



How Absa bank made Shs222 billion in profit

The bank's income stood at Shs637 billion representing 16.6 percent growth on year on year compared to Shs546 billion in 2024.

Banking. |

MARTIN LUTHER OKETCH

Absa Bank Uganda Limited has recorded a net profit of Shs222 billion for the financial year 2025 up from Shs178 billion it recorded in 2024. This was pegged to steady growth in customer accounts, loans, and overall revenue streams.

The banking sector's performance is largely attributed to increased lending activity. So, banks collect deposits and lend them out at interest. This "net interest income" is still the primary revenue driver.

As Uganda's economy grows—recently recording growth of about 6.3 percent—demand for credit rises in tandem.

Industry trends indicate that loans contribute the largest share of income across most banks, often outpacing earnings from fees, foreign exchange trading, or government securities.

In an interview with Business Daily in Kampala Hotel on Wednesday, the managing director of Absa Bank Uganda Limited, Mr David Wandera, said lending decisions are not arbitrary—they are closely aligned with the engines of economic activity.



Mr David Wandera, the managing director of Absa Bank, announces the Bank's financial results on April 15, 2026. PHOTO/MARTIN LUTHER

"What sectors are driving the economy?" Mr Wandera explained, adding: "Wherever growth is happening, there is demand for financing."

In Uganda's case, agriculture, manufacturing, and trade stand out as the primary engines of economic expansion. Collectively, these areas account for 40 percent of total loan distribution in some banks.

Mr Wandera said when a sector drives

economic output, it requires capital to sustain and scale its activities. Farmers need financing for inputs like seedlings and equipment; manufacturers require funds for production and expansion; traders depend on credit to move goods across markets.

"Banks, acting as financial intermediaries, channel funds from savers to borrowers. The largest share of capital flows to sectors with the highest de-

mand and the strongest contribution to Gross Domestic Product. "Capital is scarce," Mr Wandera noted, echoing classical economic theory.

Mr Wandera said during the financial year 2025, the bank carried out a well distribution of loans to all sectors of the economy. Trade took 30 percent, agriculture 17 percent, manufacturing 12.2 percent, other sectors 12.8 percent.

Strength of household borrowing

Beyond traditional sectors, household lending has emerged as a major component of bank portfolios, accounting for approximately 28 percent of loans.

Mr Wandera explained that at first glance, this may appear to reflect consumer spending. However, the reality is more complex. In many African economies, individuals often operate as informal businesses. Loans taken out under personal accounts frequently finance small-scale enterprises—ranging from farming to micro-retail ventures.

"The individual is the business," Mr Wandera emphasized "What looks like personal borrowing is often funding economic activity."

Mr Wandera stated that this trend is reinforced by customer demographics. Retail and household clients make

Key figures

Shs360b

Absa bank's net interest income increased to Shs360 billion from Shs311 billion last year.

up more than three-quarters of some banks' customer base. As a result, their borrowing patterns naturally dominate lending portfolios.

Growth in accounts, loans

The bank's income stood at Shs637 billion representing 16.6 percent growth on year on year compared to Shs546 billion in 2024. Net interest income increased to Shs360 billion from Shs311 billion last year. Customer liabilities increased to Shs4.664 trillion in 2025 compared to Shs3.185 trillion in 2024.

During the financial year 2025, the bank noted a significant rise in current account activity, driven by increasingly informed customers opening business accounts and channeling salaries through the bank.