
- NGO account
- SACCO account

SAVINGS AND INVESTMENT
- Call account
- Fixed deposit account

Short term financing <12months
- Overdraft
- Business working capital
- Flexi loans

TERM FINANCING
- Medium term loans
- Vehicle & Asset Finance
- Commercial Property loans

TRADE FINANCE
- Guarantees (Bid performing, Performance, Advance payment , Suppliers)
- Letters of credit
- Documentary collection

PAYMENTS
- Flexipay
- Enterprise online (EOL)
- Business Online (BOL)
- Agency Banking

COLLECTIONS
- Flexipay
- Point of sale (POS)
- eCommerce
- School pay
- Cash Deposit machines
- ATM recyclers
- Agency Banking

ALTERNATE CHANNELS

- Internet Banking
- Mobile banking
- Business online
- Point of sale
- Automated Teller Machines
- Debit and Credit cards (VISA enabled)
- Payplus
- Payment Services Solution (water, electricity, pay TV, pension)
- Agent Banking
- Flexipay
- School Pay
- Bill payments

STANBIC PROPERTIES LIMITED

CURRENT PROPERTIES: 29 PROPERTIES ACROSS THE COUNTRY

- 26 Branches
- 2 Residencies
- 1 Warehouse
- And 13,312 Sqm of lettable space

SERVICES

- Properties and Project Management
- Design and Scope
- Project Management
- Project Monitoring and Evaluation
- Collateral Monitoring

FACILITIES MANAGEMENT

- Letting and Leasing
- Premises Maintenance
- HSE monitoring

RESEARCH AND ADVISORY SERVICES

- Property Due Diligence
- Transaction Advisory
- Market Research
- Feasibility Studies
- Market Studies
- Market Reports

SBG SECURITIES UGANDA LIMITED

- Asset management
- Brokerage
- Securities trading
- Investment advisory
- Share certificate mobilisation
- Shares account opening
- Share settlements
- Private transfer of listed shares (subject to approval by USE, CMA and Securities Depository)
- Transmission of shares in case of death or succession.

FLYHUB UGANDA LIMITED

- Digital platforms- Enable the clients to engage digitally with their customers using our cloud
- Cloud Services –Cloud native, reliable, secure and scalable platforms and services
- Applied data Science-Aggregating, processing and analysing data to generate quality insights.
- Robotic Process Automation-Automating repetitive time-consuming tasks and activities.

STANBIC BUSINESS INCUBATOR LIMITED

BUSINESS OPERATIONAL SKILLS

- Capacity building-Specialized trainings
- Mentorship & Coaching
- Business Advisory service

ACCESS TO MARKET

OPPORTUNITIES.

ACCESS TO FINANCE

- Contract financing
- SACCO Loans
- Stanbic4Her Loans
- Equity financing.

COHORT-BASED TRAINING

CUSTOMISED INCUBATOR PROGRAM

MASTERCLASSES

EXPOSURE VISITS

Our branches Country-wide

BRANCH	PLOT DETAILS	
EASTERN		
Busia Branch	Plot 1, Tororo Road, Busia Town	Tororo Road
Iganga Branch	Plot 1 & 3, Magumba Road, Iganga Town	Magumba Road
Jinja Branch	Plot 2, Martin Rd.Jinja Town	Martin Road
Kamuli Branch	Plot 2, Gabula Rd.	Gabula Road
Kapchorwa Branch	Plot 20, Kitale Road, Kapchorwa	Kitale Road
Kotido Branch	Plot 3A, Moroto Road Kotido	Moroto Road
Lugazi Branch	Plot 108 Kampala-Lugazi Highway	Kampala-Lugazi Highway
Mbale Branch	Plot 50/52, Republic Av. Mbale Town	Republic Avenue
Moroto Branch	Plot 27, Lia Road Moroto"	Lia Road
Soroti Branch	Plot 42,Gweri Rd. Soroti Town	Gweri Road
Tororo Branch	Plot 1, Block 5 Uhuru Drive, Tororo Town	Nagogera Road
Aponye Mall Branch	Plot 8, Burton street	Burton street
Kawempe Branch	Plot 165 Kyadondo Road	Kyadondo Road
Kiboga Branch	Plot 100, Block 634Kilulumba Mubende Kiboga Town	Hoima Road
GREATER KAMPALA		
Kireka	Plot 107 Block 232 Kyadondo	Jinja Road
Kyambogo Branch	Kyambogo University Campus	Kyambogo University Campus
Luwero Branch	Plot 440, Block 652 Luwero Town	Kampala/Gulu High Way
Mityana Branch	Plot 54, Block 425, Mityana Road, Mityana	
Township"	Mityana Road	
Mpigi Branch	Plot 130 Block 92 Mawokoota, Mpigi	
Mukono Branch	Plot 37/39, Kampala Road, Mukono Town	Kampala/Jinja Road
Mulago Branch	Mulago Hospital Floor No.2	Mulago Hospital
Nakivubo Branch	Plot 58, William street	William Street
Nateete Branch	Plot 643, Block 18 Mengo Kibuga, Natete	Masaka Road
Wandegeya Branch	Plot 220, Kagugube Rd. Wandegeya	Kagugube Road
William Street Branch	Plot 6, William Street, Kampala	William Street
METRO		
Acacia Branch	Kisementi, Plot 8A-12A Cooper Road	Kololo, Kampala
Aponye Branch	Plot 8 Burton street	Burton Street
Bugolobi Branch	Plot 47A Spring Road, 9 Luthuli Av.and 9 Bandari Rise	47A Spring Road, 9 Luthuli Av.and 9 Bandari Rise
Entebbe Main Branch	Plot 15,Kla.Rd. Entebbe Town	Entebbe/Kampala Road
Forest Mall Branch	Plot 3A2 & 3A3 Sports Lane, Lugogo By -Pass, Kampala	Sports Lane, Lugogo By -Pass Road
Freedom City Branch	Freedom City Mall, Plot 4010 Entebbe Road, Namasuba.	Entebbe Road
Garden City Branch	Plot 64-86 Kitante Road, Kampala	Kitante Road
Kabalagala Branch	Embassy Plaza, plot 1188,1189,1190	Kibuga, Nsambya
Kampala Branch (Corporate)	Plot 18, Hannington Road	Hannington Road
Lugogo Branch	Plot 2-8 Lugogo By-Pass Rd.Lugogo Kampala. Shop No.5"	Lugogo By-Pass Road
Makerere Branch	Senate Building Makerere University Campus	Senate Building
Metro Branch	Plot 4, Jinja Rd. Social Security House	Jinja Road
Nakasero Branch	Umoja Building, Plot 20 Nakasero Road, Opposite World Vision	Nakasero Road
Nakawa Branch	Plot M193/194 Nakawa, Industrial Area	Nakawa Industrial Area Road
Ntinda Branch	Plot 3798, Block 216 Kyadondo, Ntinda Trading Centre	

NORTHERN

Adjumani Branch	Plot 2, Plot 9, Mangi Road Adjumani	Mangi Road
Apac Branch	Plot 18, Akokoro Rd.Apac Town	Akokoro Road
Arua Branch	Plot 25,Avenue Rd.Arua Town	Avenue Road
Gulu Branch	Plot 2 & 4,Acholi Rd.Gulu Town	Acholi Road
Kigumba Branch	Plot 18, Kampala Gulu High Way	Kampala Gulu High Way
Kitgum branch	Plot 4/6, Philip Adonga Rd,	Philip Adonga Road Kitgum
Lira Branch	Plot 2,Soroti Rd. Lira	Soroti Road
Moyo Branch	Plot 1,Kerere Crescent Rd. Moyo	Kerere Crescent Road
Nebbi Branch	Nebbi Trading Centre Volume 1274 Folio 22"	Arua Road

WESTERN

Buliisa Branch	Buliisa - Paara Road, Buliisa Town	Paara Road
Bundibugyo Branch	Plot 4 Block A, Bundibugyo T/ship	Bundibugyo Road
Bwamiramira Branch	Plot 18,Karuguza T/Centre,Kibale Dist.	Karuguza Road
FortPortal Branch	Plot 20,Lugard Rd.F/Portal Town	Lugard Road
Hoima Branch	Plot 32 Main Street	Main Street
Ibanda Branch	Plot 10 - 12 Kamwege Road Ibanda	Kamwege Road
Ishaka Branch	Plot 44 Rukungiri Road, Ishaka Town	Rukungiri Road
Kabale Branch	Plots 150/152,Kabale Rd. Kabale Town	Kabale Road
Kabwohe Branch	Plot 6 Block A, Kabwohe Trading Centre	Kabwohe Road
Kalangala Branch	Kalangala Main Rd.Kalangala Town	Kalangala Main Road
Kasese Branch	Plot 27/31 Stanley Street,Kasese	Stanley Street
Kihihi Branch	Plot 63 Block 74 Kinkizi	
Kisoro Branch	Plot M5, Block 29 Kisoro/Kabale Rd. Kisolo Town	Kisoro/Kabale Road
Kyotera Branch	Plot 32, Masaka Rd.Kyotera Town	Masaka Road
Lyantonde Branch	Plot 200,Block 76 Lyantonde Town	Kampala/Mbarara Raod
Masaka Branch	Plot 4 ,Birch Av. Masaka Town	Birch Avenue
Masindi Branch	Plot29/33,Tongue Street Masindi	Tongue Street
Mbarara Branch	Plot 1/3 Ntare Rd.Mbarara Town	Ntare Road
Mubende Branch	Plot 2, Block 13 Main street Mubende	Main street
Ntungamo Branch	Plot 33, Ntungamo Township	Mbarara Kabale Road
Rukungiri Branch	Plot 123,Block 5 Kagunga	Rukungiri Town

CUSTOMER SERVICE POINTS	PLOT DETAIL	STREET/ROAD
Bwera CSP	Saad Village, Mpondwe- Lubiriha, Bwera Town	Mpondwe-Lubiriha Road
Jinja CSP	Plot 3, Lady Alice Mukoli Road	,Lady Alice Mukoli Road
Kaabong CSP	Plot 20 Kaabong Central West, Kaabong Trading Centre	Kaabong Central West Road
Kayunga CSP	Plot 472 Block 123, Kayunga Trading Centre	Kayunga Road
Kagadi CSP	Kagadi Street, Kagadi on Mugenyi street	Kagadi/Mugenyi Street
Kumi CSP	Plot 2 Ngora Road , Kumi	Ngora Road
Pakwach CSP	Plot 94 Pakwach , Arua road	Arua Road
Kakira CSP	Kakira South Estate FRV 10 Folio 23, Kakira	Kakira South Estate Road
Kinyara CSP	Kinyara Estate	Kinyara Estate
Mayuge CSP	Owere Shoppers Akedi, Mayuge Town	Bukoba Road
Wobulenzi CSP	Plot 123 Block 159 Bulemezi, Wobulenzi Trading Centre	Kampala Gulu High Way

Company Information

Registered/ Head Office
Crested Towers, Short Tower
17 Hannington Road
Kampala, Uganda
P.O. Box 7395 & 7131 Kampala, Uganda
Fax: +256 41 4230608

Company Secretary
Rita Kabatunzi
11th Floor Crested Towers, Short Tower
17 Hannington Road Kampala, Uganda
P.O. Box 7395 & 7131 Kampala, Uganda
Tel: +256 31 2224338

Share Registrars
Custody and Registrar Services (Uganda) Limited
4th Floor, Diamond Trust Centre,
17/19 Kampala Road, Kampala, Uganda
Telephone: +256 414 237504

Auditors
PricewaterhouseCoopers
Certified Public Accountants,
Communications House,
1 Colville Street,
P. O. Box 882, Kampala Uganda.

Contact Details

Chief Financial Officer
Ronald Makata
Tel: +256 41 7 154 396

Company Secretary
Rita Kabatunzi
Tel: +256 41 7 154 338

Investor Relations
Sophie Achak
Tel: +256 41 7 154 310

Share Registrars
Custody and Registrar Services
(Uganda) Limited
4th Floor, Diamond Trust Centre,
17/19 Kampala Road, Kampala, Uganda
Telephone: +256 414 237504

Other Customer Care Centre
Tel: 0800 250250

Email:
cccug@stanbic.com

For copies of our Annual reports, please refer to:
www.stanbicbank.co.ug/Uganda/About-Us/Investor--Relations

STANBIC BANK UGANDA LIMITED
Crested Towers (Short Tower)
Plot 17 Hannington Road
P.O. Box 7131 Kampala

SBG SECURITIES
Plot 17 Hannington Road
P.O. Box 7395 Kampala

STANBIC BUSINESS INCUBATOR
Plot 5 Lower Kololo Terrace
P.O. Box 7395 Kampala

STANBIC PROPERTIES LIMITED
1st Floor Crested Towers (Tall Tower)
Plot 17 Hannington Road
P.O. Box 7395 Kampala

FLYHUB UGANDA LIMITED
Plot 5 Lower Kololo Terrace
P.O. Box 7395 Kampala

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