

Centenary Bank posts UGX 424 billion profit as Uganda's mass-market banking model gains momentum

Deposit surge and profit growth underline deepening market trust

Centenary Bank has delivered one of the strongest financial performances in Uganda's banking sector this year, posting a net profit of UGX 424.2 billion for 2025, a 23.9 percent jump from UGX 342.3 billion the previous year. The growth underscores the growing strength of a business model built not around elite corporate banking, but around Uganda's rural economy, microenterprises, agriculture, and underserved households. At first glance, the numbers tell the familiar story of a bank getting bigger. Total assets climbed by 21 percent to UGX 8.61 trillion, up from UGX 7.11 trillion in 2024, while customer deposits rose even faster, growing 25.1 percent to UGX 5.27 trillion from UGX 4.21 trillion. Net loans and advances expanded by 11.9 percent to UGX 4.16 trillion, compared to UGX 3.72 trillion a year earlier, while shareholders' equity increased 18.4 percent to UGX 1.85 trillion from UGX 1.56 trillion. But beneath those headline figures lies a more consequential shift in Uganda's financial system.

Centenary's results reveal how the country's economic center of gravity is increasingly shifting toward mass-market and rural banking, and how financial institutions that have invested heavily in that segment are now beginning to reap outsized returns. The growth in deposits is perhaps the clearest indicator of this trend. Deposits expanded by more than UGX 1 trillion in a single year, rising by UGX 1.06 trillion to reach UGX 5.27 trillion. That increase is larger than the total annual balance

sheet of some smaller financial institutions in Uganda. In banking, deposits are more than just a liability on paper.

They are a direct measure of trust. In Centenary's case, that trust is coming from a customer base of more than 3.4 million active account holders, spread across 81 branches, 214 ATMs, and over 9,000 agent banking points nationwide.

Interest income, the lifeblood of commercial banking, rose sharply in 2025. Income from loans and advances increased to UGX 830.2 billion from UGX 741.6 billion, a rise of nearly UGX 88.6 billion.

Income from marketable securities also rose significantly to UGX 243.5 billion from UGX 184.6 billion, while fee and commission income climbed to UGX 226.97 billion from UGX 187.04 billion.

Foreign exchange income, however, fell slightly to UGX 28.87 billion from UGX 31.58 billion, suggesting that treasury operations contributed less to earnings compared to core lending and transaction banking. Total income rose to UGX 1.47 trillion from UGX 1.22 trillion, a growth of approximately 21 percent.

Yet profitability did not come without cost pressures. Total expenditure rose to UGX 913.15 billion from UGX 773.99 billion, an increase of roughly 18 percent.

Interest expenses on deposits and borrowings climbed significantly, reflecting tighter liquidity conditions and the increased cost of attracting funds in a competitive market. Deposit interest expense alone rose by UGX 24.2 billion to UGX 141.7 billion.

Borrowing costs almost doubled, rising from UGX 28.8 billion to UGX 52.5 billion.



Fabian Kasi, Managing Director, Centenary Bank

Operating expenses also expanded to UGX 283.5 billion from UGX 228 billion, a sign that scale itself is becoming more expensive to manage. Despite those pressures, Centenary's pre-tax profit rose to UGX 560.56 billion from UGX 442.99 billion, maintaining strong profitability ratios and demonstrating effective cost management.

Perhaps the most important figure in the report is not profit, assets, or deposits, but the non-performing loan ratio, which stood at 2.94 percent.

In a banking environment where rapid loan growth often leads to deteriorating asset quality, keeping bad loans below 3 percent while expanding the loan book by more than UGX 440 billion reflects strong underwriting discipline.

It also suggests that Centenary's intimate knowledge of informal-sector borrowers is translating into better credit outcomes.

Rural finance, women-led enterprise and agriculture emerge as growth engines

What makes Centenary's 2025 performance particularly notable is where the growth is coming from.

The bank says 2.39 million of its customers, representing 77.6 percent of its active base, come from traditionally underserved communities, including smallholder farmers, women entrepreneurs, youth, refugees, and rural households. This is a remarkable concentration in a segment many commercial banks historically viewed as too risky or too expensive to serve.

That strategy is increasingly proving profitable through the bank's Mission Critical Portfolio, which reached UGX 1.76 trillion in 2025.

This segment includes micro, small, and medium enterprises and agriculture, sectors that remain central to Uganda's productive economy.

The bank financed 58,519 smallholder farmers during the year, reinforcing its position as one of the country's most important agricultural financiers.

Agricultural finance remains one of the hardest segments to bank because of weather dependency, weak collateral systems, and price volatility. Yet it is also one of the most economically strategic.

Agriculture still employs the majority of Uganda's workforce and drives a substantial

portion of household incomes. For Centenary, this segment is no longer a social responsibility portfolio. It is a commercial growth engine.

Women-led enterprise financing also emerged as a major pillar of growth. The bank disbursed 118,766 loans to women entrepreneurs, accounting for nearly 39 percent of all borrowers.

In addition, UGX 29 billion was advanced under the GROW project to support women-owned businesses at lower interest rates, enabling business formalization and broader access to capital.

Agent banking is another major growth lever. Nearly half, or 49 percent, of all bank transactions were processed through agents in 2025. This is one of the clearest signs of how banking infrastructure is changing in Uganda. Branch expansion used to define scale. Today, distribution networks define scale. With more than 9,000 agent points compared to just 81 branches, Centenary's operating model is clearly shifting toward lower-cost, decentralized service delivery.

Centenary also made significant moves in sustainable finance, disbursing UGX 281.7 billion into green and social-impact projects and issuing 1,904 green loans worth more than UGX 16 billion across solar energy, water, sanitation, and climate-smart agriculture. The bank's operational emissions fell by 6.3 percent to 6,734.53 tonnes of carbon dioxide equivalent, down from 7,188.31 tonnes in 2024, helped by transitioning ten branches to solar energy.

Capital adequacy remains one of the bank's strongest positions. Its core capital ratio stood at 28.6 percent, while total qualifying capital reached 29.5 percent, both well above regulatory minimums.

This gives the bank substantial shock absorption capacity and room for future balance-sheet expansion. Total risk-weighted assets rose to UGX 5 trillion from UGX 4.55 trillion, reflecting expanding lending exposure.

The bank also contributed UGX 246.75 billion in taxes to the Government of Uganda, reinforcing its role not just as a financial institution but as a major fiscal contributor to the economy.

Looking ahead, 2026 will be a defining year. Centenary plans to complete the rollout of a new core banking system by the second quarter, a transition that could improve efficiency and customer experience but also carries operational risk.

At the same time, rising fraud threats remain a growing challenge as banking becomes increasingly digital.

Still, the broader trajectory remains difficult to ignore. Over the last five years, Centenary's profit has doubled from UGX 211.5 billion in 2021 to UGX 424.2 billion in 2025. Assets have grown from UGX 4.76 trillion to UGX 8.61 trillion.

Customer deposits have risen from UGX 3.18 trillion to UGX 5.27 trillion, while loans and advances have expanded from UGX 2.25 trillion to UGX 4.16 trillion.

Those numbers suggest that Centenary's rise is not cyclical. It is structural. The bank is growing not simply because Uganda's economy is expanding, but because it has positioned itself at the heart of the sectors driving that expansion.

In many ways, its 2025 results offer a window into the changing shape of Uganda's economy itself, where financial inclusion is no longer a social objective, but increasingly the foundation of commercial growth.