

# 14 BUSINESS & FINANCE

## Equity Bank Uganda's UGX 101 Billion Profit – A Careful Recovery or a Turning Point Under Gift Shoko?

**E**quity Bank Uganda's 2025 financial results mark a sharp return to profitability under Managing Director Gift Shoko, but a closer reading of the numbers shows a recovery shaped more by balance sheet adjustments and cost shifts than by expansion in core income.

The bank reported profit before tax of UGX 125.9 billion for the year ended December 2025, a substantial increase from UGX 13.1 billion recorded in 2024. Net profit after tax rose to UGX 101.1 billion, up from UGX 20.1 billion a year earlier.

This improvement follows a period of volatility, including a loss in 2023 and a modest recovery in 2024, placing the 2025 result within a broader recovery cycle rather than a long, uninterrupted growth trend.

The structure of income provides important context for the rebound. Total income declined to UGX 510.7 billion from UGX 565.8 billion in 2024, indicating that the increase in profitability was not supported by higher earnings.

The largest movement within income was in interest from loans and advances, which fell from UGX 310.0 billion to UGX 234.1 billion. This represents a significant contraction in lending income relative to the size of the loan book, which grew only modestly from UGX 1.31 trillion to UGX 1.38 trillion.

The divergence between a



**Gift Shoko, Managing Director, Equity Bank Uganda**

relatively stable loan book and lower interest income suggests a change in yield dynamics, with income per unit of lending declining over the period. At the same time, income from marketable securities increased to UGX 143.4 billion from UGX 113.3 billion, indicating a greater contribution from investment assets to overall earnings. Fees and commission income rose to UGX 80.7 billion from UGX 71.0 billion, while foreign exchange income remained broadly stable. These shifts show that a larger share of income is being generated outside traditional lending, but the increase in non-interest income was not sufficient to offset the decline in loan-based earnings, resulting in an overall reduction in total income.

The change in expenditure explains much of the improvement in profitability. Total expenditure fell to UGX 384.8 billion from UGX 552.7 billion in 2024.

The most significant movement was in credit loss provisioning. In 2024, the bank recorded a credit loss expense of UGX 88.5 billion, while in 2025 it recorded a credit loss recovery of UGX 26.3 billion.

This shift represents a swing of over UGX 110 billion and is central to understanding the increase in profit. The reversal reduced total costs and directly lifted earnings, highlighting the extent to which profitability in 2025 was influenced by changes in expected credit losses rather than by higher operating income.

compared to UGX 207.4 billion in the previous period.

The reduction in non-performing loans alongside continued write-offs indicates that changes in the loan book were accompanied by ongoing resolution of impaired assets.

The figures show both a lower stock of problem loans and continued removal of non-performing exposures through write-offs.

Balance sheet growth remained measured. Total assets increased to UGX 3.56 trillion from UGX 3.39 trillion, while loans and advances rose to UGX 1.38 trillion from UGX 1.31 trillion. Customer deposits grew to UGX 2.84 trillion from UGX 2.80 trillion.

The relatively small increase in deposits compared to loans and total assets indicates that funding growth was moderate.

At the same time, the increase in investment securities, which stood at UGX 1.16 trillion, shows a substantial allocation of assets to securities relative to lending.

This composition suggests that investment income has become a more prominent component of the balance sheet structure.

The bank's capital position strengthened over the period. Core capital rose to UGX 419.4 billion from UGX 307.9 billion, and total qualifying capital increased to UGX 438.3 billion from UGX 324.9 billion.

Core capital to risk-weighted assets improved to 22.88

percent from 17.58 percent, while total capital to risk-weighted assets rose to 23.91 percent from 18.55 percent.

These changes reflect both higher retained earnings and an improved capital base relative to risk exposure, reinforcing the bank's capacity to absorb risk.

Despite the increase in profitability, the board did not recommend a dividend.

Retained earnings increased to UGX 348.2 billion from UGX 235.0 billion, and total equity rose to UGX 524.6 billion from UGX 419.7 billion, indicating that earnings were retained within the business.

Taken together, the 2025 results show a bank that has restored profitability through a combination of lower costs, improved credit outcomes and incremental balance sheet growth.

The figures indicate that while earnings have strengthened, they are closely linked to changes in provisioning and expenditure, with total income moving in the opposite direction.

For Equity Bank Uganda, the year represents a continuation of recovery following earlier declines.

For Managing Director Gift Shoko, the results show progress in stabilising performance, supported by shifts in cost structure and asset quality, while the underlying income trend remains a key feature of the financial profile.