

COMMERCIAL BANKS SCOOP SH2.1 TRILLION IN NET PROFITS

By April 30, all 21 commercial banks regulated by the central bank had published their annual financial reports for the period ending December 2025, writes Ali Twaha.

The publication of financial reports in newspapers is a statutory requirement designed to foster stability, transparency and accountability. By making their financial health public, commercial banks allow customers to scrutinise and assess the risks associated with their deposits. This is crucial because banks deal with other people's money. The top three banks (Stanbic, Centenary, Absa) hold nearly 44% of all industry deposits.

According to data compiled by *New Vision* from the reports, the sector delivered a remarkable 2025, with industry total assets crossing the sh60 trillion mark for the first time, representing a 15% growth.

The overall sector's net profits rose about 34.6% to sh2.17 trillion. Most commercial banks posted double-digit growth in net profit, with only I&M and NCBA missing the mark. Five lenders delivered triple-digit growth in net profits during the year under review. No tier 1 bank reported losses.

Total sector customer deposits grew about 17.2% to about sh40 trillion. This means that

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FOOD SYSTEMS

AGRA president Alice Ruhweza tells how she learnt that the farmer has much power.

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EXPORT



WHICH MARKETS SHOULD WE ENTER?

The real turning point, is not asking: "Where can I sell?", but "where should I sell?"

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PERSONAL FINANCE

SYLVIA JJUUKO

After Labour Day, workers must ask themselves what their labour has enabled them to build

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BANK REPORTS: BONDS STILL SAFE INVESTMENTS

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more Ugandans are banking, a sign of deepening financial inclusion in the economy.

Government investment in infrastructure and a relatively stable macro environment helped most commercial banks grow their balance sheets with confidence.

The sector also gave out more loans, up nearly 10%, although 14 of 21 banks saw their non-performing loans (NPLs) balances rise. This means some of that money lent out may return with great difficulty.

KEY TRENDS

Banks poured more money into Treasury bills and bonds, up 16.5% to sh17.3 trillion. Interest income from bills and bonds grew by more than 20%, whereas interest from loans and advances to customers grew by 9%.

Government securities continue to attract bank money, suggesting banks still find it safer and more rewarding to lend to the Government than to businesses and individuals. The trend has kept private-sector credit growth structurally constrained.

"It's only that we had excess liquidity. Government, as a borrower, has been very generous over the years. Obviously, it becomes a good house for our excess liquidity. Our role is intermediation and not to focus only on the Government primarily," Gift Shoko, the managing director at Equity Bank, said.

Economists argue that the Government cannot build a productive economy on bank credit that mainly flows back to the Government. This means businesses and individuals will struggle to access affordable credit, which can slow economic growth.

Although the industry-wide NPL total fell 6.6% to about sh915b, the picture at the individual bank level is concerning. Some banks have NPL ratios above the generally accepted 5% comfort zone.

This could mean that if the economy faces shocks, such as geopolitical tensions that have disrupted supply chains, currency pressure, inflation spikes or slowing business activity, these bad loans could quickly become a problem for some sector players.

"While you are looking at the impairment number, it did show a 78% growth. We need to give perspective to the number. The growth in the actual number is sh3b against a book of sh2 trillion. Loan loss rate is 0.4%. In banking, we know there is a possibility of not getting all the money back, and that amount is driven by the loan loss rate. That's a very good ratio," Michael Segwaya, the bank's chief finance officer, said.

THE TOP 5 COMMERCIAL BANKS

Stanbic continues to lead the financial sector both in total assets and profitability. As of the end of 2025, it held more than sh11.3 trillion in assets, up from sh10.3 trillion recorded in the previous year. The bank recorded a net profit of sh586b, up 23.6% year-on-year. Customer deposits with Stanbic Bank amounted to over sh8 trillion. Its NPL ratio of 1.76% is impressively low for a bank of this size.



Kalifungwa, the Stanbic Bank chief executive



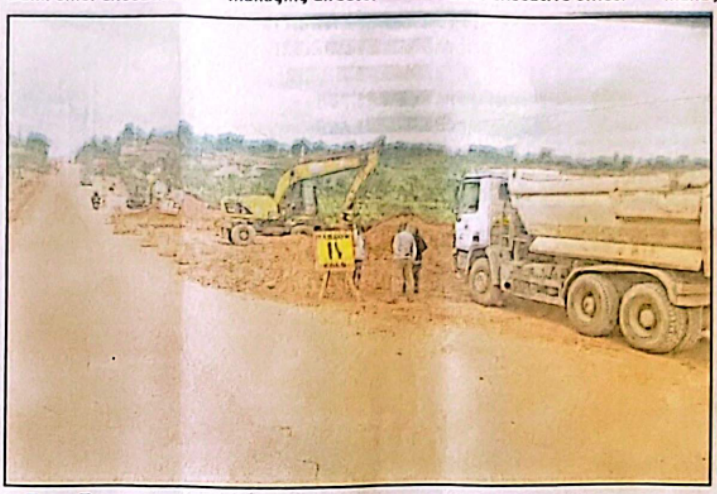
Shoko, Equity Bank's managing director



Mudiwa, dfcu Bank's chief executive officer



Kakeeto, Pearl Bank's managing director



Road works on the Kiganda and Kinoni section of Mityana road recently. Government investment in infrastructure and a relatively stable macro environment helped most commercial banks grow their balance sheets with confidence

More Ugandans are banking, a sign of deepening financial inclusion in the economy.

Centenary Bank ranks second by assets and profitability. It reported sh8.6 trillion in assets at the end of 2025, from sh7.1 trillion in 2024. Its 2025 profit after tax hit a record sh424.2b, growing 23.9% from the prior year.

Absa secures third place in both metrics. Assets closed at sh7 trillion at the end of 2025 from sh5.4 trillion reported the previous year. Customer deposits — money that customers saved or placed in savings accounts, current accounts and fixed deposits — surged from sh3.19 trillion to sh4.66 trillion. That is a 46% jump.

Bank of Baroda Uganda follows as a strong fourth in profitability. Profit after tax rose to sh156.84b from sh133.95b, a 17.08% increase. Total assets climbed 13.46% to sh3.50 trillion. Customer deposits rose 14.34% to sh2.52 trillion. NPLs stood at just 0.02%, equivalent to about sh342m on a loan book of over sh1.6 trillion.

dfcu Bank rounds out the top tier, with sh3.7 trillion in total assets as at the end of 2025, an 8% growth. The bank's net profit increased to sh81.5b from sh75.1b, while total income grew by 16% to sh526b, supported by a 20% increase in non-funded income to sh108b. Customer deposits grew 15% to sh2.7 trillion, while the loan book expanded by about 12% to sh1.2 trillion.

In terms of market share, Stanbic has a market share of 18.7%, Centenary: 14.2%, Absa: 11.6%, dfcu: 6.2%, Equity: 5.9%, Baroda: 5.8%, Standard Chartered: 5.7%, Diamond Trust: 4.8%, Housing Finance: 4.4% and KCB: 3.6%. Other commercial banks hold a combined 19.2%.

The small banks are fighting back. Ecobank grew its assets by 100%, doubling in size, in a single year. Exim Bank's profits grew 346%. Cairo Bank's profits nearly doubled.

Observers say the growth partly reflects a deliberate strategy by smaller banks to grab market share through competitive pricing and niche servicing. However, many of these banks remain fragile, with small customer bases, thin capital buffers and any shock could be disproportionately damaging.

The increase of the minimum paid-up capital for commercial banks from sh25b to sh150b saw institutions such as ABC, Finance Trust, Opportunity and Guaranty Trust downgrade their operations from the Tier 1 licence level last year.

WHAT THEY SAY

GIFT SHOKO, MANAGING DIRECTOR, EQUITY BANK

The period between 2023 and 2024 was characterised by high non-performing loans. So, 2025 became the turning point, a year focused on restoring value for all stakeholders, starting with the bank's financial performance.

2026 comes with a lot of optimism, although we have had a slow start to the year. I'm also encouraged by the opportunities in Uganda. It is one of the few countries with a predictable policy. That predictability creates real opportunity.

MUMBA KALIFUNGWA, CHIEF EXECUTIVE, STANBIC

Beyond our commendable financial performance, the true measure of our success is in the impact we create in the economy and the opportunities we help unlock for the people and communities we serve.

CHARLES MUDIWA, CHIEF EXECUTIVE, DFCU

dfcu's 2025 financial year performance reflects disciplined and consistent business strategy execution against clearly articulated priorities in a demanding operating environment. We have continued to make deliberate investments in our technology and operations to improve how we serve our customers, with clear, measurable results.

JULIUS KAKEETO, MANAGING DIRECTOR, PEARL BANK

2025 was an instrumental year, ushering in a new chapter following our rebrand from PostBank to Pearl Bank. This rebrand is a strategic move aimed at scaling the bank's impact towards Uganda's economic growth.

The bank registered growth across all notable parameters. We delivered profitability while spearheading government initiatives, including reaching out to households through the Parish Development Model.

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