BANK OF UGANDA

ANNUAL SUPERVISION REPORT

2022

Address: 37 - 45 Kampala Road
Postal: P.O. Box 7120, Kampala
Tel: +256 414 258 441/6
Fax: +256 414 233 818
Email: info@bou.or.ug
Web: www.bou.or.ug

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ABBREVIATIONS

ASR	Annual Supervision Report
AML/CFT/CPF	Anti-Money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing
ATM	Automated Teller Machines
BOI	Bank of India
BOU	Bank of Uganda
CAMS	Certified Anti-Money Laundering Specialist
CAR	Capital Adequacy Ratio
CBs	Commercial Banks
CBR	Central Bank Rate
CDD	Customer Due Diligence
CIs	Credit Institutions
CRB	Credit Reference Bureau
DIAD	Detect, Investigate, Analyse and Disrupt
DSIBs	Domestic Systematically Important Banks
EAC	East African Community
EDD	Enhanced Due Diligence
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF/ICRG	Financial Action Task Force/International Review Group
FCS	Financial Card System
FPC	First Parliamentary Counsel
IMF	International Monetary Fund
INEDs	Independent Non- Executive Directors
IO	Immediate Outcomes
LCR	Liquidity Coverage Ratio
MDIs	Microfinance deposit-taking institutions
NPAT	Net Profit After Tax
NPLs	Nonperforming loans
PRA	Prudential Regulatory Authority
RBS	Risk Based Supervision
RFSP	Regulated Financial Service Providers
ROA	Return on average Assets
ROE	Return on average Equity
RWA	Risk-Weighted Assets
SFIs	Supervised Financial Institutions
SIPS	Systemically Important Payment Systems
SP	Strategic Plan
STR	Suspicious Transaction Reporting
TA	Technical Assistance
UGX	Ugandan Shillings

MESSAGE FROM THE DEPUTY GOVERNOR

Deputy Governor, Bank of Uganda
Micheal Atingi-Ego

In this Annual Supervision Report (ASR) for 2022, the Bank of Uganda (BOU) highlights the salient issues regarding the prudential regulation and supervision of Supervised Financial Institutions (SFIs) and associated developments in Uganda's financial sector.

The financial sector's performance is central to the BOU's delivery of its mandate and impact on society. This is reflected in the BOU's updated mission statement in its new strategic plan for 2022 to 2027, "*To Promote Price Stability and a Sound Financial System in Support of Socio-economic Transformation in Uganda*". The mission aligns with the national Vision 2040, "*A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years*".

In the year 2022, the Ugandan banking industry remained largely resilient to global and domestic shocks. As a result, SFIs' aggregate profitability increased compared to 2021; commercial banks' aggregate net after-tax profit rose by 11.8 percent to UGX 1.2 trillion from UGX 1.1 trillion in the previous year. Total SFIs' non-performing loans (NPLs) increased by 6.2 percent from UGX 995.7 billion at the end of December 2021 to UGX 1.1 trillion at the end of December 2022.

The financial sector remains key to sustainable economic development by mobilising and using domestic savings and investment. Further, the sector enhances price stability by transmitting monetary policy decisions and actions through credit extension to the real economy and households. However, the sector can only fulfil its potential if it is safe, sound, and resilient. Ultimately, financial sector integrity and performance are critical for including the financially excluded poor and vulnerable segments at the bottom of the economic pyramid and fostering their economic and financial well-being.

Accordingly, the BOU is enhancing financial system soundness and resilience by strengthening its tools for risk-based supervision, including updating the capital requirements of financial institutions, integrating advanced technological solutions in the supervisory reporting and analytics regime, and developing regulatory guidelines for emerging issues such as climate change risk management, cloud computing, and cyber security. During the year, BOU took the following actions to enhance the regulation and supervision of SFIs:

- The Financial Institutions (Revision of Minimum Capital Requirements) Statutory Instrument was issued on 16th November 2022. The instrument increased the minimum paid-up capital requirement and minimum capital unimpaired by losses for commercial banks from UGX 25 billion to UGX 150 billion, with full compliance by banks expected by June 2024.

- The BOU issued the Consolidated Corporate Governance Guidelines in October 2022 to update the corporate governance regulations from 2005, bringing them in line with current international best practices and standards.

- The Financial Institutions (Amendment of Third Schedule) Instrument, 2022, prescribing the Risk-Based Assessment Criteria for the vetting of substantial shareholders, directors, and executive management of SFIs, was gazetted and took effect on 14th October 2022.

- The Microfinance Deposit-taking Institutions (Amendment) Bill, 2022, was cleared by the Parliament of Uganda and awaits the President's assent.

The BOU also embarked on developing and/or implementing several strategic initiatives to enhance financial system soundness and resilience, including:

- Implementing a Climate Change Risk Policy to guide the integration of climate change risks in delivering the central bank's policy mandate.

- Developing a data replication project, where all payment service providers were enrolled on the Bank Supervision Application (BSA) to submit returns electronically.

- Fast-tracking the development of the financial sector crisis management framework.

- Working towards implementing a SupTech solution for automated regulatory reporting and analytics.

- Implementing risk-based AML supervision, institutional risk profiling, and addressing FATF/ICRG concerns.

This report provides detailed information about the BOU's supervisory activities during the year, the performance of the banking sector, and developments in the financial sector throughout the review period.

I hope you find the ASR for 2022 informative.

Michael Atingi–Ego
Deputy Governor

PART I: SUPERVISION OF FINANCIAL INSTITUTIONS

CHAPTER 1: SUPERVISION OF FINANCIAL INSTITUTIONS

This chapter reports on the activities undertaken by the Bank of Uganda (BOU) in the supervision of financial institutions conducted through onsite inspections and offsite surveillance. Supervised Financial Institutions (SFIs) are comprised of commercial banks, credit institutions, microfinance deposit-taking institutions, foreign exchange bureaus, and money remitters.

1.1. Onsite Inspections of SFIs

BOU continued to employ the Risk-Based Supervision (RBS) methodology in the conduct of onsite inspections of SFIs. The key objectives of onsite inspections were to independently evaluate: the adequacy of risk management systems relative to the risks assumed, the financial condition of SFIs, and their compliance with the applicable legislation, guidelines, circulars, and corrective actions issued by BOU.

1.1.1. Commercial banks

In the year ending December 2022, BOU conducted the onsite examination of sixteen (16) commercial banks. The examinations emphasised areas deemed to pose significant risks to banks' operations and specific time-bound corrective actions were issued to address identified supervisory concerns.

The key findings arising from the onsite examinations include corporate governance lapses, weaknesses in the implementation of strategic initiatives, high staff attrition rate coupled with inadequate succession plans, heightened cyber risk exposure threatened independence of the second line of defence, gaps in financial reporting, credit underwriting weaknesses and non-compliance with some sections of the Financial Institutions Act 2004 and its implementing regulations; the Consumer Protection Guidelines 2011; and BOU directives.

1.1.2. Credit institutions

During the year, the BOU conducted onsite examinations of two credit institutions in the period under review. One was a full-scope onsite examination using financial information as of 31st March 2022, and the second was a follow-up examination.

Key governance supervisory concerns identified during the onsite examinations included: lapses and laxity in corporate governance, shareholder interference in operations, directors failing to maintain their 'fit and proper' status, and weak management of insider loans and related person transactions.

1.1.3. Microfinance deposit-taking Institutions

During the year, the BOU conducted three (3) targeted onsite inspections and one (1) follow-up examination of microfinance deposit-taking institutions. Supervisory concerns noted during the examinations included: lapses in corporate governance, non-compliance with regulatory requirements, failure to implement supervisory directives timely, strategic planning and implementation gaps, operational risk management inadequacies, and significant credit concentration in loan books.

1.1.4. Foreign exchange bureaus and money remittance companies

During the year ended 31st December 2022, seventy-nine (79) onsite examinations of foreign exchange bureaus and money remittance companies were conducted. These comprised forty-six (46) full-scope examinations and thirty-three (33) follow-up inspections.

The major supervisory concerns related to falling revenue margins and increasing risks of non-compliance with regulatory obligations and requirements. This subsector is, by definition and conduct, inherently high anti-money laundering (AML) risk, and yet the participants herein have neither a firm understanding nor an appreciation of the relevant AML/CFT legal and regulatory framework; and how that relates to the sustained conduct of their licensed business.

Specific and time-bound corrective actions were issued to address the identified supervisory weaknesses, and the resolution thereof is actively and regularly monitored.

1.2. Offsite Surveillance of SFIs

Offsite surveillance entails collecting and analysing financial and other regulatory information submitted by SFIs. It enables the regular assessment and monitoring of SFIs' financial condition and compliance with prudential requirements. In addition, it feeds into the BOU Early Warning System and informs the onsite investigation of identified red flags. An aggregate assessment arising out of the offsite surveillance is provided in Chapter 3 of this Report.

CHAPTER 2: SUPERVISION AND REGULATORY DEVELOPMENTS IN THE FINANCIAL SECTOR

2.1. Licensing Approvals and Expansion

2.1.1. Licensing

Arising from a strategic decision by its shareholders, Afriland First Bank Uganda Limited requested and was granted BOU approval on 25 May 2022 to apply for voluntary liquidation through the High Court. As a result, the exit of Afriland First Bank Uganda Limited from the banking industry reduced the number of licensed commercial banks (Tier 1) as of 31st December 2022 to twenty-five (25).

2.1.2. Bank branches and automated teller machines

The total number of bank branches increased by 4 from 614 in 2021 to 618 in 2022, attributed to the opening of 13 new branches, while 9 were closed in line with strategic rationalisation and digitalisation efforts. Similarly, the network of automated teller machines (ATMs) operated by commercial banks grew from 886 in 2021 to 900 in 2022. The details of branch/outlet distribution over the last four years are depicted in Table 1 below.

Table 1: SFI branches/outlets

	2019	2020	2021	2022
CB branches	580	566	614	618
ATMs	851	837	886	900
FXBs	291	316	328	356
MRs	208	156	268	282
MDIs	97	98	98	102
CIs	66	228	131	169

Source: ***BOU***

2.2. Regulatory Developments

2.2.1. Risk-based fitness and probity assessment criteria

The Financial Institutions (Amendment of Third Schedule) Instrument, 2022, prescribing the risk-based assessment criteria for vetting substantial shareholders, directors and executive management of supervised financial institutions was gazetted and took effect on 14th October 2022. Accordingly, BOU conducted a sensitisation workshop in December 2022 for SFIs' Board members and Executive Managers to apprise them of the enhanced vetting requirements.

2.2.2. Amendment of The Financial Institutions (Agent Banking) Regulations, 2017

Following the gazetting of the Financial Institutions (Agent Banking) Regulations, 2017, the financial sector has experienced a steady increase in the number of licensed SFIs offering agent banking and an ever-increasing number of agents. As of 31st December 2022, there were 20 commercial banks offering agent banking through 23,515 active licensed agents, and the value of transactions totalling UGX 152.87 trillion throughout the year.

On account of the foregoing, this necessitated amendment of The Financial Institutions (Agent Banking) Regulation, 2017 to facilitate the growth of the agent banking business. The amendments were gazetted under The Financial Institutions (Agent Banking) (Amendment) Regulations, 2023, on 10th February 2023, which included;

i) Inclusion of **mobile money accounts with a deposit-taking institution or e-money issuer licensed by the central bank** under Regulation 7(2)(a) as an alternative where the agent banking applicant has not operated an account in a financial institution licensed by the Central Bank for consecutive six (6) months prior to conducting agent banking business;

ii) Reduction in the period for an agent banking applicant to have engaged in the licensed business from at least twelve (12) months to **six (6) months** to cater for applicants who have not been in licensed business for more than twelve (12) months as stipulated under Regulation 7(2)(e) and;

iii) Deletion of the Principal Regulations 7(4) and 13(3), which both required the financial institutions to seek central bank approval of each person selected by the financial institution to act as its agent before onboarding the agent or risk-based fitness and probity assessment criteria.

2.2.3. Corporate Governance Guidelines, 2022

Bank of Uganda issued the Consolidated Corporate Governance Guidelines in October 2022. The guidelines aim to supplement the MDI Act 2003, the Financial Institutions Act 2004 and the Financial Institutions (Corporate Governance) Regulations 2005, consolidate all previous guidance notes issued by BOU related to corporate governance, provide additional guidance in line with international standards, align governance practices with new and unique risk dimensions which board and executive management teams must keep abreast of, provide guidance and supervisory expectations on the various specialised committees, allow for varying levels of applicability and compliance, close commonly observed gaps and promote convergence in the application of governance principles and best practices across the sector. In addition, BOU has allowed SFIs an extension up to 31st December 2023 to have at least four (4) independent non-executive directors (INEDs) and to appoint an in-house company secretary.

2.2.4. Increase in minimum capital requirements for banks

The Financial Institutions (Revision of Minimum Capital Requirements) Statutory Instrument was issued on 16th November 2022. This Instrument increased the minimum paid-up capital requirement and minimum capital unimpaired by losses for commercial banks from UGX 25 billion to UGX 150 billion. Accordingly, banks were expected to comply with the new requirements in two phases: UGX 120 billion by 31st December 2022 and UGX 150 billion by 30th June 2024.

As of 31st December 2022, eleven (11) out of twenty-five (25) banks were non-compliant with the minimum requirement of UGX 120 billion. However, all the non-compliant banks have since submitted detailed capital restoration plans specifying the actions to be undertaken to cover their capital shortfalls. The implementation of these capital restoration plans is being monitored very closely.

2.2.5. The Financial Institutions (Credit Reference Bureau) Regulations, 2022

The Financial Institutions (Credit Reference Bureau) Regulations, 2022, intended to expand access to credit reference services to other non-regulated credit providers (accredited credit providers), were gazetted on 30th September 2022. BOU is in the advanced stages of issuing the accreditation criteria for accredited credit providers (ACPs), the revised data submission manual, validation rules and the code of conduct.

2.2.6. Regulation of savings and credit cooperatives

The Solicitor General returned the final draft of the Micro Finance Deposit-taking Institutions (Registered Societies) Regulations, 2023, for the Deputy Governor's sign-off before publication in the Uganda Gazette. The regulations are being scrutinised before sign-off by the Deputy Governor.

2.2.7. Microfinance Deposit-Taking Institutions Act, 2003

The Microfinance Deposit-taking Institutions (Amendment) Bill, 2022, was cleared by Parliament and is awaiting the President's assent. The Bill, once assented to by the President, will broaden the scope of services and delivery channels for Microfinance Deposit-taking Institutions to include Islamic banking, agent banking, and bancassurance services.

2.2.8. Foreign exchange bureaus and money remittance companies

Cabinet considered the proposed amendments to the Foreign Exchange Act 2004. The Foreign Exchange (Amendment) Bill 2022 will be re-drafted by the First Parliamentary Counsel's (FPC's) Office, gazetted, and then tabled before Parliament for debate and promulgation into law.

2.3. Developments in SFI Supervision

2.3.1. Review of reporting templates for data collection

The Offsite Surveillance Division in the Commercial Banking Department analyses the financial performance of commercial banks periodically using data collected from the banks through standardised reporting templates, initially developed in 2004 with the enactment of the Financial Institutions Act, 2004 and subsequent changes over the years. During the year 2022, BOU undertook a comprehensive review of all the reporting templates to:

i) Align data collection with developments in risk-based supervision and monetary policy to adequately capture changes in the risk profile and operating environment of the SFIs,

ii) Harmonise data requirements across the region under the East African Community (EAC) macroeconomic convergence criteria, and

iii) Take advantage of technological developments, which have reduced the turnaround time on report generation and ensured timely data availability for supervisory decision-making.

The review entailed refinement of data requirements as well as changes to the reporting frequencies and deadlines for SFIs. Upon successful test runs conducted with SFIs, the submission of returns using the revised templates took effect in September 2022.

2.3.2. Efforts to take Uganda off the FATF grey list

In line with one of the strategic initiatives under the BOU Strategic Plan 2022 – 2027 to implement and address the Financial Action Task Force/International Cooperation Review Group (FATF/ ICRG) concerns, the Bank participated in two face-to-face meetings in May and September 2022 in Senegal and Zambia, respectively. At these meetings, the BOU presented updates and demonstrated progress on the FATF/ICRG agreed actions, specifically Immediate Outcomes (IO3 and IO4). The FATF/ICRG took note of the progress made by the BOU and scheduled a follow-up review in May 2023. Efforts to get Uganda off the Grey List are further explained in Section 2.4 of this report.

2.3.3. Strategic initiatives for strengthening financial stability

i) The BOU Board of Directors approved the Climate Change Risk Policy in 2022, and the formation of an internal taskforce to embed climate change risk assessments and mitigations in the conduct and achievement of BOU objectives espoused in the BOU Act 2000.

ii) Under the Monetary Affairs Committee (MAC) of the EAC, the Central Bank of Kenya was the lead in developing a guideline template for cybersecurity and cloud computing. This draft guideline would be considered and ratified by the EAC MAC. Thereafter, the central bank of each partner state would be required to adapt and tailor the guideline into guidance or regulatory tool that would govern and guide on the how and what of cybersecurity for actors and participants in the regulated financial sector. The MAC of the EAC shall be meeting in March 2023 to consider the draft template for cybersecurity and cloud computing guidelines.

2.3.4. Supervisory colleges

To enhance information exchange and cooperation between supervisors to support banking groups' effective supervision, staff attended virtual supervisory colleges organised by the Bank of England Prudential Regulatory Authority (PRA) for supervisors of Standard Chartered Bank and the Central Bank of Nigeria for the United Bank of Africa.

The PRA emphasised key supervisory priority areas for 2022, including financial resilience, climate risk, credit risk, operational risk, regulatory reporting and data quality, diversity, and inclusion. Meanwhile, the supervisory college for the United Bank of Africa centred on corporate governance, enterprise-wide risk management, earnings performance, and regulatory compliance. These focus areas shall be considered in 2023.

2.3.5. Credit reference services

The cumulative number of financial cards issued to borrowers as of 31st December 2022 stood at 2,335,352, which was an increase of 8.22 percent from 2,157,828 as of 31st December 2021, while the number of branches of participating institutions installed on the credit reference bureau system increased from 603 to 606. In addition, the number of credit enquiries made to the credit reference bureaus (CRBs) increased by 25.32 percent from 975,238 in the year ended 31st December 2021 to 1,222,123 in the year ended 31st December 2022.

In order to promote financial inclusion and broaden credit information sharing the BOU issued a circular on 21st October 2022, revoking the requirement for a record submitted to the CRBs to have a financial card number. Effective 1st January 2023, all credit applications of Ugandan citizens reported to the CRBs are required to have a National Identification Number (NIN) as the primary unique identifier, while a combination of a refugee number, passport number or work permit number is required for non-Ugandans until the National Identification and Registration Authority (NIRA) starts issuing Alien Identification Numbers. Similarly, all non-individual borrower records submitted to the CRBs must have a unique registration number duly issued by the relevant registration authority under the laws of Uganda.

The International Finance Cooperation (IFC) and BoU signed a Cooperation Agreement in September 2022 to extend technical assistance to expand the credit information sharing perimeter by onboarding ACPs, promote the adoption and usage of alternative data for credit decision-making and portfolio performance monitoring, promote the optimal use of credit information sharing system, and crisis-proof the credit information sharing systems. As of 31st December 2022, the consultancies were ongoing. The BOU awaits the finalisation of the reports and recommendations on the most optimal ownership and implementation option for a sustainable Central Data Hub (CDH) model. The agreed model will guide the next IFC intervention, such as awareness and capacity building for credit providers and digitisation of small credit providers.

2.4. Update on Compliance with AML/CFT/CPF Standards and Regulations

The BoU continued to work with the FATF/ICRG and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to swiftly resolve the identified strategic deficiencies within agreed timeframes. Accordingly, BOU actively participated in resolving some of the identified strategic deficiencies regarding Immediate Outcomes (IO) 3 and 4[1] of the FATF Standards.

2.4.1. Update on progress made by BOU to address FATF recommendations

During the year 2022, the BOU focused on addressing the FAFT/ICRG agreed action items as follows.

a) Providing adequate staffing and resources for AML/CFT risk-based supervision

In April 2022, the BOU established a specialised AML/CFT /CPF unit. The purpose of the unit was to oversee the offsite and onsite AML/CFT risk-based supervision for commercial banks, credit institutions, microfinance deposit-taking institutions, foreign exchange bureaus, and money remitters. Consequently, the AML/CFT/CPF section conducted risk-based AML/CFT supervision of six (6) commercial banks during the year. These AML/CFT/CPF examinations did not identify significant or material non-compiance with AML/CFT/CPF measures. Therefore, BOU did not issue dissuasive financial sanctions. Nevertheless, each inspected commercial bank was issued with remedial corrective actions and directives to be concluded within a specific timeline.

b) Training and capacity development in AML/CFT/CPF supervision.

Three (3) officers of the AML/CFT Unit are certified AML/CFT examiners following their completion of the Certified Anti-Money Laundering Specialist (CAMS) Course in February 2023, and BOU enhanced the staff knowledge capacity through various training programs on AML/CFT/CPF supervision during the year. The areas of the capacity building included: AML/CFT risk-based supervision approach; detect, investigate, analyse, and disrupt (DIAD) proliferation finance; and AML/CFT **thematic** training on conducting ML/TF risk assessment, assessing the effectiveness of SFIs, suspicious transaction reporting.

[1] [1] *IO 3: - Supervisors appropriately supervise, monitor and regulate financial institutions for compliance with AML/CFT requirements commensurate with their risks and*
IO 4: - Financial institutions adequately apply AML/CFT preventive measures commensurate with their risks and report suspicious transactions.

c) Provide guidance to SFIs on proper implementation of the AML/CFT obligations

During 2022, BOU issued guidelines on the conduct of ML/TF/PF risk assessments, customer due diligence, filing of suspicious transactions reports and implementation of targeted financial sanctions. It should be noted that these guidelines were developed with technical assistance (TA) from the Financial Integrity Group, Legal Department of the International Monetary Fund (IMF).

d) Conduct outreach to regulated entities to improve compliance with AML/CFT obligations

During the year, BOU conducted several outreach activities to provide guidance and feedback to assist regulated financial service providers (RFSPs) in effectively complying with the AML/CFT /CPF laws and regulations.

e) Develop and implement AML/CFT risk-based supervision for monitoring procedures for offsite and onsite inspections.

To strengthen the implementation of the AML/CFT/CPF Supervision Framework, BOU updated the Risk Based Supervision Manual and conducted AML/CFT/CFT outreach activities in some of the RFSPs as mentioned in (d) above. The abovementioned Manual guides all onsite and offsite AML assessments as part of the AML supervision process for SFIs in Uganda.

PART II: ASSESSMENT OF FINANCIAL STABILITY

CHAPTER 3: PERFORMANCE OF SUPERVISED FINANCIAL INSTITUTIONS

During the year ending December 2022, the performance of Uganda's banking sector continued to strengthen, supported by the economy's relative resilience to external shocks, strong capital and liquidity buffers held by the SFIs, and the effective policy measures implemented by Bank of Uganda (BOU). Despite the improvement, the financial sector's performance and stability still face downside risks, such as the possibility of weaker-than-expected domestic and global economic growth, increased risk aversion in global financial markets due to more aggressive monetary policy tightening in significant economies, and further escalation of geopolitical conflicts that could constrain trade and disrupt global supply chains. Nevertheless, BOU remains committed to supporting the financial sector through decisive policy measures to mitigate potential risks.

3.1. Profitability and Capital Adequacy

The banking industry remained well-capitalised and largely resilient to global and domestic shocks during the year. SFIs' aggregate profitability increased for the year to December 2022 compared to 2021.

Commercial banks' aggregate net after-tax profit (NPAT) increased 11.8 percent to UGX 1.2 trillion from UGX 1.1 trillion in the previous year. The growth in earnings was largely driven by increases of 13.2 percent and 14.3 percent in interest income from Government securities and loans, respectively. Microfinance deposit-taking institutions (MDIs) registered NPAT of UGX 19.7 billion during the year, a significant improvement from a net loss of UGX 5.1 billion reported in the previous period. The improvement in profitability was mainly due to an increase in interest income from loans of UGX 14.5 billion or 10.8 percent coupled with a significant decrease in provisions for bad debts of UGX 25.6 billion or 71.9 percent. Consequently, the return on assets (ROA) and return on equity (ROE) improved from -0.7 percent and -2.3 percent to 2.5 percent and 9.0 percent, respectively. Conversely, credit institutions' (CIs) profitability declined, shifting from a profit of UGX 4.3 billion in the year ending December 2021 to a loss of UGX 1.7 billion in the year ending December 2022, primarily attributed to the transition of PostBank Uganda Limited from a credit institution to a commercial bank. Furthermore, the subsector's cost-to-income ratio deteriorated from 97.9 percent to 100.0 percent.

SFIs held strong capital buffers during the year ending December 2022. The ratio of core capital to risk-weighted assets (core capital adequacy ratio (CAR)) for banks reduced from 22.2 percent to 20.3 percent, and the total CAR decreased from 23.7 percent to 21.7 percent. Similarly, the core CAR for MDIs decreased from 38.6 percent in December 2021 to 36.3 percent in December 2022, largely driven by a 19.7 percent increase in risk-weighted assets.

The CIs' core CAR increased from 14.1 percent to 14.9 percent during the same period, and CIs held UGX 59.2 billion as core capital as at end-December 2022.

Regarding the minimum core CAR and additional capital conservation buffer requirement of 2.5 percent of risk-weighted assets (RWA), over and above the CAR, all banks except three complied as of the end of 2022. Moreover, all domestic systemically important banks (DSIBs) were found to be compliant with their respective systemic risk buffer requirement. However, one CI did not meet the minimum core CAR, while two were significantly undercapitalised as per Section 3(1) of the Financial Institutions (Revision of Minimum Capital Requirements) Instrument, 2022. BOU has issued corrective actions for the affected SFIs, and ongoing capital requirement shortfalls are being addressed as a matter of priority for the concerned SFIs. Going forward, the main risk to SFIs' profitability and solvency remains the potential increase in credit losses arising from global and domestic shocks to real sector activity.

Figure 1: SFIs' aggregate average return on assets, annualised (Percent)

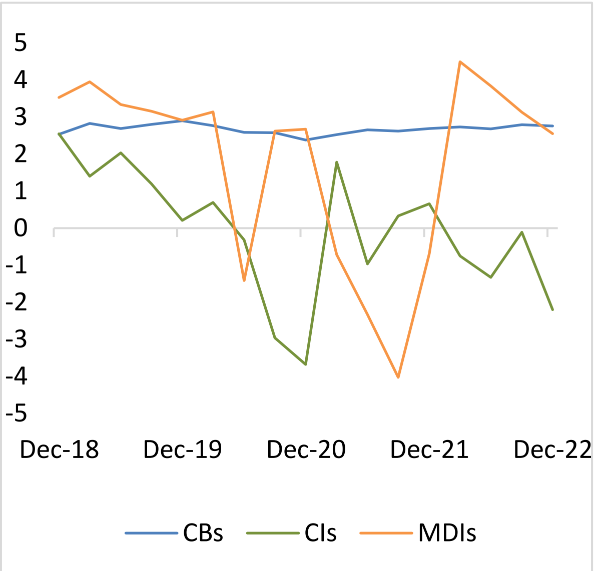
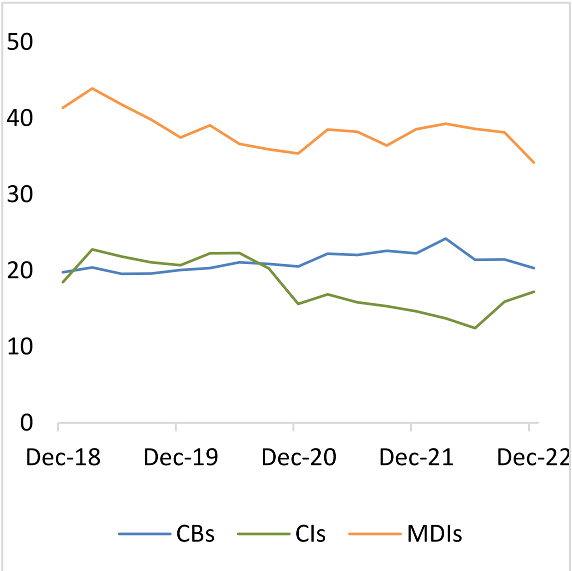


Figure 2: SFIs' aggregate core capital ratios (Percent)



Source: BOU

3.2. Funding and Liquidity

Funding and liquidity risk remained elevated, reflecting the impact of the continued tight monetary policy stance.

In the year ending December 2022, there was an increase in the average spread between the 7-day interbank rate and the central bank rate (CBR), which rose to 1.0 percent from 0.4 percent in the previous year. The average spread between the 7-day swap implied rate and CBR increased to 3.0 percent in the same period, compared to 0.6 percent in the prior year. The rising funding costs increased the banks' dependency on BOU's standing lending facility

(SLF). The gross value of funds borrowed/rolled over increased from UGX 636.0 billion by four banks in December 2021 to UGX 30.2 trillion by 15 banks in December 2022.

Total customer deposits, which remain the main source of stable funding for SFIs and constitute 84 percent of total liabilities, grew by 10 percent from UGX 29.2 trillion to UGX 32.1 trillion between December 2021 and December 2022. Specifically, customer deposits for commercial banks increased by 10.0 percent, whereas CIs and MDIs experienced growth of 16.4 percent and 5.1 percent respectively.

On aggregate, SFIs held strong liquidity buffers within the year. However, there was a slight decrease of 1.0 percent in the aggregate liquid assets of commercial banks, which in turn led to a contraction in the liquidity ratio (the ratio of liquid assets to deposits) from 48.0 percent to 43.2 percent. CIs' aggregate liquid assets held increased from UGX 117.7 billion to UGX 184.1 billion, while MDIs' liquid assets decreased by UGX 9.4 billion or 3.5 percent from UGX 263.9 billion to UGX 254.6 billion as of 31st December 2022, mainly due to a decrease in balances held with financial institutions in Uganda. All banks met the minimum regulatory requirement of 20.0 percent of total deposits. Relatedly, all CIs and MDIs met their respective regulatory minimum liquidity ratio requirements of 20.0 percent and 15.0 percent, with aggregate ratios of 51.8 percent and 68.9 percent, respectively, at the end of December 2022 compared to 52.0 percent and 68.9 percent in December 2021.

Figure 3: Spreads between interbank market rates and the central bank rate (Percent)

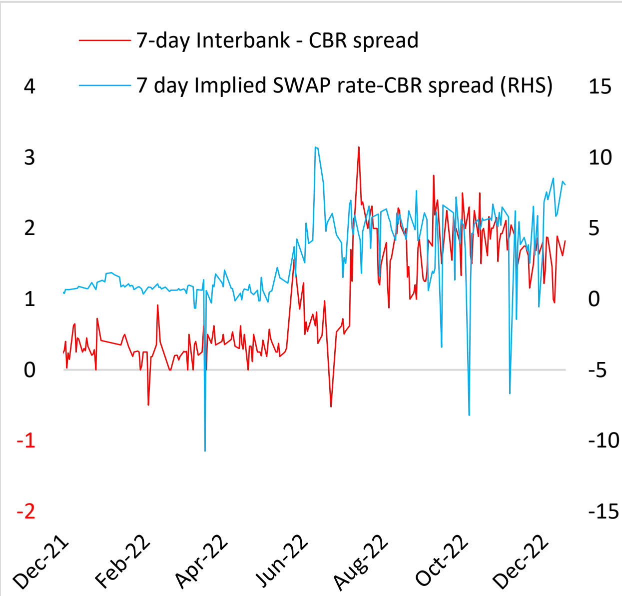
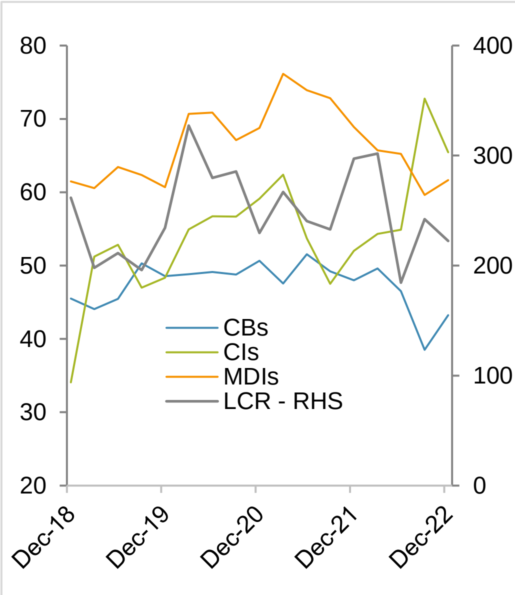


Figure 4: SFIs' liquidity ratio and banks' LCR (Percent)



Source: BOU

The banks' aggregate liquidity coverage ratio (LCR), which measures the ability of banks to withstand a 30-day liquidity stress period, decreased from 251.2 percent in December 2021 to 223.2 percent in December 2022 but remained significantly higher than the 100 percent prudential benchmark. The decrease between the two periods was attributed to a 3.8 percent fall in high-quality liquid assets. This drop was particularly due to a decline of 52.9 percent in holdings of investment and marketable government securities maturing in under 91 days, which is consistent with the increased liquidity needs given the continued tight monetary stance. It is important to highlight that all banks held sufficient high-quality liquid assets to meet their short-term liquidity obligations.

3.3. Analysis of Credit Conditions

3.3.1. Lending activity and asset quality

Credit risk remained a concern, with rising interest rates amidst slow economic recovery threatening to deter SFIs' lending while compounding borrowers' debt burdens. Total loans by all SFIs grew by 10.2 percent to UGX 19.9 trillion in the year ending December 2022, compared to the 6.3 percent growth over December 2021. MDIs experienced the most significant growth in credit for the year, with a rate of 11.9 percent to UGX 469.3 billion, while CIs recorded growth of 7.2 percent. Commercial banks loans increased by 8.6 percent, reaching UGX 19.2 trillion from UGX 17.7 trillion in December 2021, although the growth was partly attributed to a rise in net capitalised interest on restructured credit facilities amounting to UGX 2.5 trillion.

Figure 5: Quarterly changes in banks' loans (UGX billion)

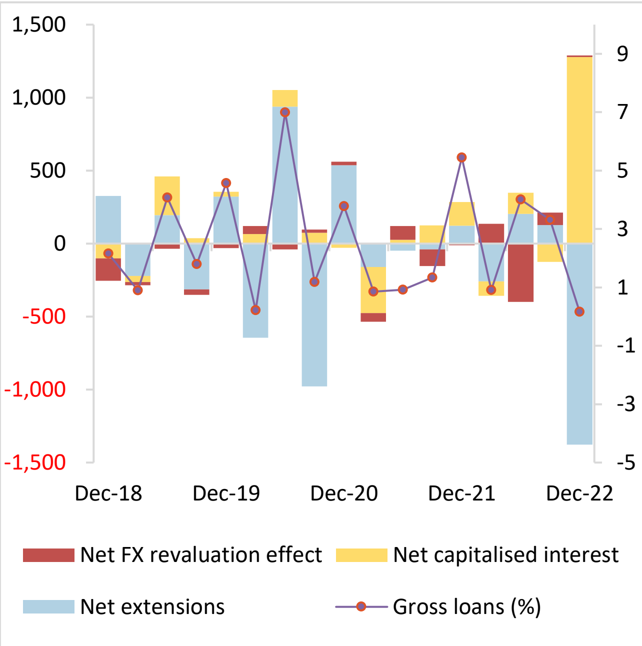
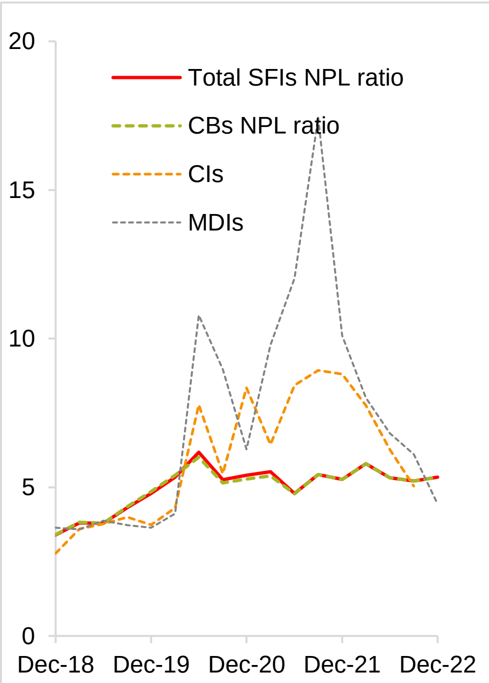


Figure 6: SFIs' NPL ratios (percent)



Source: BOU

Total SFIs' non-performing loans (NPLs) increased by 6.2 percent from UGX 995.7 billion at the end of December 2021 to UGX 1.1 trillion at the end of December 2022. The rise in total NPLs among SFIs was primarily driven by commercial banks, which experienced a 10.3 percent increase. However, there were improvements in the aggregate NPL ratios for CIs and MDIs, from 8.9 percent in December 2021 to 3.0 percent in December 2022 and from 10.1

percent in December 2021 to 4.4 percent in December 2022, respectively. In contrast, the aggregate NPL ratio for banks changed marginally from 5.3 percent in December 2021 to 5.4 percent in December 2022. The increase in NPLs in the year was mainly from the manufacturing and trade sectors, whose NPLs increased by 568.3 percent and 15.6 percent, respectively.

The NPLs in the manufacturing sector increased from UGX 17.7 billion to UGX 118.5 billion, arising from borrowers that continued to grapple with the effects of the prolonged COVID-19 containment measures. It should be noted, however, that approximately UGX 70.6 billion of this amount was subsequently written off, and all banks held sufficient capital to absorb these losses.

By currency, foreign currency-denominated NPLs increased by 5.6 percent from UGX 268.5 billion to UGX 283.5 billion, resulting in the foreign currency NPL ratio increasing from 4.4 percent to 5.6 percent during the review period. The rise in foreign currency NPLs partly reflects the pass-through of the effects of global shocks on Uganda's international trade.

3.3.2. Update on the Credit Relief Measures Program

The targeted COVID-19 Credit Relief Measures (CRM) program for the education and hospitality sectors, which was instituted for one-year effective 1st October 2021, to support the sectors further to recover from the effects of their prolonged lockdown measures, ended on 30th September 2022. This effectively ended all the COVID-19 CRM implemented by BOU to alleviate the impact of the pandemic on the SFIs and their customers. Nevertheless, indicators show that the program achieved its objectives and supported financial stability through the pandemic:

a) Approximately 40.1 percent of total banking sector loans valued at UGX 7.6 trillion benefitted from the program between April 2020 and September 2022.

b) As of September 2022, the stock of loans under the credit relief program had reduced to UGX 1.8 trillion, equivalent to 9.2 percent of gross loans.

c) However, some borrowers face challenges in resuming loan repayments even after accessing credit relief. As a result, the value of CRM loans that defaulted by at least one instalment increased from UGX 1.0 trillion in September 2021 to UGX 1.15 trillion at the end of September 2022 (5.8 percent of total bank loans). This trend is indicative that the pandemic may have permanently impaired the said loans, and SFIs may have to write them off as they fall due.

   As a mitigation measure, BOU continues to engage the affected SFIs to ensure they proactively make provisions to cover potential losses. In addition, solvency stress tests conducted by BOU indicate that most SFIs are resilient to those potential losses.

3.4. Developments in Payment Systems

The systemically important payment systems (SIPS) operated without significant disruption during 2022. The adoption of digital payment systems showed robust growth and momentum. The value of mobile money transactions grew by 19.2 percent in 2022, compared to 48.2 percent in 2021. Internet banking services improved further, with the values transacted increasing by 51.6 percent in 2022, up from 28.5 percent in the previous year.

The increasing demand for efficient transactions by users/customers of digital/electronic payments platforms, combined with the initiatives of payments services providers and SFIs to encourage digital payments, have been the key drivers of the growth in electronic payment usage. This trend has been further supported by a favourable regulatory environment promoting innovation, payment platform interoperability, and integration across various economic sectors, such as transportation and trade.

To promote the safe operation and adoption of digital/electronic payment channels, which is crucial for advancing financial inclusion and the growth of the payments industry, BOU instituted cyber security guidelines, along with guidance on the minimum requirements for conducting system audits and vulnerability assessments, to be implemented by payment service providers.

Table 2: Performance of payment systems

System	Indicator	Dec-2021	Dec-2022	Change (%)
Debit cards	Active number of cards (millions)	2.9	3.1	6.4
	Volume of payments (millions)	5.4	6.9	27.1
	Value of payments (UGX. billion)	1,207.6	1,331.2	10.2
Credit cards	Active number of cards	11,310.0	99,40.0	-12.1
	Volume of payments (000's)	196.4	320.9	63.4
	Value of payments (UGX. billion)	52.3	81.9	56.6
POS	Volume of transactions (million)	3.6	4.7	32.1
	Value of transactions (UGX. billion)	821.7	855.5	4.1
Internet banking	Active number of users	4.5	12.5	176.1
	Volume of fund transfers (million)	46.7	70.8	51.6
	Value of fund transfers (UGX. trillion)	4.5	12.5	176.1
Mobile banking	Active number of users (million)	1.4	1.7	15.8
	Volume fund transfers (million)	25.3	42.6	68.6
	Value of fund transfers (UGX. trillion)	10.4	16.1	55.3
Mobile money	Number of transactions(billions)	4.3	5.2	21.9
	Value (UGX. trillions)	138.9	165.6	19.2
	Escrow account balances (billion)	1.4	1.8	27.6

Source: BOU

3.5. Foreign Exchange Bureaus and Money Remittance Companies

3.5.1. Growth of the sub-sector

The BOU registered an increase in the number of applications for licences to operate businesses as foreign exchange bureaus and money remitters during 2022. This points to a growing appetite for and need for forex bureau and money remittance services in the country. Twenty-nine (29) new forex bureaus and eighteen (18) new money remitters were licensed during the year ended December 2022. By extension, the total number of licensed foreign exchange and money remittance companies was 251 (356 outlets), inclusive of one MDI licensed to do foreign exchange business and 103 (282 outlets), inclusive of three MDIs licensed under the Foreign Exchange Act, 2004 to engage in the money remittance business, respectively as of 31st December 2022.

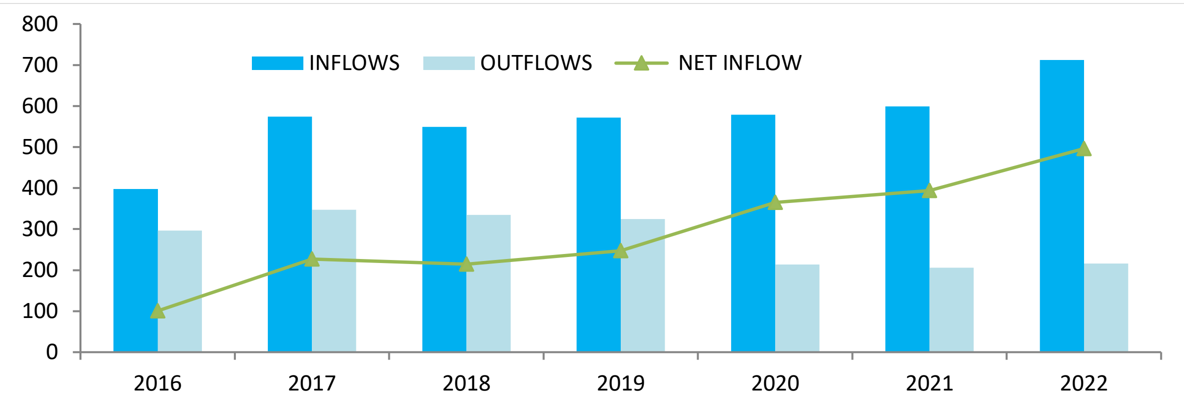
3.5.2. Solvency of the sub-sector

As of 31st December 2022, total capital and reserves held by the sub-sector stood at UGX 99.5 billion, reflecting growth of UGX 12.4 billion or 14.3 percent from UGX 87.0 billion as of 31st December 2021. Notably, 37.7 percent or UGX 37.2 billion of the total capital and reserves of the sub-sector was held by the ten (10) largest bureaus. Profit before tax was UGX 15.0 billion, an increase of UGX 5.1 billion or 51.9 percent compared to UGX 9.9 billion in 2021. The profitability increase was partly attributed to the stable business environment in 2022.

3.5.3. Money remittances

Money remittance inflows and outflows increased by 18.9 percent and 5.2 percent from USD 599.4 million to USD 712.4 million and USD 205.6 million to USD 216.3 million for the period ending December 2022.

Figure 7: Money remittances (USD million)



Source: BOU

3.5.4. Money Remittances Security Deposit Fund

The total value of the Money Remittance Security Deposit Fund as of 31st December 2022 stood at UGX11.79 billion, an increase of UGX1.29 billion or 12.29 percent, from UGX10.50 billion as of 31st December 2021. During the year 2022, the first external audit of the Fund was undertaken. The audit covered 12 years from inception in 2011 to 2022. The Board of Directors of the Bank of Uganda approved the accounts on 10th February 2023.

CHAPTER 4: SYSTEMIC RISK OUTLOOK AND CONCLUSION

4.1. Summary and Outlook of Systemic Risks

The BOU Systemic Risk Dashboard summarises the key drivers of systemic risks to Uganda's banking sector as of December 2022. Overall, systemic risks to the banking sector remain elevated, reflecting the continued pass-through of global and domestic macro shocks, including the inflationary pressures and tight financial conditions that started in early 2022, which could have adverse spill-over effects for Uganda's financial system, affecting credit, market, and liquidity risks.

Indicators show improved prospects of global and domestic economic activity, easing financial stability risks. However, rising domestic public debt levels could adversely affect financial market sentiments and offshore capital flows. Moreover, credit risk remains elevated due to further losses on outstanding CRM loans and the impact of higher lending rates on asset quality. In addition, liquidity and funding conditions remain challenging, as evidenced by the increased reliance on roll-over funding from the Standing Lending Facility. However, the banking sector remains resilient to potential shocks, supported by strong loss absorbency capacity in the form of liquidity, capital buffers, and prudential BOU policy measures.

Overall, systemic risks to the banking sector remain elevated due to the tight funding conditions, rising interest rates and public debt amidst economic growth.

Table 3: Direction of systemic risk as of the end of December 2022

Risk category	Risk direction, Dec-2022	Projected risk direction
Overall risk	● (Moderate)	⇧
Macro risk	● (Moderate)	⇨
Credit risk	● (Moderate)	⇧
Liquidity and funding risk	● (High)	⇧
Operational risk	● (Moderate)	⇧
Market risk	● (Moderate)	⇨
Profitability and solvency	● (Moderate)	⇨
Structural risk	● (Moderate)	⇧

Risk key:

Severity	High	Moderate	Low
Direction	⇧Increasing	⇨Unchanged	⇩Decreasing

Source: BOU

4.2. CONCLUSION

Going forward, the banking sector’s performance will depend on the pace and robustness of economic growth, which has implications for borrowers’ creditworthiness, intermediation activity, financial participation and solvency. Notably, the direction of monetary policy stance, both domestic and in advanced economies, is expected to continue influencing domestic funding and liquidity conditions and the SFIs’ exposure to liquidity, credit, and market risks. BOU’s prudential regulatory measures on SFIs’ capital, that is, the increase in SFIs’ minimum paid-up capital and the implementation of the Basel II Pillar I capital charge for operational risk, which took effect in the quarter ended December 2022, are expected to enhance SFIs’ capital buffers and thus resilience to potential risks.

BOU is also taking several steps to address the identified supervisory concerns and strengthen the regulatory framework further to enhance the stability of the financial sector in Uganda. These steps include conducting onsite inspections of financial institutions to assess their financial condition and compliance with regulatory requirements, issuing regulatory directives to financial institutions to address identified weaknesses, developing new guidelines to address emerging ML/TF/PF risks in the financial sector. These steps are essential to support Uganda’s efforts to implement the ICRG’s action items and hence remove Uganda from the FATF grey list.

PART III: STATISTICAL APPENDICES

STATISTICAL APPENDICES

Appendix 1: Financial soundness indicators for commercial banks (Percent)

Indicator	2017	2018	2019	2020	2021	2022
Capital adequacy						
Regulatory capital to risk-weighted assets	23.2	21.6	21	22.3	23.7	21.7
Regulatory tier 1 capital to risk-weighted assets	20.9	19.8	19.3	20.7	22.2	20.3
Total qualifying capital to total assets	17.6	17.6	14.8	14.5	15.6	15.8
Asset quality						
NPLs to total gross loans	5.6	3.4	4.9	5.3	5.3	5.4
NPLs to total deposits	3.6	2.3	3.1	3.2	3.3	3.3
Specific provisions to NPLs	54.6	54.1	43.7	45	42.7	50.1
Earning assets to total assets	71.9	69.1	69.7	69.2	68.7	72.6
Large exposures to gross loans	38	42.9	26.3	28.1	36.8	36.4
Large exposures to total capital	94.8	112.5	126.9	124.8	86.8	83.4
Earnings & profitability						
Return on assets	2.7	2.5	2.5	1.8	2.7	2.8
Return on equity	16.4	14.4	13.8	10.3	15.6	15.1
Net interest margin	11.6	11.1	11.3	10	10.4	10.6
Cost of deposits	2.8	2.3	2.6	2.4	2.3	2.3
Cost to income	74	73.9	76.5	79.8	71.8	72.6
Overhead to income	48.9	53.7	54.7	55.1	47.6	48
Liquidity						
Liquid assets to total deposits	54.6	45.5	48.6	50.8	48	43.2
Total loans to total deposits	64.1	66	63.2	60.8	61.9	57.9
Market sensitivity						
Foreign currency exposure to regulatory tier 1 capital[2]	-5.4	-7.5	7.9	-4.1	5.8	-5.4
Foreign currency loans to foreign currency deposits	71.5	63	51.4	50.6	60.4	55.7
Foreign currency assets to foreign currency liabilities	92.4	94.1	91.6	99.1	98.9	92.8

Source: BOU

[2] Net short open position if negative. Net long open position if positive.

Appendix 2: Financial soundness indicators for Credit Institutions (Percent)

Indicator	2017	2018	2019	2020	2021	2022
Capital adequacy						
Core capital to risk-weighted assets	21.7	18.5	20.7	16.1	14.1	14.9
Total capital to risk-weighted assets	23.3	20.7	22	17.3	14.9	15.8
Provisions to core capital	9.9	9.4	9.5	23.5	27.1	5.9
Asset quality						
NPLs to total gross loans	3.5	2.7	3.6	8.1	8.6	3
Specific provisions to NPLs	50	45	41.5	46.6	55.4	43.7
Earnings & profitability						
Return on assets	0.5	1.7	1.1	-1.6	0.7	0.5
Return on equity	2.7	8.7	5.6	-9	4.3	3.3
Net interest margin	4.6	17.1	20.3	14.6	12.6	19.4
Cost of deposits	5	3.3	2.9	3.6	1.8	2.1
Cost to income	90.2	86.9	93.7	109.5	97	93
Liquidity						
Liquid assets to total deposits	45.2	34.1	48.4	59.2	52	69.8
Loans to deposits	83.2	84.6	118.7	96.8	104.2	98.4

Source: BOU

Appendix 3: Financial soundness indicators for MDIs (Percent)

Indicator	2017	2018	2019	2020	2021	2022
Capital adequacy						
Core capital to risk-weighted assets	38.5	41.4	37.5	35.4	38.6	36.3
Total capital to risk-weighted assets	42	44.8	40.1	38.1	41.1	39
Provisions to core capital	6.5	4.7	5	9	15.7	7.7
Asset quality						
NPLs to total gross loans	5	3.6	3.6	6.3	10.1	5
Specific provisions to NPLs	64.1	93.8	94.2	80.9	84.2	71
Earnings & profitability						
Return on assets	3	3.5	2.9	2.7	-0.7	2.5
Return on equity	9.4	10.6	9.5	10	-2.3	9
Cost to income	87.8	85.7	87.5	87.1	101.2	87.7
Liquidity						
Liquid assets to total deposits	59.4	61.5	60.7	68.8	68.9	63.3
Loans to deposits	80.1	80	79.3	74.9	73.3	76.4

Source: BOU

Appendix 4: Aggregated Statement of Financial position for Commercial Banks (UGX Billion)

UGX billion, as at year end	2017	2018	2019	2020	2021	2022
ASSETS						
Cash & cash assets	1,109.00	1,293.40	1,318.30	1,623.20	1,553.20	1,847.60
Balances with BOU	2,544.50	2,784.00	3,331.40	3,559.32	3,952.10	3,438.00
Bank of Uganda securities	1,988.80	438.8	1,249.70	406.4	315.2	979.1
Due from financial institutions	2,049.00	2,958.40	3,203.90	4,162.20	4,620.10	3,259.80
Government securities	5,570.00	6,032.90	7,215.00	10,095.00	10,822.90	13,424.40
Total gross loans & advances	11,661.60	12,935.70	14,459.50	16,281.20	17,706.60	18,205.30
LESS: Provisions	410.5	273.8	347.9	465.2	510.6	648.8
Net loans & advances	11,251.10	12,661.90	14,111.60	15,816.00	17,196.00	17,556.50
Net fixed assets	819	854.4	1,161.00	1,139.30	1,143.70	1,186.30
Other assets	1,196.70	1,097.00	1,237.30	1,492.90	1,968.40	2,857.20
TOTAL ASSETS	**26,528.10**	**28,120.80**	**32,828.20**	**32,828.20**	**41,571.80**	**45,594.80**
LIABILITIES						
Deposits	18,181.10	19,595.70	22,870.60	26,775.80	28,604.50	31,463.70
Due to financial institutions	499.4	574.1	683.9	1,222.80	739	583.4
Administered funds	1,283.90	1,023.50	941.4	1,150.50	1,020.40	758.9
Other liabilities	1,890.30	2,403.70	2,712.20	2,679.80	3,710.30	3,335.80
TOTAL LIABILITIES	**21,854.70**	**23,597.00**	**27,208.10**	**31,828.80**	**34,074.20**	**37,195.00**
SHAREHOLDERS' FUNDS						
Paid-up capital	1,326.50	1,332.80	1,400.40	1,481.10	1,775.50	2,714.20
Share premium	347.8	347.8	1,177.70	1,763.00	1,847.60	1,541.40
Retained reserves	2,053.50	2,358.80	1,926.80	1,923.60	2,457.60	2,566.90
Other reserves	272.7	209.1	307.8	484.4	373.7	363
Profit – Loss (current year)	672.8	688.5	807.5	853.5	1,043.30	1,214.40
TOTAL SHAREHOLDERS' FUNDS	**4,673.30**	**4,937.00**	**5,620.20**	**6,505.50**	**7,497.60**	**8,399.80**
OFF-BALANCE SHEET ITEMS						
Letters of credit	348.6	383.4	417.7	596.3	692.9	539.8
Guarantees & performance bonds	3,176.40	3,561.00	3,913.70	3,545.90	3,785.30	4,182.90
Unused loans/overdrafts commitment	2,407.20	2,687.40	3,521.40	3,915.60	3,812.70	4,456.00
Other off-balance sheet items	362.9	461.7	1,199.40	352.4	624.3	791.0
TOTAL OFF-BALANCE SHEET ITEMS	**1,109.0**	**7,048.5**	**9,052.2**	**8,410.3**	**8,915.2**	**9,969.7**

Source: BOU

Appendix 5: Aggregated Statement of Financial Position for Credit Institutions (UGX Billion)

UGX billion, as at year end	2017	2018	2019	2020	2021	2022
ASSETS						
Cash	23.5	22.9	25.9	31.4	3.3	4.2
Balances with institutions in Uganda	123.9	101.0	162.9	264.4	97.4	148.0
Balances with commercial banks outside Uganda	3.1	0.5	1.1	1.6	0.0	0.0
Investments	19.1	20.7	21.5	53.9	16.9	31.8
of which Government securities	19.1	20.7	21.5	53.9	16.9	31.8
Loans and advances (Net)	305.6	401.2	518.5	574.8	235.9	259.3
of which administered funds	0.4	14.6	14.1	21.3	8.3	2.6
Premises and fixed assets (Net)	41.3	60.2	93.3	92.2	32.2	29.9
Other assets	26.3	32.0	29.1	44.2	32.9	36.4
Total assets	**542.8**	**638.4**	**852.2**	**1062.5**	**418.8**	**509.7**
LIABILITIES						
Total deposit liabilities to depositors	375.3	425.6	436.9	593.7	226.3	263.6
Loan Insurance Fund	5.1	6.5	35.6	34.6	31.1	30.9
Balances due to commercial banks/associated companies/residents/non-residents	24.5	36.2	116.3	173.1	56.4	89.9
Borrowings at Bank of Uganda			0.0	0.0	0.0	0.0
Administered funds	4.6	8.2	10.5	17.9	8.3	2.7
Other liabilities	26.3	33.7	86.6	72.8	24.6	38.9
Provisions	3.2	3.9	5.1	5.5	2.3	2.5
Capital	100.4	122.5	163.7	161.4	67.8	82.7
of which, paid-up capital	84.1	96.6	139.8	150.4	85.7	106.9
Profit for current year	2.7	10.6	9.1	-17.8	1.5	-3.6
Total liabilities and capital	**542.8**	**638.4**	**852.2**	**1062.5**	**418.8**	**509.7**

Source: BOU

Appendix 6: Aggregated Statement of Financial Position for MDIs (UGX Billion)

UGX billion, as at year end	2017	2018	2019	2020	2021	2022
ASSETS						
Notes and coins	11.0	14.1	15.5	16.9	17.7	25.5
Balances with institutions in Uganda	116.0	134.2	159.6	230.9	228.3	211.3
Government securities	1.5	2.7	0.1	4.0	17.9	20.3
Net loans outstanding	273.8	304.7	362.2	392.8	387.3	448.9
Net fixed assets	36.9	44.6	68.7	70.8	69.4	73.0
Long-term investments	0.1	0.1	0.1	0.1	0.2	0.5
Other assets	30.5	21.2	24.9	27.8	26.1	28.2
Total assets	**469.8**	**521.5**	**631.1**	**743.3**	**746.9**	**807.7**
LIABILITIES						
Deposit liabilities	214.7	234.8	284.5	355.9	383.2	402.9
Loan insurance fund	7.9	7.9	7.8	7.0	4.4	4.5
Borrowings	53.8	58.3	72.3	104.6	76.0	105.5
Other liabilities	31.6	32.7	61.1	61.2	64.9	54.3
Other Long-term liabilities	0.0	0.0	0.8	0.0	0.0	0.0
Total liabilities	**308.0**	**333.7**	**426.5**	**528.7**	**528.5**	**567.2**
FINANCED BY:						
Capital	153.3	179.3	196.1	204.8	209.7	231.8
Subordinated debt	8.5	8.5	8.5	9.7	8.7	8.8
Preference shares	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities & equity	**469.8**	**521.5**	**631.1**	**743.3**	**746.9**	**807.7**

Source: BOU