



DPF

**Deposit
Protection
Fund of Uganda**
YOUR DEPOSITS ARE PROTECTED

Integrated Annual Report

June 30, 2025



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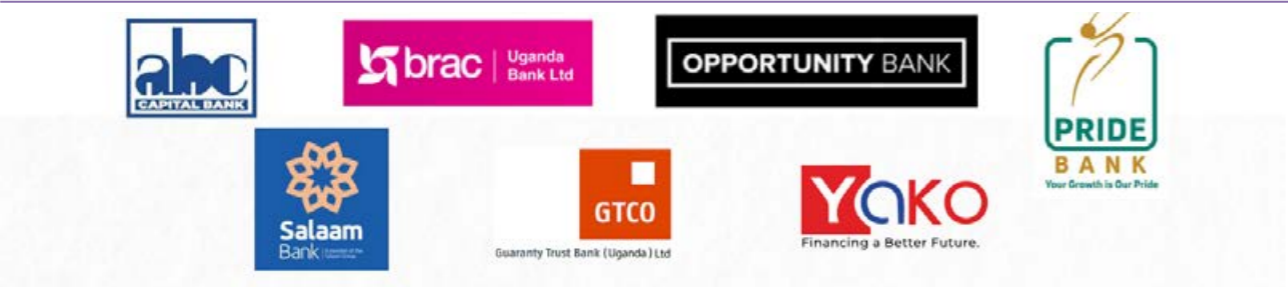
Contributing Institutions

There are thirty Four (34) Contributing Institutions as at June 30, 2025.

Commercial Banks (22)



Credit Institutions (7)



Microfinance Deposit-taking Institutions (2)



SACCOs (3)



Abbreviations

| | | | |
|--------|--|--------|--|
| ACB | Audit Committee of the Board | IASB | International Accounting Standards Board |
| ACMA | Associate Member of Chartered Management Accountants | ICPAU | Institute of Certified Public Accountants of Uganda |
| ARC | Africa Regional Committee | IESBA | International Ethics and Standards Board for Accountants |
| BOU | Bank of Uganda | IFRS | International Financial Reporting Standards |
| CBR | Central Bank Rate | ISA | International Standards on Auditing |
| CCP | Certified Communications Professional | IT | Information Technology |
| CGHCCB | Corporate Governance and Human Capital Committee of the Board | KDIC | Kenya Deposit Insurance Corporation |
| CI | Contributing Institution | LGD | Loss Given Default |
| CMA | Capital Markets Authority | MAC | Monetary Affairs Committee |
| DIS | Deposit Insurance System | MDI | Microfinance Deposit-Taking Institution |
| DPF | Deposit Protection Fund of Uganda | MoFPED | Ministry of Finance, Planning and Economic Development |
| EAC | East African Community | NDIC | Nigeria Deposit Insurance Corporation |
| EAD | Exposure At Default | NINs | National Identification Numbers |
| ECL | Expected Credit Losses | NPS | National Payments System |
| EFU | Electricity, Fuel and Utilities | OCI | Other Comprehensive Income |
| ERMF | Enterprise Risk Management Framework | OHSC | Occupational Health and Safety Committee |
| ESG | Environmental, Social, and Governance | PD | Probability of Default |
| FIA | Financial Institutions Act | POCI | Purchased or Originated Credit Impaired |
| FIRMCB | Finance, Investment and Risk Management Committee of the Board | RIA | Regulatory Impact Assessment |
| FSB | Financial Stability Board | SCV | Single Customer View |
| FSCMP | Financial Sector Crisis Management Plan | SFIs | Supervised Financial Institutions |
| FSI | Financial Stability Institute | SPPI | Solely Payments of Principal and Interest |
| FSSF | Financial Sector Stability Forum | TITGCB | Technical and IT Governance Committee of the Board |
| FVTOCI | Fair Value Through Other Comprehensive Income | UGX | Uganda Shillings |
| FVTPL | Fair Value Through Profit or Loss | UIA | Uganda Insurers Association |
| GDP | Gross Domestic Product | VaR | Value at Risk |
| HC&A | Human Capital and Administration | SACCO | Savings And Credit Cooperative Organization |
| HIA | Human Resources, Investments management and Accounting system | WHT | Withholding Tax |
| IADI | International Association of Deposit Insurers | | |

1.0 About this Integrated Annual Report

By adhering to internationally recognized reporting frameworks and standards, the Fund is dedicated to transparency, accuracy, and relevance in presenting its operations, risk management approaches, and positive impacts. This aims to boost confidence, support informed decision making, and promote sustainable growth within the financial ecosystem and among the public.



1.1 Approach to Preparation

This Integrated Annual Report was compiled using a comprehensive and stakeholder-oriented approach. It helps the Fund to illustrate its financial performance, operational strength, and societal contributions in a unified narrative. The Fund identified material aspects using a thorough evaluation of both financial and non-financial factors. By adhering to internationally recognized reporting frameworks and standards, the Fund is dedicated to transparency, accuracy, and relevance in presenting its operations, risk management approaches, and positive impacts. This aims to boost confidence, support informed decision making, and promote sustainable growth within the financial ecosystem and among the public.

1.2 Reporting Boundary

This integrated report outlines our financial, operational, environmental, social, and governance performance for the year ended June 30, 2025, while also providing insights into our future outlook.

1.3 Reporting Frameworks

The Fund adheres to the International Financial Reporting Standards (IFRS), which are globally respected and widely used to ensure consistency and comparability of the financial statements. By implementing IFRS, the Fund aligns its reporting practices with international standards, allowing stakeholders to make well-informed evaluations of its financial performance and status. This Integrated Annual Report has been prepared following the guidelines of the International Integrated Reporting Framework.

1.4 Materiality

Materiality plays a key role in ensuring that disclosed information is clear and meaningful. For the Deposit Protection Fund of Uganda (the Fund), materiality in the Integrated Annual Report refers to the relevance of financial and non-financial information

that may influence stakeholders' decisions. By focusing on material matters, the report provides a comprehensive view of the Fund's operations, financial position, risk management, and social impact. This approach demonstrates the Fund's commitment to safeguarding depositors' interests while addressing stakeholder concerns, thereby promoting transparency, trust, and informed decision making.

1.5 Assurance

The credibility of this Integrated Annual Report is strengthened by adherence to the Fund's integrated reporting framework, as approved by the Board of Directors. Its preparation followed multiple layers of review and approval by Senior Management and the Board. The report's reliability is further supported by robust internal reporting systems guided by the Fund's Enterprise Risk Management Framework (ERMF) and internal audit processes. In addition, the Fund's annual financial statements are subjected to independent assurance by the Auditor General. Together, these measures ensure the highest level of credibility in the Integrated Annual Report

1.6 Responsibility for the Integrated Report and Statement from the Board

In compliance with Section 114(1) of the Financial Institutions Act (FIA) Cap 57, the Board submits this report to the Minister of Finance, Planning and Economic Development within four months of the end of each financial year. The Board takes full responsibility for the content, accuracy, and integrity of this report. In its view, the Integrated Annual Report provides a fair and balanced account of the Fund's performance, strategy, and governance, as well as its ability to create value for stakeholders. It also highlights the key opportunities and risks linked to the Fund's strategy. The report has been prepared in line with the International Integrated Reporting Framework.

2.0

Board Chairman's Statement

Ben Patrick Kagoro



The Fund remains committed to its primary mandate of reimbursing protected deposits and continues to make payments to depositors of EFC Uganda Limited and Mercantile Credit Bank Limited (MCBL), both under liquidation. By year-end, the Fund had paid 78 percent of EFC depositors and 65 percent of MCBL depositors. The Fund acknowledges the continued support of the Bank of Uganda throughout the process.

During the year, the Fund demonstrated commendable financial stewardship, effectively managing costs while surpassing its revenue target. Total assets grew from UGX 1,622 billion in June 2024 to UGX 1,890 billion in June 2025, reflecting a robust 17 percent increase. This growth aligns with the Fund's investment policy which balances liquidity and return, the twin pillars contributing to the Fund's mandate. Over the past five years, the Fund's revenue has shown substantial growth, rising from UGX 177 billion in June 2021 to UGX 334 billion in June 2025. This upward trajectory has been primarily driven by investment income, as detailed in the accompanying financial statements. Expenditure during the same period remained primarily within budget, increasing from UGX 20 billion to UGX 32 billion. The cost-to-investment income ratio of 11 percent continues to fall within the Fund's threshold of 25 percent, highlighting our commitment to operational efficiency and fiscal discipline.

The Board provided oversight in key risk areas, including cybersecurity, IT governance, and ESG matters, while prioritizing human capital and Community Engagement Initiatives. The Fund undertook targeted corporate social initiatives in line with its workplan. Looking ahead, the Board is confident that the Fund's strategic direction and quality investments will enhance value for depositors, strengthen resilience to sector challenges and drive improved results aligned with its mandate.

I extend my sincere appreciation to the Hon. Minister of Finance, Planning and Economic Development for the continued technical support and guidance. I also thank the Board, Management and Staff for their strategic oversight, collaborative expertise, and unwavering support in advancing the Fund's mandate of ensuring sound deposit insurance.

Ben Patrick Kagoro
Board Chairman

The Board provided oversight in key risk areas



Cybersecurity



IT governance



ESG matters



Human capital



Community
Engagement
Initiatives

2.1 The Board of Directors

The profiles of each member of the Board are summarized below.

2.1 The Board of Directors continued



| | | | | | | |
|--|--|---|---|--|--|--|
| Mr. Ben Patrick Kagoro Board Chairman | Mr. I.K John Byaruhanga Board Member | Mrs. Susan W. Kanyemibwa Board Member | Ms. Roy Nambogo Board Member | Dr. Andrew Obara Board Member | Mr. Emmanuel K. Musoke Board Member | Mr. Wilbrod H. Owor Board Member |
| MBA in Financial Management, CPA, ACMA, CISA | Master of Public Administration in Economic Policy Management | Master of Laws Degree | Master of Business Administration | PhD in Business and Entrepreneurship | Master of Business Administration | MBA in Strategic Management |
| <ul style="list-style-type: none">Chairman of the Board of Directors of Eagle Air Uganda Ltd.Chairperson of the Board Audit Committee of CASE Medical Centre. | <ul style="list-style-type: none">Chairperson of the Audit Committee of the Board.Member of the Corporate Governance and Human Capital Committee of the Board <p>Acting Commissioner of the Tax Policy Department at the Ministry of Finance, Planning, and Economic Development.</p> | <ul style="list-style-type: none">Representative of the Governor of the Bank of Uganda on the Board.Member of the Technical and IT Governance Committee of the Board.Member of the Corporate Governance and Human Capital Committee of the Board.Member of the Audit Committee of the Board.Bank Secretary /Secretary to the Board of the Bank of Uganda. | <ul style="list-style-type: none">Chairperson of the Corporate Governance and Human Capital Committee of the Board.Member of the Technical and IT Governance Committee of the Board.Member of the Finance, Investment, and Risk Management Committee of the Board.Managing Partner at Nambogo & Co. Advocates. | <ul style="list-style-type: none">Chairperson of the Finance, Investment and Risk Management Committee of the Board.Member of the Technical and IT Governance Committee of the Board.Member of the Corporate Governance and Human Capital Committee of the Board.Managing Director of Friends' Consult Ltd. | <ul style="list-style-type: none">Member of the Finance, Investment and Risk Management Committee of the Board.Member of the Audit Committee of the Board.Chairman of the Board of Directors of Better View School, Kampala. | <ul style="list-style-type: none">Chairperson of the Technical and IT Governance Committee of the Board.Member of the Finance,Investment, and Risk Management Committee of the Board.Member of the Audit Committee of the Board.Executive Director of the Uganda Bankers Association. |

3.0

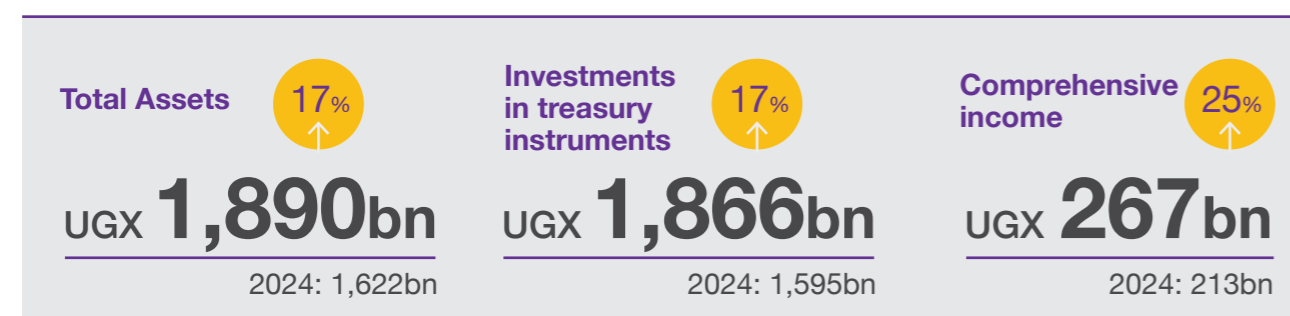
Chief Executive Officer's Statement

Dr. Julia Clare Olima Oyet (Mrs.)



Preamble

The financial year started on an exciting note with the Fund successfully hosting an international conference on deposit insurance. The event, which was attended by a number of countries across Africa, was aligned with the ongoing strategic drive of establishing Uganda as a regional hub for deposit insurance. The licensing of three (3) SACCOs by the Bank of Uganda was yet another development. The Fund has initiated the process of onboarding these SACCOs to ensure their depositors are adequately protected.



3.0 Chief Executive Officer's statement continued

Key achievements

With the Fund at the midpoint of its five-year Strategic Plan (2022–2027), I am pleased to report that it has remained steadfast and resilient in its operations, achieving a completion rate of 78 percent for the activities planned in the FY 2024/2025. During the reporting period, the Fund's total assets grew by 17 percent, rising from UGX 1,622 billion as of June 30, 2024, to UGX 1,890 billion as of June 30, 2025. This growth was primarily driven by increased investments in treasury instruments, which rose from UGX 1,595 billion to UGX 1,866 billion over the same period. Meanwhile, total reserves grew by 17 percent, increasing from UGX 1,563 billion in FY 2023/2024 to UGX 1,830 billion in FY 2024/2025. Additionally, the Fund's comprehensive income improved significantly, rising from UGX 213 billion to UGX 267 billion. These achievements highlight the Fund's commitment to sustainable growth, prudent financial management, and operational efficiency.

The banking industry

Uganda's banking sector recorded notable growth in total assets, rising from UGX 53.9 trillion in June 2024 to UGX 61.3 trillion by the end of June 2025. Aggregate core capital adequacy ratios for commercial banks, credit institutions, and microfinance deposit-taking institutions remained above the prudential minimum requirements, highlighting the sector's strengthened financial stability. As of June 30, 2025, total deposits in the banking sector increased by 14.1 percent to 41.6 trillion, reflecting continued public confidence in financial institutions. The sector also witnessed structural changes in the composition of financial institutions across the three regulatory tiers. Effective July 1, 2025, Opportunity Bank Limited, Guaranty Trust Bank (U) Limited, and ABC Capital Bank (U) Limited transitioned from Tier I Commercial Bank licenses to Tier II Credit Institution licenses. This strategic reclassification marks a new phase for these institutions, positioning them to capitalize on their revised status to drive innovation, enhance operational flexibility, and deepen customer engagement within Uganda's evolving financial landscape.

The way ahead

The Fund is implementing its integrated Human Capital, Investment, and Accounting (HIA) system, an initiative aimed at enhancing operational efficiency across its core functional areas. In line with its strategic objectives, the Fund will continue to strengthen partnerships with regional and international deposit insurance agencies. These collaborations are essential for staying informed on emerging trends and best practices within the sector, both regionally and globally. Embracing technological advancements remains a key priority for the Fund, as it seeks to modernize its systems and processes to meet the evolving demands of the financial landscape. Equally, the Fund remains committed to continuous capacity building and professional development of its staff, an investment that is central to its long-term success. Looking ahead, the Fund is confident that these initiatives will not only reinforce its institutional resilience but also make a meaningful contribution to the stability of Uganda's financial sector and the broader national development agenda.

Conclusion

I extend my sincere gratitude to the Board of Directors for their steadfast guidance and unwavering stewardship. I also commend the dedicated staff of the Fund for their relentless commitment, passion, and drive. To all our stakeholders, the collaboration and support have been vital to the positive strides we have made. As we look ahead, we do so with renewed determination to foster growth, enhance public confidence in the financial sector, and make a significant contribution to Uganda's broader development agenda.

Dr. Julia Clare Olima Oyet (Mrs.)
Chief Executive Officer

3.1 Senior Management

3.1 Senior Management continued



Dr. Julia Clare Olima Oyet (Mrs.)
Chief Executive Officer

Doctorate Degree in Business Administration, ACCA, CPA.

Provides strategic leadership, brand stewardship & operational oversight at the Fund. Chairperson of the Africa Regional Committee of IADI.

Mr. Alan N. Lwetabe
Director Investments

MA in Economics, CFA, CIPM, CAIA.

Leads the strategic management of investment funds, oversees macroeconomic surveillance and spearheads the Fund's ESG implementation and impactful investment stewardship initiatives

Mrs. Angela Kiryabwire Kanyima
Director Legal And Board Secretary

Master of Laws in Development

Chief Legal Advisor of the Fund and provides administrative support to the Board of Directors.

Mr. Balaam Sempala
Director IT

Master's Degree in Information Systems Management, Certified IT Service Manager (ITIL), Project Manager (PRINCE2) and CCISO.

Drives the functional & operational delivery of IT services.

Dr. Michael M. Lugemwa
Director Finance & Operations

PhD in Accountancy, CPA, CFE, PECB Certified ISO 31000 Senior Lead Risk Manager.

Oversess financial reporting, financial management & deposit insurance in the Fund.

Mr. Moses Apell Odongo
Director Human Capital And Administration

MBA in Finance, Certified Balanced Scorecard professional.

Formulates & implements strategic human capital initiatives & oversees all administraive functions.

Mr. Patrick O. Ezaga
Director Communications

Master of Business Administration (Marketing), Certified Communications Professional (CCP).

Provides stewardship in operations of enhancing public awareness about the Fund's mandate, and manages internal & external communications

Mr. Samuel A. Mankaati
Director Internal Audit

Master of Business Administration, CPA, PECB Certified ISO 31000 Senior Lead Risk Manager.

Provides independent assurance and advisory services to the Board and Management of the Fund.

4.0 | Corporate Information

Principal Place of Business and Registered Address

Deposit Protection Fund of Uganda (DPF),
AHA Towers,
Plot 7, Lourdel Road,
P.O. Box 37228,
Kampala, Uganda

Custodian

Bank of Uganda,
Plot 37/45, Kampala Road,
P.O. Box 7120,
Kampala, Uganda

Auditors

The Auditor General,
Office of the Auditor General,
P.O Box 7083,
Kampala, Uganda

5.0 | Who We Are



5.1 Mandate of the DPF

The Deposit Protection Fund of Uganda is a statutory body established under the Financial Institutions Act Cap 57. The mandate of the Fund is to pay depositors their protected deposits in the event a Contributing Institution is closed for liquidation. Currently, the deposit insurance limit is a maximum of up to UGX 10 million per depositor per Contributing Institution. The Fund can also be appointed liquidator by the Bank of Uganda.

5.2 Vision, Mission and Core Values

5.2.1 Vision and Mission



Mission

Excellence in deposit protection for financial sector stability.



Vision

To foster public confidence through protection of depositors in institutions regulated by the Central Bank of Uganda.

5.2.2 Core Values



Respect

As Board and Staff, we treat each other and members of the public with courtesy, respect and civility.



Integrity

We perform our work with diligence and strive to do the right thing in all circumstances. Each employee must demonstrate trustworthiness and honesty.



Transparency

We are accountable, communicate honestly and share relevant information with our customers and stakeholders.



Excellence

As a team, we passionately and professionally strive to deliver quality services in a timely and cost-effective manner. We also seek continuous improvement through feedback and innovation.

5.3 Strategic Objectives

The Strategic Plan for the period 2022-2027 outlines six strategic objectives that the Fund intends to achieve. These objectives are purposefully designed and tailored to encompass all the business dimensions of the Fund, including customer, financial, internal business processes, and organizational capacity. They include the following:

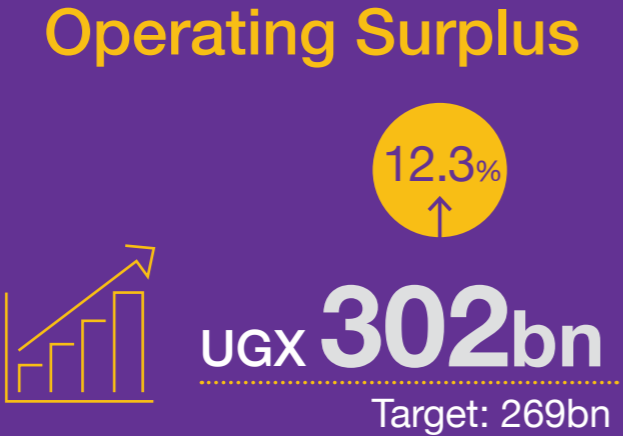
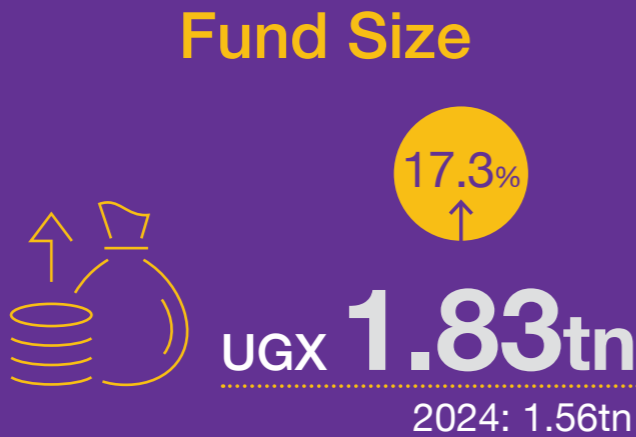
Figure 1: The Fund's Strategic Objectives



The strategic objectives were restated for improved clarity, however, there was no alteration to their original meaning or substance.

5.4 The Financial Year In Numbers


Figure 2: The Financial Year in Numbers



Cost to Investment Income



Deposit Coverage Ratios

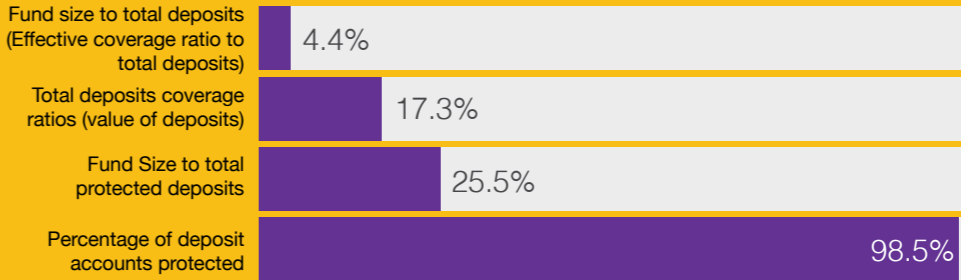


The deposit coverage ratios for the period ended June 2025 remained above both the EAC Monetary Affairs Committee and internal targets.

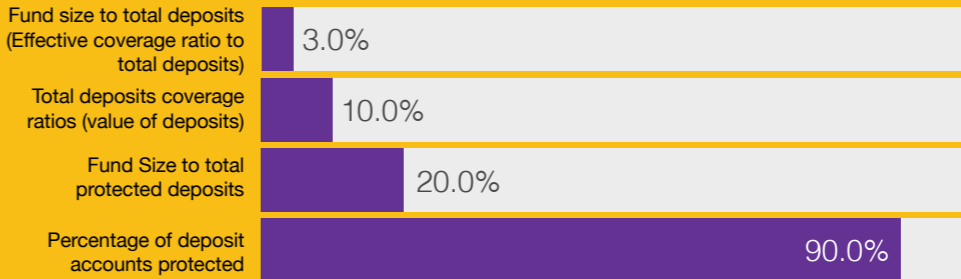
5.4 The Financial Year In Numbers continued

Figure 3: Performance on key deposit coverage ratios against EAC Monetary Affairs Committee (MAC) and Internal Targets as of June 30, 2025

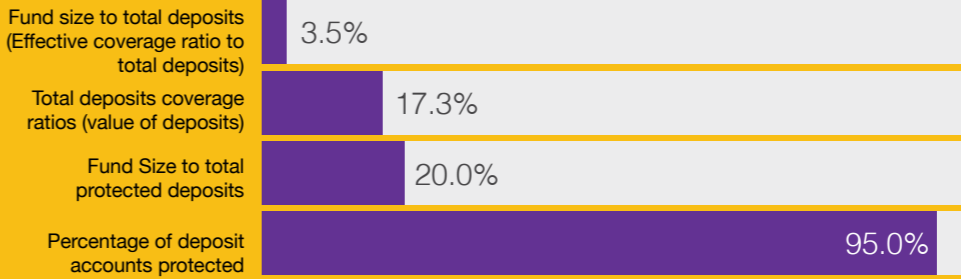
Actual performance



EAC MAC target



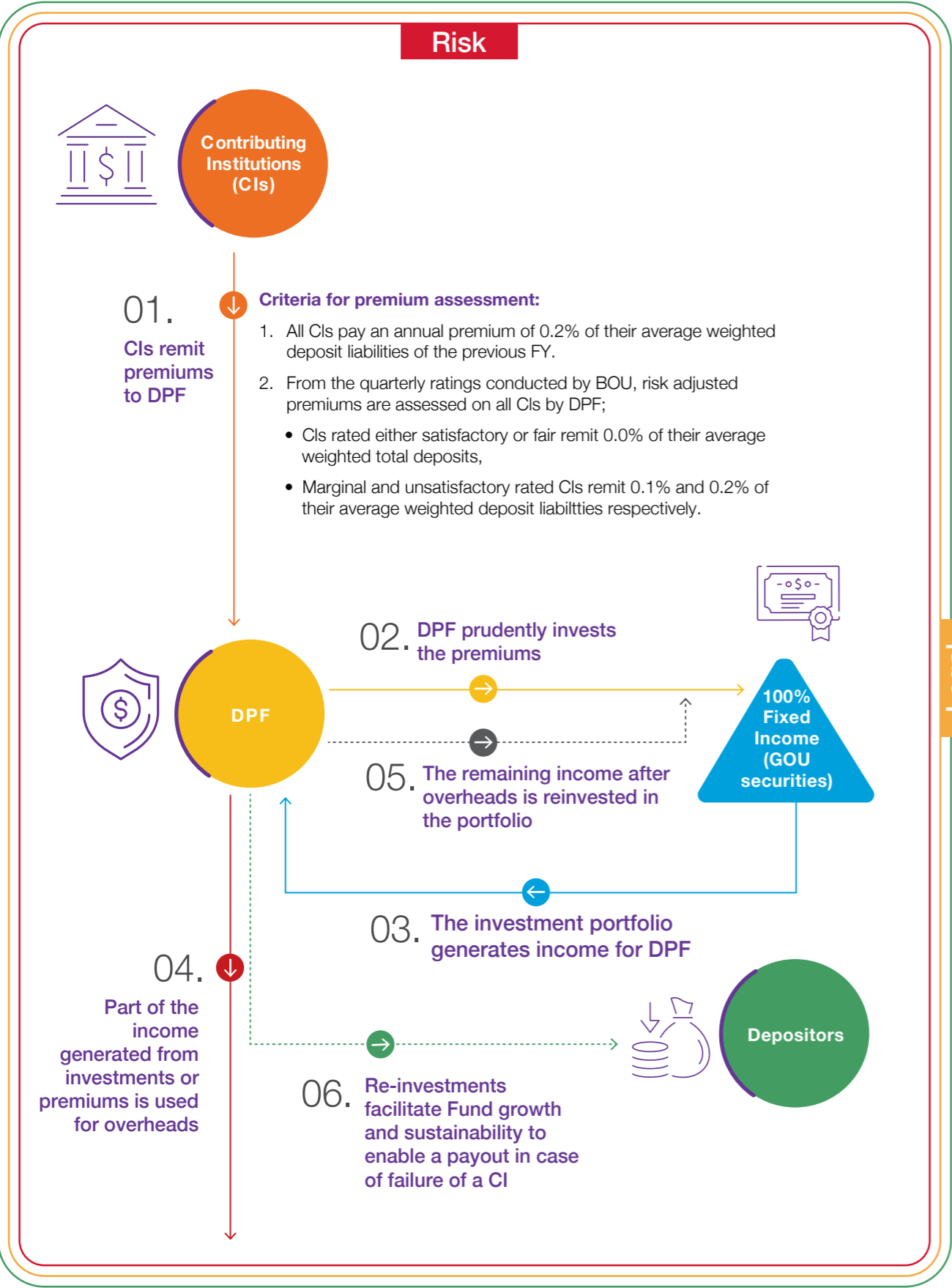
Internal target



The Fund's performance exceeded both the EACMAC and the internal targets.

5.5 Business Model

Figure 4: The business model of the Fund is presented below.



5.6 The Fund's Stakeholders and How Value Is Created

The Fund values the support of its stakeholders in achieving its current growth. Table 1 below presents the DPF stakeholder two-way expectations matrix.

Table 1: Stakeholder Expectations and Value Creation Matrix

| Stakeholder Group | | |
|------------------------------------|--|--|
| Depositors and Public | | |
| Stakeholder | Depositors | General Public |
| Stakeholder Expectations of DPF | <ul style="list-style-type: none">i) Guarantee the safety of protected depositsii) Prompt and accurate payout of protected deposits in case of a CI failureiii) Contribute towards a stable financial systemiv) Prudent administration of the investment portfoliov) Protection of Depositor informationvi) CSR and awareness campaigns | <ul style="list-style-type: none">i) Guarantee the safety of protected depositsii) Prompt and accurate payout of protected deposits in case of a CI failureiii) Contribute towards a stable financial systemiv) Prudent administration of the investment portfoliov) Protection of Depositor informationvi) CSR and awareness campaigns |
| DPF's Expectations of Stakeholders | <ul style="list-style-type: none">i) Deposit money with CIsii) Provision of accurate information to CIs to support fast paymentiii) Participate in awareness surveys, and customer satisfaction surveys, among othersiv) Engage in CSR | <ul style="list-style-type: none">i) Deposit money with CIsii) Provision of accurate information to CIs to support fast paymentiii) Participate in awareness surveys, and customer satisfaction surveys, among othersiv) Engage in CSR |
| Value Created by DPF | During the year, the Fund built depositor confidence and improved financial stability through successfully and promptly paying 78% and 65% of all depositors of the closed CIs, that is, EFC (U) Ltd and Mercantile Credit Bank Ltd, respectively. | Increased public awareness through TV and Radio talk shows and other stakeholder engagements. |

| Stakeholder Group | | |
|------------------------------------|---|---|
| Financial Institutions | | |
| Stakeholder | Contributing Institutions | Bank of Uganda |
| Stakeholder Expectations of DPF | <ul style="list-style-type: none">i) Stable financial systemii) Prudent administrationiii) Affordable premiumsiv) Prompt payout for failed CIs | <ul style="list-style-type: none">i) Stable financial systemii) Prudent administrationiii) Affordable premiumsiv) Prompt payout for failed CIs |
| DPF's Expectations of Stakeholders | <ul style="list-style-type: none">i) Pay premiums on timeii) Follow governance practicesiii) Comply with lawsiv) Provide accurate information | <ul style="list-style-type: none">i) Share information on CIsii) Act on problem banks and sector challenges |
| Value Created by DPF | <ul style="list-style-type: none">i) Improved collaboration with CIs, evidenced by the 89% compliance level which is above the 80% statutory requirement.ii) Timely billing and collection of premiums from Contributing Institutions. | Timely and efficient crisis response after the closure of EFC Uganda Limited and Mercantile Credit Bank Limited, mainly due to close collaboration with BoU. |

5.6 The Fund’s Stakeholders and How Value Is Created continued

Stakeholder Group
Government

| Stakeholder | Ministry of Finance, Planning and Economic Development | Parliament of Uganda |
|------------------------------------|---|--|
| Stakeholder Expectations of DPF | i) Stable financial system ii) Prudent administration iii) Compliance with laws and regulations | i) Stable financial system ii) Prudent administration iii) Compliance with laws and regulation |
| DPF’s Expectations of Stakeholders | i) Oversight and financial policies ii) Backstop funding iii) Board appointments | i) Enact laws to support DPF |
| Value Created by DPF | Achievement of regulatory and financial stability objectives, especially in during crises. | Alignment with laws that strengthened financial stability and increased DPF effectiveness. |

Stakeholder Group
DPF Governance

| Stakeholder | DPF Board |
|------------------------------------|--|
| Stakeholder Expectations of DPF | i) Prompt implementation of resolutions ii) Prudent administration iii) Transparency and accountability iv) Financial stability |
| DPF’s Expectations of Stakeholders | i) Provide policy and strategy direction ii) Good governance iii) Sound decision making |
| Value Created by DPF | Accountability and effective management were reinforced through strategic leadership and well-structured governance frameworks. |

Stakeholder Group
Operational Partners

| Stakeholder | Pay Out Agents | Other Financial Safety Net Players |
|------------------------------------|--|--|
| Stakeholder Expectations of DPF | i) Prudent administration ii) Timely, accurate data iii) Prudent administration iv) Collaboration | i) Prudent administration ii) Timely, accurate data iii) Prudent administration iv) Collaboration |
| DPF’s Expectations of Stakeholders | i) Prompt payment to depositors ii) Record keeping | i) Knowledge sharing ii) Technical support |
| Value Created by DPF | Efficient and reliable payout processes in case of institutional failure. This was demonstrated during the reimbursement of EFC (U) Ltd and Mercantile Credit Bank Ltd depositors. | Improved coordination and capacity for managing financial crises. |

5.6 The Fund’s Stakeholders and How Value Is Created continued

Stakeholder Group
International Partners

| Stakeholder | IADI and Other Deposit Insurance Agencies | World Bank and IMF |
|------------------------------------|--|--|
| Stakeholder Expectations of DPF | i) Observe best practices ii) Share knowledge iii) Collaboration iv) Stable financial system v) Prudent administration | i) Observe best practices ii) Share knowledge iii) Collaboration iv) Stable financial system v) Prudent administration |
| DPF’s Expectations of Stakeholders | i) Provide knowledge ii) Capacity building iii) Technical support iv) Knowledge sharing | i) Provide knowledge ii) Capacity building iii) Technical support iv) Knowledge sharing |
| Value Created by DPF | Maintenance of relevant industry standards that are in line with the best global practices. | Improved institutional capabilities, contributing to financial system stability |

Stakeholder Group
Information Disseminators

| Stakeholder | Media | Academia |
|------------------------------------|--|--|
| Stakeholder Expectations of DPF | i) Timely, accurate information ii) Prudent administration | i) Collaborate on deposit insurance knowledge ii) Research and information sharing |
| DPF’s Expectations of Stakeholders | i) Accurate coverage ii) Collaborate on awareness campaigns | Collaborate with institutions |
| Value Created by DPF | Expanded outreach and improved public understanding of the Fund’s mandate. | Advanced research and knowledge sharing, supporting evidence-based decision making and innovation. |

Stakeholder Group
Internal and Suppliers

| Stakeholder | DPF Staff | Suppliers |
|------------------------------------|--|--|
| Stakeholder Expectations of DPF | i) Competitive remuneration ii) Favorable work environment iii) Professional development iv) Talent recognition | i) Timely payment ii) Fair procurement |
| DPF’s Expectations of Stakeholders | i) Integrity ii) Professionalism iii) Dedication to service | Deliver quality goods/services on time |
| Value Created by DPF | Effective service delivery, a supportive environment, professional growth, and recognition. | Strong supplier relationships, operational efficiency and sustainable procurement practices. |

5.7 Stakeholder Engagements

The Fund engages its stakeholders to ensure that they are aware of and appreciate the Fund’s mandate. The engagements are in the form of media campaigns, exhibitions, courtesy visits to CIs and workshops among others. Below are the details of the engagements with stakeholders undertaken during the year ended June 30, 2025.

5.7.1 Advertising campaigns

As planned and approved in the 2024/2025 Annual Work Plan, the Fund ran an awareness campaign on different media platforms, through which advertisements were aired to educate the public about the mandate and operations of the Deposit Protection Fund.

Adverts were aired on stations across the country, including CBS 89.2 FM, Mega FM - Gulu, Radio Pacis - Arua, Galaxy FM, Akaboozi, MCF Radio, Vision Radio, Etop Radio and Radio West. On TV, adverts were broadcast on West Nile TV, UBC TV, TV West and Bukedde TV 1. The Fund also took

out program sponsorship on select radio stations that include Business News Sponsorship on Voice of Teso, Money Matters program on Boona FM, Business News on Arua One, Community News on Radio Rupiny and Business News on Voice Teso.

In addition, the Fund ran various print media, including an article on embracing financial sector stability through deposit insurance, payout notice reminders for EFC Uganda Limited (in-liquidation) and Mercantile Credit Bank Limited (in-liquidation). The notices aimed to remind depositors of the closed institutions to claim their protected deposits.



EMBRACING FINANCIAL SECTOR STABILITY THROUGH DEPOSIT INSURANCE: An overview of the recent EFC Uganda Limited and Mercantile Credit Bank Limited payout in Uganda

By'olina okumanya ku kitongole kya DPF

PUBLIC NOTICE

An article published by the DPF in the New Vision and Daily Monitor newspapers

Some of adverts placed in the newspapers during the year.

5.7 Stakeholder Engagements continued

5.7.2 Radio and television talk shows

To supplement the print adverts, the Fund hosted radio and television talk shows on various stations across the country aiming at increasing diversity of reach, as outlined in the Communications Strategy. As such, the Fund held radio talk shows

on Jogoo FM in Busia, Radio Q-FM and Voice of Lango FM in Lira, Mbabule FM, East FM in Tororo, Radio West in Mbarara, Boona FM in Rukungiri and on Radio Rupiny in Gulu.



▲ Director Communications, Mr. Patrick Ezaga on a radio talk show on Radio Q FM in Lira.



▲ Dr. Julia Oyet (centre) and Mr. Patrick Ezaga (right) appearing on a TV talk show on UBC TV.

Relatedly, TV talk shows were held on NBS and UBC TV, targeting English speakers across the country, and on TV West in Mbarara, targeting Runyankore and Runyakigezi speakers.

5.7 Stakeholder Engagements continued

5.7.3 Board Town Hall Meetings

The Fund held a Regional Board Town Hall meeting in Gulu City. The engagement brought together stakeholders, including but not limited to, Local Government leaders, the media, the Uganda Police Force, Religious Leaders, the business

community, Educational Institutions, Contributing Institutions, Civil Society, and members of the public. Participants were from Gulu, Kitgum, Omoro, Nwoya, Pader, Lamwo and Agago districts. The meeting was hosted by the DPF Board.



Ms. Roy Nambogo (DPF Board Member) addressing participants during the Board Town Hall meeting in Gulu City.

5.7.4 Regional Media Engagements

To enhance relations with the media across the various regions of the country, through whom information is disseminated, the Fund held two regional media engagements in Lira and Masaka Cities. The engagement in Lira targeted the media

based in the Lango sub-region, covering Lira City, Dokolo, Apac, Kwanja, Alebtong, and Oyam districts. In Masaka, the target was the media based in Rakai, Kyotera, Lyantonde, Lwengo, Sembabule, Bukomansimbi and Masaka City.



Mr. Patrick Ezaga addressing participants during the media engagement held in Masaka City.

5.7 Stakeholder Engagements continued

5.7.5 Meetings with Contributing Institutions (CIs)

The Fund held various engagements with CIs, as part of its routine engagements to not only build relationships with the management teams of the CIs, but also share updates on the different projects the Fund is undertaking, as well as ensuring compliance with the implementation of the Single Customer

View (SCV) project. During the financial year under review, the Fund held individual engagements with I&M Bank and, collectively with all CIs, at a breakfast meeting that drew participants from Bank of Uganda and the Uganda Bankers' Association.



Some members of the DPF Management Team, led by CEO Dr. Julia Oyet (centre), during an engagement with the I&M Bank team".

5.7.6 Strategic Engagements

The Fund's Senior Management, led by the Chief Executive Officer, Dr. Julia Clare Olima Oyet (Mrs.), held strategic engagements with various entities in a bid to foster mutual understanding, strengthen institutional synergies, and build public confidence.



Seated from left, Dr. Julia Oyet and Prof. Augustus Nuwagaba Bank of Uganda Deputy Governor, with DPF management team

5.7 Stakeholder Engagements continued



DPF Board Chairman, Mr. Ben Patrick Kagoro (sixth from the left), led the DPF team in an engagement with the Minister of Finance, Planning & Economic Development – Hon. Matia Kasaija.

5.7.7 Sponsorship of Professional Bodies

As part of its public awareness efforts to communicate the Fund’s mandate to various audiences, including depositors, the Fund has committed funds towards sponsoring events of professional bodies, given the diverse professionals who subscribe to them. The Fund sponsored events of bodies including the Institute of Certified Public Accountants

of Uganda (ICPAU), Makerere University Business School (MUBS), Institute of Corporate Governance of Uganda (ICGU), the Information Systems Audit and Control Association (ISACA), the Human Resource Managers’ Association of Uganda (HRMAU), the Institute of Internal Auditors and the Uganda Financial Literacy Association (UFLA).



Dr. Julia Oyet delivering a presentation about DPF at the 29th ICPAU Annual Seminar held in September 2024.

5.7 Stakeholder Engagements continued



Mr. Moses Apell – DPF Director Human Capital & Administration addressing participants at the 4th Labor & Employment Law Conference that was organized by HRMAU.



Mr. Alan Lwetabe, DPF Director Investments addressing participants at the Annual East Africa Information Security Conference that was organized by the Information Systems Audit and Control Association (ISACA) – Kampala Chapter.



Dr. Julia Oyet addressing participants at the Financial Literacy Think Tank that was organized by UFLA in June 2025.

5.7 Stakeholder Engagements continued

5.7.8 Partnerships with Financial Sector Players

DPF is among the key players in the financial sector, and it engages with other players in the sector to foster financial stability. The Fund supported and participated in the events of other financial sector players including; the commemoration of the World Savings Day that was organised by the Uganda Institute of Banking and Financial Services (UIBFS),

Bank of Uganda and Uganda Bankers Association; the Bank of Uganda Town Hall meeting in Tororo; the 8th Financial Sector Stability Forum (FSSF) meeting that Bank of Uganda hosted; the Bank of Uganda Town Hall meeting in Tororo where Dr. Andrew Obara represented DPF.



Mr. Patrick Ezaga taking part in a panel discussion at the commemoration of the 2024 World Savings Day event that was organised by the Uganda Institute of Banking and Financial Services.



DPF CEO - Dr. Julia Oyet (seated fourth from the left) in a photo with Heads of FSSF institutions after a meeting that was chaired and hosted by Bank of Uganda in December 2024.

5.7 Stakeholder Engagements continued

5.7.9 Corporate Social Responsibility

The Fund commits funds every financial year to support CSR initiatives that improve the livelihoods of vulnerable communities. These interventions also aim to carry the DPF brand and message to the beneficiary communities. DPF's CSR activities are focused on Health, Quality Education, Safe water and sanitation, financial literacy and humanitarian

emergencies. Corporate Social Responsibility enables the Deposit Protection Fund to foster public trust by demonstrating care beyond its core mandate, promoting financial literacy, strengthening stakeholder relationships and contributing meaningfully to national development.



▲ The Fund supported Sanyu Babies Home with a donation of 5 million Uganda shillings. The donation was intended to support the Home's ongoing efforts to improve the well-being of the children under their care. In this photo, Mr. Patrick Ezaga is seen handing over some items that were acquired using the donation to Mrs. Barbara Mutagubya, Director – Sanyu Babies Home.

▲ DPF supported and took part in the 2025 Kabaka Birthday Run. The event, which celebrates the birthday of the Kabaka of Buganda, serves as a platform for raising funds to support various charitable causes. The Fund made a financial contribution of UGX 25,000,000 to support the fight against HIV/AIDS.

5.8 The Capitals

The capitals are stocks of value that are affected or transformed by the activities and outputs of an organization. The capitals defined in the International Integrated Reporting framework are used to fulfil the Fund’s mandate. Details are provided in the table below:

Table 2: Capitals and their descriptions



Human capital

- a) Skilled Staff
- b) Cross-functional Board, which is skilled and knowledgeable in areas of deposit insurance, risk management and IT.



Financial capital

- a) Premiums from Contributing Institutions
- b) Investment income and active portfolio management
- c) Strong reserves for timely payouts



Social and relationship capital

- a) Engagement with depositors, regulators, and the government
- b) Nationwide awareness campaigns
- c) Partnerships with BoU, Parliament, and other safety net players.



Manufactured Capital

- a) ICT systems, for example, the Depositor Payout and Premium Management System (DPPS)
- b) Disaster recovery sites
- c) Infrastructure investment, including land acquisition for new offices



Natural capital

- a) Operationalization of the Fund’s ESG policy and framework.
- b) Efficient use of resources in daily operations.



Intellectual Capital

- a) Expertise in deposit insurance and risk management.
- b) Well-structured policies and frameworks aligned to global standards.
- c) Knowledge sharing through IADI and international partners.

5.9 Material Matters

Material matters are issues that could significantly affect DPF’s value creation, strategies, or resources. Identification is specific to DPF, considering its role in deposit insurance and stakeholder perspectives. To maintain financial sector stability, the Fund continuously reviews its strategies, especially in preparation for bank closures, and analyses the six critical capitals to track its transformation.




In determining the material matters, the Fund considered a range of factors, including:

- i) Alignment with strategic objectives
 - ii) Developments in the operating environment
 - iii) The scope of the Fund’s mandate
 - iv) Deliberations of the Board and its Committees
- v) Concerns and expectations raised by stakeholders
 - vi) Insights from the risk management framework
 - vii) Significant events during the year under review

This process enabled us to identify the issues most critical to our long-term success. The key material matters identified are listed in the table below.




Material Matter

Timely Payout Preparedness

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|--|---|---|
| <ul style="list-style-type: none">• To achieve payout of at least 60% of depositors within 7–30 days of a bank failure, the Fund will;• Conduct regular simulation tests.• Validate SCV data• Coordinate with payout agents and other safety net players. | Depositors, Contributing Institutions, DPF Board, Safety-net Players, Payout Agents, Staff, Media | <div> Financial</div> <div> Human</div> <div> Social and Relationship</div> |



Material Matter

Efficient Corporate Governance

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|--|---|---|
| <ul style="list-style-type: none">• To promote accountability and transparent decision-making in all operations and reporting, the Fund will adhere to the Board Charter and best practices. | Depositors, Contributing Institutions, DPF Board, MoFPED, Safety-net Players, Staff, Public | <div> Social and Relationship</div> <div> Intellectual</div> <div> Human</div> |

Material Matter



Leadership and Staff Development

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|--|---|--|
| <ul style="list-style-type: none">• To build a resilient and skilled organization, the Fund will:• Implement succession planning• Improve staff engagement• Conduct targeted skills development in crisis management, liquidation, and ESG. | Depositors, Contributing Institutions, DPF Board, Safety-net Players, Staff | <div> Intellectual</div> <div> Human</div> |

5.9 Material Matters continued




Material Matter

Increased Public Awareness and Confidence

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|--|---|---|
| To improve public awareness and confidence, the Fund will: Run targeted awareness campaigns Implement a crisis communication plan. | Depositors, Contributing Institutions, DPF Board, Safety-net Players, Payout Agents, Staff, Media |  Intellectual  Human |




Material Matter

Automation of Operations

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|---|---|---|
| To increase operational efficiency, cybersecurity, and uninterrupted service, the Fund will: i) Run targeted awareness campaigns ii) Implement a crisis communication plan. | Depositors, Contributing Institutions, DPF Board, Safety-net Players, Payout Agents, Staff, Suppliers |  Manufactured  Intellectual  Human |




Material Matter

Liquidation Preparedness

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|---|---|--|
| To effectively execute DPF's resolution mandate, the Fund will: i) Build capacity through regional partnerships (NDIC, KDIC) ii) Follow liquidation policies and manuals. | Depositors, Contributing Institutions, DPF Board, MoFPED, Safety-net Players, Media, Payout Agents, Staff, Public |  Social and Relationship  Intellectual  Human |

Material Matter



Optimal Target Fund Size

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|---|---|--|
| To improve the Fund's ability to maintain the Fund at a sufficient percentage of insured deposits, the DPF will: i) Adequately manage investments. ii) Achieve timely premium collection. iii) Promote cost management. iv) Conduct a 5-year adequacy review. | Depositors, Contributing Institutions, DPF Board, Safety-net Players, Staff |  Financial  Human  Intellectual |

5.9 Material Matters continued

Material Matter

A well-established Financing Framework with the Government of Uganda

| Key Actions / Strategy | Stakeholders | Capitals Involved |
|--|--|--|
| To guarantee payout capability under all conditions, the Fund will pursue backup funding arrangements with the Government of Uganda. | Depositors, Contributing Institutions, DPF Board, Safety-net |  Financial  Social and Relationship |

5.10 Environmental, Social, and Governance (ESG)

The Deposit Protection Fund (“DPF”) has initiated a strategic approach to incorporate environmental, social, and governance (ESG) considerations throughout its deposit protection activities. With backing from the Board and Senior Management, the vision of evolving into an ESG focused organization is fully embraced. At DPF, ESG is regarded as fundamental to achieving our mandate, not merely an additional objective.

Concrete measures have been undertaken to integrate ESG principles into every aspect of our activities, which include:

- i) Fostering employee and community well-being
- ii) Implementing responsible investment practices
- iii) Ensuring data privacy and information security
- iv) Promoting the stability of the financial system
- v) Upholding environmental stewardship

5.10.1 Our ESG Framework and Governance

In the financial year 2024/2025, DPF established a preliminary ESG Policy and Strategy, offering a clear framework to integrate ESG principles throughout all areas of operation. As part of this effort, the organization identified key ESG issues that inform the selection and prioritization of sustainability projects.

Oversight of ESG activities is embedded in DPF’s governance and risk management structures. The Board has delegated oversight responsibilities over ESG to the Corporate Governance & Human Capital Committee of the Board, and an ESG Management Committee at the Senior Management level, tasked with:

- i) Ongoing due diligence on ESG-related programs and initiatives.
- ii) Formulating systems, controls, and policies to support ESG integration.
- iii) Conducting structured risk assessments and identifying potential opportunities.
- iv) Ensuring transparent reporting and accountability in ESG matters.

5.10.2 Financial Sustainability

DPF places financial sustainability and responsible investment stewardship at the core of its mission to foster future resilience, drive lasting impact, and promote inclusive financial stability. The organization is actively working to identify both risks and opportunities to be leveraged in the upcoming strategy cycle. These efforts aim to enhance financial inclusion, generate employment, and strengthen financial resilience by utilizing DPF’s fund management expertise and resources. Further development of this focus area is planned during the ESG materiality assessment scheduled for November 2025.

5.10.3 Sustainability Commitments

DPF’s journey toward embedding ESG principles has gained momentum through the development of a dedicated policy and strategy supported by a change management approach that actively involves all staff. During the year, selected key staff of the Fund received training on the fundamentals of ESG, including its principles, integration strategies, and related financial reporting practices. Additionally, employees will participate in an expert-led ESG materiality assessment workshop in quarter two of FY2025/2026. This assessment aims to ensure alignment with the National Climate Change Act, 2021, the ICPAU roadmap for the adoption of sustainability disclosures issued in March 2025, and the Bank of Uganda’s ESG Framework for the Banking Sector introduced in January 2024.

DPF first outlined its sustainability commitments and ambitions in the 2023/2024 Integrated Annual Report. Since then, the organization has taken deliberate action to develop a comprehensive sustainability strategy and will set sustainability targets and measures, capturing status, progress and future aspirations.

Over the past year, DPF has significantly advanced its sustainability agenda, concentrating efforts on three strategic focus areas: Planet, People, and Business Resilience.



a) Planet

We are committed to mitigating the adverse impacts of climate change through proactive actions that reduce the carbon footprint and promote sustainable practices. The key initiatives include:

a) **Material Issue 1:** Transitioning to renewable energy sources at our offices.

- b) **Material Issue 2:** Eliminating single-use plastics across operations.
- c) **Material Issue 3:** Reducing paper usage through digital solutions.
- d) **Material Issue 4:** Partnering with entities that recycle, reuse or repurpose waste.



b) People

We prioritize the well-being of staff and clients while fostering diversity, inclusion, and data protection. The key efforts include.

a) **Material Issue 5:** Promoting employee wellness and workforce diversity.

- b) **Material Issue 6:** Ensuring data privacy and security.
- c) **Material Issue 7:** Driving Financial Literacy through Community Education and CSR Initiatives—Empowering Individuals, Fostering Economic Growth, and Building a Resilient Society.



c) Business Resilience

Our sustainability strategy integrates Environmental, Social, and Governance (ESG) principles into all business operations and investments. By embedding ESG criteria into decision-making, we:

- a) **Material Issue 8:** Strengthen risk management.
- b) **Material Issue 9:** Build Resilience to Evolving ESG Risks, Regulatory Changes, and Stakeholder Expectations.
- c) **Material Issue 10:** Position DPF for long-term sustainability and growth.

d) Our Commitment to Continuous Improvement

Our approach is grounded in a steadfast commitment to the principles that guide our organization's pursuit of sustainability, resilience, and responsible growth. These principles guide every action we take to support our staff, stakeholders, and the broader community, ensuring we maintain a high standard of accountability in all aspects of our operations.

- i) We are dedicated to viewing sustainability as a continual process rather than a one-time goal.
- ii) To ensure ongoing progress, we will consistently monitor our initiatives, identify areas for improvement, and adapt our strategies as necessary.
- iii) Regular materiality assessments will be conducted to stay responsive to evolving ESG topics and emerging challenges.



- iv) A culture of continuous learning will be promoted among our employees and throughout the communities we serve.
- v) We will maintain transparency and ensure timely disclosure of our sustainability performance to stakeholders.

This steadfast approach ensures that sustainability is integrated into every aspect of our operations, continually yielding positive outcomes for both our stakeholders and society.

5.10.4 Our Sustainability Strategy at a glance

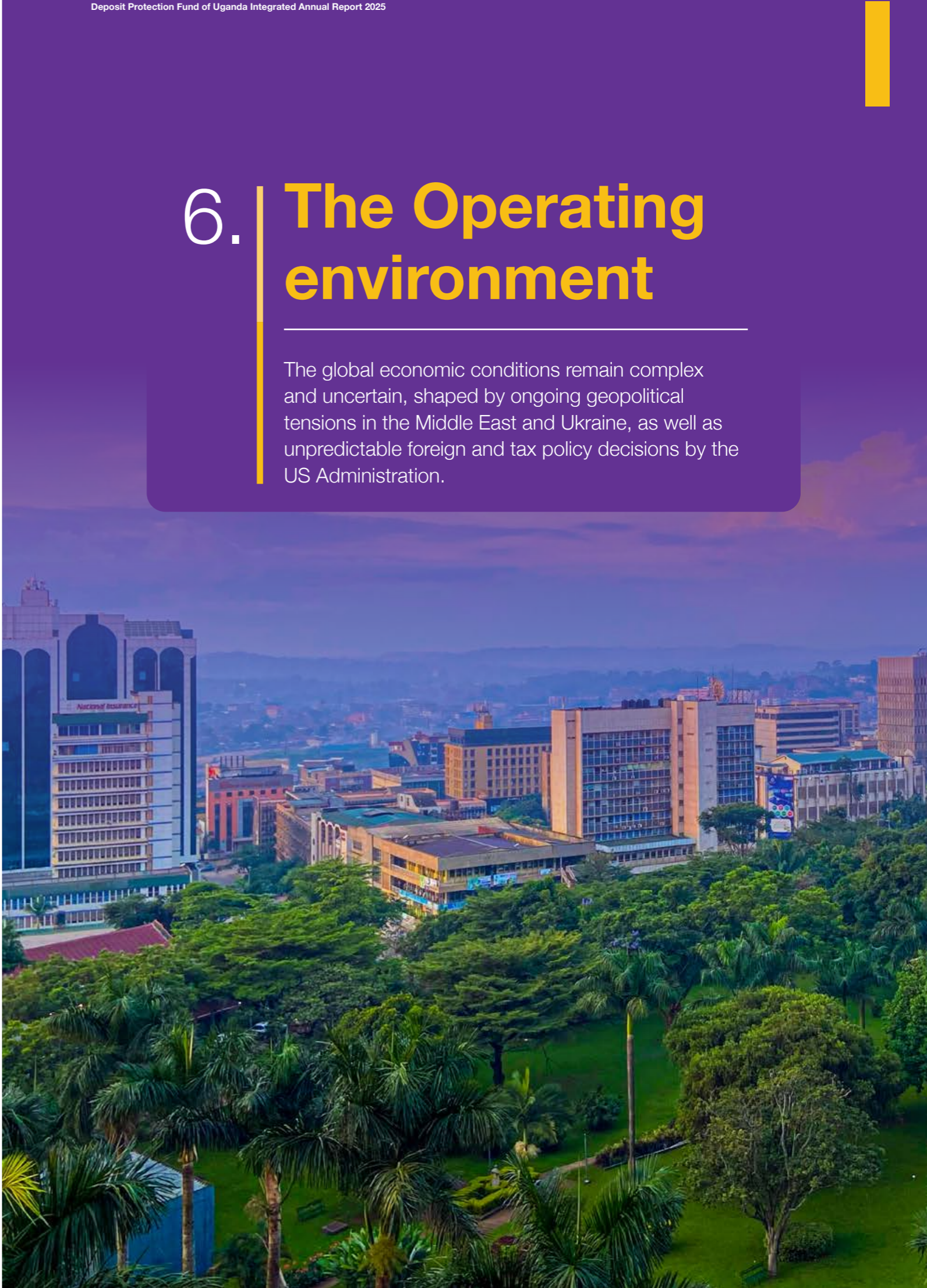
DPF has identified the following sustainability strategic goals to guide its sustainability actions and implementation for the 2025-2027 period. These sustainability strategic goals are in alignment with the Fund's ambitions, corporate strategy and industry developments.

Figure 5: Sustainability Goals in line with the Fund's ambitions.



6. The Operating environment

The global economic conditions remain complex and uncertain, shaped by ongoing geopolitical tensions in the Middle East and Ukraine, as well as unpredictable foreign and tax policy decisions by the US Administration.



6.1 Global Macroeconomic Outlook

6.1.1 Global Growth

The global economic conditions remain complex and uncertain, shaped by ongoing geopolitical tensions in the Middle East and Ukraine, as well as unpredictable foreign and tax policy decisions by the US Administration. Despite these challenges, the IMF's World Economic Outlook (July 2025) suggests that the global economy is projected to

grow between 3.0 percent and 3.4 percent in 2025, reflecting a trend in line with previous years, as shown in Table 4 below. This level of performance has been supported by easing global inflationary pressures, despite financial conditions remaining tight.

Table 4: Comparison of Real GDP Growth Rates from 2022 to date

| | 2022 | 2023 | 2024 | 2025 |
|----------------|------|------|------|------|
| Global | 3.40 | 3.50 | 3.30 | 3.00 |
| United States | 2.10 | 2.80 | 1.90 | 2.00 |
| Euro Area | 3.50 | 0.50 | 0.90 | 1.00 |
| United Kingdom | 4.00 | 0.40 | 1.10 | 1.20 |
| Uganda | 4.60 | 5.30 | 6.10 | 6.30 |

Source: IMF, Uganda Bureau of Statistics

6.1.2 Global Inflation and Interest Rates

Global Inflation steadily declined, moving from 8.70 percent in 2022 to 5.9 percent in 2024, and is projected to fall further to 4.20 percent in 2025. Among major economies, the European Union is anticipated to experience the lowest Inflation at 2 percent in 2025,

while the United States and the United Kingdom are forecast at 3.2 percent and 3.6 percent, respectively. Uganda's inflation projection for 2025 aligns closely with worldwide trends, standing at 3.9 percent, as shown in Table 5 below.

Table 5: Comparison of Inflation Levels from 2022 to date

| | 2022 | 2023 | 2024 | 2025 |
|----------------|------|------|------|------|
| Global | 8.70 | 6.80 | 5.90 | 4.20 |
| United States | 8.00 | 4.10 | 2.90 | 3.20 |
| European Union | 9.30 | 6.30 | 2.70 | 2.00 |
| United Kingdom | 9.10 | 7.30 | 2.50 | 3.60 |
| Uganda | 7.20 | 5.40 | 3.80 | 3.90 |

Source: IMF, Uganda Bureau of Statistics, ECB, UK DMO

Despite this overall downward trajectory, notable disparities remain between different countries. Inflation in the United States, for instance, is expected to stay above the 2 percent target, while other major economies may experience more inflation moderation. Persistent geopolitical tensions continue to pose risks, as they have the potential to disrupt global supply chains and exert upward pressure on commodity prices.

Globally, interest rates have increased compared to 2022. In the United States, for instance, the 1-year

interest rate is projected to be 3.91 percent in 2025, reflecting a decrease from 5.08 percent in 2023 and 4.96 percent in 2024 (see Table 6). While this initial rise was largely driven by tighter monetary policy aimed at addressing inflationary pressures, rates have remained high even as central banks begin to ease. This ongoing elevation is mainly attributed to a broader rise in global term premiums, influenced by factors such as expanded government borrowing requirements, reduced demand from key investors, and heightened uncertainty regarding Inflation and fiscal sustainability.

6.1 Global Macroeconomic Outlook continued

Table 6: Comparison of 1-year Interest rate Levels from 2022 to date

| | 2022 | 2023 | 2024 | 2025 |
|----------------|-------|-------|-------|-------|
| United States | 2.80 | 5.08 | 4.96 | 3.91 |
| European Union | 0.47 | 3.16 | 3.19 | 1.80 |
| United Kingdom | 2.32 | 3.93 | 4.16 | 3.80 |
| Uganda | 11.90 | 12.50 | 13.40 | 15.58 |

Source: US Federal Reserve, ECB, UK DMO, BoU

6.2 Domestic Macro-Economic Outlook

6.2.1 Economic activity (GDP).

Preliminary estimates by the Uganda Bureau of Statistics (UBOS) show that Uganda's economy grew by 6.3 percent in the fiscal year 2024/25, up from 6.1 percent in 2023/24. In nominal terms,

the size of Uganda's economy increased to UGX 226,344 billion in 2024/25, from UGX 203,708 billion the previous year.

Table 7: Percentage growth of GDP at constant prices

| | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|
| GDP growth (percent) | 6.4 | 3 | 3.5 | 4.6 | 5.3 | 6.1 | 6.3 |

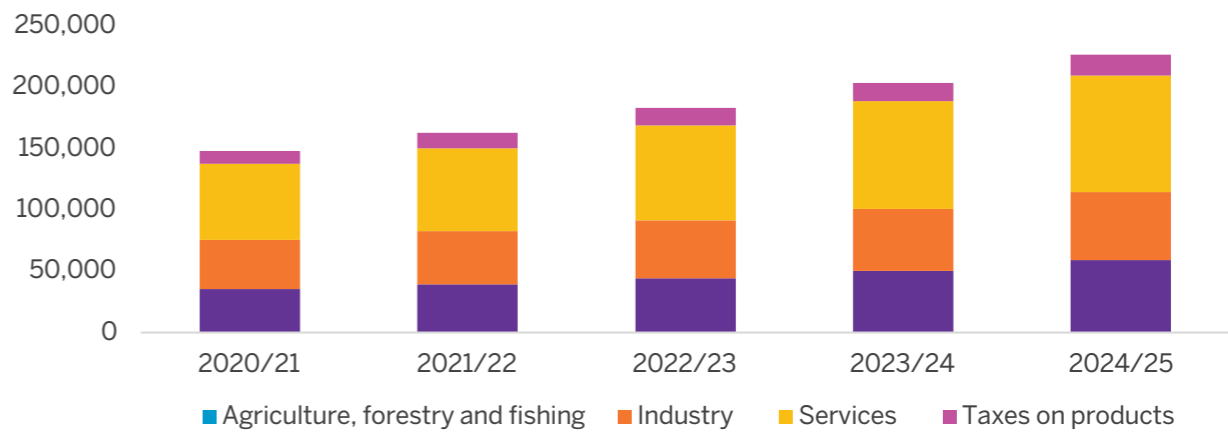
Source: Uganda Bureau of Statistics

a) Sectoral Contributions to GDP

The services sector remained the largest contributor to Uganda's GDP during the financial year 2024/25, accounting for 41.9 percent—a modest decrease from 43.1 percent in 2023/24, as shown in Figure

6. Meanwhile, the agricultural sector strengthened its role, increasing its share to 26.2 percent from 24.6 percent the previous year. The industry sector contributed 24.5 percent, showing a slight reduction compared to the 24.9 percent recorded in 2023/24.

Figure 6: Gross Domestic Product by sector



Source: Uganda Bureau of Statistics

Looking ahead, the Bank of Uganda projects that economic growth for the financial year 2025/26 will fall between 6.0 percent and 6.5 percent, with further improvements anticipated over the medium term. This optimistic outlook is underpinned by the ongoing implementation of sound monetary

policy, renewed government-driven growth strategies, expanding agricultural output, and rising investments in the extractive industries. Together, these measures support the drive for significant economic growth and the pursuit of sustained long-term growth.

6.2 Domestic Macro-Economic Outlook continued

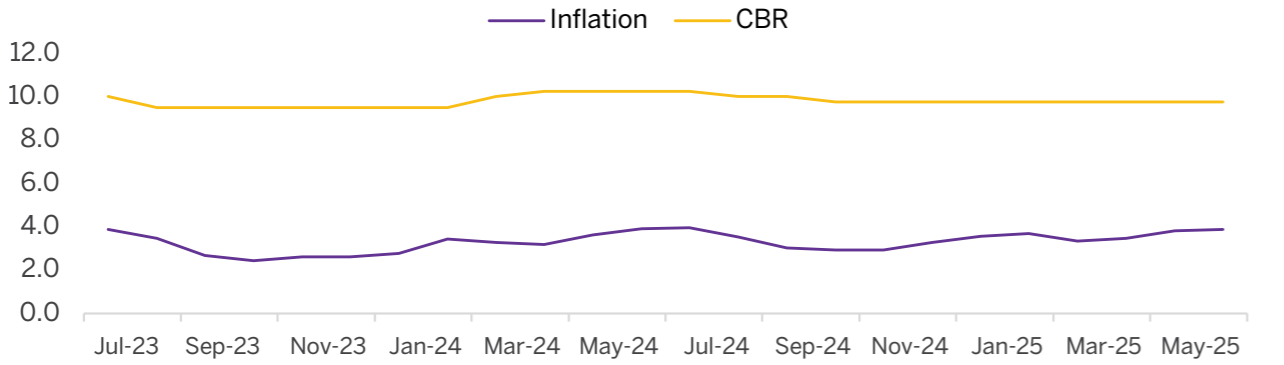
6.2.2 Monetary policy and Inflation

a) Inflation

Throughout the financial year 2024/25, Uganda experienced low and stable inflation rates. Annual headline inflation averaged 3.5 percent, while core inflation reached 3.9 percent. This period of price stability was a result of prudent monetary policies, a consistent exchange rate, global disinflationary trends, and favorable food prices.

To align with these conditions, the Bank of Uganda reduced the Central Bank Rate (CBR) from 10.25 percent to 10.00 percent in August 2024, followed by another decrease to 9.75 percent in October 2024. The CBR remained unchanged through the remainder of the financial year, providing support for price stability and fostering an environment conducive to sustainable economic growth as shown in Figure 7 below.

Figure 7: Inflation rate movements and the Central Bank Rate



Source: Bank of Uganda

b) Exchange rate

The Uganda shilling demonstrated notable stability in the face of global economic uncertainties. During the financial year 2024/25, the currency appreciated by 2.7 percent against the US Dollar compared to the previous year. The average midrate shifted from UGX. 3,777 per USD in 2023/24 to UGX. 3,678 per USD in 2024/25.

This resilience of the shilling is primarily due to a combination of robust financial market reforms, careful monetary policy, and sustained inflows from remittances, NGOs, offshore investors, and growing

export revenues, primarily from coffee. These factors have underpinned the shilling's strength, even amidst consistent corporate demand from the manufacturing, telecommunications, and oil sectors. Furthermore, the depreciation of the US dollar relative to other major international currencies has supported the shilling's appreciation.

However, despite this enduring stability, ongoing global trade tensions and changes in trade policy present ongoing risks. Should these uncertainties persist, increased volatility in international markets may lead to greater depreciation pressures on the exchange rate as investors seek safer assets.

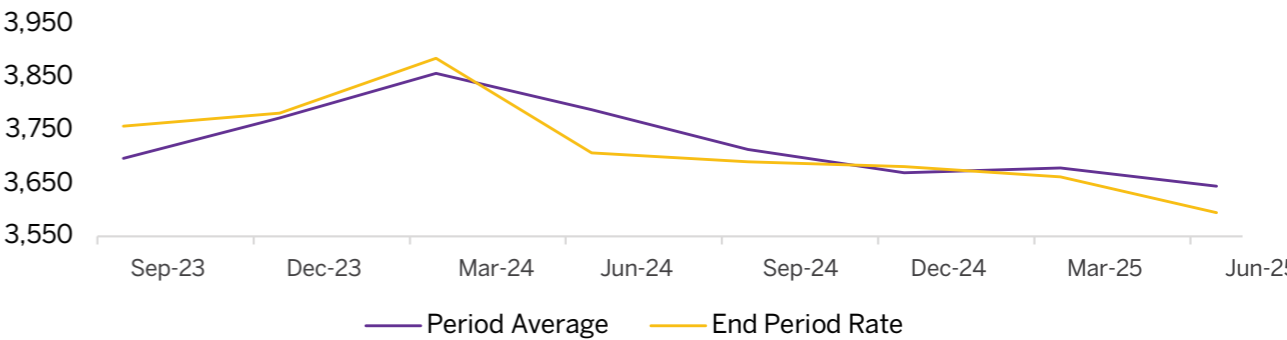
Table 8: Developments in the exchange rate

| Period | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Period Average | 3,696 | 3,773 | 3,857 | 3,788 | 3,714 | 3,670 | 3,678 | 3,644 |
| End Period Rate | 3,757 | 3,782 | 3,885 | 3,707 | 3,690 | 3,681 | 3,662 | 3,595 |

Source: Bank of Uganda

6.2 Domestic Macro-Economic Outlook continued

Figure 8: Period Average and End Period UGX/USD Exchange rate



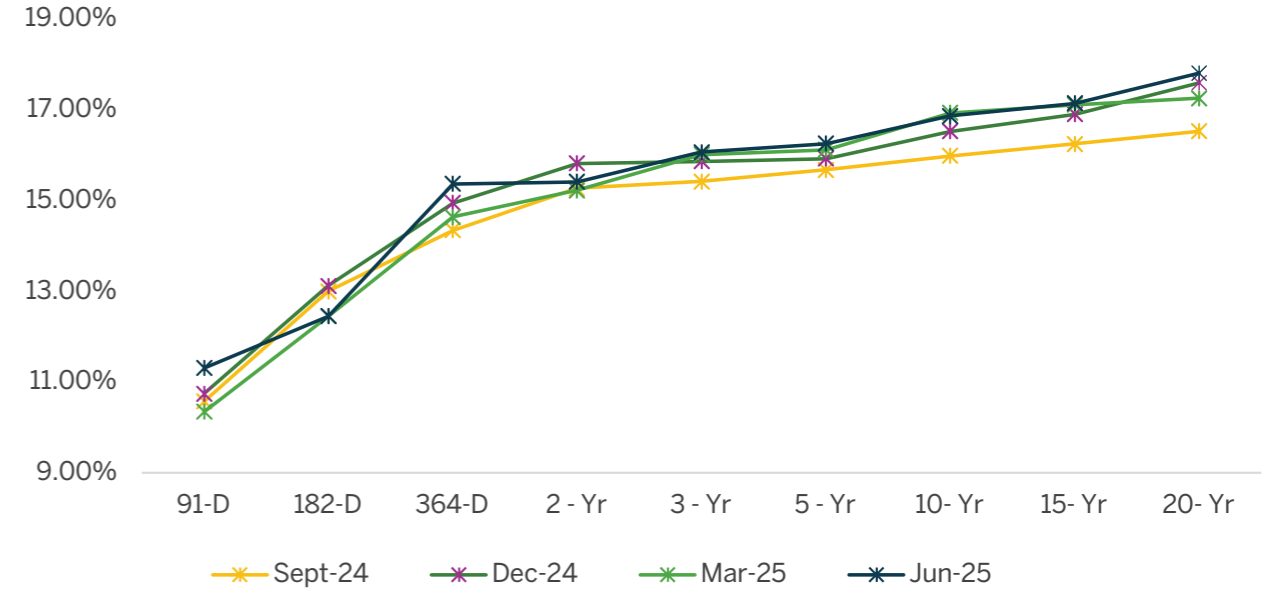
Source: Bank of Uganda

c) Interest rate Developments

Yields on Treasury bills for the 91-day and 364-day tenors increased to 12.0 percent and 15.6 percent in June 2025, up from 10.7 percent and 13.6 percent in June 2024, respectively.

Short-term, medium-term, and long-term Treasury bond yields also showed a clear upward trend during the period. The 2-year bond yield rose to 15.75 percent in June 2025 from 15.25 percent in July 2024. Similarly, the 5-year and 15-year bond yields increased to 16.75 percent and 17.80 percent, up from approximately 16.25 percent and 17.50 percent respectively over the same timeframe.

Figure 9: Yield curve developments in FY2024/25



Source: Bank of Uganda

6.2.3 Interest Rate Outlook

a) Impact of Election-Related and Development Expenditure

Looking ahead to the 2026 election cycle, government expenditure is anticipated to increase due to election-related activities. Additionally, fiscal spending is expected to rise as the government pursues funding for major national development projects, including the Hoima stadium, the Standard Gauge Railway, new expressways, nuclear energy

facilities, and other initiatives within the framework of the “tenfold growth strategy.”

b) Financing and Yield Implications

To support these extensive social and development programs, the government will likely require additional fiscal financing in the near term. Consequently, these projected increases in expenditure are expected to exert upward pressure on the Government of Uganda securities yields over the short to medium term. As a result, interest rates are anticipated to remain elevated in the foreseeable future.

6.3 Banking Sector Performance and Developments

The overall performance of the banking sector remained stable in the year ending June 2025, owing to the BoU's supportive policies and specific measures intended to enhance financial sector stability. The key highlights of the performance for the year are detailed below:

6.3.1 Capital adequacy and profitability

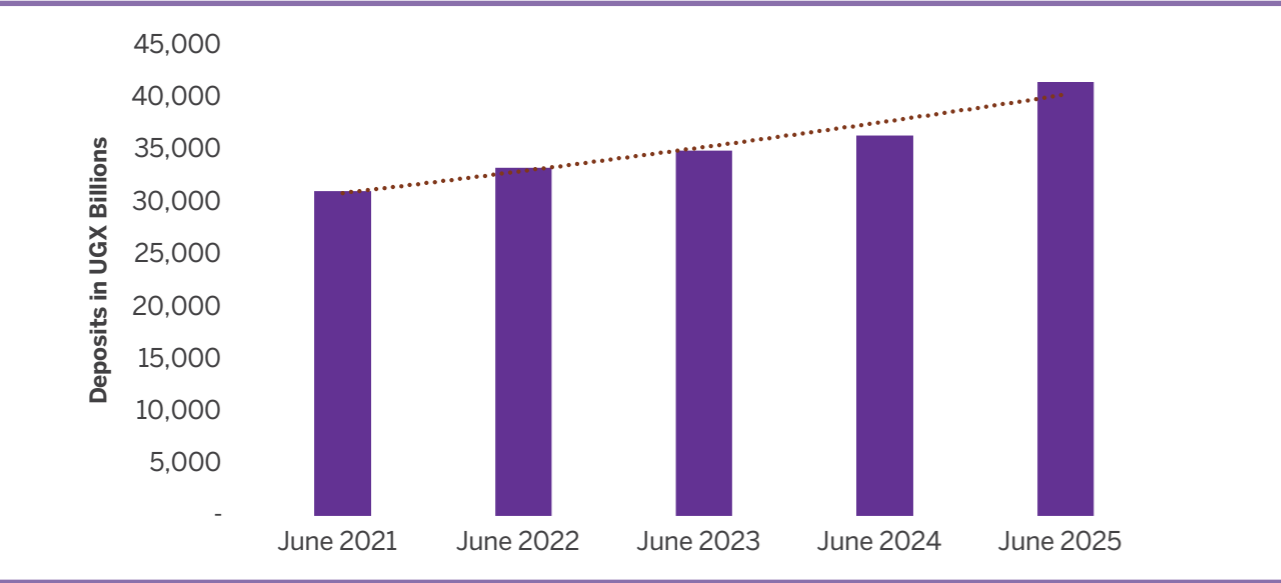
The sector's aggregate Net Profit after Tax increased by 28.3 percent to UGX 1.9 trillion due to a 10.7 percent rise in interest income, coupled with significant declines in expected credit losses.

The sector's Core Capital to Risk Weighted Assets Ratio (Core CAR) improved to 25 percent, with all subsectors surpassing regulatory minimums. Notably, all Domestic Systemically Important Banks (DSIBs) complied with the systemic risk buffer requirements.

6.3.2 Changes in deposits

Total deposits in the sector increased by 14.1 percent, rising from UGX 36.4 trillion to UGX 41.6 trillion as of June 2025, supported by increased foreign currency purchases by BOU. Liquid assets rose by 33.4 percent to UGX 23.1 trillion, increasing the liquid assets to deposits ratio to 56.4 percent. The sector maintained robust liquidity ratios with LCR at 498.7 percent, well above regulatory thresholds. A five-year trend analysis of deposit growth is shown in Figure 10 below.

Figure 10: Annual trend in aggregate deposit growth



Source: BoU

6.3.3 Changes in Assets

The total assets in the sector grew by 13.7 percent from UGX 53.9 trillion in June 2024 to UGX 61.3 trillion as at end of June 2025. The growth was primarily driven by a 16 percent increase in the Government of Uganda securities holdings to UGX 17.4 trillion. Loans and advances to the private sector grew

by 9.2 percent, the highest growth in three years, signaling cautious but positive credit expansion. However, this growth rate remained below the long-term target of 13.5 percent. The Non-Performing Loans ratio decreased to 3.7 percent, supported by a 17.4 percent reduction in NPL stock to UGX 881.6 billion.

6.3 Banking Sector Performance and Developments continued

6.3.4 Regulatory Developments

Financial Institutions (Liquidity) Regulations, 2023

The Financial Institutions (Liquidity) Regulations 2023 were operationalized in December 2024, making compliance with the Liquidity Coverage Ratio (LCR) in significant currencies as well as the Net Stable Funding Ratio (NSFR) a prudential requirement. Additionally, the regulations enhanced liquidity planning and stress testing for Supervised Financial Institutions.

Microfinance Deposit-Taking Institutions (Agent Banking) Regulations

The Microfinance Deposit Taking Institutions (Agent Banking) Regulations, 2025, were issued, enabling MDIs to adopt cost effective and technology driven distribution models, with focus on underserved rural areas.

The Financial Institutions (Corporate Governance) (Amendment) Regulations, 2025

The Financial Institutions (Corporate Governance) (Amendment) Regulations, 2025, were issued to provide for the reappointment of independent non-executive directors who have served on the board for more than nine years, subject to BOU's approval.

Guidelines on Cyber and Technology Risk Management, December 2024

Guidelines on Cyber and Technology Risk Management, December 2024 were issued to mitigate the emerging Cyber and Technology risks in the sector.

6.4 Deposit Protection

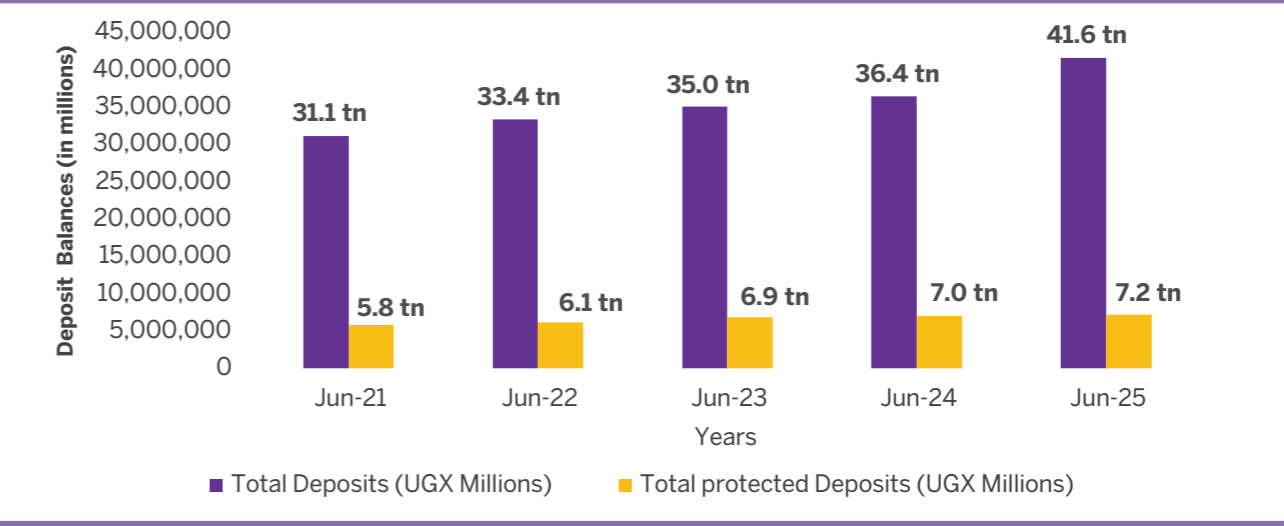
The Deposit Protection Fund of Uganda (DPF) safeguards depositors of regulated deposit-taking institutions. In the event of a failure of a Contributing Institution, the DPF is mandated to compensate depositors up to the protection limit of UGX 10 million. At this current limit, the DPF fully protects 98 percent of depositors, thus enhancing public confidence in the financial sector by ensuring timely payouts in cases of outright liquidation.

The deposit protection limit is determined by the Minister of Finance, Planning and Economic Development, from time to time by Statutory instrument published in the Gazette.

6.4.1 Deposit coverage

Total deposits within the banking sector grew by 14.1 percent to UGX 41.6 trillion as at June 30, 2025. Out of these, 17.3 percent (UGX 7.2 trillion) of the total deposits were protected. This was above the 10 percent benchmark put in place by the East African Monetary Affairs Committee and the Fund's internal target of 17 percent. With a fund size of UGX 1.8 trillion as at June 30, 2025, the DPF could pay 25.5 percent of total protected deposits which was above the 20 percent benchmark recommended by the East African Monetary Affairs Committee. On the other hand, the Fund could pay up to 4.4 percent of total deposits which was slightly higher than the 3.0 percent benchmark set by the East African Monetary Affairs Committee and the Fund's internal target of 3.5 percent.

Figure 11: Total deposits vs protected deposits.

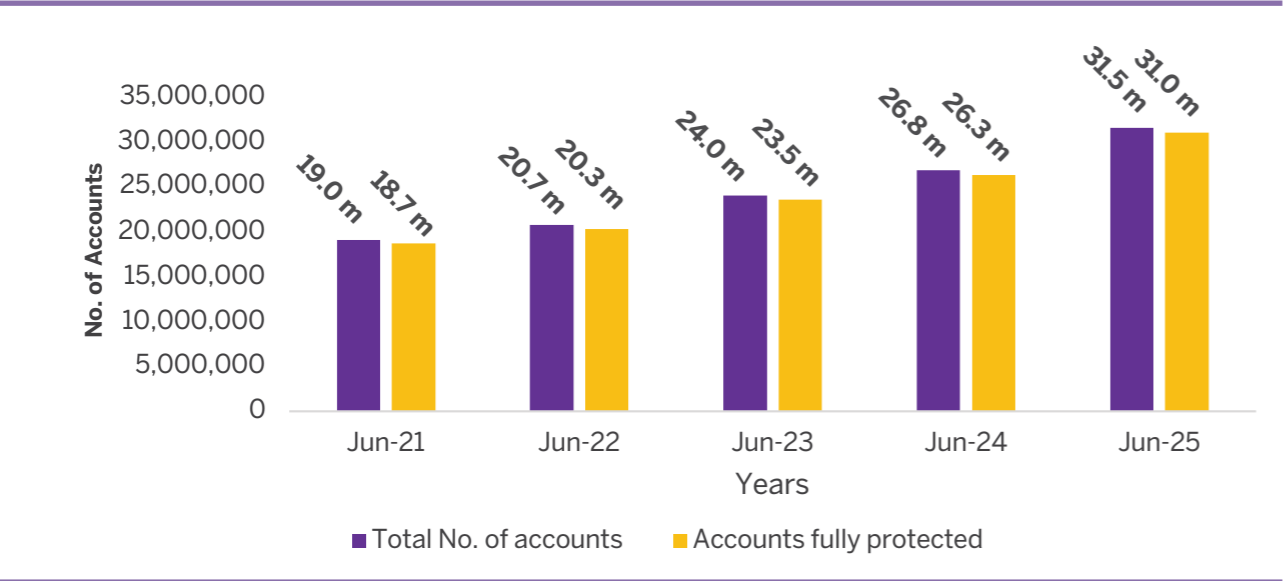


6.4 Deposit Protection continued

The sector witnessed a 17.5 percent increase (4.7 million) in the total number of accounts from 26.8 million as at June 30, 2024, to 31.5 million as at June 30, 2025. This reflects amongst others the growing confidence in the sector. It is important to note that 98 percent of the total number of accounts in the

sector had balances of UGX 10 million and below, hence fully protected by the DPF. This was well above the 90 percent benchmark set by the East African Monetary Affairs Committee. Details are indicated in Figure 12 below:

Figure 12: Total number of accounts versus accounts fully protected.



A study of a five-year period indicates that deposits in the sector have consistently grown. In June 2021, total deposits stood at UGX 31.1 trillion compared to UGX 41.6 trillion registered in June 2025. Additionally, the number of deposit accounts in the

formal financial sector has grown substantially from 19 million in June 2021 to 31.5 million in June 2025. Below is a table and graph showing statistics on deposit coverage at the current deposit protection limit of UGX 10 million.

Table 9: Trends in deposit coverage

| Period | Jun-21 | Jun-22 | Jun-23 | Jun-24 | Jun-25 |
|---|------------|------------|------------|------------|------------|
| Total Deposits (UGX Millions) | 31,108,166 | 33,352,123 | 34,993,532 | 36,423,038 | 41,549,677 |
| Total protected Deposits (UGX Millions) | 5,803,730 | 6,124,248 | 6,873,395 | 7,029,614 | 7,170,793 |
| Total No. of accounts | 19,068,805 | 20,698,543 | 24,005,272 | 26,788,843 | 31,512,047 |
| Accounts fully protected | 18,671,562 | 20,283,030 | 23,536,450 | 26,313,619 | 31,026,406 |
| Percentage of Accounts fully protected | 98% | 98% | 98% | 98% | 98% |

6.4.2 Trends in premium contributions

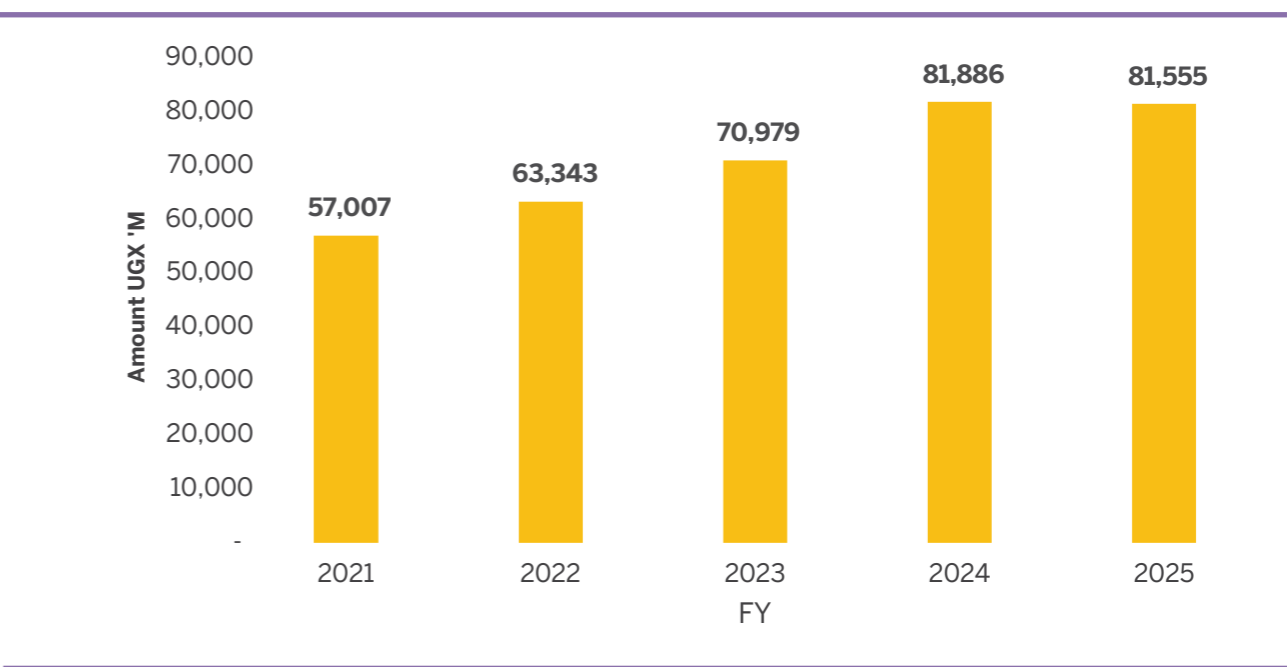
Contributing Institutions are regulated by Bank of Uganda and are required to contribute annual premiums to the Fund. Annual premiums are computed at 0.2 percent of the average weighted deposit liabilities for the Contributing Institution in the previous financial year while risk adjusted premiums are based on the quarterly ratings from Bank of Uganda. An institution rated marginal pays an extra

charge of 0.1 percent of average weighted deposit liabilities, while an institution rated unsatisfactory pays an extra charge of 0.2 percent of the average weighted deposit liabilities, in addition to the annual premium.

Premiums have shown consistent growth from 2021 to 2024, however, this trend was slightly interrupted in 2025 due to lower risk-adjusted premiums, largely attributed to fewer banks being rated as marginal or unsatisfactory. This trend is illustrated in Figure 13 below:

6.4 Deposit Protection continued

Figure 13: Trend of premiums (Annual and Risk Adjusted Premiums)



7.0 Corporate Governance and Enterprise Risk Management

In accordance with Regulation 6 of the Financial Institutions (Deposit Protection Fund) Regulations, 2019, the Board of Directors (hereafter referred to as the 'Board') is responsible for providing oversight, insight and foresight to the operations of the Fund towards fulfilling the Fund's mandate.

7.1 The Board of Directors

7.1.1 Roles and responsibilities

In accordance with Regulation 6 of the Financial Institutions (Deposit Protection Fund) Regulations, 2019, the Board of Directors (hereafter referred to as the 'Board') is responsible for providing oversight, insight and foresight to the operations of the Fund towards fulfilling the Fund's mandate. It is entrusted with the responsibility of setting the strategic direction of the Fund and ensuring that the required checks and balances to manage enterprise wide risks are effective. The Board provides oversight of management to ensure that key strategic objectives are achieved within a reasonable timeframe. These governance practices are subjected to continuous review and are periodically benchmarked against the core principles of the International Association of Deposit Insurers, other deposit insurance schemes, as well as other key financial sector safety net players.

7.1.2 Composition of the Board of Directors

The Board comprises seven Non-Executive Directors [NEDs], including the Chairman of the Board.

The Board members are appointed by the Honorable Minister of Finance, Planning and Economic Development. They include the Chairman, representatives of the Governor of the Bank of Uganda, Secretary to the Treasury, Contributing Institutions, as well as the general Public. Except for the representatives of the Governor and the Secretary to the Treasury, all the other Members of the Board hold office for a term of five (5) years and are eligible for re-appointment for one further term. The Board members possess a wide range of professional knowledge, qualifications, skills and experience.

The profiles of each member of the Board, along with the number of Committee Membership(s)/ Chairmanship(s) and date of joining the Board, are provided hereunder in Table 10.

Table 10: Composition and Membership of the Board and Board Committees as at June 30, 2025

Mr. Ben Patrick Kagoro



Date of Appointment
03 February 2017
(re-appointed effective February 7, 2022)

Board Chairperson

Mr. I.K John Byaruhanga



Date of Appointment
03 February 2017
(re-appointed effective February 7, 2022)

Board Committees
Chairperson: ACB
Member: CGHCCB

Dr. Andrew Obara



Date of Appointment
23 February 2017
(re-appointed effective February 23, 2022)

Board Committees
Chairperson: FIRMCB
Member: CGHCCB, TITGCB

Key

ACB_Audit Committee of the Board
FIRMCB_Finance, Investment and Risk Management Committee of the Board
CGHCCB_Corporate Governance and Human Capital Committee of the Board
TITGCB_Technical and IT Governance Committee of the Board

7.1 The Board of Directors continued

Ms. Nambogo Roy



Date of Appointment
20 August 2018
(re-appointed effective August 20, 2023)

Board Committees
Chairperson: CGHCCB
Member: FIRMCB, TITGCB

Mr. Wilbrod Humphreys Owor



Date of Appointment
23 February 2017
(re-appointed effective February 23, 2022)

Board Committees
Chairperson: TITGCB
Member: FIRMCB, ACB

Mr. Emmanuel Kalema Musoke



Date of Appointment
03 February 2017
(re-appointed effective February 7, 2022)

Board Committees
Member: ACB, FIRMCB

Mrs. Susan Wasagali Kanyemibwa



Date of Appointment
14 March 2022

Board Committees
Member: ACB, TITGCB, CGHCCB

7.1.3 Secretary to the Board

The Board Secretary provides secretarial services and logistical support to the Board, facilitating and interfacing policy-making with policy implementation. She also provides independent and professional advice to the Board on legal and corporate governance matters. In consultation with the Chairperson and the Chief Executive Officer, the Secretary ensures a good and timely flow of information to the Board, Board Committees, and Management.

7.1.4 Functions and duties of the Board

The Board of Directors is vested with authority to ensure that the Fund executes its mandate as stipulated in Section 109 of the Financial Institutions Act, Cap 57.

This section states that the Fund:

- a) Shall be a deposit insurance scheme of customers of Contributing Institutions (deposit taking institutions regulated by Bank of Uganda).
- b) May act as a receiver or liquidator of a financial institution if appointed for that purpose by the Bank of Uganda.
- c) May perform such other functions as may be conferred upon it by law.

7.1 The Board of Directors continued

7.1.5 The Board of Directors' Charter and Code of Conduct

The Board is committed to the highest standards of integrity and ethical conduct in carrying out its duties and dealing with all stakeholders. This commitment is confirmed by the endorsement of the Board of Directors' Charter and Code of Conduct, an instrument which is referred and adhered to in the course of duty. The following are the obligations inferred from common law and articulated in the Charter and Code of Conduct:

- a) Fiduciary obligation to act in the best interest of the Fund.
- b) Duty to act within powers.

- c) To promote the success of the Fund.
- d) Exercise independent judgment.
- e) Exercise reasonable care, skill, and diligence.
- f) Avoid conflicts of interest; and
- g) Not to accept benefits from third parties.

7.1.6 Meetings of the Board

According to the Board Charter, the Board meets at least quarterly. Special meetings are convened as needed. In total, the Board and Committee meetings held during the period under review were fifty-seven (57), and the attendance was as indicated in the table below:

Table 11: Attendance of the Board and Board Committees meetings for the period July 01, 2024– June 30, 2025

| Board Of Directors | Board Meeting ¹ | FIRMCB | CGHCCB | TITGCB | ACB |
|----------------------------|----------------------------|--------|--------|--------|-----|
| Mr. Ben Patrick Kagoro | 20/21 | n/a | n/a | n/a | n/a |
| Mr. Andrew Obara | 20/21 | 9/9 | 10/10 | 6/7 | n/a |
| Mr. Wilbrod Humphreys Owor | 15/21 | 6/9 | n/a | 7/7 | 4/6 |
| Mr. Emmanuel Kalema Musoke | 21/21 | 9/9 | n/a | n/a | 6/6 |
| Ms. Roy Nambogo | 20/21 | 8/9 | 10/10 | 7/7 | n/a |
| Mr. I.K. John Byaruhanga | 18/21 | n/a | 9/10 | n/a | 6/6 |
| Mrs. Susan W. Kanyemibwa | 20/21 | n/a | 10/10 | 7/7 | 6/6 |

1. Most of the Board meetings were special meetings relating to the closure of EFC and Mercantile banks as well as for staff recruitment activities that are within the mandate of the Board.

7.1.7 Board Committees

In discharging its functions, the Board delegates some of its responsibilities to the Board Committees. The committees constituted are as follows:

- i) Corporate Governance and Human Capital Committee of the Board (CGHCCB).
 - ii) Finance, Investment and Risk Management Committee of the Board (FIRMCB).
 - iii) Audit Committee of the Board (ACB).
 - iv) Technical and IT Governance Committee of Board
- a) Corporate Governance and Human Capital Committee of the Board (CGHCCB)**

The CGHCCB is composed of four Non-Executive Directors, and the Board Secretary serves as Secretary to the Committee. The Chief Executive

Officer attends meetings as an ex officio member, while other senior staff members may attend by invitation. The Committee is responsible for providing strategic direction to the Fund and building strategic partnerships in areas of Human Resource management and administration. In addition, it considers the organizational structure, proposes human resource policies and oversees the recruitment, remuneration, promotion and capacity building processes. Meetings are held quarterly or as needed to discuss business. The Committee reports and makes recommendations to the Board.

b) Finance, Investment and Risk Management Committee of the Board (FIRMCB)

FIRMCB is composed of four Non-Executive Directors, including the Committee Chairperson. The Board Secretary is Secretary to the Committee. The Chief Executive Officer attends Committee

7.1 The Board of Directors continued

meetings as an ex officio member. The meetings are held at least once every quarter. Special meetings are convened as needed. The Committee considers and reviews proposed budgets and work plans, virements, business cases for new projects and the financial statements of the Fund. In addition, the Committee reviews matters related to funding, liquidity, investment, and enterprise-wide risk management.

c) Audit Committee (ACB)

The ACB is composed of four Non-Executive Directors, including the Committee Chairperson. The Board Secretary is Secretary to the Committee. The Chief Executive Officer attends Committee meetings as an ex officio member. The terms of reference of the Committee are to provide assurance to the Board as to whether management is following the approved policies and procedures in achieving the Fund's objectives. The Committee, therefore, ensures the implementation of the Audit Charter, reviews the internal audit plan and audit reports. ACB monitors the Fund's compliance with the laws of the land.

d) Technical and IT Governance Committee of the Board

The TITGCB is composed of four Non-Executive Directors, including the Committee Chairperson. The Board Secretary serves as the Secretary to the Committee. The Chief Executive Officer attends Committee meetings as an ex officio member.

The roles and responsibilities of the Committee include formulating, reviewing, and monitoring the implementation of payout procedures, as well as ensuring that these procedures conform to the IADI (International Association of Deposit Insurers) core principles. Additionally, the Committee oversees the formulation, review, and implementation of the liquidity contingency plans, as well as the review and implementation of the Fund's legal framework. It further formulates, reviews, and monitors the implementation of the Fund's publicity and awareness policy, as well as the periodic review of a summary report on on-site inspection findings by the Fund. In addition, the Committee reviews the report on the trend of risk-adjusted premiums and related risks. Meetings are held quarterly or as needed to discuss business.

In the Information Technology realm, the roles and responsibilities of the Committee are as:

- i) Monitor the strategic direction of the IT department to ensure it supports the Fund's objectives within the ambit of its strategic framework.

- ii) Review proposals on the IT strategy, structure, and size of the department, considering what is appropriate for the adequate management of the IT department, and recommend them to the Board for approval.
- iii) Review and make recommendations to the Board on IT strategic plans, budgets, work plans, policies, procedures, manuals, frameworks, methodologies, standards, prioritization, execution, and matters related to IT governance.
- iv) Guide the establishment of structures, processes, and practices for the governance of IT in line with agreed-on governance design principles, decision-making models, and authority levels of the Fund.
- v) Review IT policies, procedures, practices, and risk management frameworks, as well as the strategic direction of the Fund.

7.1.8 Remuneration of Directors

During the period July 2024 to November 2024, the Chairperson of the Board of Directors was paid a monthly retainer fee of UGX 3,000,000 (Three Million Shillings) and UGX 1,000,000 (One Million Shillings) as sitting allowance per meeting. The other Directors were each paid a monthly retainer fee of UGX 2,600,000 (Two Million Six Hundred Thousand Only) and sitting allowance of UGX 750,000 (Seven Hundred Fifty Thousand only) per meeting.

In December 2024, the Honorable Minister of Finance, Planning, and Economic Development revised the remuneration of the Board as follows: the Chairperson is to be paid a monthly retainer fee of UGX 10,000,000 (Ten Million Shillings) and UGX 5,000,000 (Five Million Shillings) as a sitting allowance per meeting. The other Directors were each to be paid a monthly retainer fee of UGX 8,000,000 (Eight Million shillings only) and sitting allowance of UGX 3,000,000 (Three Million Shillings) per meeting. The revised fees took effect in December 2024 and remained applicable as of June 30, 2025. All these figures are inclusive of taxes.

7.1.9 Capacity Building Initiatives for the Board

During the year under review, the Board members attended capacity building programs in the areas of Internal Audit, Corporate Governance, ESG, Balanced Scorecard and Strategy development, amongst others. Capacity Building is an ongoing initiative whose goal is to enhance the Board's

7.1 The Board of Directors continued

governance competence and strategic leadership to steer and oversee the delivery of the Fund's mission and Strategic Plan.

7.1.10 Public awareness

The Board continued to support the Public Awareness initiative with the Board Town Hall engagement held in Gulu City during FY2024/25. Other Public Awareness activities were delegated to management for execution.

7.2 Corporate Governance

7.2.1 Corporate governance practice

Pursuant to its mission to foster public confidence in the financial system through the protection of depositors of Contributing Institutions and in alignment with the principles of good governance, the Fund administers its operations through a robust governance structure comprising a Board of Directors, Board Committees, and Management. The execution and oversight of Fund operations adhere to an Annual Work Plan and regular reporting to appropriate governance channels. The Deposit Protection Fund of Uganda is steadfastly committed to upholding the highest standards of international best practices, business integrity, ethical values, and governance. To this end, the Board of Directors subscribe to the provisions of the Board Charter and Code of Conduct, underscoring the significance of accountability, transparency, integrity, compliance, confidentiality, prudence, professionalism, and excellence in the management of the Fund's affairs. The DPF Board of Directors developed a new Strategic Plan implemented for a period of five (5) years, effective FY2022/2023 to FY2026/2027 using the Balanced Scorecard (BSC) methodology. The new Strategic Plan contains revalidated and enhanced Strategic Elements that were present in the preceding Strategic Plan.

In alignment with International Best Practice guidelines concerning disclosure requirements, this Corporate Governance Statement provides the following information: Director profiles, committee composition information, Directorship/Chairmanship in other entities, attendance records of Board and Board Committee meetings, brief descriptions of the functions of the Board and each of the Board Committees, Director remuneration particulars and pivotal Board accomplishments.

7.2.2 Legal framework

The Deposit Protection Fund had its initial establishment under Section 34 (1) of the Financial Institutions Statute, 1993, as a Fund situated within the Bank of Uganda, under the control, management and governance of the Bank of Uganda. The Financial Institutions Statute, 1993, was subsequently repealed and succeeded by the Financial Institutions Act, 2004 as amended in 2016, which provided for the Fund under Section 108(1) and (2). This law was later replaced by the Financial Institutions Act, Cap 57 which maintained the establishment of the Fund in Section 108(1). The Fund is a body corporate with perpetual succession, capable of suing and being sued in its corporate name, and as a separate legal entity from the Bank of Uganda. This was in accordance with international best practices on deposit insurance, including the development of deposit insurance schemes. The mandate of the Deposit Protection Fund is stated under Section 109 of the Financial Institutions Act, 2004, Cap 57, that is, the Fund;

- a) Shall be a deposit insurance scheme for customers of Contributing Institutions;
- b) may act as a receiver or liquidator of a financial institution, if appointed for that purpose by the Bank of Uganda; or
- c) may perform such other functions as may be conferred upon it by law.

Section 110(1) of the FIA, Cap 57, vests the authority of the Fund in the Board of Directors.

To support the operationalisation of the Fund, the Board in accordance with Section 117 of the Financial Institutions Act, Cap 57 and in consultation with the Hon. Minister Finance Planning and Economic Development together with support from key stakeholders and development partners, including the Bank of Uganda, Contributing Institutions, the World Bank, and the International Association of Deposit Insurers (IADI), issued the Financial Institutions (Deposit Protection Fund) Regulations, 2019. These regulations were crucial in providing the necessary management framework for the Fund. Furthermore, the Board issued the Financial Institutions (Protected Deposit) Regulations, 2019, which revised the protected deposit limit from UGX 3,000,000 (Uganda Shillings Three Million Only) to UGX 10,000,000 (Uganda Shillings Ten Million Only).

7.1 The Board of Directors continued

7.3 Human Capital Management

7.3.1 Leadership Development and Organizational Culture

The Fund places a strong emphasis on leadership development, ensuring that its management team is well-equipped to drive organizational growth and resilience. In alignment with International Financial Reporting Standards (IFRS) and Environment, Social, and Governance (ESG) principles, leadership programs are designed to foster accountability, ethical conduct, and strategic continuity.

The operations and interactions within the Fund are guided by four core values: Respect, Integrity, Transparency, and Excellence (RITE). These values underpin a culture of inclusivity, embracing all employees regardless of gender or background. Departments collaborate closely, promoting teamwork and synergy across the institution.

To support a healthy work-life balance, the Fund has implemented a remote working policy, enabling staff to effectively manage both professional and personal commitments. The open-door policy further encourages mutual accessibility, responsiveness, and transparency among all staff members. In addition, the management team has launched a comprehensive leadership and culture development program to continuously strengthen organizational values and practices.

7.3.2 Team Building and Social Well-being

Regular team-building retreats are held at both departmental and institutional levels, providing opportunities for staff to interact informally, strengthen relationships, and foster a strong social fabric within the Fund. These retreats also include sessions on retirement planning and personal financial management, contributing to staff development and job satisfaction.

7.3.3 Wellness Programme

Understanding that mental and physical well-being are essential to organizational success, the Fund has established a robust wellness programme. Staff benefit from a physical wellness subsidy and a comprehensive medical insurance cover, which includes access to psycho-social counselling services, health screenings, and physical fitness activities. The Occupational Health and Safety Committee is responsible for monitoring and ensuring a safe work environment.

An annual medical camp provides staff with education and sensitization on a range of health topics, including HIV/AIDS, mental health awareness, and prevention of non-communicable diseases such as diabetes, heart disease, hypertension, stroke, and cancers.

7.4 Risk Management

7.4.1 Enterprise Risk Management

The Board continues to be responsible for overseeing the effective management of risks and making overall decisions. Through its risk management framework, risks continue to be identified, assessed, monitored, mitigated and communicated. The Fund's risk report is prepared by management and reviewed by the FIRMCB and then by the full Board. The Fund's management, through its Risk and Compliance function, implements risk management policies on a day-to-day basis and prepares and shares updates with the Board quarterly.

7.4.2 Business Continuity and Crisis Management

The Fund incorporates sound business continuity and crisis management mechanisms to safeguard operations and sustain service delivery. By integrating ESG principles, the Fund demonstrates its commitment to transparency, resilience, and ethical governance.

In summary, through strategic leadership development, a values-driven culture, and comprehensive wellness initiatives, the Fund continues to foster an environment where employees thrive, collaborate, and contribute meaningfully to organizational success.

7.4.3 Risk management framework

Risk is an inherent part of the DPF's business, and the effective management of risk is a fundamental enabler of the Fund's strategic plan and its operations. The strategy for managing risk is aimed towards depositor protection and enabling sustained performance of the Fund. This is achieved through the Risk Management Framework of the Fund. The DPF is exposed to both financial and non-financial risks and is committed to having risk management policies, processes, and practices that support a high standard of governance. This enables the Board, Management, and Staff to undertake prudent risk-taking activities.

7.4 Risk Management continued

The DPF's risk management is based on the 'three lines of defense' model. The overarching principle of the model is that risk management capability must be embedded within the business to be effective. These act as the foundation for effective risk management across the Fund. The Risk Management Framework covers all systems, structures, policies, processes, and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. The Risk Management Framework is regularly reviewed considering emerging risks arising from the changing business environment, better practice approaches and stakeholder expectations.

Risk Appetite of the Fund

The Fund's Risk Appetite Statement (RAS) is stated as, *"DPF shall take risks that are in line with its mandate and stakeholder expectations"*. The Fund capitalizes on its strengths and exercises prudence in pursuit of opportunities. DPF's risk appetite informs a consistent risk-informed decision-making process that is aligned with objectives and supports effective governance at the Fund.

In determining its appetite for specific risks, the Board is guided by three key principles:

- i) **Alignment with Mandate.**
The Fund manages risks in line with its mandate, strategic objectives, and core values. With fund growth, liquidity, prompt depositor payout, data security and return as priorities, the Fund has no tolerance for risks that could erode its value.
- ii) **Prudent Risk Acceptance.**
Risks are only undertaken where there is clear, evidence-based potential for appropriate reward, and where such actions are consistent with the Fund's purpose, strategy, and values.
- iii) **Active Risk Management.**
Risks are continuously monitored and controlled through effective allocation of resources and sustained oversight, anchored on a strong risk culture within the Fund.

7.4.4 Risk Management Process

DPF uses its risk management framework to manage existing and emerging risks through:

- i) Identifying risks that may affect its strategy and business operations.
- ii) Assessing the likelihood and potential impact of those risks.
- iii) Prioritizing risks according to their assessed significance.
- iv) Developing and implementing appropriate mitigation strategies.
- v) Continuously monitoring, reviewing, and reporting on risks and controls.

7.4.5 Sustaining a Strong Risk Culture

The Fund recognizes that a sustainable risk culture, embraced by all staff, is critical to managing key risks and seizing opportunities. During the year, deliberate efforts were made to reinforce this culture through continuous capacity building, embedding risk management into policies and reporting frameworks, ensuring decisions are guided by comprehensive risk assessments, and orienting new staff on best practices. These initiatives have enabled the Fund to maintain a balanced and resilient risk portfolio.

7.4.6 Risk Matrix

As outlined in the Risk Management policy and procedures manual, the Fund prepares a corporate risk matrix quarterly, based on a multiplicative model. The likelihood of each risk and its potential impact on the Fund is assessed to ascertain the overall level of risk. The directional expectation of the risk is assessed as either stable, increasing, or decreasing, depending on various underlying factors that are considered.

According to the risk assessment conducted as of June 30, 2025, most risks were rated as moderate and low, except for project risk. To mitigate project risk, the Fund is enhancing staff capacity through targeted project management training and leveraging stakeholder engagement to improve coordination throughout project implementation. The risk assessment is represented in the risk matrix below.

7.4 Risk Management continued

Table 12: Risk Matrix as of June 30, 2025

| Risk | Likelihood (1 - 3) | Impact (1 - 3) | Overall (L*I) | Risk Direction |
|--|--------------------|----------------|---------------|----------------|
| Project risk | 3 | 3 | 9 | ↔ |
| Payout Risk | 2 | 3 | 6 | ↔ |
| IT Risk | 2 | 3 | 6 | ↔ |
| Reputational risk | 2 | 3 | 6 | ↔ |
| People Risk | 2 | 3 | 6 | ↔ |
| Health related risks | 2 | 3 | 6 | ↔ |
| Interest Rate Risk | 2 | 3 | 6 | ↔ |
| Strategic risk | 2 | 2 | 4 | ↔ |
| Legal Risk | 2 | 2 | 4 | ↔ |
| Receivership/Liquidation management risk | 1 | 3 | 3 | ↓ |
| Credit Risk | 1 | 3 | 3 | ↔ |
| Liquidity Risk | 1 | 3 | 3 | ↔ |
| Policies and procedures risk/Compliance risk | 1 | 3 | 3 | ↔ |
| Physical Security risk | 1 | 3 | 3 | ↔ |
| Political risk | 1 | 3 | 3 | ↔ |
| Inflationary Risk | 1 | 2 | 2 | ↔ |
| Reporting risk | 1 | 2 | 2 | ↔ |
| Exchange Rate Risk | 1 | 2 | 2 | ↔ |
| Reinvestment Risk | 1 | 1 | 1 | ↔ |

7.4 Risk Management continued

7.4.7 Managing risk

a) Internal Controls and Compliance Management.

The Fund has a compliance universe of written policies, procedures, and controls established to detect and prevent non-compliance among staff. The Fund continually seeks to enhance the effectiveness of its internal control environment and improve its procedures and processes to close compliance gaps identified by its internal assurance functions, external auditors, and other stakeholders. Controls designed to reduce risks to acceptable levels are assessed in terms of their sufficiency and effectiveness. Where necessary, additional controls are recommended to increase the efficacy. As at 30 June 2025, the Fund was compliant with the provisions of the Financial Institutions Act Cap 57, as well as other laws that affect its operations.

b) Codes of Conduct

DPF maintains and has in place policies and codes of conduct that capture not only our legal obligations, but also the reasonable expectations of our stakeholders, including depositors. These policies apply to all employees and Directors of the Fund, and to anyone working on the Fund's behalf, including vendors and consultants. The Fund adopts zero tolerance for all forms of corruption, bribery, and unethical business practices.

c) Ethical Code of Conduct

Our Code of Ethical Conduct covers a range of areas, including personal conduct, integrity, honesty, transparency, accountability, fairness, and prevention of corruption. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioral requirements and consequences where these are not met. The Fund has in place several policies and practices to promote a culture of compliance, honesty, and ethical behavior. During the year ended June 2025, there were no significant cases of breach of the Code of Ethics by staff and Senior Management of the Fund.

d) Alignment with IADI Core Principles for Effective Deposit Insurance Systems

The International Association of Deposit Insurers is the umbrella body that promotes guidance and international cooperation on deposit insurance globally. DPF is one of the members of the association, which was founded in 2002, and has a current membership of 107 and 9 associates. The 16 IADI Core principles for effective deposit insurers are

developed for adoption by jurisdictions considering the adoption or reform of their deposit insurance systems.

Furthermore, the deposit insurance field has continued to evolve, and in 2025 the International Association of Deposit Insurers (IADI) completed a revision of the Core Principles for Effective Deposit Insurance Systems. The 2025 version builds on the earlier 2009 and 2014 editions, incorporating developments such as digital innovation, the expanding role of deposit insurers in resolution processes, and lessons from the 2023 banking turmoil. The revised Core Principles were approved by the IADI Executive Council and will be presented at the Annual General Meeting in November 2025, ahead of their official publication. The Fund actively participated in this global revision process, contributing to the review and consultations that shaped the updated Core Principles. In alignment with the core principles, operations and the legal framework of the Fund have been continuously adjusted to reflect the guidance of these principles. A self-assessment was conducted to determine the level of compliance, revealing that most principles are being met. Measures are currently underway to close gaps in areas assessed as largely compliant or materially non-compliant. However, IADI is yet to conduct an independent review of our internal self-assessment.

7.4.8 Internal audit

Based on the International Professional Practices Framework (2024) and the Fund's Internal Audit Charter, the Internal Audit department plays a crucial role in providing independent, risk-based assurance and advisory services to enhance the Fund's governance, risk management, and control processes. The department operates under a mandate from the board, ensuring independence and a systematic approach to evaluating the Fund's governance, risk, and controls.

During the financial year 2024/2025, under the theme "Enhancing Value for Money through Impactful Audit Reporting", the Internal Audit department conducted risk-based audits on Deposit Insurance operations, expenditure management, Information Technology (IT) governance, IT Security, IT operations, user access and identity management, organizational culture, procurement processes, and corporate social responsibility activities, with reports presented to the Board. Additionally, the department tracked the implementation of prior audit recommendations across key departments, reporting the status to the board.

7.4 Risk Management continued

In relation to the provision of advisory services, the Internal Audit department reviewed significant IT supplier-related payments, payments related to the reimbursement of depositors of EFC Uganda Limited and Mercantile Credit Bank Limited, attended user acceptance testing of the Human Capital, Investments, and Accounting Systems, and oversight meetings as independent advisors. Advisory comments were submitted to the board and management for consideration.

The Internal Audit Profession has evolved, and on January 09, 2024, the Institute of Internal Auditors issued the International Professional Practices Framework comprising the Global Internal Audit Standards, Topical Requirements, and Global Guidance. This framework became effective on January 09, 2025. The Fund's Internal Audit Department adopted the key changes in the International Professional Practices Framework following an internal quality assessment conducted in the first quarter of the financial year 2024/2025.

To enhance the capacity of the Internal Audit team, attended multiple training programs related to the New International Professional Practices Framework, cybersecurity, quality assessments, and auditing of oracle databases.

In the forthcoming financial year 2025/2026, the internal audit theme will be "*Elevating the Positive Impact of Internal Audit at the Fund*". To operationalize this theme, the Internal Audit department will focus on providing assurance services on staff performance management and training, backup and recovery processes, FortiGate fabric security solution, budget management, portfolio management, Human Capital, Investments, and Accounting System, board and EXCO Affairs. In addition, the department will provide forward-looking advisory services on current and emerging risks that need to be considered by the Fund.

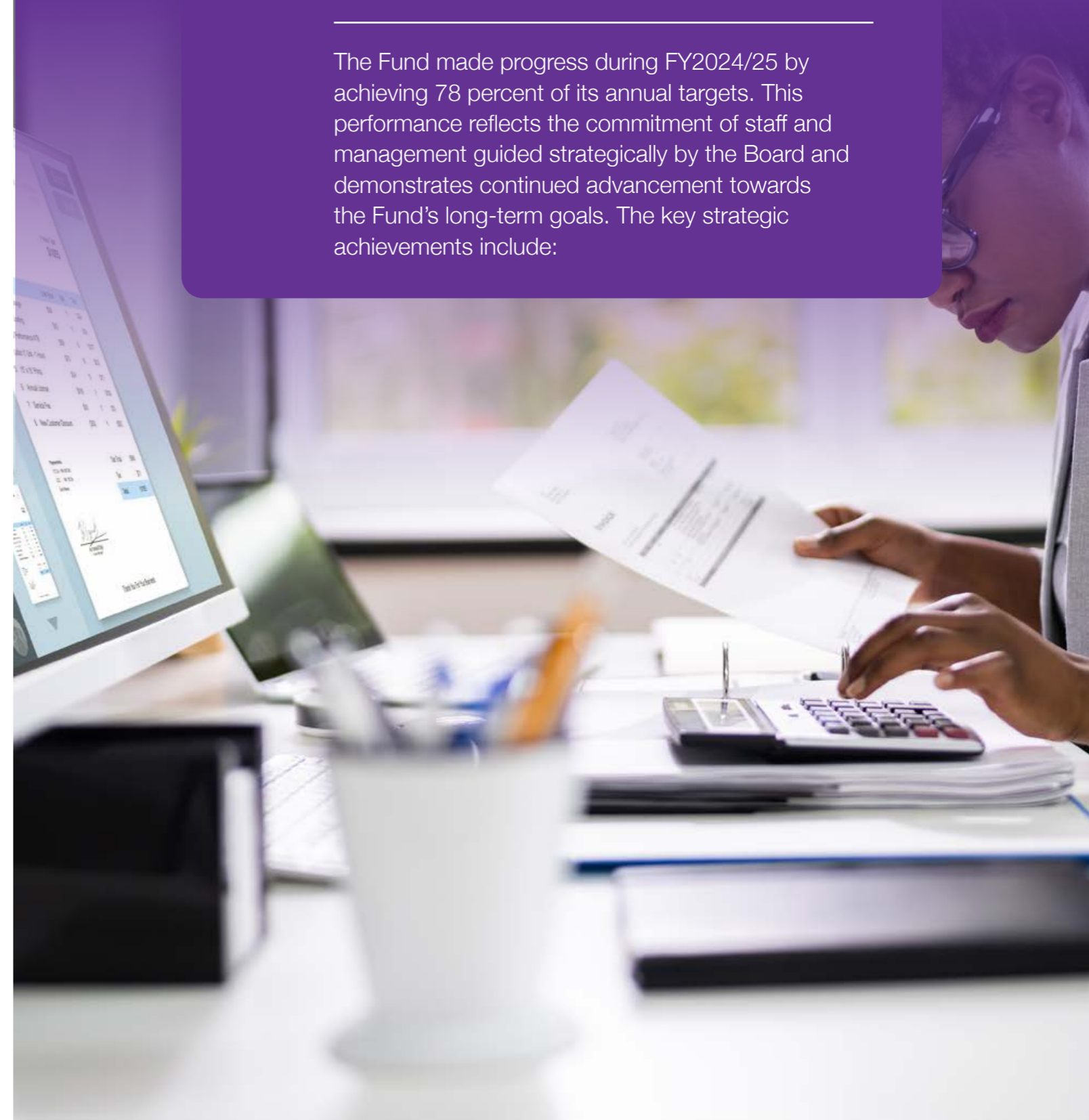


Our Code of Ethical Conduct covers a range of areas, including personal conduct, integrity, honesty, transparency, accountability, fairness, and prevention of corruption. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization.



8.0 | Performance Highlights

The Fund made progress during FY2024/25 by achieving 78 percent of its annual targets. This performance reflects the commitment of staff and management guided strategically by the Board and demonstrates continued advancement towards the Fund's long-term goals. The key strategic achievements include:



8.1 Key Strategic Achievements

The Fund made progress during FY2024/25 by achieving 78 percent of its annual targets. This performance reflects the commitment of staff and management guided strategically by the Board and demonstrates continued advancement towards the Fund's long-term goals. The key strategic achievements include:

8.1.1 IADI-African Regional Committee and Annual General Meeting

The Fund, in partnership with the Bank of Uganda, successfully hosted the IADI-African Regional Committee (ARC) and Annual General Meeting. The conference was convened under the theme *“Ensuring Financial Stability and Protecting Depositors in a Dynamic Financial Ecosystem.”* A post-event survey conducted by IADI reflected strong feedback from participants, with an overall satisfaction rating of 87 percent, surpassing the target of 80 percent.

8.1.2 Enhanced Public awareness

During the year, the Fund intensified its public awareness and stakeholder engagement initiatives through staff sensitization at Contributing Institutions, media outreach, collaborations with academia, participation in national events, and advertising across mainstream and digital platforms. These efforts enhanced financial literacy, strengthened stakeholder engagement, and reinforced public confidence in the deposit protection system. Furthermore, the Fund conducted a public awareness survey, the results of which will inform the development of future public awareness strategies.

8.1.3 Growth of fund size

In line with its mandate, the Fund collected premiums from Contributing Institutions (CIs) and invested the proceeds in Government of Uganda securities. The fund size increased by 17.3 percent, from UGX. 1.56 trillion in June 2024 to UGX 1.83 trillion in June 2025. This was mainly due to reinvestment of income earned during the year. In addition, the operating surplus for the period stood at UGX 302 billion, surpassing the target of UGX 269 billion.

8.1.4 Depositor payout

Following the closure of EFC Uganda Ltd in January 2024 and Mercantile Credit Bank Ltd in June 2024, the payout process has been ongoing. However, it has faced some challenges, particularly for depositors with incomplete SCV data. As of June 30, 2025, 78% of depositors from EFC Uganda Ltd and 65% from Mercantile Credit Bank Ltd had received their protected deposits.

8.1.5 Deposit coverage

The Fund consistently tracks the key deposit coverage ratios against the Board's established targets, enabling it to assess its capacity to execute timely payouts to depositors in the event of a CI failure. All the deposit coverage ratios for the period ended remained above the targets set.

8.1.6 Financial Reporting and Audit.

The Fund's financial statements were audited by the Office of the Auditor General, which issued an unqualified opinion. Its annual integrated report was approved by the Board and submitted to the Minister of Finance, Planning, and Economic Development. Additionally, the Fund was recognized as first runner-up in the parastatals category at the Financial Reporting Awards, highlighting its commitment to excellence in financial reporting and operational transparency.

8.1.7 Effective Reporting for Board and Management

The Fund ensured timely reporting across all key operational areas, including departmental reports, the annual report and financial statements, the strategy performance report, the risk report, and the business operations reports. These comprehensive updates equipped the Board and management with the information required to make informed and effective decisions.

8.1.8 Internal Audit and Risk Management

The Fund's Internal Audit and Risk Management functions provide assurance on processes, systems, and compliance with regulatory requirements and industry best practices. During the year, audits and reviews were conducted across key departments and depositor payout processes. These activities strengthened the Fund's risk management framework, reinforced operational compliance, and ensured the integrity of its payout operations.

8.1 Key Strategic Achievements continued

As part of risk management enhancements, the internal segmentation firewall system was successfully procured and went live in December 2024. It is currently undergoing a stabilization period to ensure operational efficiency and resilience against cyber threats.

8.1.9 Inspections of Contributing Institutions

The Fund, in collaboration with the Bank of Uganda, conducted both on-site and off-site inspections of Contributing Institutions to assess performance, verify depositor information, and ensure compliance with Single Customer View (SCV) guidelines. These supervisory activities strengthened oversight, improved data quality, and reinforced the integrity of the deposit protection system.

8.1.10 Capacity building for Board and Staff

The Fund continued to strengthen the capacity of both the Board and staff through targeted training programs and performance management initiatives. Board members received training in governance and internal audit, while staff were trained in key areas including ESG, finance, strategy, and IT. Staff also completed quarterly performance reviews to track progress and identify areas for improvement. Additionally, four staff town hall meetings were held to gather feedback and enhance the working environment.

8.1.11 Building the DPF Culture

The culture audit conducted during the year offered valuable insights into organizational strengths and opportunities to further enhance collaboration, alignment, and shared values. Management is implementing targeted initiatives to reinforce a unified culture that supports the DPF's mission and long-term strategic objectives.

8.2 Challenges

These are challenges that the Fund continues to address to strengthen its capacity to execute its mandate. Key challenges include, but are not limited to:

- a) Incomplete depositor information for some depositors in the closed CIs constrained the payout process despite the support provided.
- b) Project management challenges resulted in delays in the timely delivery of key initiatives, including enhancements to the DPPS and the implementation of the HIA system.

8.3 Opportunities

These are external factors that the Fund may leverage to enhance its capability to execute its mandate. These opportunities include, but are not limited to:

- a) Collaborations with other deposit insurance agencies.
- b) Automating core business processes to improve operational efficiency.
- c) Engaging the public to generate feedback that can improve service delivery.
- d) Utilizing the growing usage of social media to enhance public awareness campaigns.
- e) Promoting growth of the banked population.

The Fund aims to leverage all these opportunities to enhance its contribution to financial stability.

8.4 The year ahead

As the Fund commences implementation of the fourth year of its 5-year Strategic Plan, it will leverage previous achievements and lessons learned to realize the set objectives for FY2025/26. Building on this foundation, the Fund will embark on key initiatives across four strategic areas as outlined below:

8.4 The Year Ahead continued

Table 13: Key initiatives across four strategic areas

Perspectives: **Customer**

| Strategic Focus | Key initiatives | Expected outcome (FY 2025/2026) |
|---|--|--|
| Increase public awareness and confidence. | i) Expand stakeholder engagement ii) Promote information dissemination through radio, TV, print, and digital platforms. | Public awareness rating increases from 27% - 35% |

Perspectives: **Financial**

| Strategic Focus | Key initiatives | Expected outcome (FY 2025/2026) |
|---|---|---|
| Promote sustainable growth and adequate coverage of insured deposits. | i) Active portfolio management ii) Participation in primary markets iii) Capacity building iv) Timely billing of Contributing Institutions v) Regular budget monitoring | Fund size: UGX 2.2 trillion Return: 11.6% Coverage ratios above EACMAC and internal thresholds. |

Perspectives: **Internal Business Process**

| Strategic Focus | Key initiatives | Expected outcome (FY 2025/2026) |
|---------------------------|--|---|
| Improve payout readiness. | i) On-site and off-site inspections ii) Simulation tests for high-risk institutions iii) Monitor liquidity and coverage ratios iv) Operationalize the DPPS system | Pay the majority of protected deposits within 7 days. Ensure the DPPS system has ≥ 80% functionality. |

Perspectives: **Organizational capacity**

| Strategic Focus | Key initiatives | Expected outcome (FY 2025/2026) |
|---|--|--|
| Strengthen staff and Board skills. Expand operational mandate. | i) Targeted training ii) Automation of key processes iii) Implementation of IT strategy iv) Team-building initiatives v) Office improvements vi) Timely performance appraisals vii) Coordinating land acquisition for the construction of new office premises viii) Strengthen legal and operational capacity in collaboration with the Bank of Uganda. | Improved staff skills Improved retention and engagement Expanded capacity for resolution funding and liquidation management. |

8.4 The Year Ahead continued

8.4.1 Resource Allocation Plans and Linkage to the Fund’s Strategy

For FY2025/26, the Fund has carefully aligned its resources to support the key initiatives under its four strategic perspectives as highlighted below:

a) **Financial resources**

The Fund prepares a budget that directly links investment income and operational expenditure to strategic objectives. This budget provides operational expenses, including costs related to targeted training, technology upgrades, and public awareness campaigns aimed at increasing depositor confidence.

b) **Human resources**

In line with the strategic objectives and initiatives for FY2025/26, the Fund emphasizes resource acquisition and workforce planning, ensuring that

both staff and board members are fully equipped to meet its expanding mandate. Capacity building emphasizes training in liquidation, depositor reimbursement, bank closures, and crisis management, among others.

c) **Technological resources**

To operationalize the DPPS system and enhance IT security, the Fund continues to invest in specialized software, hardware, and automation tools that improve efficiency and resilience. Investments are also being directed toward implementing the broader IT strategy, automating key business processes, and upgrading infrastructure to support the Fund’s expanding mandate.

By prioritizing and strategically directing resources across financial, human, and technological areas, the Fund is positioning itself to achieve its FY2025/26 goals while sustaining its long-term mission.



9.0 Financial Performance Highlights for the year 2024/25



9.1 Introduction

The financial statements of the Fund include the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and the accompanying notes.

9.2 Statement of Profit or Loss and Other Comprehensive Income

The Fund recorded a total comprehensive income of UGX 267 billion for the FY 2024/25, reflecting an increase from UGX 213 billion in FY 2023/24. This growth is primarily attributed to a rise in interest income. A summary breakdown of the total comprehensive income for the year is provided in Table 14 below.

Table 14: Total comprehensive income

| Particulars | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* | Change % |
|----------------------------|---------------------------|--|-------------|
| Operating Income | 333,811,103 | 282,125,640 | 18 |
| Operating expenses | (32,015,286) | (27,788,219) | 15 |
| Surplus for the year | 301,795,817 | 254,337,421 | 19 |
| Other comprehensive income | (34,610,025) | (41,166,443) | (16) |
| Total comprehensive income | 267,185,792 | 213,170,978 | 25 |

9.2.1 Operating income

The Fund's operating income rose to UGX 334 billion in FY 2024/25, an 18 percent increase from UGX 282 billion in FY 2023/24. This was primarily due to higher interest income resulting from a 17 percent increase in treasury bills and bonds. The details are shown in Table 15.

Table 15: Operating income

| Particulars | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* | Change % |
|--|---------------------------|--|-------------|
| Interest income calculated using the effective interest method | 254,284,891 | 202,005,596 | 26 |
| Contributions | 79,258,761 | 78,981,161 | 0 |
| Other income | 267,451 | 439,336 | (39) |
| Net trading income | - | 699,547 | (100) |
| | 333,811,103 | 282,125,640 | 18 |

9.2.2 Operating expenditure

Operating expenses increased by UGX 4 billion to UGX 32 billion in FY 2024/25 from UGX 28 billion in FY 2023/24. This was mainly due to a UGX 4 billion increase in other operating expenses. The details of the operating expenditure are presented in Table 16 below:

9.2 Statement of Profit or Loss and Other Comprehensive Income continued

Table 16: Operating expenditure

| Particulars | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* | Change UGX '000 | Change % |
|---|---------------------------|--|--------------------|-------------|
| Employee costs | (16,229,077) | (14,736,798) | (1,492,279) | 10 |
| Other operating (expenses)/ income | (13,247,932) | (9,520,078) | (3,727,854) | 39 |
| Fund management fees and expenses | (356,985) | (1,227,356) | 870,371 | (71) |
| Depreciation and amortization | (1,926,392) | (1,860,276) | (66,116) | 4 |
| Impairment losses (reversals) on financial assets | (178,565) | (336,481) | 157,916 | (47) |
| Interest expense on lease liabilities | (76,335) | (107,230) | 30,895 | (29) |
| | (32,015,286) | (27,788,219) | (4,227,067) | 15 |

i. Employee costs

Employee costs majorly comprise staff salaries, allowances, and retirement benefits. The 10 percent increment in employee costs is mainly due to the performance-based increment to employees and the hiring of additional staff to the Fund during FY 2024/25.

ii. Other operating (expenses)/ income

Other operating expenses include board fees and expenses, general expenses, maintenance costs, capacity building expenses, and payout costs. Other operating expenses increased by 39 percent (UGX 3.7 billion) in FY 2024/25, mainly due to an increase in board expenses, public awareness initiatives, capacity building activities, and payout costs, following the closure of Mercantile Credit Bank Limited.

iii. Fund management fees and expenses

Fund management fees and expenses decreased by 71 percent because the Fund's portfolio is entirely managed internally, and as such, there were no management fees paid to Fund Managers.

iv. Depreciation and amortization

The increment in depreciation and amortization expenses is explained by the additions in property and equipment and other intangible assets made during FY 2024/25.

v. Impairment losses (reversals) on financial assets

The 158 million (47 percent) decrease in impairment loss is explained by a reduction in trade receivables of the Fund.

vi. Interest expense on lease liabilities

The movement in interest expense on lease liabilities is explained by the decrease in the lease liability.

9.2.3 Cost to investment income ratio

Table 17: Cost to investment income ratio

| Particulars | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* |
|---|---------------------------|--|
| Investment income | 253,301,205 | 201,393,749 |
| Operating expenses | 32,015,286 | 27,788,219 |
| Less: | | |
| Depreciation and amortization | 1,926,392 | 1,860,276 |
| Expected credit loss (expense)/ release on financial assets | 178,565 | 336,481 |
| Interest expense on lease liabilities | 76,335 | 107,230 |
| Deferred staff cost on staff loans and advances | 900,445 | 550,462 |
| Operating expenses less non cashflow items | 28,933,549 | 24,933,770 |
| Adjusted cost to investment income ratio | 11% | 12% |

The adjusted cost to investment income ratio reduced to 11 percent for the year ended June 30, 2025 (June 30, 2024: 12 percent).

9.3 Statement of Financial Position

Table 18: Abridged statement of financial position

| Particulars | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* | Change % |
|-------------|---------------------------|--|-------------|
| Assets | 1,889,654,354 | 1,621,668,559 | 17 |
| Liabilities | 59,865,325 | 59,065,322 | 1 |
| Reserves | 1,829,789,029 | 1,562,603,237 | 17 |

9.3.1 Assets

Total assets increased by UGX 268 billion to UGX 1,890 billion in FY 2024/25 from UGX 1,622 billion in FY 2023/24. The movement is majorly due to the 17 percent increase in the Government of Uganda securities from UGX 1,595 million in FY 2023/24 to UGX 1,866 million in FY 2024/25.

9.3.2 Liabilities

The Fund's liabilities comprised deferred income, trade and other payables and lease liabilities. Total liabilities increased by 1 percent (by UGX 800 million), majorly due to an increment in deferred income following a slight increase in annual premiums.

9.3.3 Reserves

Total reserves increased by 17 percent to UGX 1,830 billion as at June 30, 2025, from UGX 1,563 billion as at June 30, 2024. The movement is attributed to the total comprehensive income (UGX 267 billion) earned over the year.

9.4 Trend of Assets, Liabilities and Reserves

Over the past five (5) years, the Fund's total assets have grown significantly by 89 percent, from UGX 1,000 billion as at June 30, 2021, to UGX 1,890 billion as at June 30, 2025. This growth was mainly due to the growth in debt instruments, which increased from UGX 989 billion to UGX 1,866 billion during this period.

Total liabilities have been stable over the years, but with a gradual upward trend from UGX 48 billion in FY 2020/21 to UGX 60 billion in FY 2024/25. The steady increment in total liabilities is due to higher yearly premium collections from Contributing Institutions, hence higher deferred incomes over the years.

The reserves account has gradually risen over the years from UGX 952 billion in FY 2020/21 to UGX 1,830 billion in FY 2024/25.

The trend of assets, liabilities and reserves for the five-year period is detailed in Table 19 below.

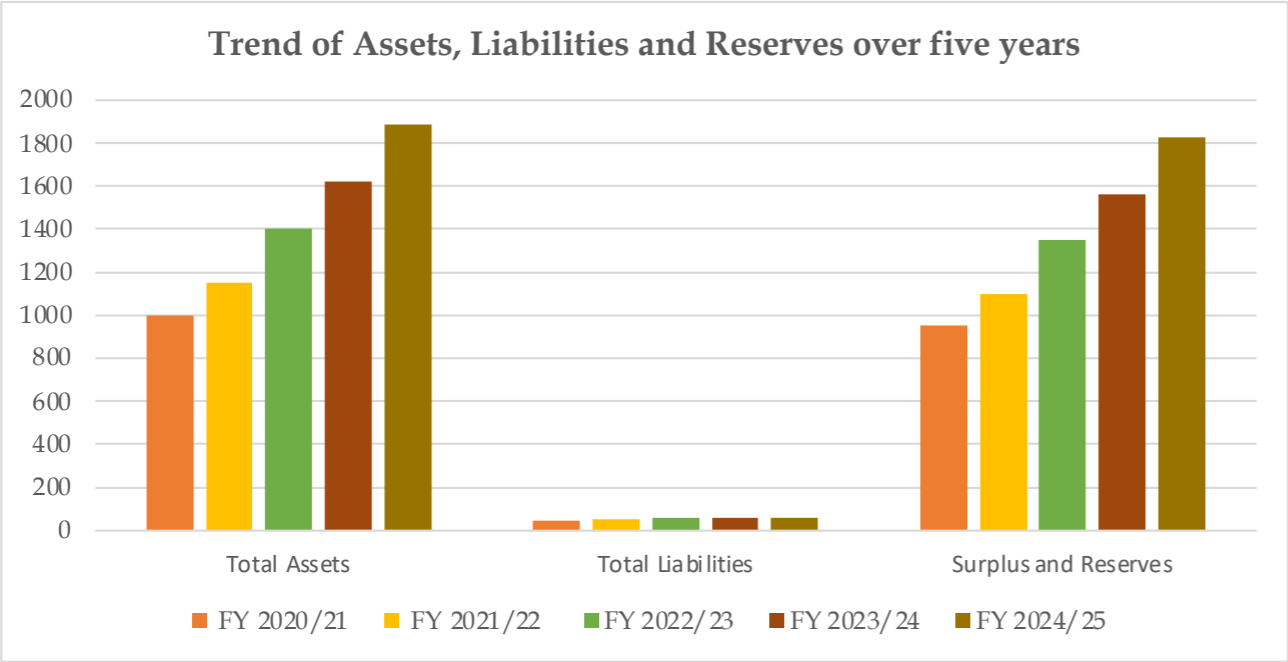
Table 19: Five-year trend of assets, liabilities and reserves

| Particulars | FY 2020/21 UGX Billions | FY 2021/22 UGX Billions | FY 2022/23 UGX Billions | FY 2023/24 Restated* UGX Billions | FY 2024/25 UGX Billions |
|-------------------|----------------------------|----------------------------|----------------------------|---|----------------------------|
| Total Assets | 1,000 | 1,150 | 1,405 | 1,622 | 1,890 |
| Total Liabilities | 48 | 54 | 56 | 59 | 60 |
| Reserves | 952 | 1,096 | 1,349 | 1,563 | 1,830 |

9.4 Trend of Assets, Liabilities and Reserves continued

Figure 14 below shows the movement in assets, liabilities and reserves over the five-year period.

Figure 14: Five-year trend of assets, liabilities, and reserves



9.5 Trend of Operating income, operating expenses, and surplus

Operating income gradually increased from UGX 177 billion in FY 2020/21 to UGX 334 billion in FY 2024/25. This growth is majorly attributed to the annual increment in premiums from Contributing Institutions and steady growth of interest income from debt instruments.

Operating expenses have followed a general upward trend over the years. The decline in FY 2021/22 was attributable to a UGX 11 billion reversal of a provision for doubtful balances following recovery of tax amounts from URA. The general increment

in operating expenses over the years is explained by the growth in Fund operations. It is important to note that the growth in operating expenses year-on-year is on a decline due to the Fund's deliberate and prudent financial management and cost containment efforts.

The trend analysis depicts a general increase in the surplus levels between the financial years ended June 30, 2021, and June 30, 2025. There has been a gradual growth in surplus from UGX 157 billion to UGX 302 billion over the period.

The five-year trend of operating income, expenses, and total comprehensive income is detailed in Table 20 below.

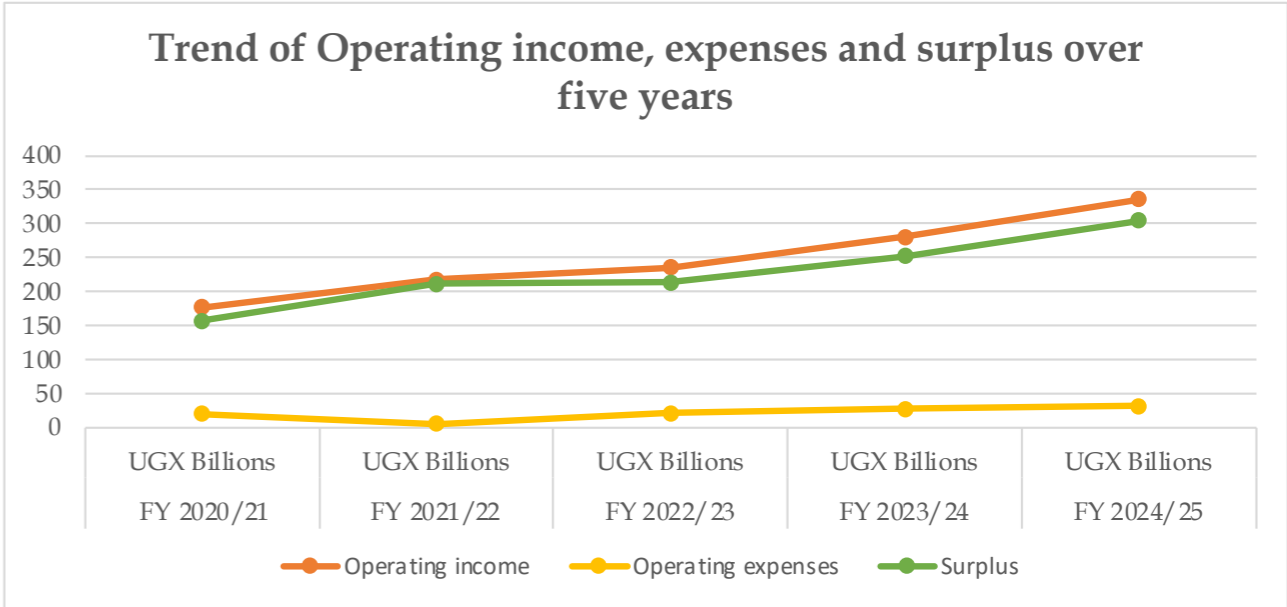
Table 20: Trend of operating income, expenses and surplus

| Particulars | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 | FY 2024/25 |
|--------------------|--------------|--------------|--------------|---------------------------|--------------|
| | UGX Billions | UGX Billions | UGX Billions | Restated* UGX Billions | UGX Billions |
| Operating income | 177 | 218 | 236 | 282 | 334 |
| Operating expenses | 20 | 6 | 21 | 28 | 32 |
| Surplus | 157 | 212 | 214 | 254 | 302 |

9.5 Trend of Operating income, operating expenses, and surplus continued

Figure 15 below shows the graphical movement in operating income, expenses and surplus over the five-year period.

Figure 15: Five-year trend of operating income, expenses and surplus



Operating Income: This growth is majorly attributed to the annual increment in premiums from Contributing Institutions and steady growth of interest income from debt instruments.

89% ↑

UGX 334bn

2020/21:177bn



10. Financial statements



Dr. Michael M. Lugemwa
Director Finance & Operations

10.1 Directors' report

The Directors are pleased to present the Integrated Report of the Deposit Protection Fund, for the year ended June 30, 2025.

Incorporation

The Deposit Protection Fund was established as a body corporate under section 108 of the Financial Institutions Act, Cap 57. As per the said law, the Fund is governed by board members who were appointed by the Honorable Minister of Finance, Planning and Economic Development. They include the Chairman and representatives of the Governor of the Bank of Uganda, Secretary to the Treasury, Contributing Institutions and the public.

Principal activities

As per Section 109 of the Financial Institutions Act, Cap 57, the principal activity of the Fund is to act as the deposit insurance scheme for customers of Contributing Institutions (deposit-taking institutions regulated by the Bank of Uganda). The Fund may act as a receiver or liquidator of a financial institution, if appointed for that purpose by the Bank of Uganda, and may perform such other functions as may be conferred upon it by law.

Operating financial results

The Directors present the financial statements for the period ended June 30, 2025, as set out on pages 77 to 131 of this report. The Fund's total assets have increased by 17 percent from UGX 1,622 billion to UGX 1,890 billion as at June 30, 2024 and June 30, 2025, respectively. The increase has been largely reflected in treasury instruments, which increased from UGX 1,595 billion to UGX 1,866 billion over the same period.

Directors

The Directors who held office at the date of this report were: Mr. Ben Patrick Kagoro (Chairman), Mrs. Susan Kanyemibwa, Mr. I.K. John Byaruhanga, Mr. Andrew Obara, Ms. Roy Nambogo, Mr. Wilbrod Humphreys Owor and Mr. Emmanuel Kalema Musoke.

Auditors

In accordance with Section 114(3) of the Financial Institutions Act, Cap 57, the financial statements shall be prepared and audited within four months after the close of each financial year, and an annual report of the Fund's operations shall be submitted to the Minister and Contributing Institutions.

In accordance with the provisions of Section 23 of the National Audit Act, the Auditor General appointed M/S Sejjaaka, Kaawaase & Co., Certified Public Accountants, to audit the financial statements on his behalf. This will enable him to report to Parliament in accordance with Article 163 (4) of the Constitution of the Republic of Uganda.

Approval of the financial statements

The financial statements set out on pages 77 to 131 were approved on 20th October 2025.

A handwritten signature in black ink, appearing to read 'B. Kagoro', is written over a horizontal line.

Board Chairman

Date: 20/10/2025

Place: Kampala, Uganda

10.2 Statement of directors' responsibilities

The Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at June 30, 2025, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year ended June 30, 2025, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act, Cap 57.

The Directors are responsible for the internal control of the Fund. Standards and systems of internal control are designed and implemented by the Directors to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Fund's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates are applied consistently, using the going concern basis. These systems and controls include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors accept responsibility for the financial statements set out on pages 77 to 131, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRSs and the requirements of the Financial Institutions Act, Cap 57. The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Fund and of the disposition of its assets and liabilities for the period ended June 30, 2025. The Directors further accept responsibility for maintaining accounting records that may be relied upon in the preparation of financial statements, as well as for establishing adequate systems of internal financial control.

The Directors certify that, to the best of their knowledge and belief, the information furnished to the auditors for the purposes of the audit was correct and accurately represents the Fund's financial transactions in every respect.

Nothing has come to the attention of the directors to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statements were approved by the Board of Directors on 20th October 2025 and signed by:


Chairman


Director


Director

Report of the Auditor General on the financial statements of the Deposit Protection Fund for the financial year ended 30th June 2025

The Rt. Hon. Speaker of Parliament

Introduction

In accordance with Section 22 of the National Audit Act (NAA), Cap. 171, I appointed M/s Seijaaka, Kaawaase & Co Certified Public Accountants, to audit the financial statements of the Deposit Protection Fund (DPF) on my behalf, to enable me to report to parliament in accordance with Article 163 (4) of the 1995 Constitution of the Republic of Uganda (as amended).

Opinion

I have audited the accompanying financial statements of the Deposit Protection Fund set out on pages 77 to 131, which comprise the statement of financial position as at 30th June 2025, the statement of profit or loss and other comprehensive income, and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Deposit Protection Fund of Uganda at 30th June 2025, and of its financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Institutions Act, Cap 57.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment are of most significance in my audit of the financial statements of the current period. I have determined that there is no Key Audit Matter to communicate in my report.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Financial Institutions Act, Cap 57, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 the internal controls 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of 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 Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's

report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

I communicate with 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 I identify during my audit.

I also provide Directors with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with Directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my 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 Section 18(1) of the National Audit, Cap 170 and normal audit procedures, I report to you, based on my audit, that;

- I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purposes of my audit;
- In my opinion, proper books of account have been kept by the DPF, so far as appears from my examination of those books; and
- DPF's Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income are in agreement with the books of account.



Edward Akal
Auditor General
22nd October 2025

10.4 Statement of profit or loss and other comprehensive income

| | Note | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated * |
|--|---------|---------------------------|---|
| Operating income | | | |
| Interest income calculated using the effective interest method | 10.8.4 | 254,284,891 | 202,005,596 |
| Premium contributions | 10.8.5 | 79,258,761 | 78,981,161 |
| Other income | 10.8.6 | 267,451 | 439,336 |
| Gains arising from derecognition of financial assets measured at FVTOCI | 10.8.7 | - | 699,547 |
| | | 333,811,103 | 282,125,640 |
| Operating expenses | | | |
| Employee costs | 10.8.8 | (16,229,077) | (14,736,798) |
| Other operating (expense)/income | 10.8.9 | (13,247,932) | (9,520,078) |
| Fund management fees and expenses | 10.8.10 | (356,985) | (1,227,356) |
| Depreciation and amortization | 10.8.11 | (1,926,392) | (1,860,276) |
| Expected credit loss (expense)/ release on financial assets | 10.8.12 | (178,565) | (336,481) |
| Interest expense on lease liabilities | 10.8.13 | (76,335) | (107,230) |
| | | (32,015,286) | (27,788,219) |
| Surplus for the year | | 301,795,817 | 254,337,421 |
| Other comprehensive income | | | |
| Other comprehensive income to be reclassified subsequently to profit or loss | | | |
| Net change in fair value for debt instruments at FVTOCI | 10.8.19 | (33,597,383) | (41,981,936) |
| Net amount reclassified to profit or loss for debt instruments at FVTOCI | 10.8.19 | (1,051,134) | 783,139 |
| Net change in impairment for debt instruments at FVTOCI | 10.8.12 | 38,492 | 32,354 |
| Other comprehensive income for the year | | (34,610,025) | (41,166,443) |
| Total comprehensive income for the year | | 267,185,792 | 213,170,978 |

The notes on pages 81 to 131 form an integral part of these financial statements.

* Refer to note 10.8.30

10.5 Statement of financial position

| | Note | June 30, 2025 | June 30, 2024 |
|--|---------|----------------------|----------------------|
| | | UGX '000 | UGX '000 |
| | | | Restated * |
| Assets | | | |
| Cash and cash equivalents | 10.8.14 | 6,366,721 | 6,457,792 |
| Trade and other receivables | 10.8.15 | 6,139,551 | 8,539,947 |
| Loans and advances to staff | 10.8.17 | 4,339,397 | 4,163,242 |
| Debt instruments at amortized cost | 10.8.18 | 455,716,649 | 385,011,803 |
| Debt instruments at FVTOCI | 10.8.19 | 1,410,440,607 | 1,209,765,336 |
| Intangible assets | 10.8.20 | 2,202,968 | 2,056,552 |
| Property and equipment | 10.8.21 | 3,492,484 | 4,283,117 |
| Right-of-use assets | 10.8.13 | 955,977 | 1,390,770 |
| Total assets | | 1,889,654,354 | 1,621,668,559 |
| Liabilities | | | |
| Deferred income | 10.8.22 | 36,144,372 | 33,844,601 |
| Trade and other payables | 10.8.23 | 22,710,195 | 23,755,604 |
| Lease liabilities | 10.8.13 | 1,010,758 | 1,465,117 |
| Total liabilities | | 59,865,325 | 59,065,322 |
| Reserves | | | |
| Fair value through other comprehensive income reserves | 10.8.24 | (72,990,892) | (38,380,867) |
| Accumulated surplus | 10.8.24 | 1,902,779,921 | 1,600,984,104 |
| Total reserves | | 1,829,789,029 | 1,562,603,237 |
| Total liabilities and reserves | | 1,889,654,354 | 1,621,668,559 |

The notes on pages 81 to 131 form an integral part of these financial statements.

* Refer to note 10.8.30

The financial statements were approved by the Board of Directors on 20th October 2025 and signed on its behalf by:


Chairman


Director


CEO

10.6 Statement of changes in equity

| | Accumulated surplus | FVTOCI reserve | Total reserves |
|---|----------------------|---------------------|----------------------|
| | UGX '000 | UGX '000 | UGX '000 |
| | Restated* | | Restated * |
| As at July 1, 2023 | 1,346,646,683 | 2,785,576 | 1,349,432,259 |
| Surplus for the year | 254,337,421 | - | 254,337,421 |
| Other comprehensive income | | | |
| Transfer to FVTOCI reserve | - | (41,981,936) | (41,981,936) |
| Net change in impairment for debt instruments at FVTOCI | - | 32,354 | 32,354 |
| Recycling of Government securities at FVTOCI | - | 783,139 | 783,139 |
| As at June 30, 2024 | 1,600,984,104 | (38,380,867) | 1,562,603,237 |
| As at July 1, 2024 | 1,600,984,104 | (38,380,867) | 1,562,603,237 |
| Surplus for the year | 301,795,817 | - | 301,795,817 |
| Other comprehensive income | | | |
| Transfer to FVTOCI reserve | - | (33,597,383) | (33,597,383) |
| Net change in impairment for debt instruments at FVTOCI | - | 38,492 | 38,492 |
| Recycling of Government securities at FVTOCI | - | (1,051,134) | (1,051,134) |
| As at June 30, 2025 | 1,902,779,921 | (72,990,892) | 1,829,789,029 |

The notes on pages 81 to 131 form an integral part of these financial statements.

* Refer to note 10.8.30

10.7 Statement of cash flows

| | Note | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated * |
|---|---------|---------------------------|---|
| Cash flows from operating activities | | | |
| Surplus for the year | | 301,795,817 | 254,337,421 |
| Adjustments for: | | | |
| Depreciation and amortization | 10.8.11 | 1,926,392 | 1,860,276 |
| Expected credit loss (expense)/release on financial assets | 10.8.12 | 178,565 | 336,481 |
| Interest on lease liabilities | 10.8.13 | 76,335 | 107,230 |
| Provision for doubtful amounts | 10.8.16 | - | 191 |
| Changes in: | | | |
| Trade and other receivables | 10.8.15 | 2,301,885 | (5,383,194) |
| Loans and advances to staff | 10.8.17 | (207,078) | (2,284,526) |
| Debt instruments at amortized cost | 10.8.18 | (70,715,483) | (94,689,071) |
| Debt instruments at FVTOCI | 10.8.19 | (235,323,789) | (167,777,987) |
| Deferred income | 10.8.22 | 2,299,771 | 2,907,916 |
| Trade and other payables | 10.8.23 | (1,045,410) | 1,013,207 |
| Cash generated from operations | | 1,287,005 | (9,572,056) |
| Interest paid | 10.8.13 | (76,335) | (107,230) |
| Tax received/(paid) | 10.8.16 | - | 348,183 |
| Net cash (used in) / generated from operating activities | | 1,210,670 | (9,331,103) |
| Cash flows from investing activities | | | |
| Purchase of intangible assets | 10.8.20 | (491,368) | (294,408) |
| Purchase of property and equipment | 10.8.21 | (356,014) | (1,296,376) |
| Net cash used in investing activities | | (847,382) | (1,590,784) |
| Cash flows from financing activities | | | |
| Principal payment of leases | 10.8.13 | (454,359) | (423,464) |
| Net cash used in financing activities | | (454,359) | (423,464) |
| Net change in cash in hand and at bank | | (91,071) | (11,345,351) |
| Cash in hand and at bank at the beginning of the year | 10.8.14 | 6,457,792 | 17,803,143 |
| Cash in hand and at bank at end of year | 10.8.14 | 6,366,721 | 6,457,792 |

The notes on pages 81 to 131 form an integral part of these financial statements.

* Refer to note 10.8.30

10.8 Notes to the financial statements

10.8.1 Reporting Entity

The Deposit Protection Fund of Uganda ('the Fund') is established under the Financial Institutions Act, Cap 57 and is therefore the reporting entity.

10.8.2 Basis of Preparation

10.8.2.1 Statement of compliance

The financial statements of the Fund have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Financial Institutions Act, Cap 57.

Details of significant accounting policies are included in Note 10.8.3.

10.8.2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through other comprehensive income.

10.8.2.3 Functional and presentation currency

The financial statements are presented in Uganda Shillings (UGX), which is the functional currency of the Fund. Except as otherwise indicated, financial information presentation in Uganda Shillings has been rounded to the nearest thousand (UGX'000). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

10.8.2.4 Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgements about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements includes the following:

a) Business model assessment

The classification of financial assets is based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated, and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Fund monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets.

b) Impairment models and assumptions used

The Fund uses various models and assumptions in measuring fair value of financial assets as well as in estimating Expected Credit Losses (ECL). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

c) Determining a significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.1 New standards, amendments and interpretations continued

risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Fund considers qualitative and quantitative reasonable and supportable forward-looking information.

d) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Assumptions and estimates of uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended June 30, 2025, is included in the following circumstances.

a) Impairment of financial instruments

The assessment of whether credit risk on the financial asset has increased significantly since initial recognition, incorporation of forward-looking information in the measurement of Expected Credit Losses, and key assumptions used in estimating recoverable cash flows.

b) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c) Recognition and measurement of provisions and contingencies

Significant judgment and estimation is made by the Directors in determining the Fund’s litigation provisions and contingent disclosures. Key assumptions about the likelihood and magnitude of an outflow of resources.

d) Impairment of non-financial assets:

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

e) Useful lives of property, equipment and right-of-use asset:

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

10.8.3 Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by the Fund.

10.8.3.1 New standards, amendments and interpretations

10.8.3.1.1 New standards, amendments and interpretations effective and adopted by the Fund

The Fund has applied all pronouncements that became effective for annual reporting periods beginning on or after July 1, 2024. These standards and amendments did not have a material impact on the financial statements.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.1 New standards, amendments and interpretations continued

| New or revised pronouncement | Effect on DPF |
|---|---|
| <p>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</p> <p>IFRS S1 sets out overall requirements for sustainability-related financial disclosures to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>Effective date</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2024</p> | <p>The adoption of IFRS S1 in Uganda is being implemented in phases. Voluntary adoption will commence on January 1, 2026, while mandatory adoption will take effect on January 1, 2028, for specified entities.</p> |
| <p>IFRS S2 Climate-related Disclosures</p> <p>IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>Effective date</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2024</p> | <p>The adoption of IFRS S2 in Uganda is being implemented in phases. Voluntary adoption will commence on January 1, 2026, while mandatory adoption will take effect on January 1, 2028, for specified entities.</p> |
| <p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</p> <p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>Effective date</p> <p>Annual reporting periods beginning on or after 1 January 2024</p> | <p>The amendments had no impact on the financial statements of the Fund.</p> |
| <p>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</p> <p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p> <p>Effective date</p> <p>Annual reporting periods beginning on or after 1 January 2024</p> | <p>The amendments had no impact on the financial statements of the Fund.</p> |
| <p>Non-current Liabilities with Covenants (Amendments to IAS 1)</p> <p>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p> <p>Effective date</p> <p>Annual reporting periods beginning on or after 1 January 2024</p> | <p>The amendments had no impact on the financial statements of the Fund.</p> |

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.1 New standards, amendments and interpretations continued

| New or revised pronouncement | Effect on DPF |
|--|---|
| Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Effective date Annual reporting periods beginning on or after 1 January 2024 | The amendments had no impact on the financial statements of the Fund. |
| Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Effective date Annual reporting periods beginning on or after 1 January 2024 | The amendments had no impact on the financial statements of the Fund. |

10.8.3.1.2 New standards, amendments and interpretations issued but not yet effective.

The new accounting standards and interpretations listed below are not mandatory for the June 30, 2025, reporting period and have not been early adopted by the Fund. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| New or revised pronouncement | Effective date |
|---|---|
| IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. | Applicable to annual reporting periods beginning on or after 1 January 2027 |
| Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. | Annual reporting periods beginning on or after 1 January 2026 |

The Fund is in the process of assessing the impact of the above amendments.

10.8.3.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition.

10.8.3.3 Recognition of income

Revenue is recognized to the extent it is probable

that the economic benefits will flow to the Fund, and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

10.8.3.3.1 Interest income

Interest income is recognized in profit or loss using the effective interest rate method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.3 Recognition of income continued

- The gross carrying amount of the financial asset; or
- The amortized cost of financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- a) Interest on financial assets measured at amortised cost;
- b) Interest on debt instruments measured at FVTOCI;

10.8.3.3.2 Net gains/ losses on de-recognition of financial assets measured at amortised cost or FVTOCI

Net gains/losses on de-recognition of financial assets measured at amortized cost include loss (or income) recognized on sale or de-recognition of financial assets measured at amortized costs or at fair value through other comprehensive income and is calculated as the difference between the book value (including impairment) and the proceeds received.

10.8.3.3.3 Premium contributions

Premium contributions from Contributing Institutions include annual contributions and other contributions like risk adjusted premiums. These are recognized in the period when they are receivable.

10.8.3.3.4 Other income

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. These include income from the sale of bids and other refunds from staff. Other income out of the scope of IFRS 15 is recognized in the period in which it is earned.

10.8.3.4 Expenses

These are losses and other expenses that arise in the course of the Fund’s ordinary activities. They include operating costs and fund management fees. Generally, expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Operating expenses. This includes expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognized immediately in the income statement in the accounting period that the cost has been incurred. These include maintenance, transport and travelling, meetings, conference and seminars, water and electricity, fees, rates and security expenses,

telecommunication and postage, board expenses, audit fees, budget and annual accounts preparation, loss on disposal of property and equipment, hospitality, legal and investigation expenses. In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognized in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

10.8.3.5 Provisions and contingencies

Provisions are recognized when the Fund has a present legal or constructive obligation because of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Contingent assets and contingent liabilities are not recognized in the financial statements. The Fund discloses the unpaid protected deposit balances as at the end of the financial year as contingent liabilities since these amounts are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Section 113(4) of the Financial Institutions Act, Cap 57, requires a customer to make a claim of their protected deposits from the Fund if their financial institution closes. Consequently, the Fund cannot predict when these customers will file their claims, hence the disclosure as contingent liabilities.

10.8.3.6 Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial instruments held by the Fund include Treasury Bonds and Bills, staff loans and advances, trade and other receivables, cash and bank balances. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio every reporting date to ensure that all financial instruments are appropriately classified.

10.8.3.6.1 Recognition and initial measurement

Financial assets and liabilities, except for loans and advances to staff, are initially recognized on the trade date, i.e., the date on which the Fund becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases

or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market. Loans and advances to staff are recognized when funds are transferred to their respective accounts. Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Fund will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in profit or loss on initial recognition (i.e. day 1 profit or loss); and
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

10.8.3.6.2 Classification and measurement of financial instruments

10.8.3.6.2.1 Financial assets

All financial assets are recognized and recognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represents all amounts receivable including interest accruals.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

IFRS 9 requires:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- All other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Fund may make the following irrevocable election /designation at initial recognition of a financial asset on an asset-by-asset basis:

The Fund may irrevocably designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Financial assets at amortized cost or at FVTOCI

The Fund assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Fund's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, the principle is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a

particular period and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Fund determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Fund's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Fund has more than one business model for managing its financial instruments which reflect how the Fund manages its financial assets in order to generate cash flows. The Fund's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Fund considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Fund does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Fund considers all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (for instance, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.6.2 Classification and measurement of financial instruments continued](#)

At initial recognition of a financial asset, the Fund determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Fund reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Fund has not identified a change in its business model.

When a debt instrument measured at FVTOCI is recognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment. See Note 10.8.4.

10.8.3.6.3 Reclassifications

If the business model under which the Fund holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Fund's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Fund holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

10.8.3.6.4 Impairment of financial assets

The Fund recognized loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- a) Cash and cash equivalents
- b) Debt instruments at fair value through other comprehensive income
- c) Debt instruments at amortized cost
- d) Trade and other receivables
- e) Loans and advances to staff

Except Purchased Originated Credit Impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- a) Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- b) A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 10.8.4.
- c) ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Fund under the contract and the cash flows that the Fund expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

10.8.3.6.5 Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- a) significant financial difficulty of the borrower or issuer;
- b) a breach of contract such as a default or past due event;
- c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) the disappearance of an active market for a security because of financial difficulties; or
- e) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.6.5 Credit impaired financial assets continued](#)

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit impaired. The Fund assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign debt instruments are credit impaired, the Fund considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

10.8.3.6.6 Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Fund recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favorable change for such assets creates a credit loss release.

10.8.3.6.7 Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Fund considers the following as constituting an event of default:

- a) the borrower is past due more than 90 days on any material credit obligation to the Fund; or
- b) the borrower is unlikely to pay its credit obligations to the Fund in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Fund takes into account both

qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counter party are key inputs in this analysis. The Fund uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

10.8.3.6.8 Significant increase in credit risk

The Fund monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Fund will measure the loss allowance based on lifetime rather than 12-month ECL. The Fund's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Fund monitors all financial assets that are subject to impairment for a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Fund's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.6.8 Significant increase in credit risk continued

For Government of Uganda, the Fund considers forward-looking information includes such as forecast macro-economic information. Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Fund uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Fund still considers separately some qualitative factors to assess if credit risk has increased significantly.

For loans and advances to staff there is a particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a backstop when an asset becomes 30 days past due, the Fund considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are at stage 3 of the impairment model.

More information about significant increase in credit risk is provided in Note 10.8.4.

10.8.3.6.9 Derecognition of financial assets

i. Derecognition due to substantial modification of terms and conditions

The Fund derecognizes 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 recognized as a derecognition gain or

loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Fund considers the following factors:

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counter party;
- 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, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Fund records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

i. Derecognition other than for substantial modification

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

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

- The Fund 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 Fund 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 Fund 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.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.6.9 Derecognition of financial assets continued

- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund 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 Fund has transferred substantially all the risks and rewards of the asset or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Fund's continuing involvement, in which case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund 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 Fund 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 Fund would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

10.8.3.6.10 Write off

Loans and debt securities are written off when the Fund has no reasonable expectations of recovering the financial asset (either in its entirety or a portion

of it). This is the case when the Fund determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Fund may apply enforcement activities to financial assets written off. Recoveries resulting from the Fund's enforcement activities will result in impairment gains, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

10.8.3.6.11 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets; and
- for debt instruments measured at FVTOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve through OCI (see Note 10.8.4).

10.8.3.6.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. For all financial liabilities the amount presented on the statement of financial position represents all amounts payable including interest accruals.

Financial liabilities are classified as at FVTPL when the financial liability is

- held for trading, or
- it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.6.12 Financial liabilities continued

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Fund’s documented risk management or investment strategy and information about the banking is provided internally on that basis; or
- it forms part of a hybrid (combined) contract, containing one or more embedded derivatives that significantly modifies the cash flows of the contract, or it is clear with little or no analysis that separation of the embedded derivative is not prohibited.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the ‘net income from other financial instruments at FVTPL’ line item in the profit or loss account. The Fund does not have any financial liabilities classified as FVTPL.

10.8.3.6.13 Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The Fund’s liabilities subsequently measured at amortized cost include trade and other liabilities.

10.8.3.6.14 Reclassification of financial assets and liabilities

The Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

10.8.3.6.15 Derecognition of liabilities

- Derecognition due to substantial modification of terms and conditions

For financial liabilities, the Fund 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

A financial liability is derecognized 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 recognized in profit or loss.

The following tables provide a reconciliation between line items in the statement of financial position (carrying amounts) and categories of financial instruments.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.6.9 Derecognition of financial assets continued

Financial assets and liabilities

| As at June 30, 2025 | Note | Total carrying amount UGX '000 | Amortized cost UGX '000 | FVTOCI UGX '000 |
|------------------------------------|---------|-----------------------------------|----------------------------|----------------------|
| Cash at bank | 10.8.14 | 6,364,721 | 6,364,721 | - |
| Trade and other receivables | 10.8.15 | 3,764,785 | 3,764,785 | - |
| Loans and advances to staff | 10.8.17 | 4,395,530 | 4,395,530 | - |
| Debt instruments at amortized cost | 10.8.18 | 455,795,554 | 455,795,554 | - |
| Debt instruments at FVTOCI | 10.8.19 | 1,410,440,607 | - | 1,410,440,607 |
| Total financial assets | | 1,880,761,197 | 470,320,590 | 1,410,440,607 |
| Trade and other payables | 10.8.23 | 22,710,195 | 22,710,195 | - |
| Total financial liabilities | | 22,710,195 | 22,710,195 | - |

| As at June 30, 2024 | Note | Total carrying amount UGX '000 | Amortized cost UGX '000 | FVTOCI UGX '000 |
|------------------------------------|---------|-----------------------------------|----------------------------|----------------------|
| Cash at bank | 10.8.14 | 2,166,194 | 2,166,194 | - |
| Trade and other receivables | 10.8.15 | 6,630,423 | 6,630,423 | - |
| Loans and advances to staff | 10.8.17 | 4,188,451 | 4,188,451 | - |
| Debt instruments at amortized cost | 10.8.18 | 385,080,071 | 385,080,071 | - |
| Debt instruments at FVTOCI | 10.8.19 | 1,209,765,336 | - | 1,209,765,336 |
| Total financial assets | | 1,607,830,475 | 398,065,139 | 1,209,765,336 |
| Trade and other payables | 10.8.23 | 23,755,606 | 23,755,606 | - |
| Total financial liabilities | | 23,755,606 | 23,755,606 | - |

10.8.3.6.16 Impairment of non-financial assets

The carrying amounts of the Fund’s non-financial assets 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 is the greater of its fair value, less costs of disposal and value in use. 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 assets. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss except for property, plant and equipment previously revalued with the revaluation surplus taken to OCI. For such property, plant and equipment, the impairment is recognized in OCI up to the amount of any previous revaluation.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so as that carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation recognized, had no impairment loss been recognized the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

10.8.3.6.17 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of net assets when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Fund’s trading activity.

10.8.3.7 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including: notes and coins on hand, demand deposits held with commercial banks and central banks and highly liquid assets, subject to insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are measured at amortized cost using effective interest method in the statement of financial position.

10.8.3.8 Taxes

According to the Income Tax (Amendment) Act 2020, the Fund is exempt from payment of income tax in respect of its functions.

10.8.3.9 Financial risk management

The Board has overall responsibility for the determination of the Fund's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the heads of departments.

The majority of the Fund's financial risks arise from the Fund's investments in Government of Uganda securities. The Risk and Compliance Division in CEO's office has an independent risk reporting system that monitors and reports compliance with various risk limits and policies. The Internal Audit function reports administratively to the CEO and functionally to the Audit Committee of the Board of Directors on internal audit and related issues. A risk-based framework, which evaluates key business risks and internal controls, is used to determine the extent and frequency of internal audits conducted. All Fund's departments are subject to periodic internal audit review. Auditing arrangements are overseen by an Audit and Governance Committee comprising all the Fund's non-executive directors, which meets regularly to monitor the financial reporting and audit function within the Fund.

The Committee reviews the internal audit function and has direct access to the external auditor. The Committee reports to the Board of Directors on its activities. The overall risk management framework is designed to strongly encourage the sound and prudent management of the Fund' risks. The Fund seeks to ensure the risk management framework is consistent with financial market best practice.

Below is a summary of information about the Fund's exposure risks, the Fund's objectives, policies and

processes for measuring and managing risk and the Fund's management of the Fund size.

10.8.3.9.1 Operational risk

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems.

10.8.3.9.1.1 Management of operational risk

Managing operational risk in the Fund is seen as an integral part of the day-today operations and management, which include explicit consideration of both the opportunities and the risks of all business activities. Operational risk management includes Fund's policies that describe the standard of conduct required of staff, several mandated generic requirements and specific internal control systems designed around the characteristics of various activities of the Fund.

Compliance with corporate policies, generic requirements and departmental internal control systems is managed by:

- An induction program for new employees that makes them aware of the requirements;
- A quarterly management affirmation by each Director that corporate policies and departmental internal control systems have been complied with;
- Requirements for regular reconciliations and monitoring of transactions;
- Requirements for appropriate segregation of duties;
- Risk mitigation including insurance where this is effective;
- Training and professional development; and,
- An active internal audit function.

The above policies and procedures for managing operational risk are reinforced by the requirement to promptly report all important unexpected issues and to provide management with an opportunity to give immediate advice.

10.8.3.9.2 Credit risk

Credit risk is defined as the risk of loss due to a counterparty failing to meet its financial obligations. The Board has overall responsibility for the establishment and oversight of the Fund's credit risk management framework.

The Fund has processes and policies that ensure an effective credit risk management framework aimed at preserving the security of its financial assets.

The Fund performs risk assessment prior to making an investment in various Government of Uganda securities to mitigate credit losses. Diversification strategies are employed when determining the tenor of Government of Uganda securities to invest in. This approach minimizes concentration risk and improves portfolio resilience.

Credit limits are in place for loans and advances to staff in terms of the Debt Service Ratio. Through these limits, the Fund ensures that such loans and advances can easily be recovered from staff salaries. This measure guards against excessive exposure to a single counterparty.

The Fund continuously monitors its financial asset performance, ensuring timely identification of impending credit issues, hence facilitating prompt action and risk mitigation. The Fund undertakes sensitivity analyses for investments in the Government of Uganda securities to gauge the impact of hypothetical adverse credit events on financial assets. These analyses quantify potential losses under diverse stress scenarios, enabling the

Exposure to credit risk

Below is the summary of the exposure to credit risk.

| | Note | June 30, 2025 | June 30, 2024 |
|--------------------------------------|---------|----------------------|----------------------|
| | | UGX '000 | UGX '000 |
| | | | *Restated |
| Cash at bank | 10.8.14 | 6,364,721 | 2,166,194 |
| Trade and other receivables | 10.8.15 | 3,764,785 | 6,630,423 |
| Loans and advances to staff | 10.8.17 | 4,395,530 | 4,188,451 |
| Investments in government securities | 10.8.18 | 1,866,236,161 | 1,594,845,406 |
| Total exposure | | 1,880,761,197 | 1,607,830,475 |

The Fund invests in the Government of Uganda securities. While government securities are generally considered low credit risk instruments, the Fund continuously monitors changes in government fiscal policies and economic conditions. The Fund has an investment management policy that restricts investments to low-risk Government of Uganda securities. The Investment Management Committee also reviews investments periodically.

Credit risk measurement

A credit rating is an evaluation of the credit risk of a prospective debtor (an individual, a business, a company or a government), predicting their ability to pay back the debt and an implicit forecast of the likelihood of the debtor defaulting. This corresponds to a probability of default, which is the input to

Fund to assess its resilience to credit risk shocks and also inform future investment decisions.

The Strategy and Risk Division regularly presents quarterly risk reports to the Board of Directors, elucidating credit risk exposure, management activities, and developments. This interaction fosters informed decision-making and enhances the Fund's ability to adapt to evolving credit risk landscapes.

Sources of credit risk

The sources of credit risk of the impairable assets on the Fund's financial statements include the following:

- Cash at bank
- Trade and other receivables
- Loans and advances to staff
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income
- Trade and other payables

the Expected Credit Loss (ECL) computation for a particular instrument. Due to the diversity of the asset classes and their issuers, more than one rating source and methodologies have been used herein, including International rating agencies, and the transitional matrices for the staff loans and advances, and trade and other receivables.

(i) Cash at bank

Cash at bank represents funds held with reputable financial institutions. The Fund aims to mitigate credit risk by maintaining deposits with well-established and financially sound banks. Banks are assessed for stability and financial strength prior to opening bank accounts. The Fund's cash balances are held with Bank of Uganda, Centenary Rural Development Bank and Stanbic Bank (Uganda) Limited.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

The credit risk on bank balances is considered very low. The Fund’s bankers are assumed to take on the highest credit risk assigned by Moody’s. The likelihood that the banks will be able to avail cash balances on demand, given the high credit rating by Moody’s is 99.97 percent.

(ii) Trade and other receivables

Trade and other receivables majorly consist of risk-adjusted premiums due from Contributing Institutions. Credit risk is managed through regular monitoring of receivables and maintaining close communication with debtors to ensure timely settlements.

Trade and other receivables are classified as Stage 1, Stage 2, and Stage 3.

Stage 1 receivables are those which are less than 31 days past due. The probability of default for this category is computed as the proportion of Stage 1 loans that went into Stage 3 in the past years.

Trade and other receivables move to Stage 2 when days past due are between 31 and 180 days or if the counterparty is considered financially unstable.

Beyond 180 days or if a Stage 2 counterparty is considered financially unstable, the receivables are classified as Stage 3. The probability of default for this category is 100 percent since recovery at this point is unlikely.

(iii) Loans and advances to staff

Loans and advances extended to staff members are subject to credit risk. The Fund implements credit policies and procedures to assess staff members’ creditworthiness and to determine appropriate limits for loans and advances. Regular repayment monitoring and internal controls are in place to manage this credit risk exposure. The Fund has policies through which funds are only advanced to staff in good standing. Loans with a term of more than one year are backed by collateral. Furthermore, all loans undergo an approval process, and instalments are deducted directly from the monthly payroll.

Staff loans are categorized into Active, Watch and Non-Performing Loans (NPL).

Active category: Loans which are recovered at source for active/employed staff fall under this category and carry the lowest probability of default. The probability is derived using the average attrition rate over the past four years.

Watch category: Loans are moved from the active to the watch category when a staff ceases to draw a periodic salary from the Fund. The probability of

default for this category is derived as the proportion of staff loans that have, over time, been moved from the Watch to the NPL category.

NPL category: Loans for which are 90 days past due are moved from the watch category to the NPL category. Since there is evidence that recovery of the loan is unlikely due to delay in payment, the probability of default for this category is 100 percent. Loans in this category are provided for in full.

(iv) Investments in the Government of Uganda securities

The Fund invests in Treasury Bills and Bonds issued by the Government of Uganda. Government of Uganda is assumed to be the issuer with lowest credit risk in Uganda. In effect, the Probability of Default (PD) reflects this aspect. The Fund uses Moody’s to derive probabilities of default for government securities. Government of Uganda securities are assumed to take on the highest credit rating assigned by Moody’s. The likelihood that the

Government of Uganda will be able to meet its debt obligations given the high credit rating by Moody’s is 99.98 percent.

Significant increase in credit risk

The Fund monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Fund will measure the loss allowance based on lifetime rather than 12-month ECL. The Fund considers that the following credit events constitute a significant increase in credit risk:

(i) Cash at bank

- Bankers being under extreme liquidity stress
- Commercial bankers being rated unsatisfactory over a number of Quarters by the Bank of Uganda.
- Adverse Geo-political events

(ii) Trade and other receivables

- When a contributing financial institution is determined to be under extreme liquidity stress.
- When a contributing financial institution is placed under statutory management and/or liquidation.
- Any credit event or adverse regulatory action significantly affects a parent or subsidiary of the contributing financial institution.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

(iii) Loans and advances to staff

- Resignation of an employee
- Early or voluntary retirement
- Dismissal
- Leave without pay
- Death
- Staff exceeding their BA ratio limits under several circumstances

(iv) Investments in the Government of Uganda securities

- Adverse Geo-political events

Migration between stages

| Asset | Stage 1 | Stage 2 | Stage 3 |
|--|--|--|--|
| Cash at bank | At inception | Increase in credit risk as described above | Increase in credit risk as described above |
| Trade and other receivables | Receivables within 30 calendar days past due | Receivables within 31 to 90 calendar days past due Increase in credit risk as described above | Significant increase in credit risk (as described above) |
| Loans and advances to staff | At inception | 30-60 days past due Increase in credit risk as described above | Significant increase in credit risk (as defined above) |
| Investments in Government of Uganda securities | At inception | Increase in credit risk as described above | Significant increase in credit risk (as defined above) |

Default

Default is deemed to have occurred if:

- An entity fails to honour its financial obligations in accordance with the terms of the specific contract.
- Objective assessments indicate that the repayments will be in doubt even when the obligation is not due.

Write off

Outstanding credits shall be written off when conditions are such that no further recovery can be made. This is done after approval from the Board.

Curing

Outstanding credits shall be cured when an instrument in stage 3 starts making good of its obligations for recoveries. This shall also be done after approval from the Board.

Incorporation of forward-looking information

The Fund uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The external information used includes global economic data and forecasts published by reputable authorities such as World Bank or the IMF.

The Fund has identified and documented key drivers of credit risk and credit losses for each class of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

The tables below summarize the principal macroeconomic indicators included in domestic economic scenarios used at June 30, 2025, for the years 2022 to 2028, to reflect the investment environment that has a material impact in the Fund’s investment in securities ECLs.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

| Macroeconomic indicators | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|------|------|------|------|------|------|------|
| Real GDP growth (Annual percent change) | 3.4 | 2.8 | 3.0 | 3.2 | 3.2 | 3.1 | 3.0 |
| Inflation rate, average consumer prices (Annual percent change) | 8.7 | 7.0 | 4.9 | 3.9 | 3.6 | 3.5 | 3.5 |

Measurement of ECL

The expected credit loss of the debt instruments is calculated as the present value of the product of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); adjusted to reflect probability-weighted forward-looking information.

- i. Investments in the Government of Uganda
- PD for advances to the Government of Uganda or government securities is assumed to be that, attributed to the highest credit rating according to Moody’s Investors Service (or equivalent) as default is highly unlikely,
 - LGD is assumed to be 100 percent.

The table below shows the fair value/ gross carrying of the Fund's debt instruments measured at FVTOCI or Amortised cost classified per stage.

- ii. Loans and advances to staff
- The PD for active staff loans is the projected 5-year average attrition rate, while the PD for ex- staff is derived as the proportion of staff loans that have, over time, been moved from the Watch to the NPL category.
 - LGD is assumed to be 100 percent and 75 percent for unsecured and secured loans respectively.

- iii. Trade and other receivables
- PD is derived from the quarterly rating of institution and contribution history in the past five years.
 - LGD is assumed to be 100 percent.

Discount rates

The Effective Interest Rate (EIR) is used to discount the estimated future cash flows to the gross carrying amount through the expected life of the financial instrument. The EIR is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortized cost of a financial liability.

The average yield to maturity (YTM) is used in the case of government debt instruments issued by government, while the commercial banks’ lending rates are used for the loans and advances to staff.

An analysis of the Fund’s credit risk exposure per class of financial asset, internal rating and “stage” is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

The table below shows the fair value/gross carrying of the Fund's debt instruments measured at FVTOCI or Amortized cost by internal rating grades and related ECLs.

| Debt instruments at fair value through OCI | Year ended June 30, 2025 | | | | | | Year ended June 30, 2024 | | | | | |
|--|--------------------------|--|-----------------------|--|------------------------|--|--------------------------|--|-----------------------|--|------------------------|--|
| | Stage 1 – (12-month ECL) | | Stage 2- Lifetime ECL | | Stage 3 - Lifetime ECL | | Stage 1 - 12-month ECL | | Stage 2- Lifetime ECL | | Stage 3 - Lifetime ECL | |
| | UGX' 000 | | UGX' 000 | | UGX' 000 | | UGX' 000 | | UGX' 000 | | UGX' 000 | |
| | Total | | Total | | Total | | Total | | Total | | Total | |
| Internal rating grade | 1,410,440,607 | | - | | - | | 1,209,765,336 | | - | | 1,209,765,336 | |
| Grade 1: Strong | - | | - | | - | | - | | - | | - | |
| Grade 2: Watch | - | | - | | - | | - | | - | | - | |
| Grade 3: Default | - | | - | | - | | - | | - | | - | |

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

| | | | | | |
|-----------------------------|---------------|---|---------------|---------------|---|
| Total gross carrying amount | 1,410,440,607 | - | 1,410,440,607 | 1,209,765,336 | - |
|-----------------------------|---------------|---|---------------|---------------|---|

An analysis of changes in the fair value and corresponding ECLs is as follows;

| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|-----------------------|-----------------------|----------|----------------------|
| | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Fair value as at July 1, 2023 | 1,083,186,146 | - | - | 1,083,186,146 |
| New assets originated or purchased | 262,848,559 | - | - | 262,848,559 |
| Assets derecognized or matured (excluding write offs) | (95,102,926) | - | - | (95,102,926) |
| Changes in fair value | (41,166,443) | - | - | (41,166,443) |
| As June 30, 2024 | 1,209,765,336 | - | - | 1,209,765,336 |
| As at July 1, 2024 | 1,209,765,336 | - | - | 1,209,765,336 |
| New assets originated or purchased | 420,308,716 | - | - | 420,308,716 |
| Assets derecognised or matured (excluding write-offs) | (184,984,927) | - | - | (184,984,927) |
| Changes in fair value | (34,648,518) | - | - | (34,648,518) |
| As June 30, 2025 | 1,410,440,607 | - | - | 1,410,440,607 |

| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|-----------------------|-----------------------|----------|----------------|
| | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| ECLs as at July 1, 2023 | 186,381 | - | - | 186,381 |
| New assets originated or purchased | 47,460 | - | - | 47,460 |
| Assets derecognised or matured (excluding write-offs) | (15,108) | - | - | (15,108) |
| As June 30, 2024 | 218,733 | - | - | 218,733 |
| As at July 1, 2024 | 218,733 | - | - | 218,733 |
| New assets originated or purchased | 74,770 | - | - | 74,770 |
| Assets derecognised or matured (excluding write offs) | (36,278) | - | - | (36,278) |
| As June 30, 2025 | 257,225 | - | - | 257,225 |

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

The above loss allowance is not recognized in the statement of financial position because the carrying amount of debt instruments at FVTOCI is their fair value.

| Cash at bank | Year ended June 30, 2025 | | | | Year ended June 30, 2024 | | | |
|------------------------------------|------------------------------|-----------------------------|------------------------------|------------------|------------------------------|-----------------------------|------------------------------|------------------|
| Cash at bank | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total |
| Internal rating grade | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Grade 1: Strong | 6,364,721 | - | - | 6,364,721 | 2,166,194 | - | - | 2,166,194 |
| Grade 2: Watch | - | - | - | - | - | - | - | - |
| Grade 3: Default | - | - | - | - | - | - | - | - |
| Total gross carrying amount | 6,364,721 | - | - | 6,364,721 | 2,166,194 | - | - | 2,166,194 |
| ECL allowance | - | - | - | - | - | - | - | - |
| Carrying amount | 6,364,721 | - | - | 6,364,721 | 2,166,194 | - | - | 2,166,194 |

An analysis of changes in the gross carrying amounts and corresponding ECLs is as follows.

| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|--------------------|--------------------|----------|-------------------|
| | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Gross carrying amount as at July 1, 2023 | 17,802,908 | - | - | 17,802,908 |
| New assets originated or purchased | 2,166,194 | - | - | 2,166,194 |
| Assets derecognised or matured (excluding write offs) | (17,802,908) | - | - | (17,802,908) |
| As June 30, 2024 | 2,166,194 | - | - | 2,166,194 |
| As at July 1, 2024 | 2,166,194 | - | - | 2,166,194 |
| New assets originated or purchased | 6,364,721 | - | - | 6,364,721 |
| Assets derecognised or matured (excluding write offs) | (2,166,194) | - | - | (2,166,194) |
| As June 30, 2025 | 6,364,721 | - | - | 6,364,721 |

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

There was no ECL recognized on cash balances.

| Year ended June 30, 2025 | | | | | Year ended June 30, 2024 | | | | |
|------------------------------------|------------------------|-----------------------|------------------------|------------------|--------------------------|-----------------------|------------------------|------------------|----------|
| Loans and advances to staff | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | |
| Internal rating grade | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Grade 1: Strong | 4,395,530 | - | - | 4,395,530 | 4,188,451 | - | - | 4,188,451 | |
| Grade 2: Watch | - | - | - | - | - | - | - | - | - |
| Grade 3: Default | - | - | - | - | - | - | - | - | - |
| Total gross carrying amount | 4,395,530 | - | - | 4,395,530 | 4,188,451 | - | - | 4,188,451 | |
| ECL allowance | (56,133) | - | - | (56,133) | (25,209) | - | - | (25,209) | |
| Carrying amount | 4,339,397 | - | - | 4,339,397 | 4,163,242 | - | - | 4,163,242 | |

An analysis of changes in the gross carrying amounts and corresponding ECLs is as follows.

| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|--------------------|--------------------|----------|------------------|
| | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Gross carrying amount as at July 1, 2023 | 1,903,925 | - | - | 1,903,925 |
| New assets originated or purchased | 6,656,527 | - | - | 6,656,527 |
| Payments and assets derecognised (excluding write offs) | (4,372,001) | - | - | (4,372,001) |
| As June 30, 2024 | 4,188,451 | - | - | 4,188,451 |
| As at July 1, 2024 | 4,188,451 | - | - | 4,188,451 |
| New assets originated or purchased | 2,945,522 | - | - | 2,945,522 |
| Assets derecognised or matured (excluding write offs) | (2,738,443) | - | - | (2,738,443) |
| As June 30, 2025 | 4,395,530 | - | - | 4,395,530 |

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|--------------------|--------------------|----------|---------------|
| | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| ECLs as at July 1, 2023 | 18,504 | - | - | 18,504 |
| New assets originated or purchased | 25,209 | - | - | 25,209 |
| Assets derecognised or matured (excluding write offs) | (18,504) | - | - | (18,504) |
| As June 30, 2024 | 25,209 | - | - | 25,209 |
| As at July 1, 2024 | 25,209 | - | - | 25,209 |
| New assets originated or purchased | 56,132 | - | - | 56,132 |
| Assets derecognised or matured (excluding write offs) | (25,209) | - | - | (25,209) |
| As June 30, 2025 | 56,132 | - | - | 56,132 |

| Year ended June 30, 2025 | | | | | Year ended June 30, 2024 | | | | |
|------------------------------------|------------------------|-----------------------|------------------------|------------------|--------------------------|-----------------------|------------------------|------------------|----------|
| Loans and advances to staff | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | |
| Internal rating grade | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 |
| Grade 1: Strong | 3,401,795 | - | - | 3,401,795 | 6,390,293 | - | - | 6,390,293 | |
| Grade 2: Watch | - | - | - | - | - | - | - | - | - |
| Grade 3: Default | - | - | 362,991 | 362,991 | - | - | 240,130 | 240,130 | |
| Total gross carrying amount | 3,401,795 | - | 362,991 | 3,764,786 | 6,390,293 | - | 240,130 | 6,630,423 | |
| ECL allowance | (233,330) | - | (362,991) | (596,321) | (351,073) | - | (240,130) | (591,203) | |
| Carrying amount | 3,168,465 | - | - | 3,168,465 | 6,039,220 | - | - | 6,039,220 | |

An analysis of changes in the gross carrying amounts and corresponding ECLs is as follows.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

| | Stage 1 Individual UGX' 000 | Stage 2 Individual UGX' 000 | Stage 3 UGX' 000 | Total UGX' 000 |
|---|--------------------------------|--------------------------------|---------------------|-------------------|
| Gross carrying amount as at July 1, 2023 | 1,923,239 | 1,590 | 104,846 | 2,029,675 |
| New assets originated or purchased | 6,390,293 | - | 240,130 | 6,630,423 |
| Payments and assets derecognised (excluding write offs) | (1,923,239) | (1,590) | (104,846) | (2,029,675) |
| As June 30, 2024 | 6,390,293 | - | 240,130 | 6,630,423 |
| As at July 1, 2024 | 6,390,293 | - | 240,130 | 6,630,423 |
| New assets originated or purchased | 3,401,795 | - | 362,991 | 3,764,786 |
| Assets derecognised or matured (excluding write offs) | (6,390,293) | - | (240,130) | (6,630,423) |
| As June 30, 2025 | 3,401,795 | - | 362,991 | 3,764,786 |

| | Stage 1 Individual UGX' 000 | Stage 2 Individual UGX' 000 | Stage 3 UGX' 000 | Total UGX' 000 |
|---|--------------------------------|--------------------------------|---------------------|-------------------|
| ECLs as at July 1, 2023 | 204,298 | 921 | 104,846 | 310,065 |
| New assets originated or purchased | 351,073 | - | 240,130 | 591,203 |
| Assets derecognised or matured (excluding write offs) | (204,298) | (921) | (104,846) | (310,065) |
| As June 30, 2024 | 351,073 | - | 240,130 | 591,203 |
| As at July 1, 2024 | 351,073 | - | 240,130 | 591,203 |
| New assets originated or purchased | 233,330 | - | 362,991 | 596,321 |
| Assets derecognised or matured (excluding write offs) | (351,073) | - | (240,130) | (591,203) |
| As at June 30, 2025 | 233,330 | - | 362,991 | 596,321 |

| Year ended June 30, 2025 | | | | | Year ended June 30, 2024 | | | | |
|------------------------------------|------------------------|-----------------------|------------------------|--------------------|--------------------------|-----------------------|------------------------|--------------------|--|
| Loans and advances to staff | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | Stage 1 - 12-month ECL | Stage 2- Lifetime ECL | Stage 3 - Lifetime ECL | Total | |
| Internal rating grade | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | UGX' 000 | |
| Grade 1: Strong | 455,795,554 | - | - | 455,795,554 | 385,080,071 | - | - | 385,080,071 | |
| Grade 2: Watch | - | - | - | - | - | - | - | - | |
| Grade 3: Default | - | - | - | - | - | - | - | - | |
| Total gross carrying amount | 455,795,554 | - | - | 455,795,554 | 385,080,071 | - | - | 385,080,071 | |
| ECL allowance | (78,905) | - | - | (78,905) | (68,268) | - | - | (68,268) | |
| Carrying amount | 455,716,649 | - | - | 455,716,649 | 385,011,803 | - | - | 385,011,803 | |

An analysis of changes in the gross carrying amount and corresponding ECLs is as follows.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

| | Stage 1 Individual UGX' 000 | Stage 2 Individual UGX' 000 | Stage 3 UGX' 000 | Total UGX' 000 |
|---|--------------------------------|--------------------------------|---------------------|--------------------|
| Gross carrying amount as at July 1, 2023 | 290,391,000 | - | - | 290,391,000 |
| New assets originated or purchased | 385,080,071 | - | - | 385,080,071 |
| Payments and assets derecognized (excluding write offs) | (290,391,000) | - | - | (290,391,000) |
| As at June 30, 2024 | 385,080,071 | - | - | 385,080,071 |
| As at July 1, 2024 | 385,080,071 | - | - | 385,080,071 |
| New assets originated or purchased | 455,795,554 | - | - | 455,795,554 |
| Assets derecognized or matured (excluding write offs) | (385,080,071) | - | - | (385,080,071) |
| As at June 30, 2025 | 455,795,554 | - | - | 455,795,554 |

| | Stage 1 Individual UGX' 000 | Stage 2 Individual UGX' 000 | Stage 3 UGX' 000 | Total UGX' 000 |
|---|--------------------------------|--------------------------------|---------------------|-------------------|
| ECLs as at July 1, 2023 | 51,983 | - | - | 51,983 |
| New assets originated or purchased | 68,268 | - | - | 68,268 |
| Assets derecognized or matured (excluding write offs) | (51,983) | - | - | (51,983) |
| As June 30, 2024 | 68,268 | - | - | 68,268 |
| As at July 1, 2024 | 68,268 | - | - | 68,268 |
| New assets originated or purchased | (78,905) | - | - | (78,905) |
| Assets derecognized or matured (excluding write offs) | (68,268) | - | - | (68,268) |
| As June 30, 2025 | (78,905) | - | - | (78,905) |

10.8.3.9.3 Interest rate risk

Interest rate risk in the bond portfolio is controlled through duration and asset allocation limits as approved in the Investment Policy Statement (IPS). The interest rate risk on the Fund's portfolio is relatively moderate as most of the Government of Uganda securities, that is, 61 percent of the holdings, are held in the money market-term horizons.

As of June 30, 2025, portfolio duration stood at **6.89 years** compared to June 30, 2024, that stood at **5.91 years** supported by the concentration of investments in the money market and short-term horizons of the yield curve.

Tables 21 and 22 below show duration in years and other characteristics of the Fund's portfolio.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

Table 21: FY2024/2025

| Asset Type | Number of Securities | Duration (Years) | Portfolio Value UGX '000 |
|------------------------------------|----------------------|------------------|--------------------------|
| Debt instruments at FVOCI | 483 | 6.89 | 1,410,434,306 |
| Debt instruments at amortized cost | 91 | 0.54 | 455,794,131 |

Table 22: FY2023/2024

| Asset Type | Number of Securities | Duration (Years) | Portfolio Value UGX '000 |
|------------------------------------|----------------------|------------------|--------------------------|
| Debt instruments at FVOCI | 481 | 5.91 | 1,209,759,962 |
| Debt instruments at amortized cost | 97 | 0.54 | 385,078,648 |

10.8.3.9.3.1 Portfolio Value-at-Risk

The Fund uses Value-at-Risk (VaR) to measure and quantify the potential loss in the value of its portfolio. VaR is a probabilistic measure of risk, which provides an estimate of the maximum potential loss in value of an investment or portfolio due to adverse interest rate movements over a specified time horizon and at a given confidence level. The Fund applies a one-month time horizon and a 95 percent confidence level to calculate VaR. This is to mean that, if the portfolio incurs a loss under normal conditions, then there is 95 percent chance that the maximum expected loss will not exceed the VaR amount.

For comparable estimations, the Fund employed both the Historical and Monte Carlo simulation methods in estimation of the VaR amount. Historical method is a non-parametric method that uses past historical returns to estimate VaR while Monte Carlo Var is a simulation-based method that generates random scenarios for asset returns based on historical data and their statistical properties.

The amount of VaR was as follows;

| Method | FY2024/2025 95% VaR | FY2023/2024 95% VaR |
|-----------------------|------------------------|------------------------|
| Historical (UGX'000) | 193,354 | 192,163 |
| Monte Carlo (UGX'000) | 191,518 | 196,774 |

An increase in VAR year on year is commensurate with an increase in the asset portfolio of the Fund in the reporting period.

10.8.3.9.4 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations. It includes the risk of being unable to liquidate an asset at a reasonable price and within an appropriate timeframe. In addition, liquidity risk can arise due to the inability of the Fund to fully pay out the insured depositors of a contributing institution due to the limited size of the Fund.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.9 Financial risk management continued](#)

The Fund does face liquidity risk in respect of assets and liabilities as shown in the Tables below. The analysis is based on undiscounted amounts:

Exposure to liquidity risk

| | Year ended June 30, 2025 | Matured | Up to 3 Months | 4 to 12 Months | 1 to 5 Years | Over 5 Years |
|------------------------------------|-----------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | UGX '000 | UGX '000 | UGX '000 | UGX '000 | UGX '000 | UGX '000 |
| Assets | | | | | | |
| Cash in hand and at bank | 6,366,721 | 6,366,721 | - | - | - | - |
| Debt instruments at amortized cost | 455,716,649 | - | 113,052,217 | 342,664,432 | - | - |
| Debt instruments at FVTOCI | 1,410,440,607 | - | - | - | 675,914,395 | 734,526,212 |
| Trade and other receivables | 6,139,551 | 6,139,551 | - | - | - | - |
| Loans and advances to staff | 4,339,397 | - | - | 483,206 | 3,200,243 | 655,948 |
| Total assets | 1,883,002,925 | 12,506,272 | 113,052,217 | 343,147,638 | 679,114,638 | 735,182,160 |
| Liabilities | | | | | | |
| Trade and other payables | 22,710,195 | 22,710,195 | - | - | - | - |
| Lease liabilities | 1,010,758 | - | - | 530,694 | 480,064 | - |
| Total liabilities | 23,720,953 | 22,710,195 | - | 530,694 | 480,064 | - |
| Net Liquidity gap | | | | | | |
| As at June 30, 2025 | 1,859,281,972 | (10,203,923) | 113,052,217 | 342,616,944 | 678,634,574 | 735,182,160 |

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.9 Financial risk management continued

| Exposure to liquidity risk | | | | | | | | | |
|-------------------------------------|---------------|-----------|-------------|-------------|-------------|-------------|----------|----------|--------|
| | Year ended | | Matured | Up to | | 4 to 12 | 1 to 5 | | Over 5 |
| | June 30, 2025 | | | 3 Months | | | Years | | |
| | UGX '000 | UGX '000 | | UGX '000 | UGX '000 | | UGX '000 | UGX '000 | |
| Assets | | | | | | | | | |
| Cash in hand and at bank | 6,471,892 | 6,471,892 | - | - | - | - | - | - | - |
| Debt instruments at amortized cost | 385,011,803 | - | 108,646,415 | 276,365,388 | - | - | - | - | - |
| Debt instruments at FVTOCI | 1,209,765,336 | - | 54,285,878 | 129,239,511 | 532,003,452 | 494,236,495 | - | - | - |
| Trade and other receivables | 8,539,950 | - | 8,539,950 | - | - | - | - | - | - |
| Current income tax receivable | - | - | - | - | - | - | - | - | - |
| Loans and advances to staff | 4,163,242 | - | 22,804 | 267,824 | 2,550,973 | 1,321,641 | - | - | - |
| Total assets | 1,613,952,223 | 6,471,892 | 171,495,047 | 405,872,723 | 534,554,425 | 495,558,136 | - | - | - |
| Liabilities | | | | | | | | | |
| Payable to the Government of Uganda | 19,750,479 | - | - | - | 19,750,479 | - | - | - | - |
| Unclaimed deposits | 198,882 | - | - | - | 198,882 | - | - | - | - |
| Lease liabilities | 1,465,117 | - | - | 530,694 | 934,423 | - | - | - | - |
| Expenses payable | 1,446,044 | - | 1,446,044 | - | - | - | - | - | - |
| Total liabilities | 22,860,522 | - | 1,446,044 | 530,694 | 20,883,784 | - | - | - | - |
| Net Liquidity gap | | | | | | | | | |
| As at June 30, 2024 | 1,591,091,701 | 6,471,892 | 170,049,003 | 405,342,029 | 513,670,641 | 495,558,136 | - | - | - |

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.9 Financial risk management continued

Management of liquidity risk

The key measure used by the Fund for managing liquidity risk is the strategic asset allocation limits, which are stipulated in the Investment Policy.

To manage liquidity risk, the Fund spreads its investments over the Government of Uganda securities time horizon to ensure availability of funds to meet its obligations as they fall due.

The Fund has access to Funds raised from premiums paid by Contributing Institutions. DPF assesses liquidity risk by identifying and monitoring changes in funding required to meet the targets stipulated in the Investment Policy. Furthermore, the Fund has an arrangement with Bank of Uganda to access liquidity during a payout by pledging Treasury Bills with a maturity of less than three months.

10.8.3.10 Going concern

Deposit Protection Fund of Uganda is a creation of the Financial Institutions Act 2004 (as amended). The Financial Institutions Act provides the basis upon which the Fund executes its core mandate.

Financial assets and financial liabilities

| Financial assets | | | |
|--|---------|----------------------|--------------------|
| | Note | June 30, 2025 | June 30, 2024 |
| | | UGX '000 | UGX '000 |
| Financial instruments at FVTOCI | | | |
| Debt instruments at FVTOCI | 10.8.19 | 1,410,440,607 | 1,209,765,336 |
| Financial instruments at amortized cost | | | |
| Cash at bank | 10.8.14 | 6,364,721 | 6,457,792 |
| Trade and other receivables | 10.8.15 | 3,764,785 | 6,638,963 |
| Loans and advances to staff | 10.8.17 | 4,395,530 | 4,163,242 |
| Debt instruments at amortized cost | 10.8.18 | 455,795,554 | 385,011,803 |
| Total financial assets | | 1,880,761,197 | 402,271,800 |
| Financial liabilities | | | |
| | Note | June 30, 2025 | June 30, 2024 |
| | | UGX '000 | UGX '000 |
| Liabilities at amortized cost | | | |
| Trade and other payables | 10.8.23 | 22,710,195 | 23,755,605 |
| Total financial liabilities | | 22,710,195 | 23,755,605 |

Fair value of assets and liabilities

The following is a description of how fair values are determined for financial instruments. These incorporate the Fund’s estimate of assumptions that a market participant would make when valuing the instruments. The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities are determined using valuation techniques.

Valuation techniques include net present value, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The fair values are based on net present value, discounted cash flow models and comparison with prices from observable current market transactions and dealer quotes for similar instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Fund uses widely recognized valuation models for determining the fair value of financial instruments, such as interest rate yields, that use only observable market data and require little management judgment and estimation.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts of the Fund’s financial instruments approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- i. Long-term fixed-rate and variable-rate receivables are evaluated by the Fund based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- ii. The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value hierarchy of financial instruments measured at fair value is provided below.

Fair value hierarchy as at June 30, 2025

| | Level 1 | Level 2 | Level 3 |
|--------------------------------------|---------|---------------|---------|
| Assets measured at fair value | | | |
| Debt instruments at FVTOCI | - | 1,410,440,607 | - |

Fair value hierarchy as at June 30, 2024

| | Level 1 | Level 2 | Level 3 |
|--------------------------------------|---------|---------------|---------|
| Assets measured at fair value | | | |
| Debt instruments at FVTOCI | - | 1,209,765,336 | - |

There were no transfers between levels during the period.

10.8.3.12 Property and Equipment

Property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are considered in determining operating surplus. All assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of such assets to their residual values over the estimated useful lives.

The Fund’s assets are depreciated over the term of their estimated useful lives at the following principal annual rates:

| Major Category | Minor Category | Useful Life (Yrs.) | Depreciation Rate | Salvage Value |
|----------------------|--|--------------------|-------------------|---------------|
| Computer Hardware | Fixed computer equipment and Laptops | 5 | 20% | 1.00% |
| | Mobile devices e.g., Tablets | 3 | 33% | 1.00% |
| | Processing peripherals e.g., Printers | 5 | 20% | 1.00% |
| | Servers | 5 | 20% | 1.00% |
| Equipment | Catering | 6 | 17% | 0.50% |
| | Office e.g., Shredder | 8 | 13% | 2.00% |
| | Engineering e.g., UPS, Generators, Stabilizers | 8 | 13% | 2.00% |
| | Engineering e.g., Central AC, PABX | 15 | 7% | 1.00% |
| Motor vehicles | Executive & Pool | 5 | 20% | 5.00% |
| Furniture & fittings | Fittings | 8 | 13% | 2.00% |
| | Office furniture | 10 | 10% | 2.00% |

The Directors and Management review the residual value, useful life and depreciation method of an asset at the end of the year, and any change in accounting estimate is recorded through profit or loss.

Subsequently, expenditures are capitalized only when it is probable that the future economic benefits will flow to the Fund. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognized. All other expenditure items which do not meet the recognition criteria are recognized in profit or loss as expenses as they are incurred.

An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain on derecognition of the asset (calculated as the difference between the net

disposal proceeds and the carrying amount of the asset) is recognized in other income or general and administrative costs in profit or loss for the year the asset is derecognized. The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

10.8.3.13 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Fund.

Intangible assets acquired separately are measured on initial recognition at cost. Using the Cost model, intangible assets shall be carried at cost less accumulated amortization and any accumulated impairment losses.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.13 Intangible assets continued

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method,

| Major Category | Minor category | Useful Life (Years) | Depreciation Rate | Salvage value |
|-------------------|----------------------|---------------------|-------------------|---------------|
| Computer Software | Applications | 7 | 14% | 0.00% |
| | Operating systems | 7 | 14% | 0.00% |
| | Databases | 5 | 20% | 0.00% |
| | Specialized software | 7 | 14% | 0.00% |

The cost of replacing part(s), overhauling or modifying an item of PPE or Intangibles shall be capitalized if it is probable that the subsequent cost will increase the useful life of the asset or enhance its functionality.

Day-to-day maintenance/service costs incurred to preserve the asset in its normal working condition will be expensed through the income statement.

10.8.3.14 Leases

The Fund as a Lessee

The Fund considers whether a contract is or contains a lease. A lease is defined as ‘a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Fund assesses whether the contract meets three key evaluations, which are whether:

The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Fund.

The Fund has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Fund has the right to direct the use of the identified asset throughout the period of use. The Fund assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of profit or loss and other comprehensive income.

Amortization of computer software is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as shown below:

The Fund has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Lease liability

The Fund measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Fund’s incremental borrowing rate.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Fund under residual value guarantees;
- the exercise price of purchase options, if the Fund is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Fund is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

10.8 Notes to the financial statements continued | 10.8.3 Material accounting policies continued | 10.8.3.14 Leases continued

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognized as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Fund remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Fund will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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 recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented separately on the Statement of Financial Position.

Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Fund incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, equipment and right-of-use assets. Refer to the accounting policy for property, equipment and right-of-use assets for details of useful lives. The depreciation charge for each year is recognized in profit or loss unless it is included in the carrying amount of another asset.

10.8.3.15 Employee Benefits

Wages, salaries, employer’s National Social Security Fund (NSSF) contributions are accrued in the year in which the associated services are rendered by employees and recognized in profit or loss. Short term compensated absences, such as paid annual leave, are recognized when services are rendered by employees that increase their entitlement to future compensated absences. The Fund contributes 10 percent to NSSF in respect of all eligible employees, while staff contribute 5 percent of their total wages.

10.8.3.15.1 Defined Contribution Scheme

The Fund operates a defined contributions (DC) pension scheme for all permanent and other eligible staff. The Scheme is funded by contributions from both the Fund and employees (17.45 percent and 3 percent of basic salary, respectively). The Fund does not operate an internally managed defined contribution scheme. All contributions are remitted to an external manager i.e., UAP Umbrella Scheme.

For defined contribution plans, the cost to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

[10.8 Notes to the financial statements continued](#) | [10.8.3 Material accounting policies continued](#) | [10.8.3.15 Employee Benefits continued](#)

10.8.3.15.2 Other Employee Benefits

The estimated monetary liability for employees’ accrued leave entitlement at the reporting date is recognized as an accrued expense.

10.8.4 Interest income calculated using the effective interest method

| | June 30, 2025 | June 30, 2024 |
|------------------------------------|--------------------|--------------------|
| | UGX ‘000’ | UGX ‘000’ |
| Debt instruments at amortized cost | 52,784,034 | 37,636,004 |
| Debt instruments at FVTOCI | 200,517,172 | 163,757,745 |
| Loans and advances to Staff | 983,685 | 611,847 |
| | 254,284,891 | 202,005,596 |

The interest income for the year increased due to an increase in the debt instruments at amortized cost and FVTOCI held by the Fund.

10.8.5 Contributions

The Fund’s contributions are disaggregated by premium type and by type of Contributing Institution as follows:

| | | June 30, 2025 | June 30, 2024 |
|--|-----------|-------------------|---------------------|
| | | UGX ‘000’ | UGX ‘000’ Restated* |
| Annual premiums | | | |
| Commercial banks | 10.8.5(a) | 68,109,269 | 63,479,907 |
| Credit institutions | 10.8.5(b) | 1,471,309 | 479,965 |
| Microfinance deposit-taking institutions | 10.8.5(c) | 408,394 | 821,413 |
| | | 69,988,972 | 64,781,285 |
| Risk adjusted premiums | | | |
| Commercial banks | | 8,972,944 | 13,829,793 |
| Credit institutions | | 163,962 | 146,736 |
| Microfinance deposit-taking institutions | | 132,882 | 223,347 |
| | | 9,269,789 | 14,199,876 |
| | | 79,258,761 | 78,981,161 |

The growth in annual and risk adjusted premiums is attributable to an increase in deposit liabilities of Contributing Institutions.

Annual premiums are reconciled to deferred income as follows:

| | | June 30, 2025 | June 30, 2024 |
|--|---------|-------------------|---------------------|
| | | UGX ‘000’ | UGX ‘000’ Restated* |
| Deferred premium balance brought forward | 10.8.22 | 33,844,601 | 30,936,684 |
| Annual premiums for the calendar year | | 72,288,743 | 67,689,202 |
| Deferred premium balance carried forward | 10.8.22 | (36,144,372) | (33,844,601) |
| Annual premiums | | 69,988,972 | 64,781,285 |

[10.8 Notes to the financial statements continued](#) | [10.8.5 Contributions continued](#)

The following notes indicate the annual contributions obtained from various Contributing Institutions.

* Refer to note 10.8.30

| a) Commercial Banks | June 30, 2025 | June 30, 2024 |
|-----------------------------|-------------------|-------------------|
| | UGX ‘000’ | UGX ‘000’ |
| 1. ABC Bank | - | 49,536 |
| 2. Absa Bank | 5,600,552 | 5,255,323 |
| 3. Bank of Africa | 1,409,116 | 1,300,955 |
| 4. Bank of Baroda | 3,950,705 | 3,525,255 |
| 5. Bank of India | 591,911 | 570,074 |
| 6. Cairo Bank | 413,650 | 365,697 |
| 7. Centenary Bank | 9,001,475 | 8,051,414 |
| 8. Citibank | 1,819,436 | 1,809,554 |
| 9. DFCU Bank | 4,682,571 | 4,643,293 |
| 10. Diamond Trust Bank | 4,292,841 | 3,698,415 |
| 11. Eco Bank | 1,132,108 | 957,301 |
| 12. Equity Bank | 5,371,149 | 5,161,024 |
| 13. Exim Bank | 578,108 | 560,713 |
| 14. Finance Trust Bank | 652,506 | 572,940 |
| 15. Guaranty Trust Bank | - | 261,269 |
| 16. Housing Finance Bank | 2,996,986 | 2,253,939 |
| 17. KCB Bank | 2,079,779 | 1,530,357 |
| 18. NCBA Bank | 1,071,386 | 1,039,685 |
| 19. Opportunity Bank | - | 380,643 |
| 20. I&M Bank | 1,405,363 | 1,281,612 |
| 21. Stanbic Bank | 12,995,868 | 12,422,390 |
| 22. Standard Chartered Bank | 5,090,533 | 5,272,077 |
| 23. Tropical Bank | 395,605 | 383,815 |
| 24. United Bank of Africa | 708,289 | 702,410 |
| 25. Afriland Bank | - | 243 |
| 26. Post Bank | 1,869,332 | 1,429,973 |
| | 68,109,269 | 63,479,907 |

| b) Credit Institutions | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---------------------------|----------------------------|----------------------------|
| 1. Mercantile Credit Bank | 146,115 | 283,721 |
| 2. ABC Bank | 47,259 | - |
| 3. Top Finance Bank | 5,299 | 9,650 |
| 4. BRAC Bank | 169,542 | 132,838 |
| 5. Yako Bank | 57,090 | 53,756 |
| 6. Guaranty Trust Bank | 253,078 | - |
| 7. Opportunity Bank | 367,876 | - |
| 8. Pride Bank | 425,050 | - |
| | 1,471,309 | 479,965 |

| c) Microfinance Deposit Taking Institutions | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---|----------------------------|----------------------------|
| 1. Pride Microfinance | - | 367,135 |
| 2. FINCA | 237,238 | 230,585 |
| 3. UGAFODE | 110,072 | 90,832 |
| 4. EFC Bank | 61,084 | 132,861 |
| | 408,394 | 821,413 |

Each Contributing Institution contributes annually 0.2 percent of the average weighted deposit liabilities of the financial institution for its previous financial year. Contributing Institutions, which were rated as Marginal or Unsatisfactory according to the

Bank of Uganda’s quarterly off-site reports, were charged an additional 0.1 percent and 0.2 percent, respectively, of the average weighted deposit liabilities on a quarterly basis, as per Section 111(8) (a) and (b) of the FIA Cap 57.

10.8.6 Other income

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---|----------------------------|----------------------------|
| Civil penalty interest from commercial banks | 33,707 | 2,715 |
| Civil penalty interest from Credit Institutions | 45 | - |
| Civil penalty interest from MDIs | 75,502 | - |
| Total penalties | 109,254 | 2,715 |
| Sale of bids | 2,800 | 5,354 |
| Other income | 155,397 | 431,267 |
| | 267,451 | 439,336 |

Other income for the year comprises income from sales of bids, Bank of Uganda contribution to the IADI ARC event, and penalty for late payment of annual contributions.

During the year ended June 30, 2025, four Contributing Institutions that did not pay their

premiums to the Fund within the specified period were charged a civil penalty interest charge of 0.5 percent of the unpaid amount for every day outside the notice period on which the amount remained unpaid as per Section 111 (3) of the Financial Institutions Act Cap 57.

10.8.7 Gains/ Losses arising from derecognition of financial assets measured at FVTOCI

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---|----------------------------|----------------------------|
| Sales proceeds | - | 14,556,319 |
| Amortized cost | - | (14,914,711) |
| (Loss)/profit on traded securities | - | (358,392) |
| Interest accrued on traded securities | - | 1,057,939 |
| Gains on derecognition of FVTOCI investments | - | 699,547 |

Gains on derecognition of FVTOCI investments relate to the gains realized by the Fund from the sale of Government of Uganda Treasury Bonds. There were no sales of Treasury Bonds during the year ended June 30, 2025.

10.8.8 Employee costs

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|----------------------------|----------------------------|
| Salaries and wages | 9,835,599 | 8,767,322 |
| Staff allowances | 2,041,795 | 2,050,263 |
| Staff retirement and terminal benefits | 2,518,534 | 2,345,938 |
| Medical expenses | 621,975 | 613,778 |
| Other employee costs* | 1,211,174 | 959,497 |
| | 16,229,077 | 14,736,798 |
| Number of employees | 55 | 53 |

*Other employee costs comprise the deferred cost on staff loans and advances, the increase in leave provisions, costs of security provision to staff and workers’ compensation.

10.8.9 Other operating expenses

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---|----------------------------|----------------------------|
| Board fees and expenses | 2,641,451 | 1,703,097 |
| General expenses | 2,716,797 | 2,107,809 |
| Communication expenses | 401,870 | 218,577 |
| Utility and property expenses | 232,211 | 167,332 |
| Travel and transport | 266,300 | 246,327 |
| Maintenance costs | 1,358,199 | 1,649,193 |
| Publicity expenses | 2,384,412 | 1,493,290 |
| Professional and consultancy services | 15,816 | 145,877 |
| Auditor’s remuneration | 49,448 | 49,450 |
| Payout costs | 435,960 | 289,633 |
| Capacity building | 2,745,468 | 1,449,222 |
| | 13,247,932 | 9,519,887 |
| Provision for unrecoverable tax amounts | - | 191 |
| | 13,247,932 | 9,520,078 |

Other operating expenses increased majorly due to an increase in public awareness initiatives, capacity building activities, and an increase in payout costs

10.8 Notes to the financial statements continued

10.8.10 Fund management fees

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|----------------------------|----------------------------|
| Britam Asset Managers | - | 419,502 |
| M/s Sanlam Investments East Africa Ltd | - | 639,592 |
| | - | 1,059,094 |
| Fund management expenses | 356,985 | 168,262 |
| | 356,985 | 1,227,356 |

There were no fund management fees during the year ended June 30, 2025, since the Fund's investment portfolio is now internally managed. Fund management expenses majorly comprise training fees for the staff that manage the Fund's portfolio.

10.8.11 Depreciation and amortization

| | | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|---------|----------------------------|----------------------------|
| Depreciation on property and equipment | 10.8.21 | 1,146,647 | 1,082,088 |
| Depreciation on right-of-use asset | 10.8.13 | 434,792 | 434,792 |
| Amortization on intangible assets | 10.8.20 | 344,953 | 343,396 |
| | | 1,926,392 | 1,860,276 |

10.8.12 Expected credit loss (expense)/ (release) on financial assets

The table below shows the ECL charges on financial instruments recorded in the income statement:

| Year ended June 30, 2025 | Stage 1 & 2 allowance | Stage 3 allowance | Releases | Total |
|------------------------------------|--------------------------|----------------------|-----------------|----------------|
| Debt instruments at amortized cost | 10,637 | - | - | 10,637 |
| Debt instruments at FVTOCI | 38,492 | - | - | 38,492 |
| Risk adjusted premium receivable | 34,735 | 75,502 | - | 110,237 |
| Loans and advances to staff | 30,923 | - | - | 30,923 |
| Trade and other receivables | - | - | (11,724) | (11,724) |
| | 114,787 | 75,502 | (11,724) | 178,565 |

| Year ended June 30, 2025 | Stage 1 & 2 allowance | Stage 3 allowance | Releases | Total |
|------------------------------------|--------------------------|----------------------|----------|----------------|
| Debt instruments at amortized cost | 16,284 | - | - | 16,284 |
| Debt instruments at FVTOCI | 32,353 | - | - | 32,353 |
| Risk adjusted premium receivable | 268,055 | - | - | 268,055 |
| Loans and advances to staff | 6,706 | - | - | 6,706 |
| Trade and other receivables | 13,083 | - | - | 13,083 |
| | 336,481 | - | - | 336,481 |

10.8 Notes to the financial statements continued

10.8.13 Leases

The Fund leases its office premises and recognizes lease liabilities and right-of-use assets in accordance with IFRS 16. The leases typically run for three years. Information about the lease is presented below:

i. Right-of-use assets

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---------------------------|----------------------------|----------------------------|
| Opening balance | 1,390,769 | 1,825,562 |
| Additions | - | - |
| Depreciation for the year | (434,792) | (434,793) |
| Remeasurement of leases | - | - |
| | 955,977 | 1,390,769 |

ii. Amounts recognized in the statement of profit or loss

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|-------------------------------------|----------------------------|----------------------------|
| Interest on lease liabilities | 76,335 | 107,230 |
| Depreciation on right-of-use assets | 434,792 | 434,792 |
| | 511,127 | 542,022 |

iii. Lease liabilities

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|-----------------------------|----------------------------|----------------------------|
| Opening balance | 1,465,117 | 1,888,581 |
| Interest on lease liability | 76,335 | 107,230 |
| Lease payments | (530,694) | (530,694) |
| | 1,010,758 | 1,465,117 |

* Refer to note 10.8.30

iv. Minimum lease payments due

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|------------------------------|----------------------------|----------------------------|
| Within 1 year | 530,694 | 530,694 |
| In 2-5 years | 1,061,388 | 1,592,082 |
| Less: future finance charges | (581,324) | (657,659) |
| | 1,010,758 | 1,465,117 |

v. Present value of minimum lease payments due

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---------------|----------------------------|----------------------------|
| Within 1 year | 530,694 | 530,694 |
| In 2-5 years | 480,064 | 934,423 |
| | 1,010,758 | 1,465,117 |

10.8 Notes to the financial statements continued

10.8.14 Cash and cash equivalents

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|-----------------|----------------------------|----------------------------|
| Cash at bank | 6,364,721 | 2,166,194 |
| Cash in hand | 2,000 | 1,000 |
| Cash in transit | - | 4,290,598 |
| | 6,366,721 | 6,457,792 |

Cash at bank for the period ended June 30, 2025, included bank balances held at Bank of Uganda, Centenary Bank and Stanbic Bank worth UGX 6,352 million, and balances held on the mobile telecom wallets amounting to UGX 12 million.

10.8.15 Trade and other receivables

| | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* |
|---|---------------------------|--|
| Financial instruments: | | |
| Trade receivables | | |
| Annual premiums | 122,649 | 122,649 |
| Risk Adjusted Premiums | 1,967,667 | 2,106,363 |
| Penalty on late payments | 75,503 | 93,397 |
| | 2,165,819 | 2,322,409 |
| Unbilled receivables | | |
| Risk adjusted premiums | 1,308,063 | 2,736,341 |
| | 1,308,063 | 2,736,341 |
| Other receivables | | |
| Other receivables | 96,149 | 80,221 |
| Payout related receivables (Note 10.8.27.3) | 194,755 | 1,491,453 |
| | 290,904 | 1,571,674 |
| Less: Allowance for ECL | (596,320) | (591,203) |
| | 3,168,466 | 6,039,221 |
| Non-financial instruments: | | |
| Prepaid expenses | 343,540 | 258,956 |
| Deferred staff cost | 2,627,545 | 2,241,772 |
| | 6,139,551 | 8,539,949 |

a) Annual premiums

Each Contributing Institution contributes annually 0.2 percent of the average weighted deposit liabilities of the financial institution in its previous financial year. Annual premiums receivable relate to the premiums that had been billed but were not received by the end of the financial year.

b) Risk adjusted premiums

Contributing Institutions which are rated Marginal or Unsatisfactory as per the Bank of Uganda quarterly off-site reports are charged an additional 0.1 percent and 0.2 percent respectively of the

average weighted liabilities on a quarterly basis as per Section 111(8) (a) and (b) of the FIA 2004 as amended. Unbilled premiums receivable relates to risk adjusted premiums for quarter 4 that were not yet billed and received by the end of the financial year.

c) Penalties on late payment

Penalties are charged on Contributing Institutions that pay their respective Premiums twenty-one (21) days after receipt of demand notices. The penalty is 0.5 percent of the outstanding amount per day of default.

10.8 Notes to the financial statements continued | 10.8.15 Trade and other receivables continued

d) Other receivables

Other receivables comprise accountable imprest and the deferred staff cost, which arose from the fair valuation of staff loans and advances in accordance with IFRS 9.

e) Payout-related receivables

Payout receivables comprise amounts paid to depositors of the two closed Contributing Institutions (EFC (U) Limited and Mercantile Credit Bank Limited)

that had not been claimed from the Liquidator (Bank of Uganda) by the end of the financial year (refer to note 10.8.27 for details).

f) Expected credit loss

All financial assets under trade and other receivables have been subjected to an impairment review in accordance with the guidelines set out in the DPF impairment policy and IFRS 9, resulting in an Expected Credit Loss (ECL).

10.8.16 Taxation

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|----------------------------|----------------------------|
| Tax receivable carried forward | - | 348,375 |
| Add: Reversal of provisions for doubtful amounts | - | 82,156 |
| Add: Tax paid in FY2024/24 | - | - |
| Adjusted tax receivable | - | 430,531 |
| Less: Withholding tax paid/(received) | - | (348,183) |
| Withholding tax receivable/(payable) | - | 82,347 |
| Less: Unrecoverable tax amounts written off*** | - | (82,347) |
| Tax receivable carried forward | - | - |

Effective 1 July 2020, the Fund was exempt from withholding tax. The Fund, however, continued paying tax until May 2022. The balance paid, and hence receivable from URA, amounted to UGX 17.4 billion. URA accepted the Fund's claim for the refund, and UGX 14.5 billion was received during the year ended June 2022. The Fund received UGX 2.4 billion from URA during the year ended June 2024, leaving a receivable of UGX 430 million. The

Fund received a further refund of UGX 348 million during the year ended June 30, 2024, leaving an unrecoverable amount of UGX 82 million.

The unrecoverable tax amounts written off relate to withholding tax receivable that could not be reconciled to URA records and thus could not be claimed by the Fund.

10.8.17 Loans and advances to staff

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|-----------------------------|----------------------------|----------------------------|
| Loans and advances to staff | 7,023,074 | 6,430,223 |
| Less: Deferred staff cost | (2,627,545) | (2,241,772) |
| Less: Allowance for ECL | (56,132) | (25,209) |
| | 4,339,397 | 4,163,242 |

The Deposit Protection Fund grants loans and advances to its staff at interest rates below the market rates. The rates range from 0 percent to 3 percent, depending on the loan type. The loans and advances maturity terms range between 6 months and 20 years, depending on the staff employment terms. These loans and advances are marked to

market, and the fair value adjustment is deferred over the loan repayment periods. The multi-purpose advances and mortgage loans are secured, while the annual salary advance is unsecured.

According to IFRS 9, these have been subjected to impairment review leading to an Expected Credit Loss.

10.8 Notes to the financial statements continued

10.8.18 Debt instruments at amortized cost

The Government of Uganda Treasury bills are analyzed as follows:

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|---|----------------------------|----------------------------|
| Debt instruments at amortized cost | | |
| Treasury bills | 429,447,894 | 364,890,061 |
| Interest accrued | 26,347,660 | 20,190,010 |
| | 455,795,554 | 385,080,071 |
| Less: Allowance for ECL | (78,905) | (68,268) |
| | 455,716,649 | 385,011,803 |

Maturity analysis of the debt instruments at amortized cost:

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|---|----------------------------|----------------------------|
| Debt instruments at amortized cost | | |
| Maturity within 91 days | 113,052,217 | 60,990,316 |
| Maturity after 91 days & before 182 days | 63,530,619 | 113,633,161 |
| Maturity after 182 days | 279,133,813 | 210,388,326 |
| | 455,716,649 | 385,011,803 |

The table below shows the movement in debt instruments at amortised cost;

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|-------------------------|----------------------------|----------------------------|
| At July 1 | 385,011,803 | 290,339,017 |
| Additions | 436,503,949 | 405,072,352 |
| Sells/ maturities | (365,788,466) | (310,383,282) |
| Less: allowance for ECL | (10,637) | (16,284) |
| | 455,716,649 | 385,011,803 |

10.8.19 Debt instruments at FVTOCI

The Treasury bonds are analyzed as follows:

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|-------------------------|----------------------------|----------------------------|
| Treasury bonds | 1,447,730,105 | 1,231,846,382 |
| Interest accrued | 35,990,182 | 16,550,116 |
| Fair value gain/ (loss) | (73,279,680) | (38,631,162) |
| | 1,410,440,607 | 1,209,765,336 |

10.8 Notes to the financial statements continued | 10.8.19 Debt instruments at FVTOCI continued

Maturity analysis of the debt instruments at FVTOCI:

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--|----------------------------|----------------------------|
| Maturity within 2 years | 401,035,865 | 204,873,978 |
| Maturity after 2 years and within 3 years | 175,935,352 | 353,970,566 |
| Maturity after 3 years and within 5 years | 98,943,178 | 156,684,297 |
| Maturity after 5 years and within 10 years | 326,081,399 | 183,744,314 |
| Maturity after 10 years | 408,444,813 | 310,492,181 |
| | 1,410,440,607 | 1,209,765,336 |

The table below shows the movement in debt instruments at FVTOCI:

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--------------------------------|----------------------------|----------------------------|
| At July 1 | 1,209,765,336 | 1,083,186,146 |
| Additions | 420,308,715 | 260,987,819 |
| Sells/ maturities | (184,984,927) | (93,209,832) |
| Net change in fair value | (33,597,383) | (41,981,936) |
| Reclassified to profit or loss | (1,051,134) | 783,139 |
| | 1,410,440,607 | 1,209,765,336 |

10.8.20 Intangible assets

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|------------------------|----------------------------|----------------------------|
| Opening balance | 2,056,552 | 2,105,540 |
| Additions | - | 9,408 |
| Additions - WIP | 491,368 | 285,000 |
| Amortization | (344,952) | (343,396) |
| Closing balance | 2,202,968 | 2,056,552 |

Additions to WIP, relate to the costs of User Acceptance Tests performed on the Human Resources, Investments Management and Accounting System, which was still under implementation by the end of the financial year.

10.8 Notes to the financial statements continued

10.8.21 Property and equipment

| | Computer Hardware UGX '000 | Equipment UGX '000 | Motor Vehicle UGX '000 | Furniture & Fittings UGX '000 | Work in progress UGX '000 | Total UGX '000 |
|---------------------------------|----------------------------------|-----------------------|------------------------------|-------------------------------------|---------------------------------|-------------------|
| Cost | | | | | | |
| As at 1 July 2023 | 3,407,357 | 838,686 | 542,852 | 623,247 | 431,317 | 5,843,459 |
| Additions | 906,449 | 12,220 | 431,315 | - | 377,707 | 1,727,691 |
| Disposals/ transfers | - | - | - | - | (431,317) | (431,317) |
| As at 1 July 2024 | 4,313,806 | 850,906 | 974,167 | 623,247 | 377,707 | 7,139,833 |
| Additions | 319,199 | 14,504 | - | 1,911 | 20,400 | 356,014 |
| Transfers to (from) WIP | 274,809 | 5,500 | - | 90,930 | (371,239) | - |
| As at 30 June 2025 | 4,907,814 | 870,910 | 974,167 | 716,088 | 26,868 | 7,495,847 |
| Accumulated depreciation | | | | | | |
| As at 1 July 2023 | 931,879 | 174,106 | 385,788 | 282,855 | - | 1,774,628 |
| Charge for the year | 754,844 | 80,988 | 126,673 | 119,582 | - | 1,082,087 |
| As at 30 June 2024 | 1,686,723 | 255,094 | 512,461 | 402,437 | - | 2,856,715 |
| Charge for the year | 900,397 | 82,189 | 126,645 | 37,417 | - | 1,146,648 |
| As at 30 June 2025 | 2,587,120 | 337,283 | 639,106 | 439,854 | - | 4,003,363 |
| Net carrying amount | | | | | | |
| As at 30 June 2025 | 2,320,693 | 533,628 | 335,061 | 276,232 | 26,870 | 3,492,484 |
| As at 30 June 2024 | 2,627,082 | 595,812 | 461,708 | 220,810 | 377,707 | 4,283,117 |

Additions majorly comprise the purchase and installation of servers, additional memory and storage for servers and a server room fire suppression system.

10.8.22 Deferred income

Deferred income relates to financial institutions’ annual contributions paid into the Fund. Given that annual contributions relate to a calendar year, contributions are apportioned in line with accrual-based accounting principles.

| | | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 |
|--|------------|---------------------------|---------------------------|
| Commercial banks | 10.8.22(a) | 35,304,543 | 33,155,325 |
| Credit institutions | 10.8.22(b) | 667,144 | 243,838 |
| Microfinance deposit taking institutions | 10.8.22(c) | 172,685 | 445,438 |
| | | 36,144,372 | 33,844,601 |

10.8 Notes to the financial statements continued | 10.8.22 Deferred income continued

| | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 |
|-----------------------------|---------------------------|---------------------------|
| a) Commercial Banks | | |
| 1. ABC Bank | - | 24,581 |
| 2. ABSA Bank | 2,840,014 | 2,760,537 |
| 3. Bank Of Africa | 756,737 | 652,378 |
| 4. Bank Of Baroda | 2,123,496 | 1,827,209 |
| 5. Bank Of India | 304,805 | 287,107 |
| 6. Cairo Bank | 213,729 | 199,920 |
| 7. Centenary Bank | 4,680,441 | 4,321,034 |
| 8. Citibank | 940,868 | 878,568 |
| 9. DFCU Bank | 2,368,541 | 2,314,030 |
| 10. Diamond Trust Bank | 2,177,146 | 2,115,695 |
| 11. Ecobank | 591,925 | 540,183 |
| 12. Equity Bank | 2,592,043 | 2,779,107 |
| 13. Exim Bank | 292,270 | 285,838 |
| 14. Finance Trust Bank | 343,213 | 309,292 |
| 15. Guaranty Trust Bank | - | 128,149 |
| 16. Housing Finance Bank | 1,722,062 | 1,274,923 |
| 17. KCB Bank | 1,211,728 | 868,050 |
| 18. NCBA Bank | 580,129 | 491,257 |
| 19. Opportunity Bank | - | 197,870 |
| 20. I & M Bank | 758,601 | 646,761 |
| 21. Stanbic Bank | 6,690,331 | 6,305,537 |
| 22. Standard Chartered Bank | 2,503,209 | 2,587,324 |
| 23. Tropical Bank | 201,285 | 194,320 |
| 24. United Bank for Africa | 366,272 | 342,017 |
| 25. Post Bank | 1,045,698 | 823,636 |
| | 35,304,543 | 33,155,325 |

| | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 |
|-------------------------------|---------------------------|---------------------------|
| b) Credit Institutions | | |
| 1. Mercantile Credit Bank | - | 146,115 |
| 2. ABC Bank | 22,678 | - |
| 3. Salaam Bank Uganda Ltd | 4,512 | 787 |
| 4. BRAC Uganda | 102,370 | 67,173 |
| 5. Yako | 27,326 | 29,763 |
| 6. Guaranty Trust Bank | 124,930 | - |
| 7. Opportunity Bank | 170,006 | - |
| 8. Pride Bank | 215,322 | - |
| | 667,144 | 243,838 |

10.8 Notes to the financial statements continued | 10.8.22 Deferred income continued

| | June 30, 2025 | June 30, 2024 |
|--|----------------|----------------|
| | UGX '000 | UGX '000 |
| c) Microfinance Deposit Taking Institutions | | |
| 1. Pride Microfinance | - | 209,729 |
| 2. Finca | 118,924 | 118,314 |
| 3. Ugafode | 53,761 | 56,311 |
| 4. Entrepreneurs Financial Centre | - | 61,084 |
| | 172,685 | 445,438 |

10.8.23 Trade and other payables

| | June 30, 2025 | June 30, 2024 |
|--|-------------------|-------------------|
| | UGX '000' | UGX '000' |
| Unclaimed deposits | 198,882 | 198,882 |
| Payable to the Government of Uganda | 19,750,479 | 19,750,479 |
| Audit fees | 49,451 | 49,455 |
| Fund management fees | - | 264,256 |
| Statutory payables | 611,849 | 556,858 |
| Defined Contribution payable | 144,906 | - |
| Administrative expenses | 777,295 | 1,452,393 |
| Payout loan recoveries payable to the liquidator | - | 877,701 |
| Accruals and provisions | 1,177,333 | 605,580 |
| | 22,710,195 | 23,755,604 |

The amount payable to the Government of Uganda relates to their contribution for the settlement of claims in the liquidation exercise of the closed banks. The amount to the government will be paid after the conclusion of the liquidation exercise or on demand by the government.

10.8.24 Reserves

| | June 30, 2025 | June 30, 2024 |
|--------------------------------|----------------------|----------------------|
| | UGX '000 | UGX '000 Restated* |
| Accumulated surplus | 1,902,779,921 | 1,600,984,104 |
| Fair value through OCI reserve | (72,990,892) | (38,380,867) |
| | 1,829,789,029 | 1,562,603,237 |

10.8 Notes to the financial statements continued

10.8.25 Current and non-current assets and liabilities

The current and non-current assets and liabilities as at June 30, 2025 are as highlighted below;

| | As At June 30, 2025 | Not more 12 months after the reporting date | More than 12 months after the reporting date |
|------------------------------------|-------------------------------------|---|--|
| | UGX '000 | UGX '000 | UGX '000 |
| Assets | | | |
| Cash in hand and at bank | 6,366,721 | 6,366,721 | - |
| Trade and other receivables | 6,139,551 | 6,139,551 | - |
| Loans and advances to staff | 4,339,397 | 483,206 | 3,856,191 |
| Debt instruments at amortized cost | 455,716,649 | 455,716,649 | - |
| Debt instruments at FVTOCI | 1,410,440,607 | - | 1,410,440,607 |
| Property and equipment | 3,492,484 | - | 3,492,484 |
| Intangible assets | 2,202,967 | - | 2,202,967 |
| Right-of-use asset | 955,977 | - | 955,977 |
| Total Assets | 1,889,654,353 | 468,706,127 | 1,420,948,226 |
| Liabilities | | | |
| Deferred income | 36,144,372 | 36,144,372 | - |
| Trade and other payables | 22,710,195 | 2,760,834 | 19,949,361 |
| Lease liabilities | 1,010,758 | 530,694 | 480,064 |
| Total Liabilities | 59,865,325 | 39,435,900 | 20,429,425 |
| | As At June 30, 2024 Restated* | Not more 12 months after the reporting date | More than 12 months after the reporting date |
| | UGX '000 | UGX '000 | UGX '000 |
| Assets | | | |
| Cash in hand and at bank | 6,457,792 | 6,457,792 | - |
| Trade and other receivables | 8,539,947 | 8,539,949 | - |
| Loans and advances to staff | 4,163,242 | 413,660 | 3,749,582 |
| Debt instruments at amortized cost | 385,011,803 | 385,011,803 | - |
| Debt instruments at FVTOCI | 1,209,765,336 | - | 1,209,765,336 |
| Property and equipment | 4,283,117 | - | 4,283,117 |
| Intangible assets | 2,056,552 | - | 2,056,552 |
| Right-of-use asset | 1,390,770 | - | 1,390,770 |
| Total Assets | 1,621,668,559 | 400,423,204 | 1,221,245,357 |
| Liabilities | | | |
| Deferred income | 33,844,600 | 33,844,600 | - |
| Trade and other payables | 23,755,605 | 2,928,544 | 20,827,061 |
| Lease liabilities | 1,465,117 | 530,694 | 934,423 |
| Total Liabilities | 59,065,322 | 37,303,838 | 21,761,484 |

10.8 Notes to the financial statements continued

10.8.26 Related parties

The Deposit Protection Fund of Uganda and the Bank of Uganda work on various aspects of financial stability. No trading is carried out with the Bank of Uganda.

The Fund’s related parties include the Government of Uganda, directors, and key management personnel (Heads of Departments and CEO) as below.

| | |
|--------------------------------|---|
| Dr. Julia Clare Olima Oyet | Chief Executive Officer |
| Mr. Balaam Ssempala | Director Information Technology |
| Mr. Patrick O. Ezaga | Director Communications |
| Mrs. Angela Kiryabwire Kanyima | Director Legal & Board Affairs |
| Mr. Moses Apell Odongo | Director Human Capital & Administration |
| Dr. Michael Mayanja Lugemwa | Director Finance and Operations |
| Mr. Alan N. Lwetabe | Director Investments |
| Mr. Samuel Aggrey Mankaati | Director Internal Audit |

The transactions with related parties are indicated below.

10.8.26.1 Loans to key management personnel

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--------------------------|----------------------------|----------------------------|
| Opening balance | 2,236,506 | 1,410,640 |
| Advanced during the year | 450,667 | 1,487,493 |
| Repayments | (323,166) | (661,627) |
| | 2,364,007 | 2,236,506 |

10.8.26.2 Key Management Personnel Expenses

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|------------------------------|----------------------------|----------------------------|
| Short-term employee benefits | 4,039,069 | 3,798,276 |
| Post-employment benefits | 837,952 | 1,001,385 |
| | 4,877,021 | 4,799,661 |

Short-term employee benefits comprise salaries and allowances for the key management personnel. The post-employment benefits include NSSF expenses and the Fund’s contribution to the internal pension scheme.

10.8.26.3 Director’s fees and emoluments

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--------------------------------|----------------------------|----------------------------|
| Directors’ fees and emoluments | 616,595 | 383,050 |

The Board of Directors’ fees and emoluments are approved by the Honorable Minister of Finance, Planning and Economic Development.

10.8 Notes to the financial statements continued

10.8.26.4 Rent payments to the Trustees of the Bank of Uganda Retirement Benefits Scheme

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|---------------|----------------------------|----------------------------|
| Rent payments | 530,694 | 530,694 |

10.8.26.5 Balances held at Bank of Uganda

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|---|----------------------------|----------------------------|
| Cash held at bank of Uganda | 5,776,173 | 2,079,318 |
| Investment in Government of Uganda securities | 1,866,157,256 | 1,594,845,406 |
| | 1,871,933,429 | 1,596,924,724 |

10.8.26.6 Payable to the Government of Uganda

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--|----------------------------|----------------------------|
| Total insured depositors | 41,152,210 | 41,152,210 |
| Claim by Deposit Protection Fund | (3,299,997) | (3,299,997) |
| Claim by Government of Uganda | 37,852,213 | 37,852,213 |
| Refund to Government of Uganda | (10,000,000) | (10,000,000) |
| Balance from Cooperative Bank A/C and other assets | (8,101,734) | (8,101,734) |
| Amount payable to Government of Uganda | 19,750,479 | 19,750,479 |

The amount payable to Government of Uganda relates to their contribution for settlement of claims in the liquidation exercise of the closed banks. The amount to the government will be paid after the conclusion of the liquidation exercise.

10.8.27 Payout to closed banks’ depositors

During the year ended June 30, 2024, two Contributing Institutions, that is, EFC (U) Limited and Mercantile Credit Bank Limited were closed by the Bank of Uganda.

The Fund, therefore, embarked on the exercise of paying the protected deposits up to a maximum of UGX 10 million to the depositors of the above two closed institutions. The status of the paid amounts is as stated below.

10.8.27.1 EFC (U) Limited

| | June 30, 2025 UGX ‘000’ | June 30, 2024 UGX ‘000’ |
|--|----------------------------|----------------------------|
| Total protected deposit balance (net of loans) | 159,056 | 655,633 |
| Amount paid out to verified depositors | (27,901) | (496,577) |
| Unpaid deposit balance | 131,155 | 159,056 |

10.8 Notes to the financial statements continued | 10.8.27 Payout to closed banks' depositors continued

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|----------------------------|----------------------------|
| Total loans balances recovered from depositors and not yet remitted to the liquidator (Bank of Uganda) | - | 877,701 |
| Total Payable from Loan Recoveries | - | 877,701 |

10.8.27.2 Mercantile Credit Bank Limited

| | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* |
|--|---------------------------|--|
| Total protected deposit balance eligible for reimbursement | 2,556,646 | 2,673,821 |
| Amount paid out to verified depositors | (2,146,107) | (117,175) |
| Unpaid deposit balance | 410,539 | 2,556,646 |

10.8.27.3 Amounts due from the liquidator

Section 113(9) of the Financial Institutions Act, Cap 57, states that “Upon payment of a protected deposit, the Board shall be entitled to receive from the financial institution or liquidator, as the case may be, an amount equal to the payment made by the Fund on account of its subrogation to the claims of any customer or depositor in accordance with this Act”. Further, section 105(1)(a) of the Act requires

the liquidator, within two months after submission of a report of the assets and liabilities of the financial institution, to commence payment to depositors and creditors of the financial institution, except that payment shall be made first to the Deposit Protection Fund.

As at June 30, 2025, the total amount recoverable from the liquidator was UGX 195 million. This amount has been recognized under the Fund’s receivables.

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|--|----------------------------|----------------------------|
| Opening receivable from liquidator | 1,491,453 | - |
| EFC (U) Ltd depositors’ payout | 37,901 | 496,577 |
| Mercantile Credit Bank Ltd depositors’ payout | 2,208,512 | 117,175 |
| Loans amount recovered from EFC (U) Ltd depositors | 432,908 | 877,701 |
| Amount reimbursed by liquidator | (3,976,018) | - |
| Total amount due from the liquidator | 194,756 | 1,491,453 |

10.8.27.4 Contingent liabilities

| | June 30, 2025 UGX '000 | June 30, 2024 UGX '000 Restated* |
|--|---------------------------|--|
| Unpaid protected deposit balances | | |
| EFC (U) Ltd | 131,155 | 159,057 |
| Mercantile Credit Bank Ltd | 410,539 | 2,556,646 |
| | 541,694 | 2,715,703 |

10.8 Notes to the financial statements continued | 10.8.27.4 Contingent liabilities

IAS 37 defines a contingent liability as a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. According to Section 19 (1) of the Financial Institutions Regulations, 2019, a customer can within ten years claim a protected deposit from the Fund if their financial institution closes. The Fund faced

challenges in reimbursing depositors due to inaccurate information, untraceable KYC, and non-responsive depositors. To address this, the Fund issued reminders in the press, online, and via radio, and worked with the Bank of Uganda for additional Know Your Customer (KYC) details. Despite these efforts, the Fund remains unsure when depositors will claim their protected deposits.

10.8.28 Capital commitments

| | June 30, 2025 UGX '000' | June 30, 2024 UGX '000' |
|---------------------|----------------------------|----------------------------|
| IT capital projects | 884,350 | 1,059,000 |

The capital commitments as at June 30, 2025, relate to the supply of the Human Resources, investments management and accounting system project (UGX 665 million) and the internal segmentation of the firewall (UGX 219 million), which were ongoing as at year-end.

10.8.29 Events after the reporting period

At the date of finalization of these financial statements, there were no material events that occurred after the statement of financial position date that required adjustments to the financial statements.

Statement of profit or loss and other comprehensive income

| | As previously reported UGX '000 | Adjustment UGX '000 | As restated UGX '000 |
|---|------------------------------------|------------------------|-------------------------|
| For the year ended 30 June 2024 | | | |
| Premium contributions | 76,874,798 | 2,106,363 | 78,981,161 |
| Impairment losses (reversals) on financial assets | -131,104 | -205,377 | -336,481 |
| Total comprehensive income for the year | 211,269,992 | 1,900,986 | 213,170,978 |

Statement of Financial Position

| | As previously reported UGX '000 | Adjustment UGX '000 | As restated UGX '000 |
|--|------------------------------------|------------------------|-------------------------|
| For the year ended 30 June 2024 | | | |
| Trade and other receivables | 6,638,963 | 1,900,986 | 8,539,949 |
| Total assets | 1,619,767,574 | 1,900,986 | 1,621,668,560 |
| Accumulated surplus | 1,599,083,118 | 1,900,986 | 1,600,984,104 |
| Total reserves | 1,560,702,251 | 1,900,986 | 1,562,603,237 |

11.0 | Depositor Education



Q

What is the Deposit Protection Fund of Uganda (DPF)?

A

The DPF is a legal entity established by the Government of Uganda to ensure that depositors of regulated financial institutions are paid their protected deposits in the unlikely event of failure/ closure of regulated financial institutions.

Q

What is a Contributing Institution and how do I know if my bank is one of them?

A

A Contributing Institution (CI) is one, which is licensed by Bank of Uganda (BoU) and periodically pays premiums to the DPF.

These include Commercial banks, Credit Institutions & Microfinance Deposit-Taking Institutions. Depositors can know whether their Bank is protected by the DPF by looking out for the license that BoU issued to their bank/ Institution.

Q

Who is covered or protected by the Deposit Protection Fund of Uganda?

A

All depositors of Contributing Institutions (CIs) are protected by the DPF.

Q

Why should citizens be interested in knowing about the DPF?

A

Depositors of CIs should know that DPF is a Government of Uganda Agency that was established with the primary purpose of protecting their deposits and will therefore pay them up to UGX 10 million in the unlikely event that their bank fails/ closes. As such, depositors who have less than or equal to UGX 10 million should be confident that they will be paid promptly in case their bank is closed. Those who have more than the UGX 10 million will be paid the excess from the liquidation proceeds.

Q

Do depositors have to pay any money to the Deposit Protection Fund of Uganda?

A

No. It is only Contributing Institutions that are required to pay money to the DPF in form of premiums.

Q

In case a bank closes, how would a depositor get their protected deposits?

A

All Contributing Institutions maintain a record of their depositors and they share this information with the Fund periodically. The Fund will use this information to pay depositors through their mobile money accounts or alternative bank accounts. Customers who have not given this information to their respective banks will be asked by the DPF to submit a claim to the payout agent. The payout agent will be one of the banks that are operating in the country. Please note that the customer of the closed contributing institution must submit the above claim within ten years from the date of the institution's closure, as specified in Regulation 19(1) of the DPF Regulations.

Q

What happens if a depositor's information is not up to date when the bank fails/closes?

A

Steps would be taken to confirm that the depositor was the owner of the account, and this would create a delay in payout to the depositor. This will include making a physical appearance at the Fund. This could present a lot of inconvenience to the depositor.

Q

How soon can depositors get their money from DPF after the Contributing Institution has been closed?

A

According to the Financial Institutions Act Cap 57, depositors shall be paid within ninety (90) days of closure of the Contributing Institution. Nevertheless, DPF will ensure that depositors get their money earlier than the time provided for in the law. However, this will depend on whether DPF has up-dated depositor records, hence the need to up-date the same.

Q

What happens if a depositor has more than one personal account in an institution?

A

DPF covers per depositor and not per account. Therefore, the Contributing Institution would amalgamate the two or more personal accounts and the depositor would be paid up to UGX 10 million after removing any non-performing loans.

Q

How is DPF funded?

A

- Premiums: All Contributing Institutions make annual premium payments to the Fund.
- Investment Income: The contributions are invested in Government of Uganda treasury instruments, and this helps to grow the Fund size.

Q

Does the DPF also protect deposits on mobile money accounts?

A

No, mobile money savings/ deposits do not form part of the deposit insurance scheme established under the Financial Institutions Act Cap. 57, and are therefore not subject to the protection of the Fund. Mobile money savings are governed by the National Payment Systems Act Cap.59, the National Payment System Regulations, 2021, and other regulations made thereunder. Electronic money, while not protected by the Deposit Protection Fund, can still be claimed from the trust account or special account established by the electronic money issuer in accordance with the National Payment Systems Act Cap 59.

Q

Does the DPF mandate extend to SACCOs?

A

Yes, the Fund's mandate extends to a savings and credit cooperative (SACCO) registered society providing financial services, which has voluntary savings in excess of one billion five hundred million shillings and institutional capital above five hundred million shillings. Section 6 (2) of the Microfinance Deposit-Taking Institutions Act Cap. 58 requires such a society to apply for a license from the Bank of Uganda and upon license automatically joins the deposit insurance scheme and assumes obligations of a contributing institution as defined under the Financial Institutions Act Cap.57 and the Financial Institutions (Deposit Protection Fund) Regulations, 2019.

Q

What would happen to a joint account?

A

The joint account is considered as one account and therefore the DPF would still pay up to UGX 10 million to the individuals that own the joint account. In case one has a joint account and a personal account within the same Contributing Institution, they would receive money for both accounts.

Q

What happens in case a depositor has a loan with the bank at the time of its closure?

A

If a bank is closed through the liquidation process, DPF considers the amount of money you have on your account. If the money is more than UGX 10 million, you will be paid up to UGX 10 million. However, if you had a loan, payment shall be made after deducting any outstanding loan or any other obligation to the bank.

Q

What happens to the rest of my money after a Contributing Institution is closed, if my money is more than the 10m limit protected by DPF?

A

Deposits above the insured limit will be paid by the liquidator after the assets of the closed Contributing Institution have been sold off.

The amount paid out will depend on the recoveries made.

Q

What happens to the rest of my money after a Contributing Institution is closed, if my money is more than the 10m limit protected by DPF?

A

- The money received from Contributing Institutions is deposited on an account held at Bank of Uganda.
- This money is then invested in assets with minimal risks such as Government of Uganda treasury bills and bonds. The income from the investment is reinvested.

Q

Are Dollar accounts covered? And if so, up to how much is covered?

A

Dollar accounts are protected, and the funds are first exchanged to Uganda shillings at the Bank of Uganda exchange rate the day before the bank closure and the 10 million limit is applied.

Q

DPF' s Main message to the public

A

Depositors of Contributing Institutions are encouraged to; Update their details with their respective

- Financial institutions using their national ID and mobile phone numbers or alternative bank account so that they can be paid fast and conveniently, in the unlikely event that their bank is closed.
- Bank with confidence because the DPF ensures that their deposits will be paid up to UGX 10 million, in the unlikely event of a bank closure.



Physical Address:

AHA Towers, Plot 7, Lourdel Road, Kampala, Uganda.

Postal Address:

P.O. Box 37228, Kampala, Uganda.

Phone:

+256 312 206 400 (General Inquiries).

Website:

dpf.or.ug.