Bank of Baroda (Uganda) Limited

ANNUAL REPORT 2023

CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2023

Bank of Baroda (Uganda) Limited

You deserve the right banking partner

OPEN A CURRENT ACCOUNT WITH US

- Convinient
- Low transaction fees
- High transparency

Experience Banking Anytime, Anywhere with Our Alternative Digital Channels

Discover the convenience and flexibility of our alternative digital channels. Bank on-the- go, simplify your financial tasks, and enjoy seamless transactions with Bank of Baroda's comprehensive range of digital banking solutions.

Mobile Banking (M-Connect Plus)

Internet Banking (Baroda-Connect)

Agent Banking

Visa Debit Card

ATM

Cash Recycler

CONTENTS

LIST OF ACRONYMS

ACH	Automated Clearing House
AGM	Annual General Meeting
ATM	Automated Teller Machine
BN	Billion
BOU	Bank of Uganda
CBS	Core Banking System
CCF	Credit Conversion Factor
CCTV	Closed Circuit Television
CGU	Cash Generating Unit
CPA	Certified Public Accountants
CRM	Credit Risk Management
CSR	Corporate Social Responsibility
CTS	Cheque Clearing Systems
DRS	Disaster Recovery Site
EAD	Exposure at Default
ECL	Expected Credit Loss
ED	Executive Director
EFT	Electronic Funds Transfer
EIR	Effective Interest Rate
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IPO	Initial Public Offer
LGD	Loss Given Default
LTECL	Lifetime Expected Credit Losses
MD	Managing Director
NSSF	National Social Security Fund
NWSC	National Water and Sewerage Cooperation
POCI	Purchase or Originated Credit Impairment
RTGS	Real Time Gross Settlement
SCD	Securities Central Depository
SME	Small and Medium Enterprises
SMS	Short Message Service
SPGRS	Standardized Public Grievances Redressal system
SPPI	Solely Paymnets of Princial and interest
URA	Uganda Revenue Authority
USD	US Dollar
USE	Uganda Securities Exchange
UShs/ UGX	Ugandan Shillings
VAR	Value at Risk

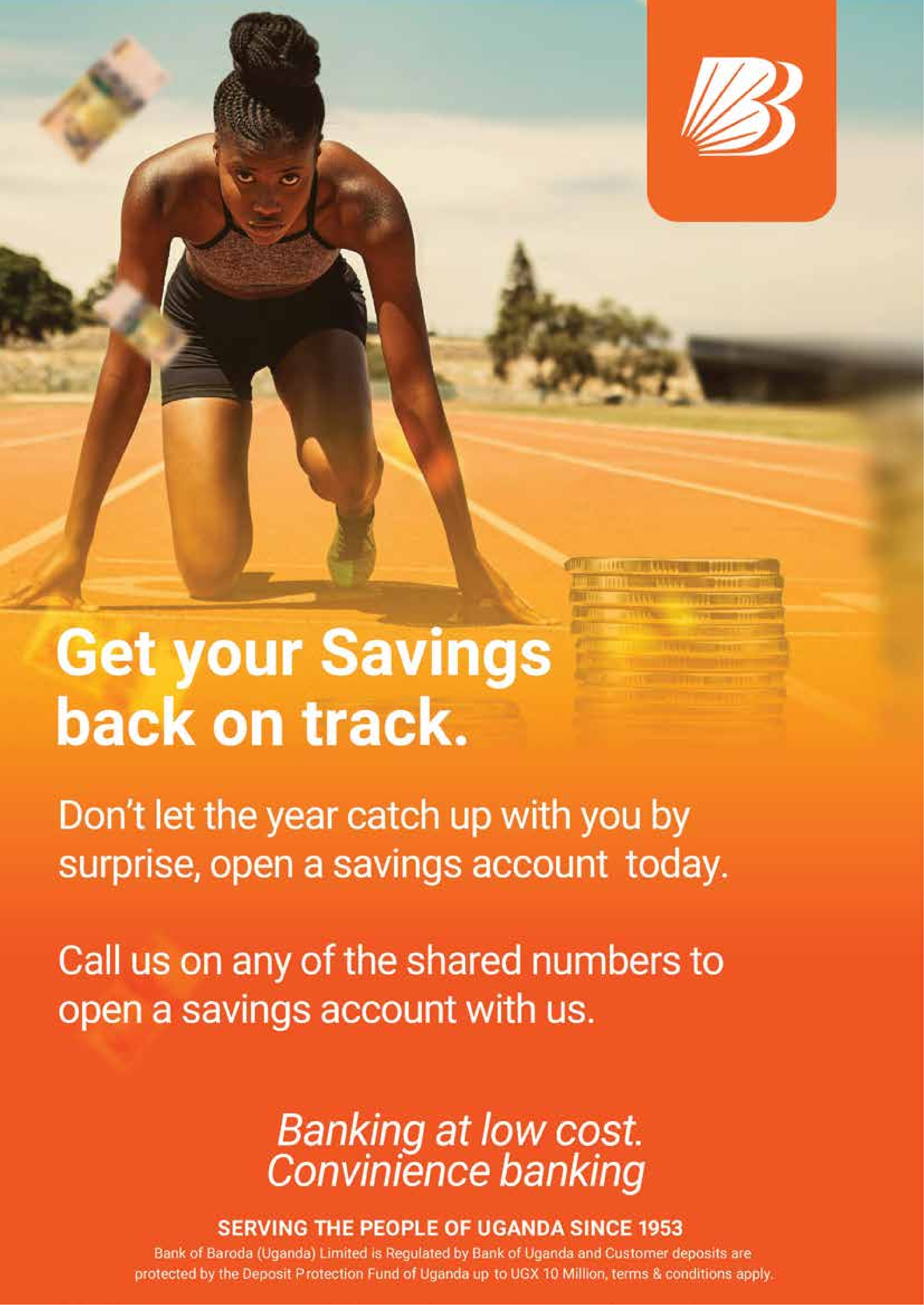
ABOUT THIS REPORT

This is Bank of Baroda (Uganda) Limited's Annual Report that covers the period January 1, 2023 to December 31,2023. The report includes both financial and non-financial information. It has been presented with detailed information about who we are, where we are headed, articulated how the Bank has effectively and efficiently managed to augment shareholder value and shared prosperity.

Bank of Baroda (Uganda) Limited is a subsidiary of Bank of India. Bank of Baroda India started its operations in 1908 and is now serving over 153 Million customers

153,000,000 customers

17 Countries Worldwide


Get your Savings back on track.
Don’t let the year catch up with you by surprise, open a savings account today.
Call us on any of the shared numbers to open a savings account with us.
Banking at low cost.
Convinience banking
SERVING THE PEOPLE OF UGANDA SINCE 1953
Bank of Baroda (Uganda) Limited is Regulated by Bank of Uganda and Customer deposits are protected by the Deposit Protection Fund of Uganda up to UGX 10 Million, terms & conditions apply.

GLOBAL MANAGING DIRECTOR & CEO'S STATEMENT

Debadatta Chand

DEAR SHAREHOLDERS

With great pleasure, I welcome you all to the 54th Annual General Meeting of the shareholders of the Bank of Baroda (Uganda) Limited, one of the most resilient and trustable banks in Uganda.

On 18.12.2023, the Bank of Baroda made its 71st year of operation in Uganda and I am glad to inform you that it has been an impressive journey of evolution, progress, and consistency for the bank, together with all the stakeholders. During the year 2023, your bank has reaped profitability from the seeds of reliability and commitment. The bank further strengthened its edifice with a robust customer base and excellent industry position. Your bank has been pioneer in assessing and mitigating the risk embedded in the volatile economic scenario to ensure quality service to all the customers. The Bank has been careful and proactive in fortifying its revenue generation channels by building a plethora of diversified business models which positions the Bank to withstand the shocks associated with adverse challenges in economic conditions. This makes your bank unique among its competitors and creates a sustainable long-term value proposition for the stakeholders.

ECONOMY & BANKING SECTOR

Please allow me to congratulate Uganda's removal from the enhanced monitoring list of FATF. This shows meticulous efforts with pure intentions on the part of the participants in the financial sector space. Globally, the economy is still recovering from the blows of the COVID-19 pandemic and Geopolitical conflicts. In the year 2023, these challenges led to the cost of living crisis, and disruption in energy and food markets, which relentlessly affected the Global banking industry in terms of non-performing loans, stressed assets, and downgrading of bonds among others, These resulted in inflationary pressures due to slow growth of asset book coupled with diminishing interest income in numerous major Global countries. However, in retrospect, Economies came up with resilience strategies to mitigate long-term effects from the pandemic and the Russia-Ukraine war. These include lifting of the COVID-19 restrictions, in an attempt to manage inflation Central Banks issued guidelines to to support financial institutions and customers, ensuring resilience of the financial sector while maintaining growth. Bank of Uganda (BOU) equally passed several policies to support the banking industry and the economy.

Appropriate execution of BOU policies has steadily revived the economy hence reduced the impact of global uncertainties. In 2023 inflation was recorded at 4.6% compared to 7.2% in 2022. This has been the result of the Government intervention to ensure decline in commodity prices especially food and fuel. This resulted in Ugandan economy witnessing GDP growth of 5.3% in year 2023 as compared to 4.7% in the previous year.

Uganda's economic growth is expected to accelerate above 6.6% mainly driven by investments in the oil sector, commencement of Uganda's oil exports will support government's other promotion efforts of tourism, export diversification and agro industrialization. Lower inflation will enable BOU to ease its position to stabilize the economy which is an indicator for successful foreign and domestic investment which will result in stronger local currency (Uganda Shillings) and reduction in Rate of Interest for attractive credits. Nonetheless the slowdown of global growth and disruptions in global financial conditions remain major challenges.

PERFOMANCE OF THE BANK

During the year 2023, the Bank managed to perform exceptionally well amidst the challenges of the global and local banking industry, The bank has exhibited a strong balance sheet for the year 2023 that excelled with double-digit growth in almost all financial parameters. The total business of the bank increased by 13.63% and the net increase in Advances registered a growth of 13.15% while Net Profit stands at UShs 116.37 Billion for FY 2023 as compared to UShs 122.19 Billion for FY 2022. These critical figures are indicative of sustained customer loyalty and also pointers of healthy prospect of our banking services in Uganda. The judicious business acumen of the management team and the commitment of the bank staff members have been crucial for this strong performance.

This resulted in ugandan economy witnessing GDP growth of 5.30% in year 2023

ACHIEVEMENTS

Your bank has been acknowledged through prestigious awards conferred on the bank. The bank was recognized as the 2nd runner up, excel category FY 2022-2023 as the most compliant bank by the Uganda Revenue Authority during the Tax payers appreciation awards.

The bank has also been passionate and intentional in giving back to the community where it operates, The Bank has supported sports teams in terms of tournament facilitation and provision of jerseys, Bank has supported the underprivileged, and rallied behind health & sanitation campaigns under Corporate Social Responsibility.

Year 2023 has been a year for the bank to ensure that customers operate in a resilient and sustainable manner, the bank has provided value-based services to its customers and has prioritized customer experience.

WAY FORWARD

The bank has availed tailored opportunities to be explored by customers with the objective of prioritizing Customer experience at all customer touch points during customer recruitment and retention.

This year, the bank will invest profoundly in digitalization of processes and operations. This will ensure customer satisfaction through seamless, convenient, efficient, and faster transactions and other hand enable the bank's effective delivery of services. Customers will be empowered to use these digital channels to transact with the digital edge.

ACKNOWLEDGEMENT

I take this opportunity to earnestly thank the Government of the Republic of Uganda and the Bank of Uganda, the Central Bank for their valuable guidance and continued support in strengthening the operations of the bank and providing necessary guidance. I express my deepest gratitude to all the Bank's esteemed shareholders and customers for their continuous support and patronage. I acknowledge the contribution of the Board, Management, and all the staff members of Bank of Baroda (Uganda) Limited. I am confident that with their commitment and dedication your bank will be able to replicate the same assurance and consistency in Year 2024.

Yours truly,

Debadatta Chand
Global MD & CEO, Bank of Baroda

CSR Activity: Blood Donation Camp at Lira

CHAIRPERSON'S STATEMENT

Vastina Rukimirana

DEAR SHAREHOLDERS,

It gives me immense pleasure to welcome you all on behalf of the Board of Directors to the 54th Annual General Meeting of the Bank and 71 years of excellence and uninterrupted service to this Country. I'm honoured and inspired by the spirit that you have demonstrated by coming for this meeting. I have great pleasure to share with you the Annual Report of the Bank of Baroda (Uganda) Limited for the financial year ended December 31,2023

ECONOMIC AND BANKING SCENARIOS

Your Bank performed well in 2023 exhibiting remarkable growth in most of the parameters amidst a turbulent year marked by global economic hitches of geo-political conflicts and aftershocks of COVID-19 pandemic. The Central Bank's actions on policy rates continue to weigh on economic activity, however priority is to restore price stability while ensuring financial stability. The Bank of Uganda worked hand in hand with the financial sector to ensure financial stability. This has improved supply and demand ratios, as the whole economy gradually recovers from the shackles of the COVID 19 pandemic and the Russia-Ukraine war. The bank withstood those challenging times with resilience and commitment.
As a prominent financial player in Uganda's Banking Industry, the bank has always embraced and proactively utilized market opportunities to create a niche position for itself.

CORPORATE GOVERNANCE

The bank has maintained its successful track record of balancing the interests of its stakeholders, including shareholders, customers, employees and the communities in which we live and serve. This has resulted in the accolades and awards bestowed to the bank throughout the year and the immense support which the bank has received from its customers for its uninterrupted services. This year, the Bank was recognized as the 2nd runner up, excel category FY 2022-2023 as the most compliant bank by the Uganda Revenue Authority during the Tax payers appreciation awards.

PERFORMANCE OF THE BANK

I am happy to inform you that your Bank has performed well in most of the parameters. year on year (Y-O-Y) basis growth of 13.63% in Total Business, 13.93% in Total Deposit and 13.15% in Gross Advances. Out of the Total Advances of 1,258.01 Billion Uganda Shillings as at December 2023, the manufacturing sector constituted 43.24% and the agriculture sector constituted 32.23%. Your bank will continue to support the people of Uganda through financing priority areas of commercial agriculture, industries, services, and ICT, leading to further expansion and growth of the economy.

the Bank was recognized as the 2nd runner up, excel category FY 2022-2023 as the most compliant bank by the Uganda Revenue Authority

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible corporate citizen, we recognize the importance of Environmental, Social and Governance aspects in shaping our business practices, we believe that the long-term success of the Bank is intrinsically linked to the wellbeing of the communities we serve and the planet we inhabit. Therefore the Bank is intentional to implement robust practices that promote ethical conduct and sound decision making concerning the environment. Some of the practices include;

Community Investment

We consider CSR not merely as an obligation but as an integral part of its identity and purpose.
Through various initiatives, the bank strives to make a positive change in the lives of individuals, empower communities, and contribute to the sustainable development of the society at large. During the year 2023 the bank participated in the following community activities.

- Promoted health through blood donation camps across the bank's networks.
- Donated reflector jackets and whistles to Uganda Traffic Police.
- Promoted sports activities by sponsoring Uganda Bad minton Association tournament.
- Donated food items to children with cerebral palsy during the World Cerebral Palsy day;
- Sponsored several community kitchens.

ACKNOWLEDGEMENT

I take this opportunity to extend my sincere thanks to fellow Board members, the bank's Managing Director Mr. Shashi Dhar and his management team and all the staff of the bank, for putting up a determined performance in the year 2023 in order to deliver the bank's commitment to "augment shareholders value". I express my deep gratitude to the Government of the Republic of Uganda and to the officials of the Bank of Uganda for their guidance and support in strengthening the operations of the bank.

Yours truly,
Vastina Rukimirana Nsanze
Chairperson

CSR Activity: Donating Reflector Jackets and whistles to Uganda Traffic police.

MANAGING DIRECTOR'S STATEMENT

Shashi Dhar

DEAR SHAREHOLDERS,

I greet you all and welcome you to the 54th Annual General Meeting of the Bank. On behalf of all of us at Bank of Baroda (Uganda) Limited, I thank you for your continued support, encouragement, and trust. As our Chairperson mentioned earlier, this year marks 71 years of the bank's operation in Uganda. There are lessons to be learned from the past and these come down to prudent leadership, consistency, customer centrism, and sustained focus on leveraging technology for customized banking experience and enhanced reach. Throughout the year we have been more focused on supporting our customers, investing in our communities, and providing strength and stability for the broader economy.

OUTLOOK FOR FY 2023

Please allow me to congratulate Uganda's removal from the grey list of FATF. This shows meticulous efforts with pure intentions on the part of the participants in the financial sector space.

During the year 2023, the Banking Industry witnessed various challenges emanating from the COVID-19 pandemic and geo-political conflicts which caused threats like supply disruptions, labor market pressures, and inflation, among others however with the intervention of the Central Bank, the subsequent impact on the Banking system of Uganda has not been very visible and the impact has not adversely impacted the momentum of growth. Please allow me to congratulate the Dy Governor & his Team for the excellent job.

Economic growth of the country remains on a recovery path averaging 6.8% in the first two quarters of the financial year 2022/2023 supported by a stronger recovery in the services and agriculture sectors. Economic growth is projected in the range of 5.5-6.0% for FY 2022/23 partly because of the tight domestic and external financial conditions.

The Uganda shilling remains stronger relative to the pre-COVID-19 levels and much stronger compared to the other currencies in the EAC region save the Tanzania shilling supported by the tight monetary policy stance which has lessened the outflow of short-term capital, a recent improvement in the terms of trade leading to improvement in exports earnings, the trade balance and ultimately the current account of the balance of payments. Further, strong foreign direct investment inflows especially in the oil sector, and an increase in forex receipts from tourists coupled with stable inward remittances from workers have also favored a stronger shilling.

While complying with the directives of the Bank of Uganda, the Bank completed the Capital restoration plan of minimum capital requirement of UShs 150 Bn. as compared to the existing 25 Bn. I am happy to inform you that your bank has issued Bonus shares in the ratio of 1:5 to all the existing shareholders the under Bank's Capital restoration plan.

During the year 2023, Bank of Baroda (Uganda) Limited entered in its 71st year of operation in uganda.

PERFORMANCE HIGHLIGHTS OF THE BANK

The Bank's financial results for the year 2023 reflect the strength of the Bank and disciplined execution of the Bank's strategies, and customer focus, in contributing to volume growth in the Bank's core lines of Business. The Bank witnessed improvement in almost all major financial parameters.

Overall 2023, was a good year for the Bank in terms of performance & growth as the Bank witnessed growth in almost all major financial parameters. Allow me to share with you the other key financial highlights of your bank for the financial year ended 31st December 2023;

- CASA deposit increased by UShs 35.72 Bn showing a growth of 5.83% over the previous year i.e. increase from UShs 612.70 Bn to UShs 648.42 Bn.
- Total Deposits increased by UShs 247.64 Billion, showing a growth of 13.93% over the previous year, an increase from UShs 1,777.30 Billion as at 31.12.2022 to UShs 2,024.94 Billion as at 31.12.2023. This was majorly attributed to the number of account opening campaigns, launch and promotion of Bank's alternative delivery channels like mobile banking and internet banking that made it easier for our customers to transact.
- Gross Advances increased by UShs 146.21 Bn showing a growth of 13.15% over the previous year, i.e. increase from UShs 1,111.80 Bn to UShs 1,258.01 Bn. This was as a result of cautious decision of increasing lending base of the Bank to various sectors which promises to grow post Pandemic such as manufacturing and agriculture.
- Total Business i.e. Deposit plus Advances increased by UShs 393.85 Bn. Showing a growth of 13.63% over the previous year. In absolute terms the total business increased from UShs 2,889.09 Billion to UShs 3,282.95 Billion in the year 2023.
- Total Interest income increased by UShs 35.37 Bn showing a growth of 15.54 % over the previous year i.e. increase from UShs 227.67 Bn to UShs 263.04 Bn.
- Net Profit stands at UShs 116.37 Bn for FY 2023 as compared to UShs 122.19 Bn for FY 2022.

DELIVERING OUR STRATEGY

This year, we have continued to execute our strategy to minimize risks and to profoundly instigate our objectives to move the Bank to a high-performing, proactive and efficient organization.

The Bank continues to upgrade and monitor its Risk, Compliance, and Asset management systems through technological innovations. These deliberate actions made the Bank's internal processes more robust in terms of efficiency and effectiveness hence improving the turnaround time and delivering more value to all its stakeholders.

Our Digital capabilities are playing a pivotal role in giving customers greater visibility and insight into their finances The Bank is continuously improving its Alternate digital banking channels while providing excellent customer experience. This year, the Baroda- Connect (Internet Banking) application has been upgraded with Instant Money transfer fields, Baroda M Connect Plus (Mobile Banking) enables customers to pay utility bills swiftly, and Cash Recyclers increased from 7 to 14, making it even easier for customers to transact.

LOOKING AHEAD

The Bank's core focus will remain on expanding customer base coupled with expansion through all our customer touch points, modification in existing products according to changing preference and requirement of our customers, mobilization of low cost deposits, among others.

The Bank's vision for the future is clear, the priority continues to be CASA deposits, quality advances and world class customer service to the customers. The bank continue to innovate and enhance existing products, strengthen efforts for wider reach and engagement. The bank has introduced new assets product like Invoice Financing, Collateral Management, and Advance against treasury bills & bonds for diversification of credit portfolio, risk mitigation and growth.

Our customers are spending more time on digital platforms, to ensure that our services are embedded in our customers' daily lives, Technological innovation shall be used to enhance customers' convenience and satisfaction by enhancing our Alternate Delivery Channels (ADCs)

We intend to invest in technology, data, and analytics to enhance customer engagement, enabling us to understand our customers' needs and provide the best banking experience.

CONCLUSION

A pertinent monetary policy braces the banking industry in Uganda, therefore the economic stance is promising and favorable for all market players, and this is an opportunity for the Bank to thrive more in the coming year.

I take this opportunity to sincerely thank the Government of Uganda, the Central Bank, the Board of Directors, and all Staff Members for their tireless efforts in serving the Bank's customers and creating shareholder value through Care, Concern, and Competence. I express my deepest gratitude to all our esteemed shareholders and customers for their continuous support and patronage.

I extend my good wishes to each one of you.

Yours Sincerely

Shashi Dhar
Managing Director

EXECUTIVE DIRECTOR MESSAGE

Prithvi Singh Bhati

2023 exhibited undoubtable determination towards recovery and business growth. Despite the immense pressure stemming from the global macroeconomic situation and the ongoing impact of the geopolitical conflict,the banking sector and the economy displayed remarkable resilience and surged ahead steadily with the intervention of the Central Bank.

The Bank through its strategic initiatives and collaborative efforts has made significant strides in strengthening various departments. The bank has significant risk management framework in accordance with regulatory guidelines, it also benchmarks itself against the industry's best practices, and it enables us to identify, measure, monitor, and manage risk efficiently. The bank has tightened its infrastructure to cover operational risks such as fraud and losses related to emerging risks from digital financial services and cyber security.

The Bank implemented a robust and efficient Treasury management system that caters to the automation of treasury transactions including straight-through processing of all treasury deals, management, and automatic generation of swift messages among others, this has further enhanced seamless operations and above all provided excellent experience to the customers.

The Recovery and Monitoring Cell (RMC) has effectively monitored the overall advance portfolio and recovery of NPA/Written off Accounts, improving financial discipline in advance accounts. In FY 2023, the Bank managed to restrict its Non-Performing Loans. Immediate & effective recovery measures are setting off a significant increase in fresh write-offs. Going forward the Bank is hopeful of restricting its non-performing loans to a minimum level in view of improved economy. Also, the Bank is expecting a better performance toward recovery in written-off accounts with its continuous efforts to optimize available recovery channels.

The Human Resource Department of the Bank serves to enhance and augment the Bank's overall success and set its pace. The Bank is continuing to enrich knowledge and skills of the staff members through External and well-designed Internal training programmes. The Bank is strongly embracing and enjoying the benefits of e-learning and continuous professional development to increase knowledge of the staff.

I see the year 2024 to be more productive with growth in Manufacturing and Agriculture. The financial inclusion initiative of the government will introduce more people to the formal banking channels. Your bank will surely partner with the government for the economic growth and development of the country.

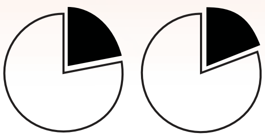
Prithvi Singh Bhati
Executive Director

The Bank implemented a robust and efficient Treasury management system that caters to the automation of treasury transaction

KEY PERFORMANCE INDICATORS

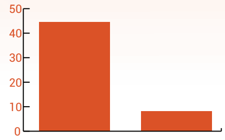
Profitability Ratios

Return on Equity



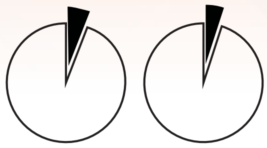
2022	2023
21.21%	17.29%

Earnings per share



2022	2023
48.87	7.73

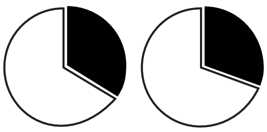
Return on assets employed



2022	2023
5.14%	4.48%

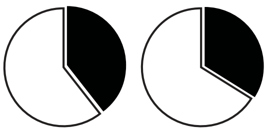
Capital Adequacy Ratio

Tier I ratio



2022	2023
35.58%	34.89%

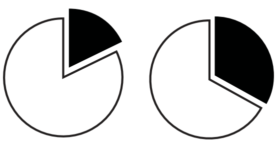
Total Capital adequacy ratio (Tier I & II)



2022	2023
36.74%	36.30%

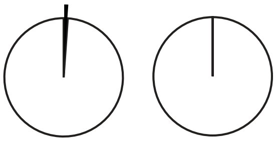
Efficiency Ratio

Cost to income ratio



2022	2023
18.05%	22.19%

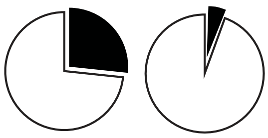
Credit loss ratio



2022	2023
1.35%	0.03%

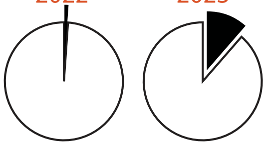
Performance

Growth in revenue



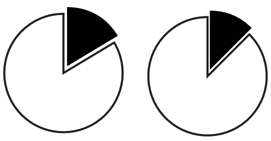
2022	2023
26.84%	12.88%

Total deposit



2022	2023
11.62%	13.93%

Loan portfolio



2022	2023
16.59%	13.15%

KNOW YOUR BANK

BACKGROUND

Bank of Baroda (Uganda) Limited started its operations on December 18, 1953 by opening its first branch at Kampala. Later, it was incorporated as subsidiary of Bank of Baroda-India with 49% shareholding of the Government of Uganda. Under the privatization policy of the Government of Uganda, Parent Bank- Bank of Baroda (India) became the sole owner by taking over 49% shareholding of Government of Uganda on June 07th, 1999 and divested 20% shares to the public in September 2002.

In June 2002, the Bank split its share of UGX 1,000 each into UGX 100 each before divestment of 20% shareholding to the public. The IPO of 20% shares having face value of UGX 100 were offered at UGX 600 during September 2002. Further, the split of the Bank's share in a ratio of ten shares for every one share held has been affected on September 8, 2008. Consequently the nominal value of each ordinary share of UGX 100 has been converted into UGX 10 each.

ISSUANCE OF SHARES

Bank of Baroda (Uganda) Limited was the first financial institution in the country to list its shares at the Uganda Securities Exchange. The Bank issued bonus share to its shareholders in three occassions, in 2011,2013 and 2023.

I. In 2011, the Bank increased its capital from UGX 4.00 billion to UGX 10.00 billion by issuing bonus shares to its shareholders.

II. In 2013, the Bank again increased its capital from UGX 10.00 billion to UGX 25.00 billion by issuing bonus shares to its shareholders.

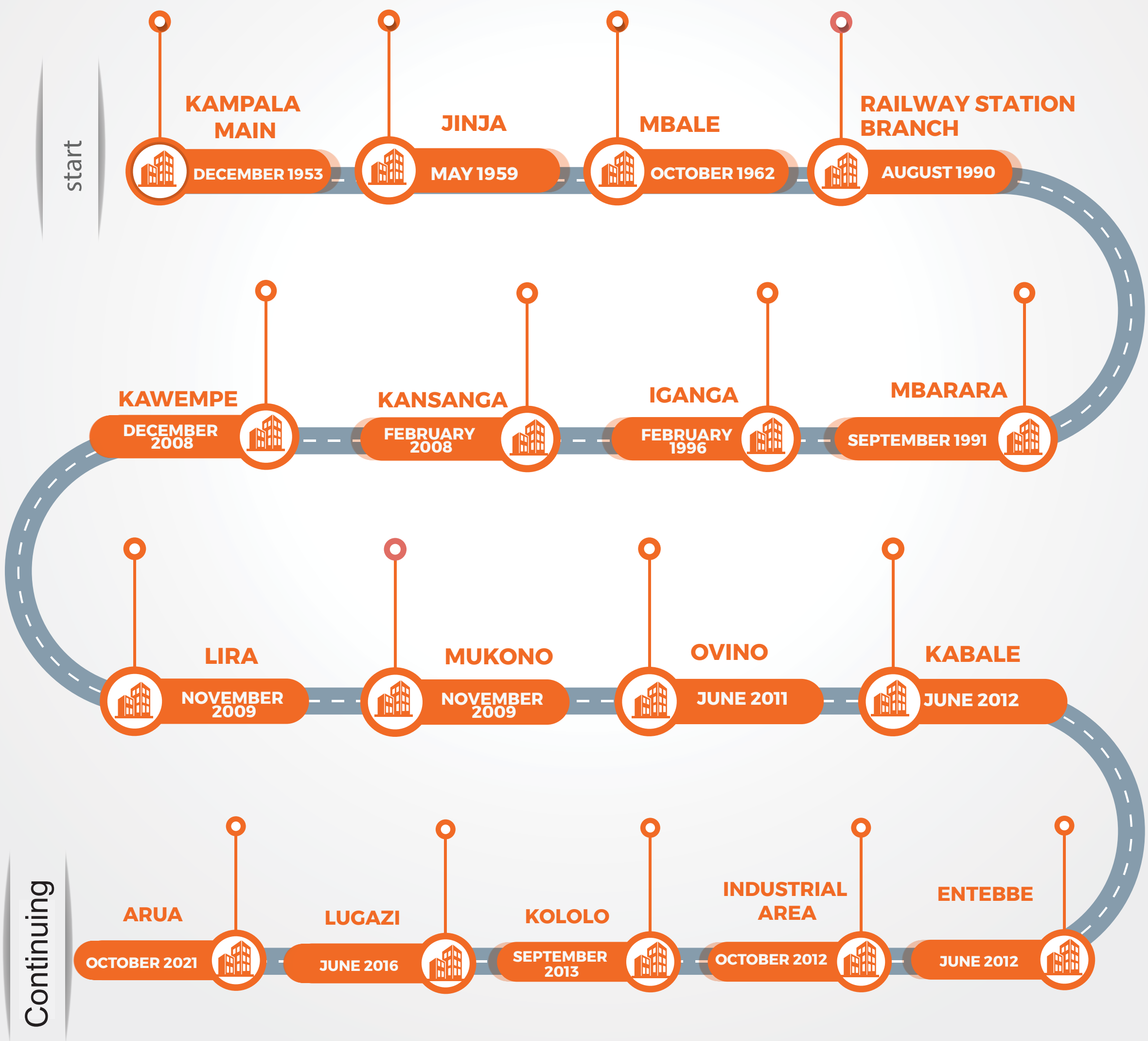
iii. In 2023, the Bank increased its capital from UGX 25.00 billion to Ugx 150 billion by issuing bonus shares to its shareholders.

RISK MANAGEMENT SYSTEMS

The major customer centric risk mitigating measures adopted by the Bank are:-

- 24 Hours CCTV coverage at all the branches.
- Full time armed security personnel are deployed at all the branches.
- System generated Cash Receipt printouts are being generated by Finacle System for all cash deposits.
- Well laid down Business Continuity Plan – with time tested mock drill exercises adopted.
- Anti Money Laundering Customer Risk Profiling System (AMLOCK) used in Monitoring transactions by generating alerts.
- A robust Treasury Management System that allows instant and error free transaction flow

BANK OF BARODA (UGANDA) LIMITED FOOTPRINT



COUNTRY WIDE BRANCHES

1. Arua
2. Lira
3. Iganga
4. Mbale
5. Lugazi
6. Jinja
7. Mukono
8. Kampala
9. Mbarara
10. Kabale

BRANCHES IN KAMPALA

Kampala Main Branch
Railway Station
Kansanga
Kawempe
Ovino Market
Industrial Area
Kololo

HEAD OFFICE

Kampala

OFF SITE ATMS

Njeru Industrial Estate, Jinja
Namanve Industrial Park

OUR PRODUCTS

22 PRODUCTS AND SERVICES OFFERED BY THE BANK

CORPORATE BANKING

Deposits

1. Current Deposits
2. Fixed/Short term deposits

Loans

1. Traders Loan
2. Asset Financing
3. Business Loans
4. Loan Against Future Rent Receivables
5. Short term loan
6. Non-fund Based Services/Products
7. Invioce Financing
8. Collateral Management
9. Advance against Treasury bills & Bonds

PERSONAL BANKING

Deposits

1. Savings Bank Account
2. Current-Account
3. Flexible Recurring Deposits
4. Fixed Deposits/Short-Term Deposits

Loans

1. Salary Loan
2. Multi-purpose Loan
3. Housing Loan
4. Loan Against Future Rent Receivables
5. Education Loan
6. Loans Against Bank's Deposits

SERVICES & UTILITY

Locker Facility

Storing valuables i.e. jewellery, documents and other things in the house at times becomes a risk of loosing in theft/ dacoities etc. and an impediment in case of natural calamities.

COLLECTION OF VARIOUS TAXES/PAYMENTS

- Electricity Bills
- Employee Collection
- Water Payment
- URA Taxes

FUNDS TRANSFER

- Rapid Funds 2 India
- EFT/RTGS
- Telegraphic Transfer
- Foreign exchange services to buy and sell foreign currencies
- Acceptance of School fees

PROFILES OF OUR BOARD MEMBERS

Mrs. Vastina Rukimirana Nsanze was appointed as Director of the bank for a period of three years with effect from May 4th, 2018 and re-appointed for another three years. She holds a Bachelor of Laws (LLB) degree from Makerere University, a post graduate certificate in legislative drafting from the Commonwealth Secretariat, at the Kenya School of Law, Nairobi, Kenya and a Post Graduate Certificate in Legislative Drafting from the Institute of Legislative Drafting in Canberra, Australia. Mrs. Nsanze is a member of Commonwealth Association of Legislative Counsel, an Advocate of Courts of Judicature of Uganda. She has held various positions in Uganda and outside Uganda, including chief legal draftsperson for the Government of Lesotho, Rector of the Institute of Legal Practice and Development in Rwanda, Executive Secretary of the Uganda Law Reform Commission, Commissioner for Law Revision and Chairperson of the Uganda Law Reform Commission.

MRS VASTINA RUKIMIRANA NSANZE
Chairperson Board of Directors

Mr. Shashi Dhar was appointed as Managing Director with effect from March 16, 2023. He holds a Bachelor's degree in Law, a Bachelor's degree in Commerce, Diploma in Business Finance and he is also a Certified Associate of the Indian Institute of Banking and Finance. Mr. Shashi Dhar joined Bank of Baroda, India on January 12, 1998. He has a rich and varied banking experience of over 24 years in various capacities and functional areas such as Head Treasury Front Office, Deputy General Manager- Bank of Baroda IFSC banking Unit, Assistant General Manager & Branch Head International Business, Dealer/ Chief dealer Specialized Integrated Treasury, Manager Vigilance, Manager Credit, Branch Manager, Joint Manager, Assistant Lead District Manager, Officer Branch Operations, Credit Officer, in India before taking up his present assignment as Managing Director Bank of Baroda (Uganda) Limited.

MR. SHASHI DHAR
Managing Director

Mr. Prithvi Singh Bhati was appointed as Executive Director with effect from March 25, 2021.
He holds a Bachelor's of Science degree and an Associate member of Indian Institute of Banking and Finance. Mr Bhati has a rich banking exposure having worked with Bank of Baroda India for the last 23 years in various functional areas such as Banking Operations, Retail Credit and Agriculture Credit. He has served in different capacities such as Head Special Mortgage Store, Chief Manager, Branch Head among others.

MR. PRITHVI SINGH BHATI
Executive Director

PROFILES OF OUR BOARD MEMBERS

Shri Lalit Tyagi was appointed as Non-Executive Director Bank of Baroda (Uganda) Limited on 05th February 2024. Shri Lalit Tyagi has Post Graduate Diploma in Banking & Finance (PGDBF) from National Institute of Bank Management (NIBM), Pune and is also a Certified Associate of Indian Institute of Bankers. He has been identified as one of Public Sector Bankers by Bank's Board Bureau (now known as Financial Services Institutions Bureau) for future leadership roles. He joined Bank of Baroda in 1996 and has over 28 years of rich experience in various spectrum of commercial banking, particularly in Corporate Finance, Risk Management, International Banking and Administrative Roles.
He has vast experience of working in different branches/ offices in India and abroad, including two stints in Bank's overseas operations; viz. Brussels, Belgium and New York, USA.He has successful experience of leading Bank's important units such as Regional Head of Bangalore Region, General Manager & Branch Head of Bank's largest Corporate Financial Services Branch, Mumbai and Chief General Manager (Chief Executive) of Bank's largest overseas territory US Operations, New York.

SHRI LALIT TYAGI
Non-Executive Director

Mr. Nishant Ranjan was appointed as Non-Executive Director Bank of Baroda (Uganda) Limited as on 27th March 2024.Mr. Nishant holds degree of Bachelor of Arts Hons. (Statistics). He joined Bank of Baroda in 1989 and having exposure of over 34 years in banking services in various capacities across India & Overseas (UK & UAE). He has worked and gained expertise in various fields viz. Credit, Branch Operations, Forex, Planning, Inspection, International Credit, Trade finance etc. Before heading Bank' UAE operations, he was in charge of Bank's Trade, FX and Remittance and PSU business departments at corporate level.
He is currently designated as Chief General Manager and Head- International Banking of the Bank with overall responsibility of managing Bank's international banking (both overseas territories and subsidiaries) portfolio including finance, accounts, regulatory, administrative and operational issues.

MR. NISHANT RANJAN
Non-Executive Director

Dr. Fred Kakongoro Muhumuza was appointed as Director of the Bank for a period of three years with effect from November 22, 2018 and reappointed for further 3 years. He holds a PhD from University of Manchester UK, Certificate in Development Evaluation-Carleton University/World Bank, Master of Arts (Economic Policy and Planning) and a Bachelor of Science (Economics) fromMakerere University. He provided technical support including Strategic policy guidance and Regulatory Impact Assessment to a number of Government Ministries, Departments and Agencies. He has also supported the Private Sector and Civil Society planning and policy engagements. He has participated in the development of the Strategic Plans for Financial Sector deepening Uganda - a DFID funded financial inclusion project in Uganda and Private Sector Foundation Uganda along with IPSOS. He is a member of Expanded Board of National Planning Authority Uganda and has had a parallel teaching career for over 26 years at Makerere University (School of Economics and the Business School), Nkumba University, Africa Bible University and Kyambogo University Kampala. He is a Board Member of the African Forum on Debt and Development (AFORDAD) based in Harare.

DR.FRED KAKONGORO MUHUMUZA
Non-Executive Director

PROFILES OF OUR BOARD MEMBERS

Mr. Odoch Charles Langoya was appointed as Director of the Bank for a period of three years with effect from January 08, 2019 and reappointed for further 3 years. He holds a Bachelor's degree in Development Studies (Hon). Post Graduate Diploma in Financial Management and a Masters in Management Studies. Mr. Odoch is currently working as Global Partner East Africa at the Strategy Management Group DBA Balanced Score card Institute, Cary NC. He possesses vast experience in the field of Tax administration and Strategy Management.

MR. ODOCH CHARLES LANGOYA
Non-Executive Director

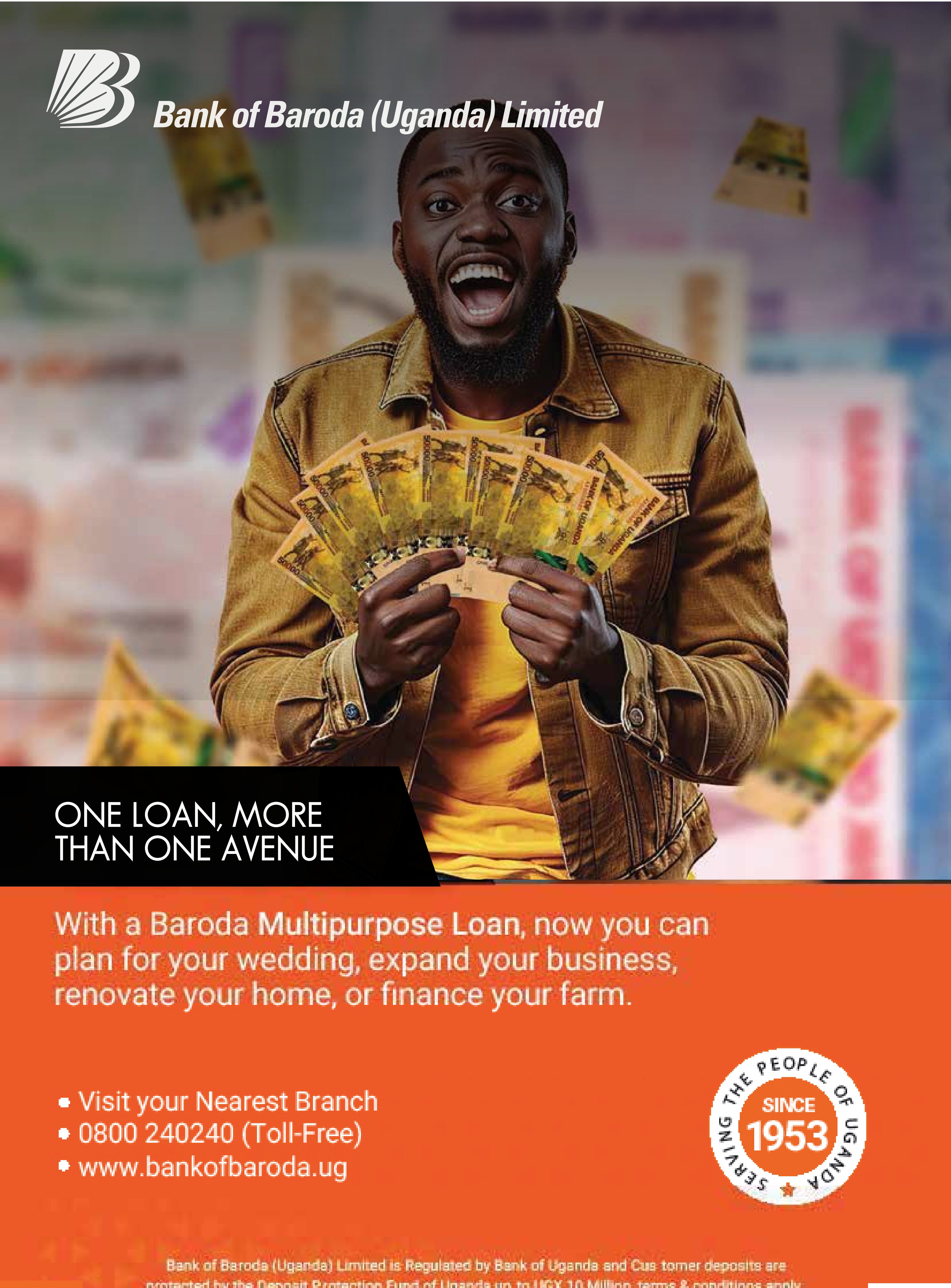
Mr. Sempijja Thadeus was appointed as Director of the Bank for a period of three years with effect from March 16, 2018 and reappointed for further 3 years. He holds a Master's Degree in Business Administration, a Bachelor of Science degree in Applied Accounting, Post Graduate Diploma in Accounting and Finance, UDBS, a Diploma in Accounting and a certificate in Risk Management. He is a Chartered Certified Accountant (ACCA), Certified Public Accountants (CPA), Certified Fraud Examiner (CFE), Certified Forensic Investigation Professional (CFIP) and Certified Professional Forensic Accountant (CPFA). He is also a Chartered Risk Analyst (CRA). Mr. Sempijja currently holds the post of Manager Internal Audit, National Planning Authority Kampala. He has good experience in the field of Accounting, Auditing & Investigation.

MR. SEMPIJJA THAEDEUS
Non-Executive Director

Mrs Anne Mbonye is the Company Secretary of the Bank. She was appointed with effect from January 27, 2018 and reappointed for further 3 years. She is an Advocate of the High Court & all courts subornate. Mrs. Anne holds a Bachelors of Law degree from Makerere University post graduate diploma from the Law Development Centre and a Masters in Law Degree from the University of Cape Town, South Africa.

Mrs Anne is a member of the Uganda Law Society, East Africa Society and of the Institute of corporate governance.

MRS ANNE TUMWESIGYE MBONYE
Company Secretary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ONE LOAN, MORE THAN ONE AVENUE
With a Baroda Multipurpose Loan, now you can plan for your wedding, expand your business, renovate your home, or finance your farm.
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• 0800 240240 (Toll-Free)
• www.bankofbaroda.ug
SERVING THE PEOPLE OF UGANDA
SINCE 1953
Bank of Baroda (Uganda) Limited is Regulated by Bank of Uganda and Cus tomer deposits are protected by the Deposit Protection Fund of Uganda up to UGX 10 Million, terms & conditions apply.

CORPORATE INFORMATION

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	COMMERCIAL BANKING SERVICES	
DIRECTORS	Vastina Rukimirana Nsanze	Chairperson
	Shashi Dhar (from March 16, 2023)	Managing Director
	Raj Kumar Meena (up to March 15, 2023)	Managing Director
	Prithvi Singh Bhati	Executive Director
	Debadatta Chand (up to February 12, 2024)	Non-Executive Director
	Lalit Tyagi (from February 5, 2024)	Non-Executive Director
	Sempijja Thadeus	Non-Executive Director
	Fred Kakongoro Muhumuza	Alternate Chairperson/Non-Executive Director
	Odoch Charles Langoya	Non-Executive Director
CHIEF OFFICERS / EXECUTIVES	Shashi Dhar	Managing Director
	Prithvi Singh Bhati	Executive Director
	Saidah Nabakka	Financial Controller
	Santosh Kumar Patel	In-charge, Information Technology (from 24.10.2023)
	Mbaziira Francis	Head Compliance
	Sahu Keshavkant	In-charge, Treasury (from October 22,2023)
	Kigenyi Saadi Kifaana	Head Internal Audit
	Kyomukama Jacqueline	Head Risk Management
	Shaminah Namukuve Kakaire	In-Charge, Human Resource Management
	Santosh Kumar Singh	Head of Credit
	Telang Anurag	In-Charge, Operations (from September 23,2023)
	Jitendra Darji	In-Charge, Recovery & monitoring cell
	Deependra Singh	In-Charge, Marketing (from September 23,2023)
	Senkumba Ahmed	Manager Legal
	Santosh Kumar Sahoo	Head administration (from September 23,2023)
BOARD CREDIT COMMITTEE	Sempijja Thadeus	Chairperson (Up to March 20,2023)
	Odoch Charles Langoya	Chairperson (from March 21,2023)
	Shashi Dhar (From March 16, 2023)	Managing Director
	Prithvi Singh Bhati	Executive Director
BOARD AUDIT COMMITTEE	Fred Kakongoro Muhumuza	Chairperson (up to 20.03.2023)
	Odoch Charles Langoya	Non-Executive Director
	Sempijja Thadeus	Chairman (from March 20,2023)
BOARD RISK MANAGEMENT COMMITTEE & INFORMATION TECHNOLOGY/CYBER SECURITY	Odoch Charles Langoya	Chairperson
	Shashi Dhar	Managing Director
	Sempijja Thadeus	Non-Executive Director
BOARD ASSET AND LIABILITIES COMMITTEE	Odoch Charles Langoya	Chairperson
	Shashi Dhar	Managing Director
	Fred Kakongoro Muhumuza (Up to March 20,2023)	Non-Executive Director
	Prithvi Singh Bhati (from March 21,2023)	Executive Director
BOARD HUMAN RESOURCE AND COMPENSATION COMMITTEE	Odoch Charles Langoya	Chairperson
	Sempijja Thadeus	Non-Executive Director

CORPORATE INFORMATION

Registered Office	Plot 18, Kampala Road, P.O. Box 7197 Kampala, Uganda
Company Secretary	Anne Tumwesigye Mbonye P.O. Box 7197, Kampala, Uganda
Independent Auditor	Ernst & Yong Certified Public Accountants EY House, 18 Clement Hill Road Shimoni Office P. O. Box 7215 Kampala, Uganda
Principal Legal Advisor	H & G Advocates P.O. Box 7026, Kampala, Uganda
Principal Correspondent Banks	Bank of Baroda, Mumbai Main Office, Vostro Ale Cell, 2nd Floor, Mumbai Samachar Marg, Mumbai - 400023 Standard Chartered Bank, 3, Madison Avenue# 1, New York, United States of America
Parent Bank	Bank of Baroda Baroda Corporate Center C26, G-Block, Bandra - Kurla Complex Bandra East, Mumbai - 400 051 Incorporated in India
Subsidiary	Baroda Capital Markets (Uganda) Limited P.O. Box 7197, Kampala, Uganda
Tax Identification Number	1000025701

CORPORATE INFORMATION

HEAD OFFICE / MAIN BRANCH
Plot 18, Kampala Road
P.O. Box 7197
Kampala, Uganda

BRANCHES

ARUA
KKT Plaza
Plot 16-22, Duka Road
P.O. Box 1539
Arua, Uganda

IGANGA
84A & 84B Main Street
PO Box 61
Iganga, Uganda

OVINO MARKET
Plot 24,26 & 28 Shikh Temple
Rahid Khamis road, Old Kampala
Kampala, Uganda
P.O.Box 7239

RAILWAY STATION
Plot No.2/2B
Kampala Road
P.O. Box 7266
Kampala, Uganda

KANSANGA
Plot No. 70 / 378
3, KM Gaba Road, Kansanga
P.O. Box 7467
Kampala, Uganda

KABALE
Plot No.94,
Kabale Main Road
P.O. Box 1137
Kabale, Uganda

JINJA
Plot 16A/B
Iganga Road
P.O. Box 1102
Jinja, Uganda

KAWEMPE
Plot No. 486, 488 & 489
Bombo Road Kawempe
P.O. Box 7820
Kampala, Uganda

ENTEBBE
Plot No. 24,
Gowers Road
P.O. Box 589
Entebbe, Uganda

MBALE
Plot No.
3, Pallisa Road
P.O. Box 971
Mbale, Uganda

LIRA
Plot No 2,
Aputi Road
P.O. Box 266
Lira, Uganda

INDUSTRIAL AREA
Plot 37, 39, 41 & 43
Kibira Road
P.O. Box 73446
Kampala, Uganda

MBARARA
Plot No.
11 Masaka Road
P.O. Box 1517
Mbarara, Uganda

MUKONO
Plot No 111
Jinja Road, Mukono
P.O. Box 122
Mukono, Uganda

KOLOLO
Plot -31,
Kira Road
Kampala, Uganda

LUGAZI
Plot 101/102, Lugazi
P.O. Box 113
Lugazi, Uganda

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance statement sets out the governance framework adopted by Board of Bank of Baroda (Uganda) Limited ("the Bank") and its subsidiary, Baroda Capital Markets (Uganda) Limited (collectively referred to as "the Group").

The Group is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes which comply with industry best practices.

In the year under review, the Group complied with all applicable laws, rules, regulations and guidelines on corporate governance.

The Group's governance framework enables the Bank's Board to fulfil the role of providing oversight and strategic counsel in balance with its responsibility to ensure conformance with regulatory requirements and risk tolerance. It also provides the parameters for delegating authority.

CODE AND REGULATIONS

As a licensed commercial bank and listed on the Uganda Securities Exchange ('USE'), the Bank operates in a highly regulated environment and is committed to complying with legislation, regulations, and codes of best practice.

Complying with all applicable legislation, regulations, standards and codes is integral to the Bank's culture. The Board delegates responsibility for compliance to management and monitors this through the compliance function. Oversight of compliance risk management is the Board's responsibility, which annually reviews and approves the compliance plan. On a quarterly basis, the Board receives reports from the Compliance function on, among other things, the status of compliance risk management in the Bank and significant areas of non-compliance. On a quarterly basis, the Board also reviews the significant interactions and correspondences with Bank of Uganda (the Regulator). The compliance function and governance standards are subject to review by internal audit.

Whilst the Bank continues to nurture a strong culture of governance and responsible risk management in line with risk appetite and governance framework, it is constantly monitoring its practices to ensure that they are best fit for it and serve to enhance business and society objectives.

BOARD CHARTER AND WORK PLAN

The Board's responsibilities are set out in the Board Charter. The Board Charter contains provisions which ensure that the Board observes best practice in corporate governance and contains among other things policies on: the size, role and functions of the Board; appointments and induction of Directors; board performance evaluation; and remuneration of Directors.

The work plan has a formal schedule of matters specifically reserved for the Board's attention to ensure it exercises full control over all significant matters. It sets out the schedule of meetings of the Board and its Board committees and the main business to be dealt with at those meetings. Additional meetings are scheduled as and when necessary.

BOARD COMPOSITION AND APPOINTMENTS

The Board currently consists of:

Chairperson	1
Executive Directors	2
Non-Executive Directors	4

The Non-Executive Directors are drawn from a wide range of business and other backgrounds. This diversity is considered by the members as one of the strengths of the Board.

The Board takes cognisance of the knowledge, skills and experience of prospective Directors as well as other attributes considered necessary for the role and as such there is a formal process of appointment of Directors. The appointment of Directors is governed by the Bank's Articles of Associations and is subject to regulatory approval (i.e., fit and proper test) as required by the Financial Institutions Act, 2004, and as amended.

The Board evaluates the performance of management in order to be satisfied as to the integrity and strength of financial information, controls and risk management. Through its Human Resource and Compensation Committee, the Board exercises oversight in appointing, removing and succession planning of senior management.

All Directors receive regular and timely information about the Bank prior to Board meetings. They also have access to the Company Secretary for any further information they may require. Directors have unrestricted access to management and the Bank information as well as resources required to carry out their roles and responsibilities.

BOARD MEETINGS

The full Board meets at least four times a year. The Board deals with all significant matters including strategic direction for the Bank and Group; ensuring competent management of the business; internal control; compliance with laws and regulations and reporting performance to shareholders.

ATTENDANCE AT MEETINGS

The attendance of members at Board meetings during 2023 is detailed below:

Name of Director	Q1	Q2	Q3	Q4
Vastina Rukimirana Nsanze	A	A	A	A
Fred Kakongoro Muhumuza	A	A	A	A
Sempijja Thadeus	A	A	A	A
Odoch Charles Langoya	A	A	A	A
Debadatta Chand	A	A	AP	A
Shashi Dhar	A	A	A	A
Prithvi Singh Bhati	A	A	A	A

A - Attendance; AP - Apology; N/M - Not Member

SEPARATION OF ROLES AND RESPONSIBILITIES

The roles of the Chairman and Managing Director are separate. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully has delegated the responsibility for the day-to-day management of the Bank to the Managing Director, who is responsible for ng strategy to the Board, and for making and implementing operational decisions.

The Board has a collective responsibility for the success of the Bank and Group. However, the Executive Directors have direct responsibility for business operations, whereas Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the management, providing objective challenge to the management.

BOARD COMMITTEES

In order for the Board to carry out its functions, and to ensure independent oversight of internal control and risk management, certain aspects of its role are delegated to Board Committees. The specific matters for which delegated authority has been given are set out in each Board Committee's terms of reference, which are reviewed as and when required.
The Board has delegated authority to five principal Board Committees:

- Board Audit Committee
- Board Credit Committee
- Board Risk Management and Information Technology/ Cyber security Committee
- Board Assets and Liabilities Committee
- Board Human Resources and Compensation Committee

These committees meet at least on a quarterly basis or on ad hoc whenever there are urgent matters to attend to.

In addition, the Executive Committee, comprising the Managing Director and the Senior Management meet on a monthly basis. Its main function is to implement and monitor the Bank's strategy, operational plans and financial performance. It is also responsible for the assessment and management of risk.

BOARD AUDIT COMMITTEES

This Committee is constituted in accordance with the Financial Institutions Act, 2004 (and as amended) which requires the Board to appoint at least two Non-Executive Directors to the Committee. As per the law, the Board has appointed the members of the committee which is comprised solely of independent Non-Executive Directors. The role of this Committee is to assess the integrity and effectiveness of accounting, financial compliance and control systems. The committee has a constructive relationship with the internal audit function, which has access to the committee members as required. The Committee also ensures effective communication between the internal auditors, external auditors, the Board, management and regulators. The committee considers reports from internal audit on any weaknesses in controls that have been identified, including financial controls, and considers corrective actions to be implemented by management to prevent recurring of such incidences. This takes place on an ongoing basis.
The Board Audit Committee has complied with its mandate in the year under review, as well as its responsibilities. Four scheduled meetings were held.

Name of Director	Q1	Q2	Q3	Q4
Fred Kakongoro Muhumuza	A	NM	NM	NM
Sempiija Thadeus	A	A	A	A
Odoch Charles Langoya	A	A	A	A

A - Attendance; AP - Apology; N/M - Not Member

BOARD CREDIT COMMITTEE

The role of this committee is to ensure that effective frameworks for credit governance are in place in the Bank. This involves ensuring that the Credit Management Committee and the credit function operate according to clearly defined mandates and delegated authority, and providing for the adequate management, measurement, monitoring and control of credit risk. The Committee reports to the Board on credit portfolios, adequacy of provisions and status of non-performing loans. Further detail on the management of credit risk is set out in Note 3 to the consolidated and separate financial statements. The Committee's composition includes both Executive Directors and Non-Executive Directors. The Credit Committee complied with its mandate for the year under review. Four scheduled meetings were held.

Name of Director	Q1	Q2	Q3	Q4
Sempiija Thadeus	A	NM	NM	NM
Odoch Charles Langoya	NM	A	A	A
Shashi Dhar	A	A	A	A
Prithvi Singh Bhati	A	A	A	A

A - Attendance; AP - Apology; N/M - Not Member

BOARD HUMAN RESOURCES AND COMPENSATION COMMITTEE

The purpose of this committee is to attend to human capital and administrative matters within the Bank. The committee oversees the administrative matters affecting the Bank as well as the welfare, talent and skill development, and other human capital matters. In addition to that, the purpose of this committee is to provide oversight on the compensation of staff (including key personnel) and ensure that the compensation is consistent with the Bank's objectives and strategy. Furthermore, the committee performs other duties related to the Bank's compensation structure in accordance with applicable laws, rules, policies and regulations. The committee comprises of both Executive and Non-Executive Directors. No individual, irrespective of position, is present when his or her remuneration is discussed. The committee complied with its mandate for the year under review. Four scheduled meetings were held.

Name of Director	Q1	Q2	Q3	Q4
Sempiija Thadeus	A	A	A	A
Odoch Charles Langoya	NM	A	A	A
Fred Kakongoro Muhumuza	A	NM	NM	NM
Prithvi Singh Bhati	A	NM	NM	NM

A - Attendance; AP - Apology; N/M - Not Member

BOARD RISK MANAGEMENT AND INFORMATION TECHNOLOGY / CYBER SECURITY COMMITTEE

The Board is ultimately responsible for risk management. The main purpose of the committee is to provide independent and objective oversight of risk management within the Bank. A number of management committees help the committee to fulfil its mandate, the main one of these being the Risk Management Committee. To achieve oversight, the committee reviews and assesses the integrity of risk control systems and ensures that risk policies and strategies are managed effectively and contribute to a culture of discipline and control that reduces the opportunity of fraud. Assurance on the effectiveness of the risk management processes is provided to the committee through management reporting.

The committee's composition includes Executive and Non-Executive Directors. The committee complied with its mandate for the year under review. Four scheduled meetings were held.

Name of Director	Q1	Q2	Q3	Q4
Odoch Charles Langoya	A	A	A	A
Sempijja Thadeus	N/M	A	A	A
Shashi Dhar	A	A	A	A

A - Attendance; AP - Apology; N/M - Not Member

BOARD ASSETS AND LIABILITIES COMMITTEE

The Board Asset and Liability Committee ("BALCO") assists the Board by assessing the adequacy and monitoring the implementation, of the Group and the Bank's Asset Liability Management Policy ("ALM policy") and related procedures. The ALM Policy includes specific policies and procedures relating to (i) interest rate risk, (ii) market/investment risk, (iii) liquidity risk, and (iv) capital risk. BALCO is supported by the management ALCO which reports on a quarterly basis to help the BALCO to fulfil its mandate, the main one of these being the management of assets and liabilities. BALCO is involved in management of treasury limits, approval of internal liquidity limits, oversight on the investment portfolio and its mix, management of foreign currency placements and deposits with correspondent banks, among others.

The committee's composition includes Executive and Non-Executive Directors. The committee complied with its mandate for the year under review. Four scheduled meetings were held.

Name of Director	Q1	Q2	Q3	Q4
Odoch Charles Langoya	A	A	A	A
Shashi Dhar	A	A	A	A
Fred Kakongoro Muhumuza	A	NM	NM	NM
Prithvi Singh Bhati	A	A	A	A

A - Attendance; AP - Apology; N/M - Not Member

COMPANY SECRETARY

The role of the Company Secretary is to ensure the Board remains cognizant of its duties and responsibilities. In addition to guiding the Board on discharging its responsibilities, the Secretary keeps the Board abreast of relevant changes in legislation and governance best practices. The secretary also oversees the induction of new Directors as well as the continuous education of Directors. To enable the Board to function effectively, all Directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as announcements, investor communications and other developments which may affect the Bank and its operations. All Directors have access to the services of the Secretary.

INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL

The Directors are responsible for reviewing the effectiveness of the Bank's system of internal control, including internal financial control. This is designed to provide reasonable, but not absolute, assurance regarding (a) the safeguarding of assets against unauthorized use or disposition; and (b) the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL CONTROL FRAMEWORK

Effective corporate governance remains key to the business. The Bank continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. The effectiveness of the framework is regularly reviewed by senior management.

DIRECTORS' REMUNERATION

The remuneration of all Directors is subject to regular monitoring to ensure that levels of remuneration are appropriate. Information on the remuneration received and dealings of the Directors with the Group are included in Note 29 to the consolidated and separate financial statements.

Non-executive Directors receive a fee for their service on the Board and a meeting attendance fee for Board Committee meetings. Fees are paid quarterly in arrears. There are no contractual arrangements for compensation for loss of office. Non-executive Directors do not receive short-term incentives, nor do they participate in any long-term incentives schemes. The Board Human Resources and Compensation Committee periodically reviews the fees paid to Non-executive Directors periodically and makes recommendations to the Board for consideration.

RISK MANAGEMENT

The Bank has a structure and process to help identify, assess and manage risks. This process has been in place through out the year.

RELATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communication with all shareholders. The Annual General Meeting (AGM) and the published annual reports are used as opportunities to communicate with all shareholders. The Bank gives shareholders 21 days' notice of the AGM as provided for in the Companies Act, 2012.

Vastina Rukimirana Nsanze
Chairperson

Shashi Dhar
Managing Director

Prithvi Singh Bhati
Executive Director

24,April,2024

Kampala, Uganda

The directors have pleasure in submitting their report together with the audited consolidated and separate financial statements of Bank of Baroda (Uganda) Limited ("the Bank'') and its subsidiary, Baroda Capital Markets (U) Limited (''the subsidiary''), collectively referred to as "the Group", for the year ended December 31, 2023 which disclose the state of affairs of the Group.

1. NATURE OF BUSINESS

The Bank is principally engaged in the business of providing commercial banking services to the general public. The Bank is a financial institution regulated by Bank of Uganda (BoU) and licensed under the Financial Institutions Act, 2004 (as amended) to conduct commercial banking business.

There have been no material changes to the nature of the Bank's business compared to the prior year.

2. SHARE CAPITAL

The Bank has complied with the minimum capital requirement of UShs 150 billion through creation of additional 12.5 billion new ordinary shares of UShs 10 each through issuance of bonus shares in the ratio of 1:5 to the existing shareholders. The additional issued capital amounting to UShs 125 billion was transferred from the Bank's retained earnings to the paid-up share capital. Consequently, the Bank is compliant with the regulatory minimum capital requirement of Ushs 150 billion which is effective by 30 June 2024 as per the Financial Institutions (Revision of Minimum Capital Requirements) Instrument, 2022. The additional shares of 12.5 billion were transferred to all the eligible shareholders' accounts and the were listed on the Uganda Securities Exchange main exchange.

			2023	2022
Authorised			**Number of shares**	
Ordinary shares			15,000,000,000	2,500,000,000
	2023	**2022**	**2023**	**2022**
Issued and paid-up share capital	**UShs '000**	**UShs '000**	**Number of shares**	
Ordinary shares	150,000,000	25,000,000	15,000,000,000	2,500,000,000

There have been no changes to the authorised or issued share capital during the year under review.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in liquidity, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the acceptable level of risk and the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Trading limits are set for the trading book to contain losses within a prescribed amount in the event of adverse price movements.

The Group has policies in place to ensure that Banking services are availed to customers with performance and credit history.

4. DIRECTORATE

The Directors who held office during the year and to the date of this report as follows:

Directors	Nationality	Changes
Vastina Rukimirana Nsanze	Ugandan	
Shashi Dhar	Indian	Appointed on March 16, 2023
Raj Kumar Meena	Indian	Completed his tenure on March 15, 2023
Prithvi Singh Bhati	Indian	
Debadatta Chand	Indian	Resigned on February 12, 2024
Tyagi Lalit	Indian	Appointed on February 5, 2024
Sempijja Thadeus	Ugandan	
Fred Kakongoro Muhumuza	Ugandan	
Odoch Charles Langoya	Ugandan	

5. DIRECTORS' INTERESTS IN SHARES

As at December 31, 2023, Shashi Dhar held 1,250 ordinary shares of the Bank. However, the Director holds those shares non-beneficially on behalf of the parent company.

6. DIRECTORS' BENEFITS

During the period since the last Annual General Meeting of the members of the Bank to the date of this report, no Director has received or become entitled to receive any benefit other than Directors' fees or amounts/allowances received under employment contracts for Executive Directors. The emoluments for Directors' services rendered during the financial year are disclosed in Note 29 to the consolidated and separate financial statements. Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the Bank is a party whereby Directors might acquire benefits by means of the acquisition of shares of the Bank or any other body corporate.

7. CAPITAL ADEQUACY

The Bank monitors the adequacy of its capital using ratios stipulated in the Financial Institutions Act, 2004 (as amended) and the related regulations. These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets and off-balance sheet commitments at a weighted amount 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. For example, notes, coins and other cash assets, balances held with Bank of Uganda including securities issued by the Government of Uganda and securities held with Bank of Uganda have a zero risk weighting, which means that no capital is required to support the holding of these assets. Loans and advances, property, equipment and right-of-use assets carry 100% risk weighting which means that these assets must be supported by capital equal to 100% of the risk weighted amount. Other asset categories have intermediate weightage.

Core capital (Tier 1) consists of paid-up share capital, retained profits less non-dealing investments. Supplementary capital (Tier 2) includes revaluation reserves on property and equipment, unencumbered general provisions and non-dealing investments.

Disclosures in respect to capital management and capital adequacy ratios are set out in Note 3 to the consolidated and separate financial statements.

8. OPERATING AND REGULATORY ENVIRONMENT

OPERATING ENVIRONMENT

Economic growth is expected to increase between 6% and 8% in the medium term and domestic monetary conditions are still tight with current investment activities in the oil and gas sector, resilient remittances and tourism inflows expected to support economic growth.

EXCHANGE RATES

The Uganda Shilling (UShs) remained relatively stable against the US dollar during the year and strengthened at year-end. This was supported by tight liquidity conditions in the money markets and inflows from offshores and seasonal inflows from remittances, coffee receipts and NGOs and due to the easing of the strengthening of the US dollar globally. Year-on-year, the UShs was 5.9 percent weaker. The USD to UShs foreign exchange rate was 3,720 in January 2023 while the average for the year was 3,726 and closing rate at 31 December 2023 was 3,787.

REGULATORY ENVIRONMENT

The regulatory framework by Bank of Uganda continues to evolve and improve. The deliberate move by regulators across the African continent to enhance their interaction is expected to see modification and/or enhancements to local regulation environment. The specific harmonization around the East African Community (EAC) partner states on various areas of regulation is also expected to increase. In orderto ensure compliance with all key external legislation. The Bank has scaled up the capacity and capability in the Compliance function that provides oversight and guidance on compliance matters. However, more importantly, management has focused on building a culture of compliance across the Bank. At the core of this culture is that all staff must commit to living the six core values of the Bank and having this message of individual accountability well understood across the Bank. Management continues to ensure that the Bank's standing with the regulators remains strong.

9. CORPORATE GOVERNANCE

The Bank's Corporate Governance philosophy encompasses not only regulatory and legal requirements, but also several best practices aimed at a high level of business ethics, effective supervision and enhancement of value for all the stakeholders. The corporate governance framework is based on an effective and independent Board, the separation of the Board's supervisory role from the Executive Management and the constitution of Board Committees comprising a majority of independent Non- Executive Directors and chaired by an independent Director, to oversee all functional areas. We believe that excellence emanates from good governance, therefore, we have adopted a high standard of transparency and accountability, professionalism and social responsiveness with improved customer focus to maintain a value driven organization.

10. HUMAN RESOURCE MANAGEMENT

The human resource management department continues to play a very important role in the ever-changing competitive scenario. The Bank's mission continues to be to convert every employee of the Bank into a knowledgeable worker to enable them cope with increased customer expectations and new areas of banking outside the traditional zone. The Bank has conducted a number of in-house training programmes in the process of empowering our staff so as to match with our standard operating procedures and any other changes affecting our industry due to globalization. During the year 2023, the Bank recruited 1 Officer and 7 Banking Assistants. A promotion exercise was also conducted where 3 staff were promoted from Supervisor to Officer Cadre, 4 Clerk (Banking Assistant) to Supervisor and 1 Non-Clerical to Clerical Cadre.

11. INFORMATION TECHNOLOGY

The Bank possess strong digital foundation and technology capabilities to enable a data-driven digital bank which delivers world access client services. We are accelerating the simplification and harmonisation of our technology estate to reinforce strong digital foundation, integrate platforms using cloud where appropriate to provide consistent, secure, and resilient technology. We continue to invest in our information technology infrastructure, provide best-in-class tools, and selecting an automated and scalable technology capable of continuously delivering value to our clients.

The Bank replaced old ATMs with cash recyclers, implemented green PIN and biometric login to the core banking system in the recent past. We continued our focus on leveraging technology which resulted in efficiencies and enhanced customer experience.

12. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occured after the reporting period which requires adjustments to or discolosure in the consolidated and separate financial statements.

13. DISCONTINUED OPERATIONS

Baroda Capital Markets (Uganda) Limited's shareholders approved a plan of voluntary winding up of the company on March 17, 2021 as per Section 268 of the Companies Act, 2012. Consequently, the subsidiary is under liquidation and its final financial statements are expected to be filed with the Official Receiver and then the liquidation process is expected to be completed in the subsequent year. As such, the subsidiary is not a going concern and the assets and liabilities of the subsidiary have been stated at their recoverable amount, which is the lower of carrying amount and fair value less costs to sell.

14. INDEPENDENT AUDITOR

Ernst & Young was appointed as the statutory auditor of the Bank in accordance with Section 167(1) of the Companies Act, 2012 and were duly approved by Bank of Uganda in accordance with Section 62 of the Financial Institutions Act, 2004 (as amended).

15. SECRETARY

The company secretary is Anne Tumwesigye Mbonye of:

Business address:
P. O. Box 7197
Kampala, Uganda

16. DIVIDENDS

During the year 2023, the dividend (for the year 2022) at UShs 2 per share amounting to UShs 30 billion was paid. During the year 2022, the dividend (for the year 2020) at UShs 10 per share amounting to UShs 25 billion was paid and the dividend (for the year 2021) at UShs 10 per share amounting to UShs 25 billion was also paid. Thus, during the year 2022, a total of UShs 50 billion was paid as dividends.

The Directors recommend the approval of a dividend for the year ended 31 December 2023 of UShs 30 billion or UShs 2 per share.

17. APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The annual report and the consolidated and separate financial statements were approved by the Board of Directors on

23,March,2024

By Order of the Board,

Anne Tumwesigye Mbonye

Company Secretary

24,April 2024

Kampala, Uganda

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required, in terms of the Companies Act, 2012 and the Financial Institutions Act, 2004 (as amended), to maintain adequate accounting records and are responsible for the content and integrity of the annual report and the consolidated and separate financial statements. It is the Directors' responsibility to ensure that the annual report and consolidated and separate financial statements fairly present the state of financial affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2012 and Financial Institutions Act, 2004 (as amended).

The annual report and consolidated and separate financial statements of Bank of Baroda (Uganda) Limited are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2012 and Financial Institutions Act, 2004 (as amended), and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operational risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual report and consolidated and separate financial statements. However, any system of internal financial control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The independent auditor was provided unrestricted access to all financial records and related information, including minutes of meetings of shareholders, the Board of Directors and Board committees. The Directors believe that all representations made tothe independent auditor during the audit are valid and appropriate.

Nothing has come to the attention of the Directors to indicate that the Bank or Group will not remain a going concern for at least twelve months from the date of this statement.

The annual report and consolidated and separate financial statements were approved by the Board of Directors on 23,March,2024 and were signed on its behalfby:

Vastina Rukimirana Nsanze
Chairperson

Shashi Dhar
Managing Director

Prithvi Singh Bhati
Executive Director

24,April,2024

Kampala, Uganda

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANK OF BARODA (UGANDA) LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Bank of Baroda (Uganda) Limited (''the Bank'') and its subsidiary (''the Group'') set out on pages 20 to 73, which comprise of the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2012, the Financial Institutions Act, 2004, as amended by the Financial Institutions (Amendment) Act, 2016 and the Financial Institutions Regulations of Uganda.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated and separate financial statements of Bank of Baroda (Uganda) Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 20 April 2023.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies to both the audit of the consolidated and separate financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How the matter was addressed in the audit
Determination of expected credit losses on loans and advances	
As disclosed in Note 16 to the consolidated and separate financial statements, as at 31 December 2023, the Group had an allowance for expected credit losses of Ushs 13 billion (2022: Ushs 22 billion) charged on gross loans and advances to customers of Ushs 1,258 billion (2022: Ushs 1,112 billion). The related credit for the year to profit or loss was Ushs 9 billion (2022: charge of Ushs 11 billion) as disclosed in Note 16 to the consolidated and separate financial statements. The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 *Financial Instruments*. The estimation of expected credit losses requires the Group to make significant judgements in the consideration of the following variables: · Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: - Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and - Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL). · Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk. · Assessment of the Probability of Default (PD) and the Loss Given Default (LGD). · The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD. · Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty, estimating recoverability of the cash flows and collateral realisation. · Consideration of the impact on default rates of correlated forward looking macroeconomic factors. · Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments. · Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model.	Our audit procedures included, but were not limited to: · Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles. For non-performing loans (NPLs or Stage 3) ECL models: - We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management. - We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected. - For the selected sample of NPLs, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure. - We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans. - We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Group without undue cost and effort. This included considering past experience of the time it

Key Audit Matter	How the matter was addressed in the audit
Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter. The complexity of these estimates requires management to prepare financial statement disclosures explaining the key judgments and the key inputs into the ECL computations. The disclosures in Notes 1.2, 1.11 and 3 to the consolidated and separate financial statements provide information about the Group's ECL models and the related accounting policies, key assumptions and judgements.	- takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment. - We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows. For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Group. This included evaluating that inputs into the ECL models like the loan balances used agreed to the general ledger and that there were no duplicated or omitted loan facilities and management overlay adjustments were in line with the Group's policy. Assessed whether disclosures made in the consolidated and separate financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included on pages 1 to 15, which includes the Corporate Information, Corporate Governance Statement, Directors' Report as required by the Companies Act, 2012 of Uganda and the Statement of Directors' Responsibilities, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2012, the Financial Institutions Act, 2004, as amended by the Financial Institutions (Amendment) Act, 2016 and the Financial Institutions Regulations of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

ii. In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books; and

iii. The consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Julius Rwajekare – P0307.

.......Ernst & Young...........

Ernst & Young
Certified Public Accountants
Kampala, Uganda

....

Julius Rwajekare
Partner

24,April,2024

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated		Separate	
		2023	2022	2023	2022
	Note	UShs'000	UShs'000	UShs'000	UShs'000
Continuing operations					
Interest income calculated using the effective interest method	5	263,042,344	227,666,481	263,042,344	227,666,481
Interest expense calculated using the effective interest method	6(a)	(85,176,799)	(56,304,699)	(85,176,799)	(56,304,699)
Other interest and similar expense	6(b)	(403,346)	(442,020)	(403,346)	(442,020)
Net interest income		177,462,199	170,919,762	177,462,199	170,919,762
Non-interest income	7	31,987,513	34,071,677	31,987,513	34,071,677
Other income	11	-	-	432,556	-
Operating expenses	8	(46,581,089)	(37,009,688)	(46,581,089)	(37,009,688)
Expected credit losses	16	(9,553,025)	(11,065,014)	(9,553,025)	(11,065,014)
Profit before taxation		**153,315,598**	**156,916,737**	**153,748,154**	**156,916,737**
Income tax charge	10	(37,381,989)	(34,731,723)	(37,381,989)	(34,731,723)
Profit from continuing operations		**115,933,609**	**122,185,014**	**116,366,165**	**122,185,014**
Discontinued operations					
Profit from discontinued operations (net of tax)	11	32,465	10,952	-	-
Profit for the year		**115,966,074**	**122,195,966**	**116,366,165**	**122,185,014**
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)					
Fair value gain/(loss) on investment in government securities at FVTOCI (net of tax)		10,418,724	(13,789,665)	10,418,724	(13,789,665)
Reclassified to profit or loss of fair value differences on investments in government securities at FVTOCI (net of tax)		(2,973,492)	(2,777,317)	(2,973,492)	(2,777,317)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**13**	**7,445,232**	**(16,566,982)**	**7,445,232**	**(16,566,982)**
Other comprehensive income that will not be reclassified to the income statement					
Gain on property revaluation	20	6,944,252	-	6,944,252	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**6,944,252**	**-**	**6,944,252**	**-**
Other comprehensive income/(loss) for the year, net of tax		**14,389,484**	**(16,566,982)**	**14,389,484**	**(16,566,982)**
Total comprehensive income for the year, net of tax		**130,355,558**	**105,628,984**	**130,755,649**	**105,618,032**
Earnings per share					
		Ushs	**Ushs**		
Basic and diluted earnings per share - continuing operations	30	7.729	48.87		
Basic and diluted earnings per share - continuing and discontinued operations	30	7.731	48.87		

The notes on pages **40 to 88** are an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	Group 2023 UShs '000	Group 2022 UShs '000	Bank 2023 UShs '000	Bank 2022 UShs '000
ASSETS					
Cash and balances with Bank of Uganda	12	215,775,055	228,514,586	215,775,055	228,514,586
Investment in government securities	13	874,105,477	787,992,707	874,105,477	787,992,707
Due from group companies	14	2,626,525	6,292,990	2,626,525	6,292,990
Deposit due from other banks	15	424,676,491	282,869,624	424,676,491	282,869,624
Loans and advances to customers	16	1,239,882,695	1,089,050,974	1,239,882,695	1,089,050,974
Other assets	17	6,539,911	5,235,400	6,539,911	5,235,400
Current income tax recoverable	18	1,766,456	364,885	1,766,456	364,885
Intangible assets	19	39,489	76,955	39,489	76,955
Property, equipment and right-of-use assets	20	36,438,472	27,053,210	36,438,472	27,053,210
Deferred tax asset	21	2,937,775	7,681,070	2,937,775	7,681,070
Disposal group assets	11	40,000	716,765	40,000	40,000
TOTAL ASSETS		**2,804,828,346**	**2,435,849,166**	**2,804,828,346**	**2,435,172,401**
EQUITY AND LIABILITIES					
Equity					
Share capital	22	150,000,000	25,000,000	150,000,000	25,000,000
Revaluation reserve		13,778,158	7,467,700	13,778,158	7,467,700
Fair value reserve		(5,005,843)	(12,451,075)	(5,005,843)	(12,451,075)
Proposed dividend		30,000,000	25,000,000	30,000,000	25,000,000
Retained earnings		520,078,699	565,302,349	520,078,698	564,902,257
Total equity		**708,851,014**	**610,318,974**	**708,851,013**	**609,918,882**
Liabilities					
Customer deposits	24	2,024,941,979	1,777,297,079	2,024,941,979	1,777,297,080
Borrowed funds	25	14,322,590	8,725,514	14,322,590	8,725,514
Other liabilities	26	56,712,763	39,230,925	56,712,764	39,230,925
Disposal group liabilities	11	-	276,674	-	-
Total liabilities		**2,095,977,332**	**1,825,530,192**	**2,095,977,333**	**1,825,253,519**
TOTAL EQUITY AND LIABILITIES		**2,804,828,346**	**2,435,849,166**	**2,804,828,346**	**2,435,172,401**

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 23,March,2024 and were signed on its behalf by:

Vastina Rukimirana Nsanze
Chairperson

Shashi Dhar
Managing Director

Prithvi Singh Bhati
Executive Director

Anne Tumwesigye Mbonye
Company Secretary

The notes on pages **40 to 88** are an integral part of the consolidated and separate financial statements.

Group	Note	Share capital UShs '000	Regulatory credit risk reserve UShs '000	Revaluation reserve UShs '000	FVTOCI reserve UShs '000	Proposed dividend UShs '000	Retained earn-ings UShs '000	Total equity UShs '000
Balance at January 1, 2022		**25,000,000**	**-**	**7,860,737**	**4,115,907**	**50,000,000**	**467,713,346**	**554,689,990**
Profit for the year		-	-	-	-	-	122,195,966	122,195,966
Other comprehensive income		-	-	-	(16,566,982)	-	-	(16,566,982)
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**(16,566,982)**	**-**	**122,195,966**	**105,628,984**
Dividend paid	22	-	-	-	-	(50,000,000)	-	(50,000,000)
Dividend proposed	22	-	-	-	-	25,000,000	(25,000,000)	-
Total transactions with owners of the group		**-**	**-**	-	**-**	**(25,000,000)**	**(25,000,000)**	**(50,000,000)**
Transfer of excess depreciation (net of tax)		-	-	(393,037)	-	-	393,037	-
Balance at December 31, 2022		**25,000,000**	**-**	**7,467,700**	**(12,451,075)**	**25,000,000**	**565,302,349**	**610,318,974**
Balance at January 1, 2023		**25,000,000**	**-**	**7,467,700**	**(12,451,075)**	**25,000,000**	**565,302,349**	**610,318,974**
Profit for the year		-	-	-	-	-	115,966,074	115,966,074
Other comprehensive income		-	-	6,944,252	7,445,232	-	-	14,389,484
Total comprehensive income for the year, net of tax		**-**	**-**	**6,944,252**	**7,445,232**	**-**	**115,966,074**	**130,355,558**
Issue of bonus shares	22	125,000,000	-	-	-	-	(125,000,000)	-
Bonus share issue expenses	22	-	-	-	-	-	(2,095,145)	(2,095,145)
Dividend paid	22	-	-	-	-	(25,000,000)	(5,000,000)	(30,000,000)
Dividend proposed	22	-	-	-	-	30,000,000	(30,000,000)	-
Total transactions with owners of the Group		**125,000,000**	**-**	**-**	**-**	**5,000,000**	**(162,095,145)**	**(32,095,145)**
Transfer of excess depreciation on revaluation (net of tax)		-	-	(633,794)	-	-	633,794	-
Deferred tax impact on transfer of excess depreciation		-	-	-	-	-	271,627	271,627
Balance at December 31, 2023		**150,000,000**	**-**	**13,778,158**	**(5,005,843)**	**30,000,000**	**520,078,699**	**708,851,014**

Bank		Share capital	Regulatory credit risk reserve	Revaluation reserve	FVTOCI re-serve	Proposed dividend	Retained earnings	Total equity
		UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Balance at January 1, 2022		**25,000,000**	**-**	**7,860,737**	**4,115,907**	**50,000,000**	**467,324,206**	**554,300,850**
Profit for the year		-	-	-	-	-	122,185,014	122,185,014
Other comprehensive income		-	-	-	(16,566,982)	-	-	(16,566,982)
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**(16,566,982)**	**-**	**122,185,014**	**105,618,032**
Dividend paid	22	-	-	-	-	(50,000,000)	-	(50,000,000)
Dividend proposed	22	-	-	-	-	25,000,000	(25,000,000)	-
Total transactions with owners of the Bank		**-**	**-**	**-**	**-**	**(25,000,000)**	**(25,000,000)**	**(50,000,000)**
Transfer of excess depreciation (net of tax)		-	-	(393,037)	-	-	393,037	-
Balance at December 31, 2022		**25,000,000**	**-**	**7,467,700**	**(12,451,075)**	**25,000,000**	**564,902,257**	**609,918,882**
Balance at January 1, 2023		**25,000,000**	**-**	**7,467,700**	**(12,451,075)**	**25,000,000**	**564,902,257**	**609,918,882**
Profit for the year		-	-	-	-	-	116,366,165	116,366,165
Other comprehensive income		-	-	6,944,252	7,445,232	-	-	14,389,484
Total comprehensive income for the year, net of tax		**-**	-	**6,944,252**	**7,445,232**	**-**	**116,366,165**	**130,755,649**
Issue of bonus shares	22	125,000,000	-	-	-	-	(125,000,000)	-
Bonus issue expenses	22	-	-	-	-	-	(2,095,145)	(2,095,145)
Dividend paid	22					(25,000,000)	(5,000,000)	(30,000,000)
Dividend proposed	22					30,000,000	(30,000,000)	-
Total transactions with owners of the Bank		**125,000,000**	-	**-**	**-**	**5,000,000**	**(162,095,145)**	**(32,095,145)**
Transfer of excess depreciation on revaluation (net of tax)		-	-	(633,794)	-	-	633,794	-
Deferred tax impact on transfer of excess depreciation		-	-	-	-	-	271,627	271,627
Balance at December 31, 2023		**150,000,000**	-	**13,778,158**	**(5,005,843)**	**30,000,000**	**520,078,698**	**708,851,013**

The notes on pages **40 to 88** are an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		Group		Bank	
		2023	2022	2023	2022
	Note	UShs '000	UShs '000	UShs '000	UShs '000
Operating activities					
Interest receipts		217,142,591	226,570,491	217,142,591	226,570,491
Interest payments		(69,455,968)	(53,231,605)	(69,455,968)	(53,231,605)
Net fees and commission receipts		10,417,615	18,259,970	10,417,615	18,259,970
Other income received		6,903,195	8,771,588	6,903,195	8,771,588
Recoveries on loans previously written off	6	14,666,703	8,451,167	14,666,703	8,451,167
Payments to employees and suppliers		(25,444,924)	(34,265,399)	(25,845,015)	(34,225,061)
Unrealised exchange foreign loss		(2,724,880)	(2,056,498)	(2,724,880)	(2,056,498)
Dividend received	11	-	-	432,556	-
Profit from discontinued operations	11	32,465	10,953	-	-
Changes in working capital items:					
Increase in loans and advances to customers		(141,278,696)	(158,019,738)	(141,278,696)	(158,019,738)
Increase in cash reserve requirement		(7,970,000)	(48,340,000)	(7,970,000)	(48,340,000)
Increase in investments in government securities maturing after 3 months		(286,144,659)	(83,796,230)	(286,144,659)	(83,796,230)
Increase in other assets		(1,304,511)	(544,350)	(1,304,511)	(544,350)
Increase in customer deposits		247,644,899	185,081,355	247,644,899	185,081,355
Increase/(decrease) in borrowed funds		5,597,076	(340,208)	5,597,076	(340,208)
Increase in other liabilities		17,481,839	6,204,541	17,481,839	6,175,156
		(14,437,255)	**72,756,037**	**(14,437,255)**	**72,756,037**
Income tax paid	18	(39,935,560)	(34,958,398)	(39,935,560)	(34,958,398)
Net cash flows (used in)/from operating activities		**(54,372,815)**	**37,797,639**	**(54,372,815)**	**37,797,639**
Investing activities					
Purchase of intangible assets	19	(8,400)	-	(8,400)	-
Purchase of property and equipment	20	(2,341,408)	(802,538)	(2,341,408)	(802,538)
Proceeds from disposal of equipment		47,636	24,542	47,636	24,542
Net cash flows used in investing activities		**(2,302,172)**	**(777,996)**	**(2,302,172)**	**(777,996)**
Financing activities					
Dividends paid	22	(25,000,000)	(50,000,000)	(25,000,000)	(50,000,000)
Costs paid on bonus share issue	22	(2,095,145)	-	(2,095,145)	-
Interest paid on lease	32	(244,989)	(244,450)	(244,989)	(244,450)
Lease payments - Principle	32	(1,310,776)	(1,308,400)	(1,310,776)	(1,308,400)
		(28,650,910)	**(51,552,850)**	**(28,650,910)**	**(51,552,850)**
Net decrease in cash and cash equivalents		**(85,325,897)**	**(14,533,207)**	**(85,325,897)**	**(14,533,207)**
Cash and cash equivalents at 1 January		630,843,752	643,320,461	630,843,752	643,320,461
Effect of exchange rate differences		2,724,880	2,056,498	2,724,880	2,056,498
Cash and cash equivalents at 31 December	27	**548,242,735**	**630,843,752**	**548,242,735**	**630,843,752**

The notes on pages **40 to 88** are an integral part of the consolidated and separate financial statements.

CORPORATE INFORMATION

Bank of Baroda (Uganda) Limited ("the Bank") is a public limited liability company incorporated and domiciled in Uganda. The Bank started its operations in Uganda and opened its Kampala main branch on December 18, 1953. The Bank was incorporated on November 1, 1969. Its parent and ultimate holding company is Bank of Baroda - India headquartered in Mumbai, India.

The Bank is principally engaged in the provision of commercial banking services.The Registered office of the Bank is:
Plot 18, Kampala Road,P. O. Box 7197
Kampala, Uganda

The Bank's shares are listed on the Uganda Securities Exchange ("USE").

The consolidated financial statements of the Group for the year ended December 31, 2023 comprise the Bank and its subsidiary, Baroda Capital Markets (Uganda) Limited ("the subsidiary"). The subsidiary was engaged in brokerage of securities and shares traded at the USE. The subsidiary is under liquidation.

The separate financial statements for the year ended December 31, 2023 comprise the Bank's financial statements.

1. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRSs") and in the manner required by the Companies Act, 2012 and the Financial Institutions Act, 2004 (as amended).

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Uganda Shillings (''UShs''), which is the Group's functional currency. All financial information presented in UShs has been rounded to the nearest thousand, unless otherwise indicated.

These accounting policies are consistent with those applied in the previous period as the IFRS pronouncements affective during the year did not have a significant impact on the Group's financial statements and the Group has not early adopted any new IFRS pronouncement issued but not yet effective.

1.2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

GOING CONCERN

The Bank's directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

1.2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Bank's regularly reviews the ECL models in the context of actual loss experience and adjust when necessary.

The impairment allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For individually significant financial assets, the Group considers judgements that have an impact on the expected future cash flows of the asset. These include, the business prospects, industry and geopolitical climate of the customer, realizable value of collateral, the Group's legal position, etc. Many of the key judgement factors have a degree of interdependency, therefore a significant level of judgement is required.

For financial assets which are not individually significant, which comprise a large number of loans that have similar risk characteristics, statistical estimates and techniques are used. These techniques use models which analyze sector wise historical repayment and default rates over a period of five years. Further judgement is required to determine whether the current economic climate, behavioral and credit conditions are such that the actual level of incurred losses, and losses inherent in the collective portfolio is likely to be greater or less than historical experience, and is not fully reflective in the allowance estimated through the use of statistical models and historical data.

The difference between the loan carrying amount and the discounted expected future cash flows will result in the impairment amount. The future cash flow calculation involves significant judgements and estimates. As new information becomes available and further negotiations/forbearance measures are taken, the estimates of the future cash flows will be revised, and will have an impact on the future cash flow analysis.

Refer to Note 3 for further information on determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments 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 at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Further details about determination of fair value are included in Notes 1.16 and 3.

EFFECTIVE INTEREST RATE (EIR) METHOD

The Bank's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to the Bank's base rate and other fee income/expense that are integral parts of the instrument. Refer to Note 1.16 for further information on the Bank's policy.

DEFERRED TAX ASSETS

Deferred tax assets are recognised in respect of income tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. Refer to Note 1.14 and 21 for further information on recognition of deferred tax assets.

ESTIMATING THE INCREMENTAL BORROWING RATE

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Bank's functional currency).The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments. Refer to Notes 1.13 and 29 for further disclosures on leases.

REVALUATION OF LAND AND BUILDINGS

The Bank measures freehold land and buildings at revalued amounts, with changes in fair value being recognised in OCI. These assets are valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess the values for the assets. Further disclosures on the revalued assets are included in Notes 1.8 and 20.

PROVISIONS AND OTHER CONTINGENT LIABILITIES

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in some litigation and regulatory assessments, arising in the ordinary course of the Bank's business.

1.2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in the consolidated and separate financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Further disclosures on contingent liabilities are included in Note 31.

DETERMINATION OF THE LEASE TERM FOR LEASE CONTRACTS WITH RENEWAL AND TERMINATION OPTIONS (BANK AS A LESSEE)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Further disclosures on contingent liabilities are included in Note 32.

USEFUL LIVES OF PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

Management reviews the useful lives and residual values of the items of property, equipment and right-of-use assets on a regular basis. This process involves judgement. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are some transactions for which the ultimate tax determination is uncertain during the ordinary course of business.The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Refer to Note 10 for further information on recognition of deferred tax assets.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group reviews its non-financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management make judgements as to whether there are any conditions that indicate potential impairment of such assets.

1.3 BASIS OF CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity (investee) and has the ability to affect those returns through its power over the entity. The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.
Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Separate financial statements
In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. Dividend income is recognised when the right to receive payment is established.

1.4 REVENUE

RECOGNITION OF INTEREST INCOME AND INTEREST EXPENSE

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognises interest

REVENUE (CONTINUED)

income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', The Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, The Group reverts to calculating interest income on a gross basis.

FEES AND COMMISSION ON FINANCIAL SERVICES

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The Group also derives income from consideration paid by customers to transfer money and foreign exchange transactions. These revenues vary by transaction based upon send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, the difference between the exchange rate set by the Group to the customer and the rate available in the wholesale foreign exchange market, speed of service, and channel, as applicable. Income from foreign exchange transactions is the exchange rate margin between the selling and the buying rates of the various currencies traded in during the period (spot base). Although baseline exchange rates are determined by Bank of Uganda, the Group adjusts market rates in response to the market demand and supply of the respective foreign currencies. The Group also offers several other services, including payment services and other bill payment services, for which incomeis impacted by similar factors.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception ofthe contract. The Group's revenue contracts do not typically include multiple performance obligations. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Contract balances

The following are recognised in the statement of financial position arising from revenue from contracts with customers:

- Fees and commissions receivables included under 'Other assets', which represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.

1.5 LOAN PROCESSING FEES

The Group amortises loan processing fees over the life of the financial asset.

1.6 BROKERAGE FEES

The Group buys and sells securities on behalf of its customers and receives a fixed commission for each transaction. The Group's performance obligation is to execute the trade on behalf of the customer and revenue is recognised once each trade has been executed (i.e., on the trade date). Payment of the commission is typically due on the trade date.

1.7 NET TRADING AND OTHER INCOME

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences, for financial assets and financial liabilities held for trading.

1.8 PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

An item of property, equipment and right-of-use assets is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, equipment and right-of-use assets is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land buildings which are stated at revalued amounts less accumulated depreciation and any accumulated impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

1.8 PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset ifits estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Depreciation is calculated on a straight-line basis / reducing balance to write down the cost of each asset to its residual value over its estimated useful life, using the following annual rates.

Nature of assets	Depreciation method	% of depreciation / years
Buildings	Straight line	20 years
Furniture and fixtures	Reducing balance basis	12.50%
Motor vehicles	Reducing balance basis	20.00%
IT equipment	Straight line	3 to 5 years
Right -of-use assets	Straight line	Shorter of the lease term and useful life

Freehold land is not depreciated.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, equipment and right-of-use assets with a cost that is significant in relation to the total cost ofthe item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, equipment and right-of-use assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, equipment and right-of-use assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.9 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Nature of intangible assets	Useful life
Computer software	3 years

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised profit or loss when the asset is derecognised.

1.10 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances with central banks, government securities and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Uganda.

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost.

1.11 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

Transactions in foreign currencies are converted into UShs (functional currency), at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into UShs at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the period in which they arise.

A foreign currency transaction is recorded, on initial recognition in UShs, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- foreign currency non-monetary items that are not measured at fair value are not retranslated; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous periods are recognised in profit or loss in the period in which they arise.

1.12 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plan

The Group and all its' employees contribute to the National Social Security Fund, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the Group pays a fixed contribution to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund which is funded by contributions from both the Group and employees.

The Group's contributions to the defined contribution scheme are charged to profit or loss in the year to which they fall due.

1.13 LEASES

At the inception of the contract, the Group assesses whether a contract is, a lease. Contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether contract covers the right to control the use of an identified assets, the Group assesses whether;

- the contract involves the use of an identified assets – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the periodof use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - > the Group has the right to operate the asset; or
  - > the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlierof the end of the useful life of the right-of-use

1.13 LEASES (CONTINUED)

asset or the end of the lease term. The estimated useful lives of right-of-useassets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease lability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, intially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an operational renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of- use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases asan expenses on a straight-line basis over the lease term.

1.14 TAX

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date.The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respectof current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

DEFERRED TAX ASSETS AND LIABILITIES

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

1.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventory are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value lesscosts to sell. 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 purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate assetmay be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized 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 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 recognized.

1.16 FINANCIAL INSTRUMENTS

DATE OF RECOGNITION

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., phases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Bank.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the trans-action price.

1.16 FINANCIAL INSTRUMENTS (CONTINUED)

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

MEASUREMENT CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The Group classifies and measures its trading portfolio at FVPL and also may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL if they are derivative instruments or when they are held for trading or the fair value designation is applied.

DETERMINATION OF FAIR VALUE

In order to show how fair values have been derived, assets and liabilities are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are enough trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the reporting date.

Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's assets and liabilities such as credit risk, own credit and/or funding costs. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralized financial instruments. The Group estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself. The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

FINANCIAL ASSETS AT AMORTIZED COST

The Group measures financial assets at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractualcash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principaland interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

BUSINESS MODEL ASSESSMENT

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieveits business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) andthe way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of theassets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

THE SPPI TEST

As a second step of its classification process, the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

FINANCIAL ASSETS AND LIABILITIES HELD AT FVTPL

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in trading income. Interest and dividend income or expense is recorded in trading income according to the terms of the contract, or when the right to payment has been established.

DEBT INSTRUMENTS AT FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test

Gains and losses on disposal of investments whose changes in fair value were initially recognised in OCI are determined by reference to their carrying amount and are taken into account in determining profit or loss. On disposal of investments whose changes in fair value were initially recognised in OCI, the gains/losses are recognised in the reserve, where the fair values were initially recognised. Any gain / losses recongised in OCI will be recycled upon derecognition of the asset.

EQUITY INSTRUMENTS AT FVOCI

Upon initial recognition, the Group has the option of electing to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment assessment.

1.16 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL GUARANTEES, LETTERS OF CREDIT AND UNDRAWN LOAN COMMITMENTS

The Group issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance. The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Like financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values ofthese instruments together with the corresponding ECL are disclosed.

RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are neverreclassified.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originatedcredit impaired (POCI).

When assessing whether to derecognise a loan to a customer, amongst others, the Group considers the followingfactors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group must remit any cash flows it collects on behalf of the eventual recipients without material delay.

- In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but hastransferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be

1.16 FINANCIAL INSTRUMENTS (CONTINUED)

recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case ofa written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

OFFSETTING

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

IMPAIRMENT OF FINANCIAL ASSETS

Overview of the ECL principles

The Group records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL). The 12mECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of defaultoccurring over the remaining life of the financial instrument.

To ensure completeness and accuracy, the Group obtains the data used from third party sources (economic data and forecast information by the governmental and international monetary authorities, etc.) and uses the services of an external consultant that verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The key input in the ECL model include:

- Quarterly loan listing for previous five years;
- Write-off details and recoveries from the previous 5 years; and
- Year-end balances for exposed assets.

Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Instances for stage 2 may include a customer with various facilities and defaults on one of them, restructured debt and/ sector affected by natural hazards.
- Stage 3: Loans considered credit impaired. The Group records an allowance for the LTECL. Instances may include customer being declared bankrupt by an independent government authority, pronounced a defaulter by another financial institution and receiving a directive from the regulator to fully impair the party's receivable.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

1.16 FINANCIAL INSTRUMENTS (CONTINUED)

The calculation of ECL

The Group records an allowance for expected credit loss for all loans and advances, bank guarantees, undrawn overdrafts and letters of credit. in this section, all referred to as financial instruments. Equity instruments are not subject to impairment under IFRS 9.

The Group calculates ECL based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- Probability of Default (PD):

  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The Group considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. PD estimation is derived by bucketing products/facilities for segmentation based on homogeneous characteristics such as industry or facility type, the historical loss rate and the weighted average loss rate and the Credit Conversion Factor (CCF). The Group uses the CCF which is based on Bank of Uganda guidelines for risk weightage of assets. The CCF for fund-based assets and undrawn overdraft limits is 100% and 50% respectively. For non-fund-based products such as letter of credit, guarantees and derivatives, their CCF is 20%, 100% and 5% respectively.

- Exposure at Default (EAD):

  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

- Loss Given Default:

  The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

INCORPORATION OF FORWARD-LOOKING INFORMATION

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The forward-looking (as well as past and current) information selected has a link to the credit risk of the portfolio. For a variety of reasons, it may not always be possible to demonstrate a strong link in formal statistical terms between individual types of information, or even the information set as a whole, and the credit risk of the portfolio.

Particularly in such circumstances, the Group's experienced credit judgment is crucial in establishing an appropriate macro-economic adjustment for the portfolio.

The sources of macroeconomic information are from Fitch Solutions; a reputable data vendor that sources and forecasts using information from World Bank, IMF, EIU, BOU, UBOS etc. These sources have invested in statistical modelling tools and procedures that over the years has made them reputable and reliable. Macroeconomic information is updated at least once in a year and/or when there is a material change in the future forecasts.

The Group obtains equivalent historical default probabilities for the loans and assessments are done to determine the correlation between the Bank's equivalent historical default rate and each observed macroeconomic indicator. Selection of the macroeconomic indicators is based on correlation with historic default rates, expert judgement and understanding of historic interaction between macroeconomic conditions and the Group portfolio's historical default behaviour.

The first criterion is to assess whether the resulting correlations are logical with the expected relationship. If the correlation relationship meets the criteria, the variable is selected, otherwise it is ignored irrespective of the strength of the correlation.

The second is to regress the historical default rate against the macroeconomic variables that passed the above criteria to determine the regression coefficients using the logistic regression equation. However, a second criteria is applied in the selection of the macro-economic variable, based on the results of the correlations. The historical relationship of default rates and macro-economic variables display low correlations. This implies that movements in macro-economic variables does not result in significant movements in default rates. The selected macroeconomic variable is regressed against the historical default rates to determine the regression coefficients using the logistic regression equation. The derived regression coefficient is used to forecast the future probability of default at different point over the life of the exposures in the portfolio.

In deriving macro-economic variables to cure rates, the Group determines and obtains quarterly historical macroeconomic variables related to the portfolio, the Group's equivalent historical cure rate for the portfolio and then regresses the historical cure rates against the historical macroeconomic variable to determine the regression coefficients using the logistic regression equation. The macro adjustment coefficient for future periods is then derived by dividing future forecasted Cure Rate at each point in time by the fitted Point in time cure rate.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations:

Variable	Worst case	Best case	Annual Standard Deviation	Quarterly Standard Deviation
GDP: Nominal GDP, USD, % y-o-y	88.76%	111.24%	22.49%	11.24%
Money supply: M3, % y-o-y	98.01%	101.99%	3.99%	1.99%
Exvhange rate: UShs/USD, eop % y-o-y	96.41%	103.59%	7.18%	3.59%
Interest rates: Lending rate, %, eop	101.51%	98.49%	3.02%	1.51%
Inflation: Consumer price inflation, % y-o-y, eop	101.46%	98.54%	2.91%	1.46%

OFF BALANCE SHEET CREDIT EXPOSURES

Off-balance sheet credit exposures are impaired by considering credit conversion factors i.e., bank guarantee – 100%, Letter of credit – 20% and undrawn overdraft – 50% and applying the PDs, CR and RR derived from the on-balance sheet analysis.

OTHER FINANCIAL ASSETS EXPOSURES

Losses within other financial assets included in other receivables are infrequent and idiosyncratic. A reasonable and supportable expected credit losses model (including using the simplified loss rate approach) as required by IFRS 9 would not be constructed and as such losses are being taken on an incurred loss basis.

BALANCES WITH BANK OF UGANDA

The ECL allowance for balances with Bank of Uganda was immaterial throughout the current and prior years respectively. Bank of Uganda has not defaulted in local or foreign currency debt in recent history and has a track record of managing its budget even in difficult times and on that basis these balances continue to be considered as having low or negligible risk of default.

WRITE-OFF

The Group writes off loans and advances net of any related allowances for impairment losses, when the Bank's Credit Committee determines that the loans and advances are uncollectible and securities unrealisable. This determination is reached after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay the obligation, or that proceeds from sale of collateral will not be sufficient to pay back the entire exposure and after exhausting all other means including litigation. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

1.17 OFF-BALANCE SHEET CONTINGENCIES

Letters of credit, acceptances, guarantees and performance bonds are accounted for as off balance sheet transactions and disclosed as contingencies. Estimates of the outcome and of the financial effect of these contingencies is made by the management based on the information available at the reporting date. Any expected loss is charged to profit or loss.

1.18 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised.

1.19 EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Own equity instruments of the Bank acquired by it or its subsidiary (treasury shares) are deducted from equity. Consideration received or paid on the purchase, sale, issue or cancellation of the Bank's own equity is recognised directly in equity.

1.20 CONSOLIDATION

The Group consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, the Group may still exercise control with a less than 50% shareholding, or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability ofits returns, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Group can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power toaffect the variability of such returns

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Bank. When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Group's accounting policies.

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

1.21 EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, excluding own shares held (treasury shares). Diluted earning per ordinary share is calculated by dividing the basic earnings, which requires no adjustment for the effects of dilutive potential ordinary shares, bythe weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, excluding own shares held (treasury shares).

1.22 DIVIDEND

Dividends on ordinary shares are charged to equity in the year in which they are declared. Dividends declared after the statement of financial position date are disclosed in the notes. This is transferred from retained earnings to a separate item "proposed dividend" under equity

1.23 DISCONTINUED OPERATIONS

Disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

1.24 BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Specific borrowings are funds borrowed specifically for the purpose of obtaining a qualifying asset. For specific borrowings, the actual costs incurred are capitalised. If the Group temporarily reinvests some funds, investment income earned should be deducted from the borrowing costs eligible for capitalisation. All borrowings that are not specific represent general borrowings. Costs eligible for capitalisation are calculated by applying a capitalisation rate to the expenditures on qualifying assets. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period. The amount of borrowing costs eligible for capitalisation is always limited to the amount of actual borrowing costs incurred during the period. Where the parent company finances the construction of a qualifying asset using an intra-group loan, the capitalisation rate is adjusted to reflect how the qualifying asset was financed from the perspective of the Group as a whole.

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.1 STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended standards were effective during the year but did not have an impact on the consolidated and separate financial statements.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these consolidated and separate financial statements are disclosed below.

- Classification of liabilities as current or non-current and non-current liabilities with covenants - Amendments to IAS 1 (Effective for annual periods on or after 1 January 2024)
- Lease liability in a sale and leaseback – Amendments to IFRS 16 (Effective for annual periods on or after 1 January 2024)
- Disclosures: Supplier finance arrangements - Amendments to IAS 7 and IFRS 7 (Effective for annual periods on or after 1 January 2024)
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (Effective date postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting)

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. However, these pronouncements are not expected to have a material impact on the Group's financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and the financial risks are an inevitable consequence of being in banking business. The Group's aim is therefore to achieve an appropriate balance between risk and return and categorise potential adverse effects on its financial performance.

Financial risk management is carried out by the Treasury and Credit Departments under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the 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 and non-derivative financial instruments.

(A) CAPITAL MANAGEMENT

INTERNALLY IMPOSED CAPITAL REQUIREMENTS

The Group's objectives when managing capital, which is a broader concept than the equity in the statement of financial position are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;

- to comply with the capital requirements set by the Financial Institutions (Capital Adequacy Requirements) Regulations, 2018; Financial Institutions (Capital Buffers and Leverage Ratio) Regulations 2020 and Financial Institutions (Revision of the Minimum Capital Requirements) Statutory Instrument, 2022;

- 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;

- to maintain a strong capital base to support the development of its business; and

- to maintain an optimal capital structure to reduce the cost of capital.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Uganda for supervisory purposes. The required information is filed with Bank of Uganda on a quarterly basis.

1.16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) CAPITAL MANAGEMENT (CONTINUED)

EXTERNALLY IMPOSED CAPITAL REQUIREMENTS

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations 2020 and Financial Institutions (Revision of the Minimum Capital Requirements) Statutory Instrument, 2022 require financial institutions to:

- hold the minimum level of regulatory capital of UShs 120 billion by 31 December 2023 (2022: UShs 120 billion) and UShs 150 billion by June 2024;
- maintain core capital of not less than 10% plus a capital buffer of 2.5% of total risk weighted assets plus risk weighted off-balance sheet items; and
- maintain total capital of not less than 12% plus a capital buffer of 2.5% of risk- weighted assets plus risk-weight ed off-balance sheet items.

The Bank's total regulatory capital is divided into two tiers:

- Tier 1 capital (core capital): share capital, share premium, and retained earnings and reserves created by appro priations of retained earnings. The carrying amount of goodwill, current year losses, prohibited loans to insiders, investments in subsidiaries, deficiencies in provisions for losses and other deductions as determined by BOU are deducted in arriving at tier 1 capital.
- Tier 2 capital (Supplementary capital): Revaluation reserves, general provisions, subordinated debt and hybrid capital instruments.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of the credit risk associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of the regulatory capital:	Note	Bank	
		2023	**2022**
		UShs '000	**UShs '000**
Core capital (Tier 1)			
Share capital	22	150,000,000	25,000,000
Accumulated profit		520,078,698	564,902,257
Investment in subsidiary	11	(40,000)	(40,000)
Unrealized fair value gains on Government securities	13	(10,636,046)	-
Deferred tax asset	21	(2,937,775)	(7,681,070)
FVTOCI reserve		(5,005,843)	(12,451,075)
Intangible assets	19	(39,489)	(76,955)
Total Tier 1 Capital		**651,419,545**	**569,653,157**
Supplementary capital (Tier 2)			
Unencumbered general provisions (FI Act)	23	12,578,354	11,072,980
Revaluation reserve		13,778,158	7,467,700
Total Tier 2 Capital		**26,356,512**	**18,540,680**
Total capital (Tier 1 + Tier 2)		**677,776,057**	**588,193,837**
Risk weighted assets			
Total risk weighted on-balance sheet items		1,535,359,311	1,271,798,439
Total risk weighted off-balance sheet items		219,586,940	234,318,083
Market risk		10,956,434	21,911,855
Counter party risk		101,033,021	72,993,279
		1,866,935,706	**1,601,021,656**

1.16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) CAPITAL MANAGEMENT (CONTINUED)

Capital ratios	Actual		FIA minimum ratio		Minimum buffered ratio	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Tier 1 ratio	34.89%	35.58%	10%	10%	12.50%	12.50%
Total capital (Tier 1 + Tier 2)	36.30%	36.74%	12%	12%	14.50%	14.50%

The Bank's minimum paid-up cash capital and capital unimpaired by losses as at December 31, 2023 was above the minimum regulatory requirement of UShs 120 billion as of this date and meets the limit required by June 2024 of UShs 150 billion as per Section 2 of the Financial Institutions (Revision of Minimum Capital Requirements) Instrument, 2022.

The risk–weighted assets are measured by means of hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit and market risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustmentsto reflect the more contingent nature of potential losses. The loans and advances to customers balance used in the determination of the capital ratios is based on the regulatory provision and not IFRS ECLs as analysed below:

	Note	2023	2022
		UShs'000	**UShs'000**
Total assets per statement of financial position		2,804,828,346	2,435,172,401
Less: Loans and advances to customers per IFRS	16	(1,239,882,695)	(1,089,050,974)
Add: Loans and advances to customers per FIA*		1,257,835,407	1,107,297,995
Total assets for capital computations purposes		**2,822,781,058**	**2,453,419,422**
Loans and advances to customers for regulatory purposes:			
Gross loans and advances	16	1,258,006,445	1,111,798,256
Less: Interest in suspense	16	(40,361)	(770,987)
Less: Regulatory specific provision	23	(130,677)	(3,729,274)
***Net loans and advances to customers for regulatory purposes**		**1,257,835,407**	**1,107,297,995**
Represented by:			
Loans and advances to customers – not cash backed		1,148,634,314	1,012,508,858
Loans and advances to customers - cash backed		109,201,093	94,789,137
		1,257,835,407	**1,107,297,995**

FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) CAPITAL MANAGEMENT (CONTINUED)

	Note	2023			2022		
		Carrying amount	Risk weight	Risk weighted amount	Carrying amount	Risk weight	Risk weighted amount
		UShs'000		UShs'000	UShs'000		UShs'000
AssetS							
Notes, coins and other cash assets	12	20,926,173	0%	-	22,648,609	0%	-
Balances with Bank of Uganda	12	194,848,882	0%	-	205,865,977	0%	-
Government securities	13	874,105,477	0%	-	787,992,707	0%	-
Placements with local banks		80,104,315	20%	16,020,863	55,152,896	20%	11,030,579
Due from banks within Uganda		25,264,063	20%	5,052,813	21,883,839	20%	4,376,768
Due from banking institutions outside Uganda with long term rating as follows:							
Rated AAA to AA (-)		-	20%	-	-	20%	-
Rated A (+) to A (-)**		2,056,312	50%	1,028,156	1,794,280	50%	897,140
Rated BBB (-) and non-rated**		319,878,326	100%	319,878,326	210,331,599	100%	210,331,599
Due from foreign related Banking institutions outside Uganda		-	100%	-	-	100%	-
*Loans and advances to customers – not cash backed		1,148,634,314	100%	1,148,634,314	1,012,508,858	100%	1,012,508,858
Loans and advances to customers - fully secured by cash		109,201,093	0%	-	94,789,137	0%	-
Assets of disposal	11	40,000	0%	-	40,000	0%	-
Property, equipment and right-of-use assets	20	36,438,472	100%	36,438,472	27,053,210	100%	27,053,210
Current tax receivable	10(c)	1,766,456	100%	1,766,456	364,885	100%	364,885
Intangible assets	19	39,489	0%	-	76,955	0%	-
Deferred tax asset	21	2,937,775	0%	-	7,681,070	0%	-
Other assets	17	6,539,911	100%	6,539,911	5,235,400	100%	5,235,400
Total assets		**2,822,781,058**		**1,535,359,311**	**2,453,419,422**		**1,271,798,439**
Off-balance sheet items							
Documentary credits (trade related and self-liquidating)	28	47,182,300	20%	9,436,460	68,188,148	20%	13,637,630
Direct credit substitutes (guarantees and acceptances)	28	43,817,606	100%	43,817,606	47,573,246	100%	47,573,246
Transaction related (performance bonds and standbys)	28	16,700,478	50%	8,350,239	23,882,683	50%	11,941,342
Contingents secured by cash collateral	28	39,975,427	0%	-	32,556,563	0%	-
Other commitments (unused formal facilities)	28	315,965,270	50%	157,982,635	322,331,730	50%	161,165,865
Total off balance sheet items		**463,641,081**		**219,586,940**	**494,532,370**		**234,318,083**
Total risk-weighted on and off-balance sheet assets				**1,754,946,251**			**1,506,116,522**
Market risk				10,956,434			21,911,855
Counter party risk				101,033,021			72,993,279
Total risk-weighted items				**1,866,935,706**			**1,601,021,656**

**The amounts due from banking institutions outside Uganda comprise the following:

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Rating	2023 UShs'000	2022 UShs'000
Standard Chartered Bank	**(A)**	**2,056,312**	**1,794,280**
Bank of Baroda, India	(BBB-)	77,020,017	70,642,397
Bank of Baroda, London	(BBB-)	11,805,663	41,012,998
Bank of Baroda, IFSC	(BBB-)	98,444,877	55,862,682
Bank of Baroda, New York	(BBB-)	63,040,647	17,151,913
Bank of Baroda (Tanzania) Limited	(Unrated)	19,301,182	18,950,946
Bank of Baroda (Kenya) Limited	(Unrated)	164,340	4,190,755
Bank of Baroda, Dubai	(BBB-)	50,101,600	-
Bank of Baroda, Brussels	(BBB-)	-	2,519,908
Total		**319,878,326**	**210,331,599**

LEVERAGE RATIO

The Bank is required at all times to comply with a leverage ratio equal to or greater than 6% of the total on- and off-balance sheet assets. As indicated in the table below, the Bank maintained a ratio that was above the minimum requirement.

		2023 Ushs '000	2022 Ushs '000
Capital measure	Tier 1 capital	**651,419,545**	**569,653,157**
Exposure measure	On and off-balance sheet exposures (regulatory):		
	Total on balance sheet assets	2,822,781,058	2,453,419,422
	Off balance sheet items	463,641,081	494,532,370
		3,286,422,139	**2,947,951,792**
Leverage ratio:		**19.82%**	**19.32%**

(B) CREDIT RISK

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Credit risk is the most important risk for the Group's business and hence management carefully manages this exposure. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. For risk management purposes, credit risk arising on trading of securities is managed independently but reported as a component of market risk exposure.

3. FINANCIAL RISK MANAGEMENT(CONTINUED)

(B) CREDIT RISK (CONTINUED)

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors. Credit risk management and control are centralised in credit and treasury departments of the Group.

The exposure to any one borrower, including banks, is further restricted by sub-limits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

In measuring credit risk of loans and advances to customers, the Group reflects on various components including:
- the probability of default by the borrower/client on their contractual obligations;
- current exposures on the borrower/client and the likely future development, from which the Group derives the exposure at default; and
- the likely recovery ratio on the defaulted obligations.

The Group assesses the probability of default of individual borrower/client using internal rating methods tailored to the various categories of the borrower/client. These have been developed and combine statistical analysis with the credit department's judgment and are validated, where appropriate, by comparison with externally available data. Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Corrective action is taken where necessary.

INVESTMENTS

For investments, internal ratings taking into account the regulatory requirements are used by the Group for managing the credit risk exposures. The investments in those securities are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

RISK LIMIT CONTROL AND MITIGATION POLICIES

The Group manages its credit risk, inter-alia by:

- Formulating credit policies covering collateral requirements, credit assessment risk grading, legal procedures for documentation, reporting and compliance with regulatory and statutory requirements.

- Establishing the authority structure for approval and renewal of credit facilities. Discretionary lending powers are allocated to the Credit Committee of Board, Credit Management Committee, Managing Director, Assistant General Managers and Chief Managers/Senior Branch Managers. The Board Credit Committee oversees the credit portfolio of the group

- Developing and maintaining the Group's risk grading in order to categorise exposures according to degree of risk of financial loss faced and the focus on management of consequent risk or loss. The current risk grading framework consist of 5 categories of risk grades reflecting the varying grades of risk of default and availability of collaterals orother risk mitigates, risk grades are subject to regular review by the Group.

- Setting exposure limits i.e., credit concentration. The Group has in place a framework of exposure ceiling of various industries, counterparties, country (for investment securities) etc.

- Reviewing and assessing of credit risk: The Group carries out a conscious assessment of credit exposure in excess of designated limits, prior to the facilities being committed to the customer. This is a part of the appraisal system for processing requests for credit facilities. Renewals and review of credit facilities are also subject to the same appraisal criteria.

- Review of the compliance of the various regulatory limits, exposure ceilings etc. at regular intervals by the Group.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

- The management provide assistance to the business units/branches to promote best practices for credit appraisal throughout the Group in management of credit risk.

Each branch/business units are responsible for implementing, complying and monitoring with the credit policies in order to build up a quality credit portfolio, including those which are sanctioned by head office. Regular audit of the branches is undertaken by the internal audit.

Some other specific control and mitigation measures are outlined below:

COLLATERAL

The Group employs a range of policies and practices to mitigate credit risk. The most common one is to obtain collateral for loans and advances to customers. The types of collateral obtained include:

- Mortgages over properties;
- Charges over business assets such as land and buildings, inventory and receivables;
- Charges over financial instruments such as investments; and
- Deposits placed under lien.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is personal lending where no such facilities can be obtained.

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 the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer categorized a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are categorizations 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 categorizations 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 ofcredit risk than shorter-term commitments.

Maximum exposure to credit risk before collateral held:

		Group		Bank	
		2023	**2022**	**2023**	**2022**
	Note	**UShs '000**	**UShs '000**	**UShs '000**	**UShs '000**
Financial assets					
Balances with Bank of Uganda	12	194,848,882	205,865,977	194,848,882	205,865,977
Investment in government securities	13	874,105,477	787,992,707	874,105,477	787,992,707
Due from group companies	14	2,626,525	6,292,990	2,626,525	6,292,990
Placements due from otherbanks	15	424,676,491	282,869,624	424,676,491	282,869,624
Loans and advances to customers (net)	16	1,239,882,695	1,089,050,974	1,239,882,695	1,089,050,974
Other assets	17	6,057,731	5,235,400	6,057,731	5,235,400
		2,742,197,801	**2,377,307,672**	**2,742,197,801**	**2,377,307,672**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

		Group		Bank	
		2023	2022	2023	2022
Credit exposure to off-balance sheet items:	Note	UShs '000	UShs '000	UShs '000	UShs '000
Acceptances and letters of credit	28	47,182,300	68,188,148	47,182,300	68,188,148
Guarantees and performance	28	60,518,084	71,455,929	60,518,084	71,455,929
Commitments to lend	28	315,965,270	322,331,730	315,965,270	322,331,730
Contingents secured by cash collateral	28	39,975,427	32,556,563	39,975,427	32,556,563
		463,641,081	**494,532,370**	**463,641,081**	**494,532,370**
Total on and off-balance sheet exposure		**3,205,838,882**	**2,871,840,042**	**3,205,838,882**	**2,871,840,042**

The table above represents a worst-case scenario of credit risk exposure to the Group 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 carrying amounts as reported in the statement of financial position.

39% (2022: 38%) of the total maximum exposure of the Group relates to loans and advances to customers and 27% (2022: 27%) relates to investments in government securities.

Loans and advances to customers, other than to major corporate and to individuals borrowing less than UShs 10 million, are secured by collateral in the form of charges over land and building, plant and machinery and / or corporate guarantees.

Impairment and provisioning policies

The Group's internal and external systems focus more on credit quality mapping from the inception of the lending of the loan or advance. The impairment provisions charged on the financial assets are derived after taking into consideration various factors as described in the accounting policy on expected credit losses.

Loans and advances that are past due for 30 days or less are classified in Stage 1, loans and advances that are past due for more than 30 days but less than 91 days are classified in Stage 2 and loans and advances that are past due for 91 days or more are classified in Stage 3.

Management is confident of its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio and debt securities based on the following:

- 90.03% (2022: 80.99%) of the gross loans and advances portfolio are in Stage 1;
- 53.50% (2022: 54.50%) of the loans are backed by collaterals;
- 100.00% (2022: 100%) of the investments in debt securities are government securities; and
- The Group exercises stringent control over granting of new loans.

	GROUP		BANK	
	2023	2022	2023	2022
	USh'000	USh'000	USh'000	USh'000
Stage 1	1,132,613,615	900,483,727	1,132,613,615	900,483,727
Stage 2	122,238,787	162,896,546	122,238,787	162,896,546
Stage 3	3,154,043	48,417,983	3,154,043	48,417,983
Gross loans and advances	**1,258,006,445**	**1,111,798,256**	**1,258,006,445**	**1,111,798,256**
Less: Impairment allowance	(13,249,038)	(21,976,295)	(13,249,038)	(21,976,295)
Less: Staff loan day 1 mark to market adjustment	(310,767)	-	(310,767)	-
Less: Deferred loan processing fees	(4,523,584)	-	(4,523,584)	-
Less: Interest in suspense	(40,361)	(770,987)	(40,361)	(770,987)
Loans and advances- net	**1,239,882,695**	**1,089,050,974**	**1,239,882,695**	**1,089,050,974**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

LOANS AND ADVANCES RENEGOTIATED

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value. The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Under the Group's credit policy, loan restructure is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest and principal payments and amending the terms of loan covenants. 'Loans with renegotiated terms' are loans that have been restructured due to a deterioration in the borrower's credit risk profile, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off.

PREPAYMENT RISK

Prepayment risk primarily relates to the Bank's loan portfolio and is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. It includes its borrowers that repay or refinance their fixed rate mortgages when interest rates fall or the corporate and small business customers with prepayment options with zero or low penalties that refinance their loans when their credit quality improves to a point that they can obtain lower rates. The Bank does not incorporate the impact of the prepayments on the ECL models.

Stage 3 loans and advances

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	UShs '000	**UShs '000**	**UShs '000**	**UShs '000**
Loans				
Corporate	2,739,098	28,344,439	2,739,098	28,344,439
Retail	123,922	395,981	123,922	395,981
	2,863,020	28,740,420	2,863,020	28,740,420
Overdrafts				
Corporate	-	19,542,378	-	19,542,378
Retail	291,023	135,185	291,023	135,185
	291,023	**19,677,563**	**291,023**	**19,677,563**
Total Stage 3 loans and advances	**3,154,043**	**48,417,983**	**3,154,043**	**48,417,983**

Concentration of credit risk

Economic sector risk concentrations within the loans and advances portfolio are as follows:

	Loans and advances		Credit commitments	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Manufacturing	43.2	47.3	37.6	30.2
Wholesale and retail trade	9.7	10.0	33.3	19.7
Transport and communication	0.2	0.3	0.3	0.7
Building and construction	9.8	11.8	17.2	17.1
Agriculture	32.2	26.0	0.6	25.1
Individuals	0.7	1.4	0.0	2.8
Others	4.2	3.2	11.0	4.4
	100.0	**100.0**	**100.0**	**100.0**

The ECL allowance for balances with Bank of Uganda was immaterial. Bank of Uganda has not defaulted in local or foreign currency debt in recent history and has a track record of managing its budget even in difficult times.

Expected credit losses on financial assets included in other assets are immaterial.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

The table below provides a mapping of the Group's internal credit risk grades.

Internal grading description	IFRS 9 Staging
Low-fair risk	Stage 1
Higher risk	Stage 2
Substandard	Stage 3
Doubtful	Stage 3
Loss	Stage 3

Loans and advances to customers at amortised cost

At 31 December 2023
Ushs'000

	Stage 1	Stage 2	Stage 3	Total
Low-fair risk	1,132,613,615	-	-	1,132,613,615
Higher risk	-	122,238,787	-	122,238,786
Sub standard	-	-	1,192,869	1,192,869
Doubtful	-	-	1,013,464	1,013,464
Loss	-	-	947,710	947,710
	1,132,613,615	122,238,787	3,154,043	1,258,006,445
Loss allowance	(8,640,537)	(4,396,941)	(211,561)	(13,249,039)
Carrying amount	**1,123,973,078**	**117,841,846**	**2,942,482**	**1,244,757,406**

At 31 December 2022
Ushs'000

	Stage 1	Stage 2	Stage 3	Total
Low-fair risk	900,483,727	-	-	900,483,727
Higher risk	-	162,896,546	-	162,896,547
Sub standard	-	-	7,442,460	7,442,460
Doubtful	-	-	28,953,101	28,953,101
Loss	-	-	12,022,422	12,022,422
	900,483,727	162,896,546	48,417,983	1,111,798,256
Loss allowance	(9,782,684)	(2,278,138)	(9,915,473)	(21,976,295)
Carrying amount	**890,701,043**	**160,618,408**	**38,502,510**	**1,089,821,961**

Off balance sheet items

At 31 December 2023
Ushs'000

	Stage 1	Stage 2	Stage 3	Total
Low-fair risk	439,456,446	-	-	439,456,446
Higher risk	-	24,184,635	-	24,184,635
Sub standard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	439,456,446	24,184,635	-	463,641,081
Loss allowance	(724,211)	(38,557)	-	(762,768)
Carrying amount	**438,732,235**	**24,146,078**	**-**	**462,878,313**

3. FINANCIAL RISK MANAGEMENT(CONTINUED)

(B) CREDIT RISK (CONTINUED)

	At 31 December 2022			
	Ushs'000			
	Stage 1	Stage 2	Stage 3	Total
Low-fair risk	470,044,253	-	-	470,044,253
Higher risk	-	23,440,194	-	23,440,194
Sub standard	-	-	62,653	91,168
62,653	-	-	490,024	156,022
490,024	-	-	495,246	26,859
495,246	470,044,253	23,440,194	1,047,923	494,532,370
Loss allowance	(816,460)	(43,599)	(31,940)	(891,999)
Carrying amount	**469,227,793**	**23,396,595**	**1,015,983**	**493,640,371**

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and commitments to lend.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposit and calls on cash settled contingencies. The Group does not maintain cash resources to meet all these needs as experience that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Bank of Uganda requires that the Group maintains a minimum cash reserve. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected level of demand. The treasury department of the Group monitors the liquidity ratio on a daily basis.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Financial liabilities	Upto 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Gross norminal	Carrying amount
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
At December 31, 2023							
Borrowed funds	1,651,899	-	3,130,273	6,974,340	2,566,078	14,322,590	14,322,590
Customer deposits	97,286,817	270,361,861	1,664,251,945	63,779,865	2,240	2,095,682,728	2,024,941,979
Other liabilities	1,441,796	44,590,673	1,532,151	5,382,804	5,344,627	58,292,051	55,949,994
Total	**100,380,512**	**314,952,534**	**1,668,914,369**	**76,137,009**	**7,912,945**	**2,168,297,369**	**2,095,214,563**
At December 31, 2022							
Borrowed funds	-	-	1,735,405	6,990,109	-	8,725,514	8,725,514
Customer deposits	50,963,478	231,795,803	1,510,747,587	38,669,953		1,832,176,821	1,777,297,080
Other liabilities	1,243,759	26,176,073	1,553,752	5,853,560	6,243,449	41,070,593	38,338,856
Total liabilities	**52,207,237**	**257,971,876**	**1,514,036,744**	**51,513,622**	**6,243,449**	**1,881,972,928**	**1,824,361,450**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK (CONTINUED)

The Financial Institutions (Liquidity) Regulations, 2023 became effective on 19 June 2023. The regulations require the Bank to:

- Maintain an adequate level of liquidity and to manage a liquidity risk appetite to meet all known obligations and commitments and to plan for unforeseen obligations and commitments.
- Conduct regular stress tests in accordance with the guidelines set by the Central Bank and maintain adequate liquidity to withstand stressed conditions, taking into account the liquidity risk appetite of the Bank.
- Formulate a liquidity contingency plan which prescribes a strategy for addressing liquidity shortages and the procedures for managing cash flow deficits in emergency situations. The liquidity contingency plan shall identify the range of events that may trigger a liquidity shortfall, outline mechanisms to facilitate monitoring of these trigger events, establish clear lines of responsibility of monitoring and approval procedures of remedying the liquidity shortfall.
- Maintain a Liquidity Coverage Ratio (LCR), that is, the ratio of the stock of high-quality liquid assets of the Bank to net cash outflows of the Bank over a period of thirty days and which shall be equal or higher than 100% or as prescribed by the Central Bank. The Bank shall meet the following liquidity coverage ratio requirements: in Uganda shillings for obligations denominated in UShs; and a consolidated basis of all currencies; and for each significant foreign currency in which the aggregate liabilities of the financial institution amount to 10% or more of total liabilities of the Bank.
- Maintain a Net Stable Funding Ratio (NSFR), that is, the ratio of available stable funding to the required stable funding of the Bank and which shall not be less than 100% or as may be varied by the Central Bank.

The regulations require the Bank's Board of Directors to implement an Internal Liquidity Adequacy Assessment Process (ILAAP) to verify that all material risks are identified, effectively managed and covered by a sufficient level of high-quality liquidity buffers. The Central Bank may refer to the ILAAP report submitted by the Bank and require the Bank to maintain liquidity ratios exceeding the minimum ratios indicated above or require the Bank to meet the ratios in respect of significant currencies.

The following are the Bank's LCR and NSFR at the reporting date and during the reporting period.

		LCR		NSFR	
	Minimum	**2023**	**2022**	**2023**	**2022**
At 31 December	100%	814.25%	1053.15%	107.69%	N/A
Average for the period	100%	690%	587.28%	N/A	N/A
Maximum for the period	100%	1133.23%	1053.15%	N/A	N/A
Minimum for the period	100%	335.31%	254.65%	N/A	N/A

As indicated above, the actual ratios were higher than the minimum regulatory requirement of 100%.

Analysis of the Group's encumbered and unencumbered assets

As at 31 December 2023

Asset type	Encumbered **UShs '000**	Unencumbered **UShs '000**	Total **UShs '000**
Balances with Bank of Uganda	178,930,000	36,845,055	215,775,055
Investment in government securities	-	874,105,477	874,105,477
Due from group companies	-	2,626,525	2,626,525
Placements due from other banks	-	424,676,491	424,676,491
Loans and advances to customers (net)	-	1,239,882,695	1,239,882,695
Other assets	-	6,057,731	6,057,731
	178,930,000	**2,584,193,974**	**2,763,123,974**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK (CONTINUED)

As at 31 December 2022

Asset type	Encumbered	Unencumbered	Total
	UShs '000	UShs '000	UShs '000
Investment in government securities	170,960,000	34,905,977	205,865,977
Due from group companies	-	6,292,990	6,292,990
Placements due from other banks	-	282,869,624	282,869,624
Loans and advances to customers (net)	-	1,089,050,974	1,089,050,974
Other assets	-	5,235,400	5,235,400
	170,960,000	**1,418,354,965**	**1,589,314,965**

(D) MARKET RISK

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect thefair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while getting a return.Overall responsibility for managing market risk rests with the Board Assets and Liabilities Committee (ALCO). The Treasury Department is responsible for the development of detailed risk management policies (subject to review and approvalby ALCO) and for the day-to-day implementation of those policies.

The major techniques used to measure and control market risk is stress testing as outlined below:

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Treasury Department include: risk factor, stress testing where stress movements are applied to each risk category, emerging market stress testing, where emerging market portfolios are subject to stress movements and ad-hoc stress testing, which includes applying possible stress events to specific positions or regions - for example the stress outcome to a region following currency peg break. The results of the stress tests are reviewed by senior management in each business unit. The stress test is tailored to the business and typically uses scenario analysis.

FOREIGN EXCHANGE RISK

The Group's assets are typically funded in the same currency as the business transacted to eliminates foreign exchange exposures. However, the Group maintains an open position within the tolerance limits prescribed by BoU and approved by the Board.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Euro and GBP. The risk arises from future transactions and the assets and liabilities held at the reporting date. The Group is exposed to currency risk through transactions in foreign currencies. The Group's transactional exposures giverise to foreign currency gains and losses that are recognised in profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The intraday positions are managed by treasury through stop loss/dealer limits. End of day positions are marked to market.

The applicable year-end exchange rates were:	2023	2022
	UShs	UShs
US Dollar	3,787	3,720
GBP	4,835	4,478
Euro	4,192	3,961
INR	45.52	45
KSh	24.43	30

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

FOREIGN EXCHANGE RISK (CONTINUED)

The table below summarises the effect on profit before tax and profit after tax and components of equity had the UShs weakened by 10% against each currency, with all other variables held constant. If the UShs strengthened against each currency, the effect would have been the opposite. The 10% sensitivity represents the Director's assessment of the reasonably possible change in exchange rates.

	EURO	USD	GBP	Others	Total
	UShs '000	UShs '000	UShs '000	UShs'000	UShs '000
At December, 31 2023					
Profit before tax	15,254	(1,592,353)	548	105,828	(1,470,723)
Profit after tax and equity	10,678	(1,114,647)	384	74,079	(1,029,506)
At December, 31 2022					
Profit before tax	34,784	(929,909)	9,478	46,886	(838,761)
Profit after tax and equity	24,349	(650,936)	6,635	32,820	(587,133)

The table below summarises the Group's exposure to foreign currency risk as at year-end. Included in the table are the Groups financial assets and liabilities categorised by currency.

At December 31, 2023	**EURO**	**USD**	**GBP**	**Others**	**Total**
	UShs '000	**UShs '000**	**UShs '000**	**UShs'000**	**UShs '000**
Financial assets					
Cash and balances with Bank of Uganda	621,699	12,564,074	332,908	258,418	13,777,099
Due from group companies	-	527,810	1,629,133	469,582	2,626,525
Placements due from other banks	5,416,248	328,979,399	10,176,530	-	344,572,177
Loans and advances to customers	-	895,050,448	-	-	895,050,448
Other assets	75,523	5,168,058	37,709	529,138	5,810,428
Total financial assets	**6,113,470**	**1,242,289,789**	**12,176,280**	**1,257,138**	**1,261,836,677**
Financial liabilities					
Borrowed funds	-	1,651,899	-	-	1,651,899
Customer deposits	5,353,228	1,243,337,967	12,087,082	151,923	1,260,930,200
Other liabilities	607,706	13,223,450	83,715	46,939	13,961,810
Total financial liabilities	**5,960,934**	**1,258,213,316**	**12,170,797**	**198,862**	**1,276,543,909**
Net foreign currency exposure	**152,536**	**(15,923,527)**	**5,483**	**1,058,276**	**(14,707,232)**
Off-balance sheet items	-	188,791,842	-	-	188,791,842
Overall foreign currency exposure	**152,536**	**(204,715,369)**	**5,483**	**1,058,276**	**(203,499,074)**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

At December 31, 2022	EURO	USD	GBP	Others	Total
	UShs '000	UShs '000	UShs '000	UShs'000	UShs '000
Financial assets					
Cash and balances with Bank of Uganda	682,087	17,305,088	637,549	80,229	18,704,953
Due from group companies	2,519,908	2,268,606	1,066,498	437,978	6,292,990
Placements due from other banks	3,216,199	259,568,119	10,078,868	-	272,863,186
Loans and advances to customers	-	761,364,384	-	-	761,364,384
Other assets	-	-	-	-	-
Total financial assets	**6,418,194**	**1,040,506,197**	**11,782,915**	**518,207**	**1,059,225,513**
Financial liabilities					
Borrowed funds	-	-	-	-	-
Customer deposits	6,070,355	1,040,465,305	11,688,133	45,486	1,058,269,279
Other liabilities	-	9,339,981	-	3,866	9,343,847
Total financial liabilities	**6,070,355**	**1,049,805,286**	**11,688,133**	**49,352**	**1,067,613,126**
Net foreign currency exposure	**347,839**	**(9,299,089)**	**94,782**	**468,855**	**(8,387,613)**
Off-balance sheet items	6,111,823	307,925,984	67,170	8,853	314,113,830
Overall foreign currency exposure	**(5,763,984)**	**(317,225,073)**	**27,612**	**460,002**	**(322,501,443)**

INTEREST RATE RISK

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or reprice at different times or in different amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels that are consistent with the Group's business strategies.

The Group is exposed to various risks associated with the effects of fluctuation in market interest rates on its financial position and cash flows. The Group's management closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

The table below summarises the exposure to interest rate risk at the reporting date. Included in the table are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not have any derivative financial instruments. The Group does not bear interest rate risk on off balance sheet items.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

At December 31, 2023	</=1 month	1 - 3 months	3-12 months	1-5 years	>5years	No exposure	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets							
Cash and balances with Bank of Uganda	-	-	-	-		215,775,055	215,775,055
Investment in government securities	24,590,091	59,504,573	345,924,669	197,766,565	85,529,229	160,790,350	874,105,477
Due from group companies	2,626,525	-	-	-	-	-	2,626,525
Placements with other banks	344,091,158	80,585,333	-	-	-	-	424,676,491
Loans and advances to customers	68,527,064	118,442,501	218,420,409	384,234,483	450,258,238	-	1,239,882,695
Other assets	-	-	-	-	-	6,057,731	6,057,731
Total financial assets	439,834,838	258,532,407	564,345,078	582,001,048	535,787,467	382,623,136	2,763,123,974
Financial liabilities							
Borrowed funds	1,651,899	-	12,670,691	-	-	-	14,322,590
Customer deposits	97,286,817	270,361,861	1,593,511,196	63,779,865	2,240	-	2,024,941,979
Other liabilities	-	-	1,161,710	4,250,533	4,505,282	46,032,470	55,949,995
Total financial liabilities	**98,938,716**	**270,361,861**	**1,607,343,597**	**68,030,398**	**4,507,522**	**46,032,470**	**2,095,214,564**
Interest sensitivity gap	**340,896,122**	**(11,829,454)**	**(1,042,998,519)**	**513,970,650**	**531,279,945**		

At December 31, 2022	</=1 month	1 - 3 months	3-12 months	1-5 years	>5years	No exposure	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets							
Cash and balances with Bank of Uganda	-	-	-	-		228,514,586	228,514,586
Investment in government securities	22,906,009	39,066,808	307,458,522	172,426,753	60,922,829	185,211,786	787,992,707
Due from group companies	6,292,990	-	-	-	-	-	6,292,990
Placements with other banks	151,580,528	104,931,197	25,919,921	-	437,978	-	282,869,624
Loans and advances to customers	65,657,937	107,905,249	164,516,636	352,620,916	398,350,236	-	1,089,050,974
Other assets	-	-	-	-	-	5,235,400	5,235,400
Total financial assets	246,437,464	251,903,254	497,895,079	525,047,669	459,711,043	418,961,772	2,399,956,281
Financial liabilities							
Borrowed funds	8,725,514	-	-	-	-	-	8,725,514
Customer deposits	50,963,478	231,795,803	1,455,867,846	38,669,953	-	-	1,777,297,080
Other liabilities	-	-	1,150,717	4,594,222	5,174,085	27,419,832	38,338,856
Total financial liabilities	**59,688,992**	**231,795,803**	**1,457,018,563**	**43,264,175**	**5,174,085**	**27,419,832**	**1,824,361,450**
Interest sensitivity gap	**186,748,472**	**20,107,451**	**(959,123,484)**	**481,783,494**	**454,536,958**		

The amounts with no interest risk exposure include non-interest bearing financial instruments and those which bear fixed interest rates and are measured at amortised cost.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

INTEREST RATE RISK (CONTINUED)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to interest rate risk management. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. Management is of the view that the mismatch does not subject the Group to severe liquidity risks because maturities for all government securities and balances with foreign banks can be restructured in accordance with business demands.

INTEREST RATE RISK SENSITIVITY

As at December 31, 2023 if interest rates had been 2 basis points lower/higher with all other variables held constant, profit before tax and profit after tax and equity would have been UShs 6.6 billion and 4.6 billion (2022: UShs 3.7 billion and 2.6 billion), respectively, lower/higher, arising mainly as a result of change in interest income and expense.

(E) RISK MEASUREMENT AND CONTROL

Interest rate, currency, credit, liquidity and other risks are actively managed by management to ensure compliance with the Group's risk limits. The Group's risk limits are assessed regularly to ensure their appropriateness given its objectives and strategies and current market conditions. A variety of techniques are used by the Group in measuring the risks inherent in its trading and non-trading positions. This is achieved by development of overall standards for the Group to manage the risk in the following areas:

- Segregation of duties including independent authorisation of transactions
- Monitoring and reconciliation of transactions
- Compliance of regulatory and legal requirement
- Documentation of control and procedure
- Assessment of the operational risk on a periodic basis to address the deficiencies observed, if any
- Reporting of operational losses and initiation of remedial action
- Development of contingency plan
- Giving training to staff to improve their professional competency
- Ethical and business standards
- Obtaining insurance wherever feasible, as a risk mitigation measure.

(F) FAIR VALUE HIERARCHY

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

At December 31, 2023	Hierarchy			
	Level 1	Level 2	Level 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Government securities at FVTOCI (Note 13)	-	713,315,127	-	713,315,127
At December 31, 2022				
Government securities at FVTOCI (Note 13)	-	602,780,921	-	602,780,921

The Group records transfers between levels based on the actual date of transfer. Transfers from Level 1 to Level 2 or Level 3 occur when the securities cease to be quoted in an active market and vice vera. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value. There were no movements between levels during the year.

The fair values of the Group's other financial assets and liabilities that are measured at amortised cost approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates or because the instruments' interest rates reasonably approximate the market interest rates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) MATURITY ANALYSIS

The following is the maturity profile of the Group's assets and liabilities:

	2023			2022		
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and balances with Bank of Uganda	215,775,055	-	215,775,055	228,514,586	-	228,514,586
Investment in government securities	430,019,333	444,086,144	874,105,477	369,431,339	418,561,368	787,992,707
Due from group companies	2,626,525	-	2,626,525	6,292,990	-	6,292,990
Deposit due from other banks	424,676,491	-	424,676,491	282,431,646	437,978	282,869,624
Loans and advances to customers	405,389,974	834,492,721	1,239,882,695	338,079,822	750,971,152	1,089,050,974
Other assets	6,539,911	-	6,539,911	5,235,400	-	5,235,400
Current income tax recoverable	1,766,456	-	1,766,456	364,885	-	364,885
Intangible assets	-	39,489	39,489	-	76,955	76,955
Property, equipment and right-of-use assets	-	36,438,472	36,438,472	-	27,053,210	27,053,210
Deferred tax asset	-	2,937,775	2,937,775	-	7,681,070	7,681,070
Disposal group assets	40,000	-	40,000	716,765	-	716,765
	1,486,833,745	**1,317,994,601**	**2,804,828,346**	**1,231,067,433**	**1,204,781,733**	**2,435,849,166**
Liabilities						
Customer deposits	1,961,159,874	63,782,105	2,024,941,979	1,125,931,213	651,365,866	1,777,297,079
Borrowed funds	14,322,590	-	14,322,590	8,725,514	-	8,725,514
Other liabilities	47,956,948	8,755,815	56,712,763	29,462,618	9,768,307	39,230,925
Disposal group liabilities	-	-	-	276,674	-	276,674
	2,023,439,412	**72,537,920**	**2,095,977,332**	**1,164,396,019**	**661,134,173**	**1,825,530,192**

4. OPERATING SEGMENTS

The major part of business of the Group, which is all within Uganda, falls under the category of banking, with other income comprising less than 2% of the total income of the Group. As such, the Group comprises of one segment and no customer contributes up to 10% of the revenue. Consequently, no segment information is presented.

5. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD

	Group		Bank	
	UShs '000	UShs '000	UShs '000	UShs '000
Interest on loans and advances	135,911,082	114,415,065	135,911,082	114,415,065
Interest earned on treasury bonds	72,748,527	77,987,357	72,748,527	77,987,357
Interest earned on treasury bills	36,864,945	26,195,841	36,864,945	26,195,841
Interest on deposits and placements	17,517,790	9,068,218	17,517,790	9,068,218
	263,042,344	**227,666,481**	**263,042,344**	**227,666,481**

6. INTEREST AND SIMILAR EXPENSES

a) Interest expense calculated using the effective interest method

Time deposits	80,649,280	51,795,340	80,649,280	51,795,340
Savings accounts	3,268,943	3,114,440	3,268,943	3,114,440
Repurchase agreement and borrowed funds	400,413	400,656	400,413	400,656
Current and demand deposits	858,163	994,263	858,163	994,263
	85,176,799	**56,304,699**	**85,176,799**	**56,304,699**

b) Other interest and similar expenses

Lease liabilities (Note 32)	403,346	442,020	403,346	442,020
Total interest expenses	**85,580,145**	**56,746,719**	**85,580,145**	**56,746,719**

7. NON-INTEREST INCOME

Fees and commission income	10,417,615	18,259,970	10,417,615	18,259,970
Recoveries from loans and advances previously written-off	14,666,703	8,451,167	14,666,703	8,451,167
Realised foreign exchange gains	4,707,296	6,132,300	4,707,296	6,132,300
Unrealised foreign exchange losses	(911,339)	(1,413,241)	(911,339)	(1,413,241)
Loss on sale of financial investments	(1,195,463)	(1,415,526)	(1,195,463)	(1,415,526)
Recycling of gains on disposal of investments at FVTOCI	4,247,846	3,967,595	4,247,846	3,967,595
Other income	27,104	117,488	27,104	117,488
Gain/(loss) on sale of equipment	27,751	(28,076)	27,751	(28,076)
	31,987,513	**34,071,677**	**31,987,513**	**34,071,677**

Fees and commission further disaggregated as below:

Fees and commissions income				
Domestic commissions	5,430,742	13,656,186	5,430,742	13,656,186
Foreign commissions	1,291,192	1,192,003	1,291,192	1,192,003
Total fee and commission from contracts with customers	**6,721,934**	**14,848,189**	**6,721,934**	**14,848,189**
Financial guarantee contracts and loan commitments	3,695,681	3,411,781	3,695,681	3,411,781
Total fees and commission income	**10,417,615**	**18,259,970**	**10,417,615**	**18,259,970**

Domestic commissions include commission on rent for lockers, local collections, ATM usage charges, VISA charges, SWIFT charges and other commissions earned within Uganda.

Foreign commissions include commission on inward message type (MTs), foreign demand drafts (DDS)/telegraphic transfers (TTs), import bill issuance and other commissions earned on foreign transactions.

8. OPERATING EXPENSES

	Group		Bank	
	UShs '000	UShs '000	UShs '000	UShs '000
Employee costs (Note 9)	20,531,790	18,831,207	20,531,790	18,831,207
Insurance	3,649,326	3,660,447	3,649,326	3,660,447
Depreciation and amortisation	2,902,487	2,806,402	2,902,487	2,806,402
Administration and service level agreement fees	1,333,608	2,299,021	1,333,608	2,299,021
Repairs and maintenance	2,475,420	2,099,896	2,475,420	2,099,896
Fee and commission expenses	1,369,418	1,317,784	1,369,418	1,317,784
Other expenses	1,877,002	1,119,282	1,877,002	1,119,282
Indirect tax expenses	3,591,556	-	3,591,556	-
Rent, rates and utilities	2,397,878	896,990	2,397,878	896,990
Advertising	1,234,889	880,447	1,234,889	880,447
Software expenses	1,369,419	657,704	1,369,419	657,704
Printing and stationery	1,305,850	534,525	1,305,850	534,525
Security	596,626	639,233	596,626	639,233
Audit costs	529,203	287,903	529,203	287,903
Consulting and professional fees	656,885	275,706	656,885	275,706
Travelling	284,069	224,715	284,069	224,715
Telephone and fax	101,492	170,326	101,492	170,326
Entertainment	105,815	117,727	105,815	117,727
Subscriptions	100,294	72,528	100,294	72,528
Directors' emoluments	77,367	63,062	77,367	63,062
Donations	90,695	46,799	90,695	46,799
Bad debts written off	-	7,984	-	7,984
	46,581,089	**37,009,688**	**46,581,089**	**37,009,688**

The following are included in other expenses: legal expenses of UShs 709 million (2022: UShs 47 million), staff team building expenses of UShs 35 million (2022: UShs 6.3 million), operations losses of UShs 52 million (2022: UShs 75.7 million) and Annual General Meeting expenses of UShs 22 million (2022: UShs 13.3 million)

Audit costs include remuneration for the external audit services of UShs 356 million (2022: UShs 183 million).

9. EMPLOYEE COSTS

	Group		Bank	
	UShs '000	UShs '000	UShs '000	UShs '000
Salaries and wages	16,842,298	16,319,443	16,842,298	16,319,443
National Social Security Fund – employer contributions	1,052,895	1,041,762	1,052,895	1,041,762
Contribution to provident fund for expatriates	371,606	348,548	371,606	348,548
Other employment allowances	2,264,991	1,121,454	2,264,991	1,121,454
	20,531,790	**18,831,207**	**20,531,790**	**18,831,207**

10. TAXATION

a) INCOME TAX CHARGE TO PROFIT OR LOSS

		Group		Company	
		UShs '000	UShs '000	UShs '000	UShs '000
Current tax charge					
Local income tax - current period		15,633,542	23,392,278	15,633,542	23,392,278
Income tax assessment relating to prior years		4,836,100	-	4,836,100	-
Prior year under provision - current tax		208,235	-	208,235	-
Withholding tax (WHT) on interest income from government securities		17,856,112	14,147,849	17,856,112	14,147,849
		38,533,989	**37,540,127**	**38,533,989**	**37,540,127**
Deferred tax					
Deferred tax credit	21	(1,152,000)	(2,808,404)	(1,152,000)	(2,808,404)
Total income tax charge		**37,381,989**	**34,731,723**	**37,381,989**	**34,731,723**

b) Tax reconciliation

Profit before tax for the year	**153,315,598**	**156,916,737**	**153,748,152**	**156,916,737**
Income tax expense calculated at 30% (2022: 30%)	45,994,680	47,075,021	46,124,446	47,075,021
Final tax (WHT) on interest income on government securities	17,856,112	14,147,849	17,856,112	14,147,849
Income subject to WHT as final tax	(35,459,528)	(28,680,949)	(35,589,294)	(28,680,949)
Prior year under provision - current tax	208,235	-	208,235	-
Income tax assessment relating to prior years	4,836,100	-	4,836,100	-
Non-deductible expenses	3,946,390	2,189,802	3,946,390	2,189,802
Net income tax charge to profit or loss	**37,381,989**	**34,731,723**	**37,381,989**	**34,731,723**

c) Current income tax recoverable

		2023	2022	2023	2022
		Ushs 000	Ushs 000	Ushs 000	Ushs 000
Opening balance		(364,885)	(2,946,614)	(364,885)	(2,946,614)
Current income tax charge	10(a)	38,533,989	37,540,127	38,533,989	37,540,127
Income tax paid	18	(39,935,560)	(34,958,398)	(39,935,560)	(34,958,398)
Closing balance		**(1,766,456)**	**(364,885)**	**(1,766,456)**	**(364,885)**

11. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS

Baroda Capital Markets (Uganda) Limited's shareholders approved a plan of voluntary winding up of the company on March 17, 2021 as per Section 268 of the Companies Act, 2012. Consequently, the subsidiary is under liquidation and its final financial statements are expected to be filed with the Official Receiver and then the liquidation process is expected to be completed in the subsequent year. As such, the subsidiary is not a going concern and the assets and liabilities of the subsidiary have been stated at their recoverable amount, which is the lower of carrying amount and fair value less costs to sell.

The following were the transactions and balances of this discontinued operation.

	Group		Bank	
	2023 UShs '000	2022 UShs '000	2023 UShs '000	2022 UShs '000
Dividend income from subsidiary			432,556	-
Profit from discontinued operations	32,465	10,953		

The following the statement of comprehensive income for the disposal group:

	Group	
	2023 Ush 000	2022 Ush 000
Revenue from contracts with customers	-	11,745
Cost of sales	(25)	(1,110)
Gross profit	**(25)**	**10,635**
Other income	100,017	57,787
Other operating expenses	(67,527)	(57,469)
Profit before taxation	**32,465**	**10,953**
Income tax charge	-	-
Profit for the year	**32,465**	**10,953**
Other comprehensive income	-	-
Total comprehensive income for the year	**32,465**	**10,953**
Assets and liabilities of the disposal group		
Investment in subsidiary	40,000	40,000
Total assets of the subsidiary	40,000	716,765
Total liabilities of the subsidiary	-	276,674

The following is the statement of financial position for the disposal group:

Assets		
Current assets		
Current tax receivable	-	31,142
Cash at bank	40,000	685,623
	40,000	**716,765**
Total assets	**40,000**	**716,765**
Equity and liabilities		
Equity		
Share capital	40,000	40,000
Retained earnings	-	400,091
	40,000	**440,091**
Current labilities		
Other payables	-	21,340
Due to related parties	-	255,334
	-	**276,674**
Total equity and liabilities	**40,000**	**716,765**

11. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS (CONTINUED)

STATEMENT OF CASH FLOWS

	Group	
	2023	2022
	UShs '000	UShs '000
Operating activities		
Profit before taxation	32,465	10,953
Adjustments for non-cash items:		
Impairment reversals	-	(538)
Working capital adjustments:		
Decrease in other receivables	-	538
(Decrease)/increase in other payables	(21,341)	5,501
Cash flows (used in)/generated from operating activities	(21,341)	5,501
Tax received	31,142	-
Net cash flows from operating activities	**42,265**	**16,454**
Financing activities		
Decrease/increase in amounts due to related parties	(255,334)	23,884
Dividends paid	(432,554)	-
Net cash used financing activities	**(687,888)**	**23,884**
Net decrease/increase in cash and cash equivalents	**(645,623)**	**40,338**
Movement in cash and cash equivalents		
At 1 January	685,623	645,285
Net (decrease)/increase in cash and cash equivalents	(645,623)	40,338
At 31 December	**40,000**	**685,623**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
	Ushs '000	Ushs '000	Ushs '000
At January 1, 2022	40,000	389,138	429,138
Other comprehensive income	-	10,953	10,953
At December 31, 2022	**40,000**	**400,091**	**440,091**
At January 1, 2023	40,000	400,091	440,091
Profit for the year	-	32,465	32,465
Dividends distributed to parent company	-	(432,556)	(432,556)
At December 31, 2023	**40,000**	**-**	**40,000**

12. CASH AND BALANCES WITH BANK OF UGANDA

	Group		Bank	
	2023	2022	2023	2022
	UShs '000	UShs '000	UShs '000	UShs '000
Cash in hand	20,926,173	22,648,609	20,926,173	22,648,609
Balances with Bank of Uganda	194,848,882	205,865,977	194,848,882	205,865,977
	215,775,055	**228,514,586**	**215,775,055**	**228,514,586**

Balances with Bank of Uganda include the minimum cash reserve requirement which are advised fortnightly by the Central Bank based on the deposit balances held for the past two weeks. The amount advised includes cash and balances held with Bank of Uganda and this amount is not available to finance the day-to-day activities of the Bank. However, the excess of the amount advised is available to finance the Bank's activities. As at December 31, 2023, the minimum cash reserve requirement was 9% of total deposits (2022: 10% of total deposits).

The ECL charge on balances with Bank of Uganda was immaterial as at year-end (2022: immaterial).

Repurchase agreements (repo) are borrowings/lending between the Bank and Bank of Uganda for a period of less than one year at market interest rates. The accrued interest receivable on repurchase agreements with Bank of Uganda was nil as at year-end (2022: UShs 436 million, and this was included together with principal balance advanced).

13. INVESTMENT IN GOVERNMENT SECURITIES

	Group		Bank	
	2023	2022	2023	2022
Fair value through other comprehensive income	**UShs '000**	**UShs '000**	**UShs '000**	**UShs '000**
Treasury bills	344,221,653	270,699,416	344,221,653	270,699,416
Treasury bonds	369,093,474	332,081,505	369,093,474	332,081,505
	713,315,127	**602,780,921**	**713,315,127**	**602,780,921**
Amortised cost				
Treasury bonds	160,790,350	185,211,786	160,790,350	185,211,786
	874,105,477	**787,992,707**	**874,105,477**	**787,992,707**

Movement in investment in government securities at FVTOCI – Group and Bank

	Opening balance	Fair value gain/(loss)	Net addition / (deduction)	Interest earned	Closing balance
	UShs '000	UShs '000	UShs '000	UShs '000	UShs '000
Year ended 31 December 2023	602,780,921	10,636,046	86,506,869	13,391,291	713,315,127
Year ended 31 December 2022	555,968,441	(23,667,117)	57,975,731	12,503,866	602,780,921

The movement in fair valuation gain/(loss) net of tax was as follows:

		Group		Company	
	Note	2023	2022	2023	2022
		UShs '000	UShs '000	UShs '000	UShs '000
Fair value gain/(loss)		10,636,046	(23,667,117)	10,636,046	(23,667,117)
Deferred tax impact	10(d)	(3,190,814)	7,100,135	(3,190,814)	7,100,135
Net fair value gain/(loss)		**7,445,232**	**(16,566,982)**	**7,445,232**	**(16,566,982)**

The weighted average effective interest rate on treasury bonds as at December 31, 2023 was 14.29% and on treasury bills 11.43% (2022: treasury bonds 14.87% and treasury bills 11.50%). The Group has not reclassified any financial assets from amortised cost to fair value or vice versa during the current or prior year.

The allowance for ECL relating to investments in government securities was immaterial as at year-end (2022: immaterial).

As at year-end, the Bank had pledged treasury bills of 364 days amounting to UShs 4,777 million (2022: 364 days amounting to UShs 5,580 million) to Bank of Uganda.

14. DUE FROM GROUP COMPANIES

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	UShs '000	**UShs '000**	**UShs '000**	**UShs '000**
Bank of Baroda, London - GBP	1,629,133	1,066,498	1,629,133	1,066,498
Bank of Baroda, Nairobi - KSh	164,340	437,978	164,340	437,978
Bank of Baroda, Mumbai - INR	305,242	-	305,242	-
Bank of Baroda, Brussels - Euro	-	2,519,908	-	2,519,908
Bank of Baroda, New York - US Dollar	527,810	2,268,606	527,810	2,268,606
	2,626,525	**6,292,990**	**2,626,525**	**6,292,990**

15. PLACEMENT DUE FROM OTHER BANKS

Due from banking institutions in Uganda	105,368,378	77,036,735	105,368,378	77,036,735
Due from other banks outside Uganda				
Bank of Baroda, Tanzania	19,301,182	18,950,946	19,301,182	18,950,946
Bank of Baroda, Mumbai	76,714,775	70,642,397	76,714,775	70,642,397
Bank of Baroda, London	10,176,530	39,946,500	10,176,530	39,946,500
Bank of Baroda, IFSC	98,444,877	55,862,682	98,444,877	55,862,682
Bank of Baroda, New York	62,512,837	14,883,307	62,512,837	14,883,307
Bank of Baroda, Dubai	50,101,600	-	50,101,600	-
Bank of Baroda, Kenya	-	3,752,777	-	3,752,777
Standard Chartered Bank	2,056,312	1,794,280	2,056,312	1,794,280
	319,308,113	205,832,889	319,308,113	205,832,889
Total placements due from other banks	**424,676,491**	**282,869,624**	**424,676,491**	**282,869,624**

16. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	2023	2022	2023	2022
	UShs '000	UShs '000	UShs '000	UShs '000
Overdrafts	576,348,788	546,184,507	576,348,788	546,184,507
Term loans	681,657,657	565,613,749	681,657,657	565,613,749
Total gross loans	**1,258,006,445**	**1,111,798,256**	**1,258,006,445**	**1,111,798,256**
Impairment allowance	(13,249,038)	(21,976,295)	(13,249,038)	(21,976,295)
Staff loans day 1 mark to market adjustment	(310,767)	-	(310,767)	-
Deferred loan processing fees	(4,523,584)	-	(4,523,584)	-
Interest in suspense	(40,361)	(770,987)	(40,361)	(770,987)
Net carrying amount	**1,239,882,695**	**1,089,050,974**	**1,239,882,695**	**1,089,050,974**
Reconciliation of impairment allowance for loans and advances				
Opening balance	21,976,295	11,467,358	21,976,295	11,467,358
(Decrease)/increase in impairment allowance	(5,274,354)	10,508,937	(5,274,354)	10,508,937
Write off of loans provided for in prior years	(3,452,903)	-	(3,452,903)	-
Closing balance	**13,249,038**	**21,976,295**	**13,249,038**	**21,976,295**
Charge to profit or loss				
ECL (credit)/debit to profit – Loans and advances	(5,274,354)	10,508,937	(5,274,354)	10,508,937
Write off of loans not provided for in prior years	14,956,609	-	14,956,609	-
ECL (credit)/debit to profit – off balance sheet items	(129,230)	556,077	(129,230)	556,077
	9,553,025	**11,065,014**	**9,553,025**	**11,065,014**

The amounts written off increased significantly because of the cessation of COVID -19 relief by Bank of Uganda as some of the loans for which COVID relief was extended could not come out of stress conditions.

Advances to customers include loans to employees of UShs 6,833 million (2022: UShs 2,751 million).

The weighted average effective interest rate on local currency loans and advances to customers as at December 31, 2023 was 19.78% (2022:17.55%) and 8.14% (2022: 8.23%) for foreign currency loans and advances.

Reconciliation of impairment allowance for loans and advances and off-balance sheet exposure:

	Loans and advances to customers				Off SOFP	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
December 31, 2023						
At start of the year	9,782,684	2,278,139	9,915,472	21,976,295	891,999	22,868,294
(Credit)/charge for the year	(1,142,148)	2,118,802	(6,251,008)	(5,274,354)	(129,230)	(5,403,584)
Write off of loans provided for in prior years	-	-	(3,452,903)	(3,452,903)	-	(3,452,903)
At the end of year	**8,640,536**	**4,396,941**	**211,561**	**13,249,038**	**762,769**	**14,011,807**
December 31, 2022						
At start of the year	4,724,450	1,012,289	5,730,619	11,467,358	335,922	11,803,280
Charge for the year	5,058,234	1,265,850	4,184,853	10,508,937	556,077	11,065,014
At the end of year	**9,782,684**	**2,278,139**	**9,915,472**	**21,976,295**	**891,999**	**22,868,294**

The aggregate carrying amount of impaired loans (Stage 3 loans) at December 31, 2023 and the related expected credit losses are indicated above.

17. OTHER ASSETS

		Group		Bank	
		2023	2022	2023	2022
	Note	UShs '000	UShs '000	UShs '000	UShs '000
Other receivables		6,057,731	5,235,400	6,057,731	5,235,400
Deferred staff costs		482,180	-	482,180	-
		6,539,911	**5,235,400**	**6,539,911**	**5,235,400**

18. TAX PAID

	Note	Group 2023 UShs '000	Group 2022 UShs '000	Bank 2023 UShs '000	Bank 2022 UShs '000
Opening balance	10(c)	364,885	2,946,614	364,885	2,946,614
Current income tax charge	10(c)	(38,533,989)	(37,540,127)	(38,533,989)	(37,540,127)
Closing balance	10(c)	(1,766,456)	(364,885)	(1,766,456)	(364,885)
Tax paid during the year		**(39,935,560)**	**(34,958,398)**	**(39,935,560)**	**(34,958,398)**

19. INTANGIBLE ASSETS

Group and Bank	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Computer software	**542,787**	**(503,298)**	**39,489**	**534,387**	**(457,432)**	**76,955**

Reconciliation of intangible assets: Group and Bank

Computer software	Opening balance	Additions	Amortisation	Closing balance
	UShs'000	UShs'000	UShs'000	UShs'000
Year ended 31 December 2023	76,955	8,400	(45,866)	39,489
Year ended 31 December 2022	134,035	-	(57,080)	76,955

20. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000	UShs'000
Group						
Freehold land	8,700,000	-	8,700,000	8,700,000	-	8,700,000
Buildings	13,630,000	(312,375)	13,317,625	13,162,671	(9,349,360)	3,813,311
Furniture and fixtures	9,070,471	(5,975,403)	3,095,068	8,434,480	(5,762,316)	2,672,164
Motor vehicles	1,222,201	(917,278)	304,923	1,194,430	(1,090,759)	103,671
IT equipment	6,943,494	(4,715,122)	2,228,372	5,876,379	(4,220,806)	1,655,573
Right-of-use assets	15,076,867	(6,284,383)	8,792,484	15,076,867	(4,968,376)	10,108,491
Total	**54,643,033**	**(18,204,561)**	**36,438,472**	**52,444,827**	**(25,391,617)**	**27,053,210**
Bank						
Freehold land	8,700,000	-	8,700,000	8,700,000	-	8,700,000
Buildings	13,630,000	(312,375)	13,317,625	13,162,671	(9,349,360)	3,813,311
Furniture and fixtures	9,070,471	(5,975,403)	3,095,068	8,427,977	(5,755,813)	2,672,164
Motor vehicles	1,222,201	(917,278)	304,923	1,194,430	(1,090,759)	103,671
IT equipment	6,943,494	(4,715,122)	2,228,372	5,872,064	(4,216,491)	1,655,573
Right-of-use assets	15,076,867	(6,284,383)	8,792,484	15,076,867	(4,968,376)	10,108,491
Total	54,643,033	**(18,204,561)**	36,438,472	**52,434,009**	**(25,380,799)**	**27,053,210**

Reconciliation of property, equipment and right-of-use assets: Group and Bank

	Opening balance	Revaluation surplus UShs'000	Additions UShs'000	Disposals UShs'000	Depreciation UShs'000	Closing
Year ended 31 December 2023						
Freehold land	8,700,000	5,300,000	-	-	-	14,000,000
Buildings	3,813,311	4,620,360	-	-	(416,046)	8,017,625
Furniture and fixtures	2,672,164	-	810,784	(12,708)	(375,172)	3,095,068
Motor vehicles	103,671	-	245,717	(7,027)	(37,439)	304,922
IT equipment	1,655,573	-	1,284,907	(150)	(711,957)	2,228,373
Right-of-use assets	10,108,491	-	-	-	(1,316,007)	8,792,484
	27,053,210	9,920,360	2,341,408	(19,885)	(2,856,621)	36,438,472
Year ended 31 December 2023						
Freehold land	8,700,000	-	-	-	-	8,700,000
Buildings	4,165,440	-	95,263	-	(447,392)	3,813,311
Furniture and fixtures	2,615,538	-	442,466	(52,618)	(333,222)	2,672,164
Motor vehicles	131,116	-	-	-	(27,445)	103,671
IT equipment	1,971,599	-	264,809	-	(580,835)	1,655,573
Right-of-use assets	11,468,921	-	-	-	(1,360,430)	10,108,491
	29,052,614	-	802,538	(52,618)	(2,749,324)	27,053,210

Revaluation surplus net of tax:

	Note	2023	2022
		UShs'000	UShs'000
Revaluation surplus		9,920,360	-
Deferred tax impact	10(d)	(2,976,108)	-
Revaluation surplus net of tax		**6,944,252**	**-**

Land and building were revalued on March 29, 2023 by Ideal Surveyors, Valuers and Real Estate Management Consultants who are independent of the Group and have the appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. Valuations (i.e., level 2) were made on the basis of the open market value. Level 2 fair values of the land and

20. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

buildings were determined by reference to observable prices in the open market and recent similar market transaction at arm's length.

Significant increases (decreases) in open market value in isolation would result in a significantly higher (lower) fair value on a linear basis.

The book values of properties were adjusted to the revaluations and the resultant surplus net of deferred tax was credited to the revaluation reserve in shareholders equity. If the freehold land and buildings were measured using the cost model, the carrying amounts would be, as follows:

	Freehold land	Buildings	Total
	UShs'000	UShs'000	UShs'000
Cost	-	10,829,116	21,862,671
Accumulated depreciation	-	(8,619,166)	(8,619,166)
	-	2,209,950	2,209,950

21. DEFERRED TAX ASSET

Deferred tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement in the deferred tax asset is as follows:

		Group		Bank	
		2023	2022	2023	2022
	Note	UShs '000	UShs '000	UShs '000	UShs '000
At the beginning of year		(7,681,070)	2,072,389	(7,681,070)	2,072,389
(Credit)/charge to profit or loss					
Leases		(94,352)	(218,740)	(94,352)	(218,740)
Property and equipment		70,858	(3,675)	70,858	(3,675)
Fair value through profit or loss		(2,646,959)	-	(2,646,959)	-
Impairment allowance		1,577,368	(2,305,877)	1,577,368	(2,305,877)
Unrealized foreign exchange differences		(58,915)	(280,112)	(58,915)	(280,112)
Net credit to profit or loss		**(1,152,000)**	**(2,808,404)**	**(1,152,000)**	**(2,808,404)**
Charge/(credit) to OCI					
Fair value through other comprehensive income	13	3,190,814	(7,100,135)	3,190,814	(7,100,135)
Revaluation reserve	20	2,976,108	-	2,976,108	-
Net charge/(credit) to OCI		6,166,922	(7,100,135)	6,166,922	(7,100,135)
(Credit)/charge to equity					
Net deferred tax credit on transfer of excess depreciation		(271,627)	(168,444)	(271,627)	(168,444)
Prior period adjustments		-	323,524	-	323,524
Net deferred tax asset		**(2,937,775)**	**(7,681,070)**	**(2,937,775)**	**(7,681,070)**

22. SHARE CAPITAL

	Number of shares		Value	
	2023	2022	2023 UShs '000	2022 UShs '000
Authorised, issued and fully paid – Group and Bank				
Par value of each share is UShs 10 (2022: UShs 10)				
Opening balance	15,000,000,000	2,500,000,000	150,000,000	25,000,000
Bonus share issue	12,500,000,000	-	125,000,000	-
Closing balance	15,000,000,000	2,500,000,000	150,000,000	25,000,000

	Per share		Amount	
	2023 UShs	2022 UShs	2023 UShs '000	2022 UShs '000
Dividend proposed and paid				
Dividend proposed	2.0	10.0	30,000,000	25,000,000
Dividend paid	1.7	20.0	30,000,000	50,000,000

In an Extraordinary General Meeting of the Bank's shareholders held on March 24, 2023, the shareholders approved the issue of bonus shares in the ratio of 1:5 to the existing shareholders to increase the Bank's share capital from UShs 25 billion to UShs 150 billion. The following incidental costs were incurred in respect to the bonus share issue:

	2023 UShs'000	2022 UShs'000
Stamp duty expense	1,875,000	-
Other incidental costs	220,145	-
	2,095,145	**-**

23. REGULATORY CREDIT RISK RESERVE

The regulatory credit risk reserve represents an appropriation from retained earnings to comply with the Bank of Uganda prudential guidelines. The reserve represents the excess of impairment provisions on loans and advances to customers determined in accordance with the financial institutions regulations over the expected credit losses determined in accordance with the Bank's IFRS 9based accounting policies. This reserve is non-distributable.

Regulatory provisions on loans and advances to customers

	Group		Bank	
	2023 UShs '000	2022 UShs '000	2023 UShs '000	2022 UShs '000
Specific provision	130,677	3,729,274	130,677	3,729,274
General provision	12,578,354	11,072,980	12,578,354	11,072,980
Total regulatory provisions	**12,709,031**	**14,802,254**	**12,709,031**	**14,802,254**
Expected credit losses per IFRS 9	13,249,038	21,976,295	13,249,038	21,976,295
Regulatory credit risk reserve	**Not applicable (N/A)**		**Not applicable (N/A)**	

24. CUSTOMER DEPOSITS

Current and demand accounts	334,881,571	312,798,253	334,881,571	312,798,254
Savings accounts	313,542,088	299,897,659	313,542,088	299,897,659
Time deposits	1,376,518,320	1,164,601,167	1,376,518,320	1,164,601,167
	2,024,941,979	**1,777,297,079**	**2,024,941,979**	**1,777,297,080**

25. BORROWED FUNDS

Deposits due to other banks within 90 days	1,651,899	-	1,651,899	-
Bank of Uganda: Agricultural Credit Facility	12,670,691	8,725,514	12,670,691	8,725,514
	14,322,590	**8,725,514**	**14,322,590**	**8,725,514**

The Government of Uganda through the central bank in partnership with commercial banks, Uganda Development Bank Ltd and micro-deposit taking institutions (MDIs) created the Agricultural Credit Facility. The facility was created for the provision of medium-term credit facilities to agriculture and agro-processing projects on more favorable terms as opposed to the open market. The credit facilities are advanced to customers at an interest rate of not more than 12% per annum. The other objectives of the facility include the promotion of commercial agriculture, increasing access to finance by agribusinesses, increased agricultural production thus food security as well as boosting the confidence of financial institutions in lending to agriculture. The Bank contributes 50% towards the lending and 50% is financed by the ACF. The Bank repays the 50% financed by the ACF as and when the loans are prepaid by the customers with 0% interest charged by the Central Bank. The ACF borrowing is not secured.

26. OTHER LIABILITIES

	Note	2023 UShs '000	2022 UShs '000	2023 UShs '000	2022 UShs '000
Dividends payable		1,042,736	919,628	1,042,736	919,628
Bills payable		142,659	212,685	142,659	212,685
Uncleared effects		199,530	107,580	199,530	107,580
ECL allowance on off-balance sheet items	16	762,769	892,069	762,769	892,069
Lease liabilities	32	9,917,525	10,919,024	9,917,525	10,919,024
Other payables		44,647,544	26,176,073	44,647,545	26,176,073
Due to group companies	29	-	3,866	-	3,866
		56,712,763	**39,230,925**	**56,712,764**	**39,230,925**
Analysed as follows:					
Non-financial liabilities					
ECL allowance on off-balance sheet items		762,769	892,069	762,769	892,069
Financial liabilities		55,949,994	38,338,856	55,949,995	38,338,856

Other payables include URA deposits amounting to UShs 33 billion (2022: UShs 16 billion).

27. CASH AND CASH EQUIVALENTS

		Group		Bank	
	Note	2023 UShs '000	2022 UShs '000	2023 UShs '000	2022 UShs '000
Cash and balances with Bank of Uganda	12	215,775,055	228,514,586	215,775,055	228,514,586
Cash reserve requirement		(178,930,000)	(170,960,000)	(178,930,000)	(170,960,000)
Government securities maturing in 90 days		84,094,664	284,126,553	84,094,664	284,126,553
Due from group companies	14	2,626,525	6,292,990	2,626,525	6,292,990
Placements due from other banks (Note 15)	15	424,676,491	282,869,623	424,676,491	282,869,623
		548,242,735	**630,843,752**	**548,242,735**	**630,843,752**

28. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

In common with banking business, the Group 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.

NATURE OF CONTINGENCIES

Letters of credit, acceptances, guarantees and performance bonds are generally written by the Bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of default by the customer.

Contingencies are secured by cash and/or property collaterals.

NATURE OF COMMITMENTS

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Group may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

	2023	2022	2023	2022
	UShs '000	**UShs '000**	**UShs '000**	**UShs '000**
Contingencies				
Acceptances and letters of credit	47,182,300	68,188,148	47,182,300	68,188,148
Guarantees	43,817,606	47,573,246	43,817,606	47,573,246
Performance bonds	16,700,478	23,882,683	16,700,478	23,882,683
Contingents secured by cash collateral	39,975,427	32,556,563	39,975,427	32,556,563
	147,675,811	**172,200,640**	**147,675,811**	**172,200,640**
Commitments				
Undrawn formal stand-by facilities, credit lines and other commitments to lend	315,965,270	322,331,730	315,965,270	322,331,730
	463,641,081	**494,532,370**	**463,641,081**	**494,532,370**

The expected credit losses on off-balance sheet credit commitments are disclosed in Notes 16 and 26.

29. RELATED PARTIESRELATIONSHIPS

Holding company	Bank of Baroda, India
Subsidiary	Baroda Capital Markets (Uganda) Limited
Affiliates	Bank of Baroda, India Bank of Baroda, London Bank of Baroda, Kenya Bank of Baroda, Brussels Bank of Baroda, New York Bank of Baroda Tanzania Limited Bank of Baroda IFSC
Directors/key management personnel	Vastina Rukimirana Nsanze Raj Kumar Meena (up to March 15, 2023) Shashi Dhar (from March 16, 2023) Prithvi Singh Bhati Lalit Tyagi (from February 5, 2024) Sempijja Thadeus Fred Kakongoro Muhumuza Odoch Charles Langoya Debadatta Chand

	Group		Bank	
	2023	2022	2023	2022
	UShs '000	UShs '000	UShs '000	UShs '000
Related party transactions				
Interest paid to related parties				
Baroda Capital Markets (Uganda) Limited	32,554	-	32,554	-
Administration fees paid to related parties				
Bank of Baroda, India	3,756,353	2,299,021	3,756,353	2,299,021
Key management compensation				
Non-Executive Directors	77,367	63,062	77,367	63,062
Executive Directors	580,488	490,063	580,488	490,063
Software expenses				
Bank of Baroda, India	949,080	221,746	949,080	221,746
Related party balances				
Due from group companies				
Bank of Baroda, India (BBB-)	305,242	-	305,242	-
Bank of Baroda, London (BBB-)	1,629,133	1,066,498	1,629,133	1,066,498
Bank of Baroda (Kenya) Limited, Kenya (Unrated)	164,340	437,978	164,340	437,978
Bank of Baroda, Brussels (BBB-)	-	2,519,908	-	2,519,908
Bank of Baroda, New York (BBB-)	527,810	2,268,606	527,810	2,268,606
	2,626,525	**6,292,990**	**2,626,525**	**6,292,990**
Placements due from group companies				
Bank of Baroda, India (BBB-)	76,714,774	70,642,397	76,714,774	70,642,397
Bank of Baroda, London (BBB-)	10,176,530	39,946,500	10,176,530	39,946,500
Bank of Baroda (Tanzania) Limited (Unrated)	19,301,182	18,950,946	19,301,182	18,950,946
Bank of Baroda, IFSC (BBB-)	98,444,877	55,862,682	98,444,877	55,862,682
Bank of Baroda, New York (BBB-)	62,512,837	14,883,307	62,512,837	14,883,307
Bank of Baroda (Kenya) Limited (Unrated)	-	3,752,777	-	3,752,777
Bank of Baroda, Dubai (BBB-)	50,101,600	-	50,101,600	-
	317,251,800	204,038,609	317,251,800	204,038,609
Due to group companies				
Bank of Baroda, India (BBB-)	-	3,866	-	3,866
Due to subsidiary				
Baroda Capital Markets (Uganda) Limited	-	-	40,000	400,000

30. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding.

	Group		Bank	
	2023	2022	2023	2022
Profit attributable to equity holders – continuing operations (UShs'000)	115,933,609	122,185,014	116,366,165	122,185,014
Profit attributable to equity holders - continuing and discontinued operations (UShs'000)	115,966,074	122,195,966	116,366,165	122,185,014
Weighted average number of ordinary shares as at Dec 31, 2023	15,000,000	2,500,000	15,000,000	2,500,000
Basic and diluted earnings per share (UShs) - continuing operations	**7.729**	**48.874**	**7.758**	**48.874**
Basic and diluted earnings per share (UShs) - continuing and discontinued operations	**7.731**	**48.878**	**7.758**	**48.874**

There were no potentially dilutive shares as at December 31, 2023 or on December 31, 2022. Therefore, diluted earnings per share are the same as basic earnings per share.

31. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities or material authorised capital expenditure commitments at year-end (2022: None).

32. LEASE LIABILITIES

The Group leases space for branches and other premises to meet its business operational needs. Currently, the Group does not have any material subleasing arrangements. The table below sets out a maturity analysis of lease liabilities, showing the lease payments to be paid after the reporting date.

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Minimum lease payments due				
- within one year	1,532,151	1,553,752	1,532,151	1,553,752
- in second to fifth year inclusive	5,382,804	5,853,560	5,382,804	5,853,560
- later than five years	5,344,627	6,243,449	5,344,627	6,243,449
	12,259,582	13,650,761	12,259,582	13,650,761
Less: Future finance charges	(2,342,057)	(2,731,737)	(2,342,057)	(2,731,737)
Present value of minimum lease payments	**9,917,525**	**10,919,024**	**9,917,525**	**10,919,024**
Present value of minimum lease payments due				
- within one year	1,161,710	1,150,717	1,161,710	1,150,717
- in second to fifth year inclusive	4,250,533	4,594,222	4,250,533	4,594,222
- later than five years	4,505,282	5,174,085	4,505,282	5,174,085
	9,917,525	**10,919,024**	**9,917,525**	**10,919,024**
Movement in lease liabilities				
Opening balance	10,919,024	11,550,319	10,919,024	11,550,319
Interest expense	403,346	442,020	403,346	442,020
Lease payments during the year	(1,555,765)	(1,552,850)	(1,555,765)	(1,552,850)
Foreign exchange differences	150,920	479,535	150,920	479,535
Closing balance	**9,917,525**	**10,919,024**	**9,917,525**	**10,919,024**
Lease related expenses				
Interest expense	403,346	442,020	403,346	442,020
Depreciation of the right-of-use asset	1,316,007	1,360,430	1,316,007	1,360,430
	1,719,353	**1,802,450**	**1,719,353**	**1,802,450**

The average discount rate applied to lease liabilities was 2.58% and 14.31% per annum for USD and UShs denominated lease payments, respectively.

33. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other material events after the reporting period which require adjustment to or disclosure in the financial statements.

34. COMPARATIVE FIGURES

Comparative balances are reclassified/regrouped where necessary for comparability with the current period presentation.

AGENDA ORDINARY RESOLUTION

BANK OF BARODA (UGANDA) LIMITED
Head Office: 18, Kampala Road
P.O. Box 7197, Kampala (Uganda)

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting (AGM) of Bank of Baroda (Uganda) Limited ("the Company") for the year ended December 31st, 2023 will be held at 02:00 p.m. on Thursday 06th June 2024 through Hybrid mode, comprising of a physical meeting at Munyonyo Commonwealth Resort, Kampala and online through an electronic platform to transact the following business:-

AGENDA

AGENDA:
ORDINARY RESOLUTION

1. CONFIRMATION OF THE MINUTES OF THE 53RD ANNUAL GENERAL MEETING.

To consider and if deemed fit, confirm the minutes of the 53rd Annual General Meeting of the Company held on Tuesday, 04th day of July 2023 through Hybrid mode, comprising of both a physical meeting at Serena Hotel, Kampala and online option through an electronic platform.

2. FINANCIAL STATEMENTS.

To consider, and if deemed fit, receive the separate and consolidated financial statement for the year ended December 31, 2023, report of the Board of Directors on the state of affairs of the Bank, together with the Auditors' report thereon.

3. DIVIDEND.

To consider and if deemed fit to approve the dividend payout proposed by the Board of Directors at the rate of Uganda Shillings 2.0 per share for the Financial Year 2023 subject to the approval of the Bank of Uganda.

4. DIRECTORS.

To consider, and if deemed fit, ratify the appointment of Directors in accordance with the provisions of the Company's Articles of Association;

a)To ratify the appointment of Mr Lalit tyagi as a Non-Executive Director on the Board of the Bank effective 05th day of February 2024.

b)To ratify the appointment of Mr Nishant Ranjan as a Non-Executive Director of the Bank effective 27th day of March 2024.

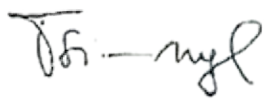
5. AUDITORS.

To consider and if deemed fit, approve the re-appointment of M/s. Ernest and Young (EY), Certified Public Accountants as the Statutory Auditors of the Company for the period ending December 31, 2024 and their remuneration as approved by the Board Audit Committee and the Board of Directors respectively.

6. ANY OTHER BUSINESS.

To transact any other business that may be legally transacted in the meeting.

BY ORDER OF THE BOARD.



Ms. Anne Tumwesigye Mbonye
Company Secretary
Dated: 29.04.2024

NOTES:

Shareholders are urged to note the following important information regarding the Annual General Meeting (AGM):

HYBRID MEETING

1.As authorized by the Company's Articles of Association, the Company will be holding the Annual General Meeting Hybrid comprising of a physical meeting, and online through an electronic platform.

2.Shareholders have option to participate in the AGM either physically or electronically. Physical attendance will be on first come, first-in basis.

3.Registration shall only be done electronically for both physical and electronic attendance. To participate in the registration process of the AGM, shareholders should register by following the steps below;

(a)Shareholders with email addresses will receive details on how to register and log into the online meeting or;

(b) For those who wish to use the USSD, dial *272*101# (Uganda mobile networks) and follow the prompts;

(c) Send an email request to be registered to registry@use.or.ug or

(d) Shareholders willing to attend the physical AGM should bring their national ID or Passport to facilitate verification during the Annual General Meeting.

NOTES:

4. Shareholders without emails in the shareholder register will be contacted via SMS on their registered mobile phone numbers and will be requested to avail their email addresses to the Company's shares registrar SCD Registrars at registry@use.or.ug

5. The Company's audited financial statements, annual report, AGM notice, Minutes of the 53rd Annual General Meeting of the Bank and proxy form are uploaded on the Company's website www.bankofbaroda.ug

6. To participate in the virtual AGM, shareholders are advised that;

a) Registration commences on 13.05.2024 and will close on 05.06.2024

b) For support during the registration process, please call +256312370817/18 or email registry@use.or.ug

7. The AGM will be streamed live via a link that will be provided to all shareholders who will have successfully registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers 24 hours prior to the AGM, a reminder of the AGM and a link to the live stream. A second SMS/USSD prompt shall be sent one hour ahead of the AGM. In registering to attend the AGM, a shareholder consents to receive all messages pertaining to the AGM.

8. Duly registered shareholders and proxies may vote (when prompted) using the live stream link or using the USSD prompts. Voting shall be done electronically using the Resolutions tab on the live stream link or via USSD.

Shareholders' rights

9. Bank of Baroda (Uganda) Limited shareholders may attend, speak, and vote at the AGM or appoint proxies (who need not be shareholders of the Company) to attend, speak and vote on behalf of such shareholders. Duly completed proxy forms should be returned to the Company Secretary at Bank of Baroda Head Office Plot 18, Kampala Road or sent via email to registry@use.or.ug not later than 5.00 pm on 05.06.2024. In default of this, the proxy appointment shall be treated as invalid.

10. Shareholders and their proxies have the option of asking questions and voting on each of the resolutions in advance of the meeting. Questions and votes on the AGM resolutions can be submitted to registry@use.or.ug before close of business on 05.06.2024.

Dividend Information

11. The payment of Dividend is still subject to approval from Bank of Uganda as per directions issued vide Circular no. EDS.306.2 dated 06.06.2022 by Bank of Uganda. The Bank shall apply to Bank of Uganda for authorisation of dividend payment.

12. Shareholders who have not received past dividends should send an email to registry@use.or.ug or call +256312370815/17.

Securities Central Depository (SCD) Accounts

13. USE requires all listed companies to immobilize all shares that they hold in certificate form. Shareholders are advised to open an account with Securities Central Depository (SCD) with the assistance of any of the SCD Agents listed on the Uganda Securities Exchange website www.use.or.ug to help them continue to trade in shares.

Contact Details

14. Company's Registered Office
Bank of Baroda (Uganda) Limited
Head Office
Plot 18 Kampala Road
P.O. Box 7197
Kampala, Uganda.
Tel: +256-414-232783

15. Share Registrar's Office
SCD Registrars
UAP Nakawa Business Park
Plot 3-5, New Portbell Road
Block A, 4th Floor,
P.O. Box 23552
Kampala, Uganda
Tel: +256-312-370-815/7/8

PROXY FORM

Bank of Baroda (Uganda) Limited

Bank of Baroda (Uganda) Limited.

I / We..

Of..
....being (a) member (s) of the above-named company, hereby

Appoint...
....as a proxy to vote for me/us and on my / our behalf at the 54th Annual General Meeting of the Company, to be held on the 06th June 2024 and at every adjournment thereof

As witness my / out hand(s) this...day of...2024

Share Certificate No...

....
Signature (s)

The Shareholder or his / her proxy must produce this admission form in order to obtain admission to the 54th Annual General Meeting.
Shareholders or their proxies are requested to sign the admission form before attending the meeting.
Signature of the person attending..
Share Certificate Number..

NOTE: This form should be deposited with the Company Secretary of the Bank on or before 5.00 pm, 5th June 2024.


Legacy
Bank of Baroda (Uganda) Limited

18, Kampala Road | P.O. Box 7197, Kampala, Uganda
Tel: +256-414-232783 (Direct), +256-414-233680/1 (General)
www.bankofbaroda.ug