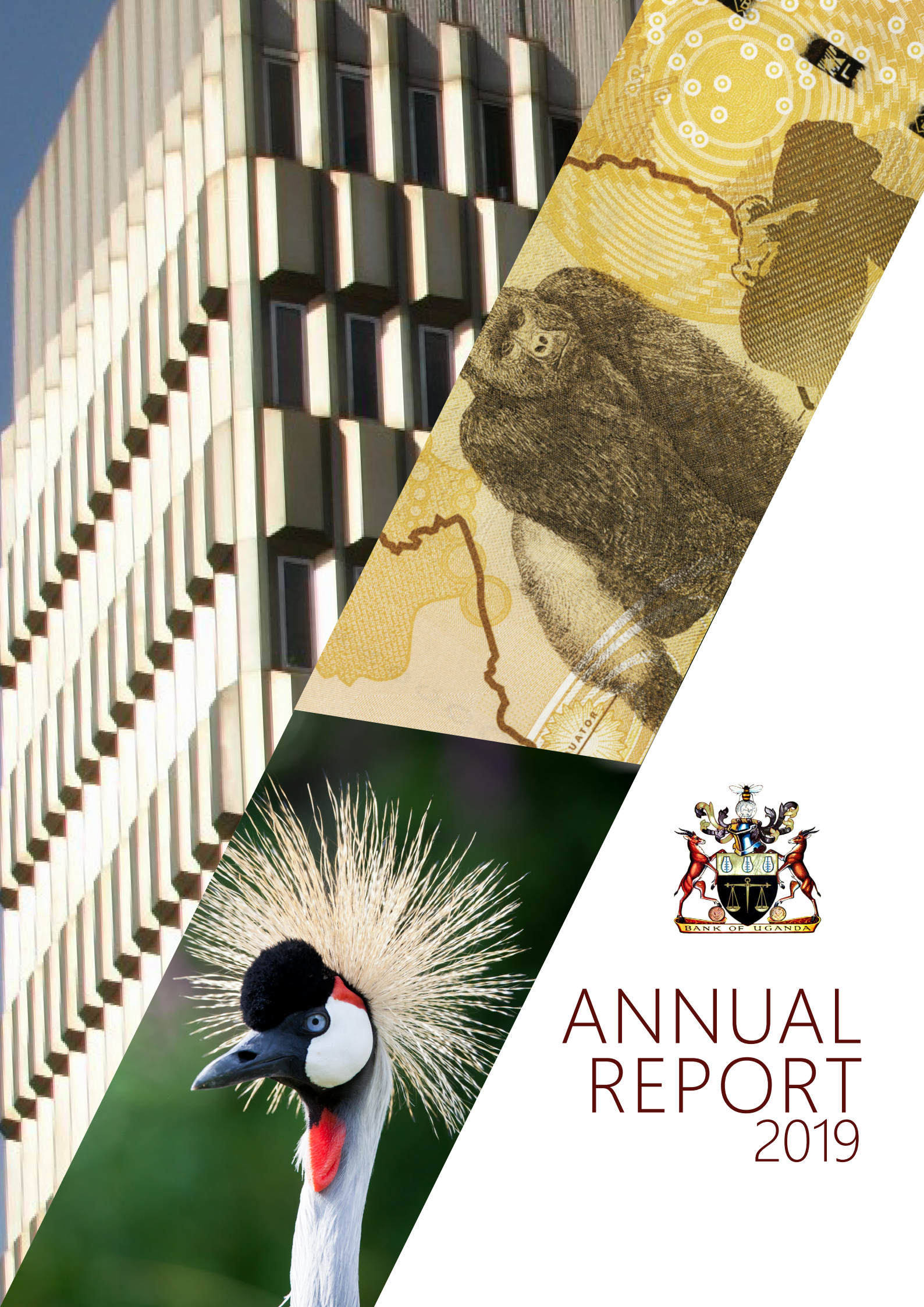
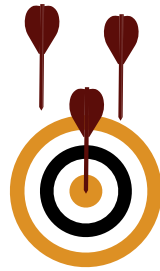




ANNUAL REPORT 2019

VISION

To be a Centre of Excellence in Upholding
Macroeconomic Stability



MISSION

To Foster Price Stability and a Sound Financial System

CORE VALUES



STRATEGIC FOCUS AREAS



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Abbreviations

AEs	Advanced Economies
AfDB	African Development Bank
AFRACA	African Rural and Agricultural Credit Association
AGCB	Audit and Governance Committee of the Board
ALSI	All Share Index
AML	Anti-Money Laundering
APT	Attack & Penetration Testing
ATM	Automated Teller Machine
Bank	The Central Bank of Uganda
BCNET	Bank's Computing Network
BCP	Business Continuity Plan
BIS	Bank for International Settlement
BOP	Balance of Payments
BoU	Bank of Uganda
BRICS	Brazil, Russia, India, China & South Africa
BRS	Business Resumption Site
BSA	Bank Supervision Application
CBR	Central Bank Rate
CGT	Capital Gains Tax
CIC	Currency In Circulation
CNOOC	China National Offshore Oil Petroleum
COMESA	Common Market for Eastern and Southern Africa
CPCB	Capital Projects Committee of the Board
CPI	Consumer Price Index
CPTM	Commonwealth Partnerships for Technology Management
CRB	Credit Reference Bureau
CSD	Central Securities Depository
CT	Cheque Truncation
DBS	Defined Benefits Scheme
DFS	Development Finance Schemes
DPF	Deposit Protection Fund
DRS	Disaster Recovery Site
EAC	East African Community
EAMU	East African Monetary Union
EAPS	East African Payments System
ECCS	Electronic Cheque Clearing System
ECGS	Export Credit Guarantee Scheme
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer at Point of Sale
EIB	European Investment Bank
EIR	Effective Interest Rate
EMDEs	Emerging Markets and Developing Economies
EOP	End of Period
EPA	Economic Partnership Agreement
ERS	Export Refinance Scheme
ERTRF	Energy for Rural Transformation Refinance Scheme
ESAF	Enhanced Structural Adjustment Fund
EU	European Union
ExCOM	Executive Committee of Management – Bank of Uganda
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FERMS	Foreign Exchange Reserve Management System
FINRA	Financial Industry Regulatory Authority
FIS	Financial Institutions Statute
FMDP	Financial Markets Development Programme
FMI	Financial Markets Infrastructure
FPC	Foreign Private Capital
FY	Financial Year
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
HIPC	Highly Indebted Poor Countries
HRRCB	Human Resource and Remuneration Committee of the Board

IAS	International Accounting Standards
IDA	International Development Agency
IFAD	International Fund for Agricultural Development
IFEM	Inter-bank Foreign Exchange Market
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Information Technology
KFD	Key Facts Document
MAC	Monetary Affairs Committee
MDI	Microfinance Deposit Taking Institutions
MDRI	Multi-lateral Debt Relief Initiative
MEMD	Ministry of Energy and Mineral Development
MFHP	Monetary and Fiscal policy Harmonization Program
MIFID	Markets in Financial Instruments Directive
MoFPED	Ministry of Finance Planning & Economic Development
MPC	Monetary Policy Committee
NBFI	Non-Bank Financial Institutions
NDA	Net Domestic Assets
NED	Non-Executive Director
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NFIS	National Financial Inclusion Strategy
NIC	National Insurance Corporation
NISP	National Information Security Policy
NPV	Net Present Value
NSSF	National Social Security Fund
OMO	Open Market Operations
PD	Primary Dealers
PDSG	Primary Dealer Shared Gateway
PF	Petroleum Fund
PFMIs	Principles for Financial Markets Infrastructure
PRGF	Poverty Reduction and Growth Facility
PRIR	Petroleum Revenue Investment Reserve
PSI	Policy Support Instrument
PSIS	Private Sector Investment Survey
PSP	Payment Service Providers
PSPC	Payment System Policy Committee
REER	Real Effective Exchange Rate
Repo	Repurchase Order Agreement
RMC	Risk Management Committee
RTGS	Real Time Gross Settlement System
SDR	Special Drawing Rights
SFCB	Strategy & Finance Committee of the Board
SIPS	Systemically Important Payment Systems
SPF	Special Provident Fund
SSA	Sub-Saharan Africa
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
Total EP	Total Energy & Petroleum
TSA	Treasury Single Account
UBOS	Uganda Bureau of Statistics
UCF	Uganda Consolidated Fund
UIA	Uganda Investment Authority
UNIS	Uganda National Inter-bank Settlement System
UPA	Uganda Petroleum Authority
USE	Uganda Securities Exchange
WEO	World Economic Outlook
WTO	World Trade Organization

1 Governor's foreword

The Ugandan economy continued to expand in FY2018/2019 albeit at a slightly slower pace than FY2017/2018. Gross Domestic Product (GDP) expanded by 6.1 percent in real terms, a pace marginally lower than 6.2 percent in FY2017/2018.

Consumer Price Inflation remained below the Bank of Uganda (BoU) medium term target of 5 percent. Annual overall and core inflation averaged 3.1 percent and 3.6 percent, respectively in FY2018/2019. The low headline inflation was mainly on account of a drop in food crops and related items due to favourable weather conditions throughout the year. The slight rise in core inflation in FY2018/2019 to 3.6 percent from 2.7 percent in FY2017/2018 was on account of the buyout domestic demand as reflected in a rise in non-food, other goods, and services inflation. BoU maintained a largely accommodative monetary policy stance in FY2018/2019 with the CBR set at 9 percent for the first four (4) months of the year and 10 percent for the rest of the year.

The balance of payments recorded a surplus balance of USD 68.6 million in FY2018/2019, in contrast to a deficit of USD 160.7 million recorded in FY2017/2018. During the FY2018/2019, the current account deficit (CAD) widened by USD 1,487.6 million to USD 3,281.3 million. The deterioration in the CAD was largely due to widening of the trade deficit driven by a pick-up in the import bill which more than offset the increase in exports; coupled with increased payments for other business services (technical services for infrastructural developments) to foreign service providers. The stock of foreign reserves as at June 30, 2019 amounted to USD 3,338.1 million equivalent to 4.2 months of import cover.

The Banking Sector remained in a sound financial condition, and was well capitalized with all Banks meeting the minimum capital adequacy requirements. Asset Quality of the Banking Sector continued to improve with the ratio of Non-Performing Loans and Advances (NPLs) to Gross Loans and Advances declining to 3.8 percent as at June 30, 2019 from 4.4 percent as at June 30, 2018. Financial innovations especially agent banking continued to shape the financial landscape by modifying the business models of Banks. Consequently, at the end of June 2019, 24 commercial banks were operational with 553 branches compared to 547 branches in 2018, following the opening of 15 new branches and closure of 9 branches during the year ended June 2019.



The Bank of Uganda continued to engage the Parliamentary Committee on Commissions, Statutory Authorities, and State Enterprises (COSASE) as well as other accountability mechanisms put in place by the Laws of Uganda. Inadvertently, the accountability process has been misconstrued by certain stakeholders leading to an increase in negative sentiment about the institution. Bank of Uganda remains steadfast in upholding its values of Transparency & Accountability; Integrity; Team work; and Excellence in executing its mandate.

I thank the Board of Directors, Management, and Staff of the Bank who have supported the work of the Institution in FY2018/2019.

Prof. Emmanuel Tumusiime-Mutebile
Governor



2 2018/19 at a Glance

GDP GROWTH



Compared to 6.2% in 2017/18

INFLATION CONTROL TARGET

5%

ANNUAL HEADLINE INFLATION



Compared to 3.4% in 2017/18

CENTRAL BANK RATE AT YEAR END



Compared to 9% in 2017/18

TREASURY BILLS AT YEAR END



UGX6.95tn

Compared to UGX6.35tn in 2017/8

TREASURY BONDS AT YEAR END



UGX3.43tn

Compared to UGX2.52tn in 2017/18

FOREIGN EXCHANGE RESERVES



Compared to USD3.2bn in 2017/18

IMPORT COVER



Compared to 4.6months in 2017/18

1 UGX TO USD EXCHANGE RATE



UGX3,694.76

Compared to UGX 3,659.15 in 2017/18

VALUE OF BANK NOTES AND COINS



UGX4.59tn

Compared to UGX4.32tn in 2017/18

TOTAL DEFICIT FOR THE YEAR



UGX859bn

Compared to a surplus of UGX472bn in 2017/18

TOTAL ASSETS



UGX16.3tn

Compared to UGX16.2tn in 2017/18



VALUE OF MOBILE MONEY TRANSACTIONS



UGX66.95tn

Compared to UGX 73.08 Trillion in 2017/18

NUMBER OF MOBILE MONEY TRANSACTIONS



2.51bn

Compared to 1.35 billion transactions in 2017/18



229

Complaints received by the Bank through Financial Consumer Empowerment Mechanism



179

Complaints concluded and closed



1,066

Number of Employees

2017-22

Strategic plan period

ACF TOTAL FUNDS DISBURSED



UGX350bn

Compared to UGX269bn in 2017/18

ACF ELIGIBLE PROJECTS AT YEAR END



592

Compared to 450 projects in 2017/18



3 Board of Directors



Prof. Emmanuel Tumusiime-Mutebile

Governor,
Chairman of the Board of Directors

Dr. Louis Kasekende

Deputy Governor,
Alternate Chairman of the Board,
Member of CPCB, HRRCB and SFCB



Mr. Keith Muhakanizi

Member of AGCB, SFCB and HRRCB



Ms. Judy Obitre-Gama

Chairperson of HRRCB,
Member of AGCB and CPCB



Mr. James Kahoza

Chairman of the AGCB,
Member of: SFCB, CPCB and HRRCB



Ms Josephine Okui Ossiya

Chairperson of the SFCB,
Member of: AGCB, CPCB and HRRCB



Dr. William Kalema

Chairman of CPCB,
Member of AGCB, SFCB and HRRCB



4 Executive Management



Banking;
Currency;
Financial Markets

Mrs. Mary Katarikawe
Executive Director Operations



Risk & Compliance;
Strategy & Quality Assurance

Mr. Richard Mayebo
Executive Director Risk & Strategy Management



IT Operations;
Business Automation

Mr. Elliot Mwebya
Executive Director Information Technology



Economic Research;
Statistics

Adam Mugume (PhD)
Executive Director Research



Commercial Banking;
Non-Bank Financial Institutions;
Financial Stability

Tumubweinee Twinemanzi (PhD)
Executive Director Supervision





Accounts;
National Payments Systems

Mr. Richard Byarugaba
Ag. Executive Director Finance



Human Resources;
Medical;
Administrative Services;
Security;
Pension Administration

Mr. Solomon Oketcho
Executive Director Administration



Board Affairs;
Communications;
Legal

Mrs. Susan Kanyemibwa
Bank Secretary



Petroleum Revenue Investment Reserve Fund

Mr. Philip Wabulya
Executive Director Petroleum Fund



Internal Audit

Mr. David L. Kalyango
Chief Internal Auditor



Procurement and Disposal

Mrs. Joyce Okello
Personal Assistant to Governor



5 Price and macroeconomic stability

5.1 External economic environment

5.1.1 Global economic activity

The global economy slowed down in the second half of 2018, partly due to escalating trade tensions between China and the United States of America (USA), uncertainty surrounding Brexit, weather related shocks and geopolitical tensions. Economic activity slowed to 3.6 percent in 2018, down from 3.8 percent in 2017. Growth is now expected to moderate to 3.2 percent in 2019 before picking up to 3.5 percent in 2020 supported by accommodative policies in most economies as shown in Table 1.

The decline in growth was observed in both Advanced Economies (AEs) and Emerging Market and Developing Economies (EMDEs). Growth in EMDEs declined to 4.5 percent in 2018 from 4.8 percent in the previous year. China's growth softened on account of tightening of domestic regulations to reign in debt and constrain shadow banking in addition to reduced export orders due to the trade tensions with the USA. This resulted in weaker import demand in China that affected her trading partners particularly in Asia and Europe.

Growth slowed in most AEs except the USA which remained robust boosted by tax cuts and increased fiscal spending. Economic activity weakened in Japan due to natural disasters in the second half of 2018 coupled with a decline in exports as trade protectionism took a toll on overseas demand. Growth in the Euro Area also slowed due to poor economic performance of several major economies coupled with rising global trade uncertainty and growing concerns about a no

deal Brexit. Growth in Italy was depressed by rising financing costs and uncertainty about the fiscal policy stance, Germany by disruptions in the auto sector due to new fuel emission standards while street protests disrupted retail sales and affected consumption spending in France.

In sub-Saharan Africa (SSA), growth increased to 3.1 percent in 2018, up from 2.9 percent in 2017 supported by stronger mining production and commodity prices, public investment in infrastructure and a rebound in agricultural production. In Nigeria, growth reached 1.9 percent in 2018, up from 0.8 percent in 2017, reflecting a modest pick-up in the non-oil economy. Growth in South Africa was subdued at 0.8 percent in 2018 from 1.8 percent the previous year as policy uncertainty held back investment. Growth is expected to improve further to 3.4 percent and 3.6 percent in 2019 and 2020, respectively as strong growth in many non-resource rich countries offsets softer performance in the region's largest economies. The outlook for oil-exporting countries is supported by higher oil prices.

Global growth is set to moderate in the near term before picking up slightly supported by EMDEs which are expected to grow by 4.1 percent in 2019 and a further 4.7 percent in 2020. AEs are projected to grow by 1.9 percent and then slowdown to 1.7 percent mainly on account of the unwinding of the fiscal stimulus in the US. The projected pick-up in growth in 2020 relies on support from the financial markets, stabilisation of some stressed EMDEs and fading of temporary shocks to production.

The risks to the outlook are tilted to the downside. The major

Table 1: Global Growth Projections 2017-2020

	2017	2018	2019	2020
World	3.8	3.6	3.2	3.5
Advanced Economies	2.4	2.2	1.9	1.7
United States	2.2	2.9	2.6	1.9
Euro Area	2.4	1.9	1.3	1.6
Japan	1.9	0.8	0.9	0.4
United Kingdom	1.8	1.4	1.3	1.4
Emerging Market & Developing Economies	4.8	4.5	4.1	4.7
Russia	1.6	2.3	1.2	1.9
Brazil	1.1	1.1	0.8	2.4
China	6.8	6.6	6.2	6.0
India	7.2	6.8	7.0	7.2
Sub-Saharan Africa	2.9	3.1	3.4	3.6
Nigeria	0.8	1.9	2.3	2.6
South Africa	1.4	0.8	0.7	1.1

Source: IMF, WEO Update July 2019



downside risks include the escalation of trade war between the US and China, a move towards more protectionist policies by other economies, geopolitical tensions, weakening financial conditions as a result of a no-deal Brexit and mounting disinflationary pressures. Given the weak expansion in growth already projected for 2019, a realisation of these downside risks would further worsen the outlook.

5.2 Global inflation and commodity prices

5.2.1 Global inflation

Inflationary pressures remained well anchored in 2018 reflecting the slow growth momentum and a drop in commodity prices. Consumer price inflation remained subdued in AEs, rising slightly to 2.0 percent in 2018 from 1.7 percent in 2017. Inflation remained below target in most of these economies particularly in Japan and the Euro Area and rose slightly above target in the US and the UK.

Similarly, in EMDEs, inflation remained muted at 4.8 percent in 2018 from 4.3 percent in 2017. Inflation dropped well below historical averages in most EMDEs with the exception of Argentina, Turkey and Venezuela where country specific factors influenced consumer prices. In SSA, inflation dropped to 8.5 percent in 2018 from 11.0 percent in the previous year supported by strong agricultural production and stable exchange rates in most of these countries. Global inflationary pressures are expected to remain contained at 1.6 percent in AEs and 4.8 percent in EMDEs in 2019 before picking up to 2.0 percent and 4.7 percent respectively in 2020. Inflation developments in selected countries are shown in Table 2.

Table 2: Inflation Developments in Selected Countries and Euro zone 2015-2019

Frequency	Annual			Quarterly				Monthly		
Country	2016	2017	2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Apr-19	May-19	Jun-19
Japan	-0.1	0.5	1	1.1	0.9	0.3	0.8	0.9	0.7	0.7
United Kingdom	1	2.6	2.3	2.3	2.1	1.8	2	2	1.9	1.9
United States	1.3	2.1	2.4	2.6	2.2	1.6	1.8	2	1.8	1.6
Euro area (19 countries)	0.2	1.5	1.8	2.1	1.9	1.4	1.4	1.7	1.2	1.3
Brazil	8.7	3.4	3.7	4.4	4.1	4.1	4.3	4.9	4.7	3.4
China	2	1.6	2.1	2.3	2.2	1.8	2.6	2.5	2.7	2.7
India	4.9	2.5	4.9	5.6	5.1	7.1	8.5	8.3	8.7	8.6
Russia	7	3.7	2.9	3	3.9	5.2	5	5.2	5.1	4.7
South Africa	6.6	5.2	4.5	4.9	4.8	4.2	4.4	4.4	4.4	4.5

Source: OECD Statistics

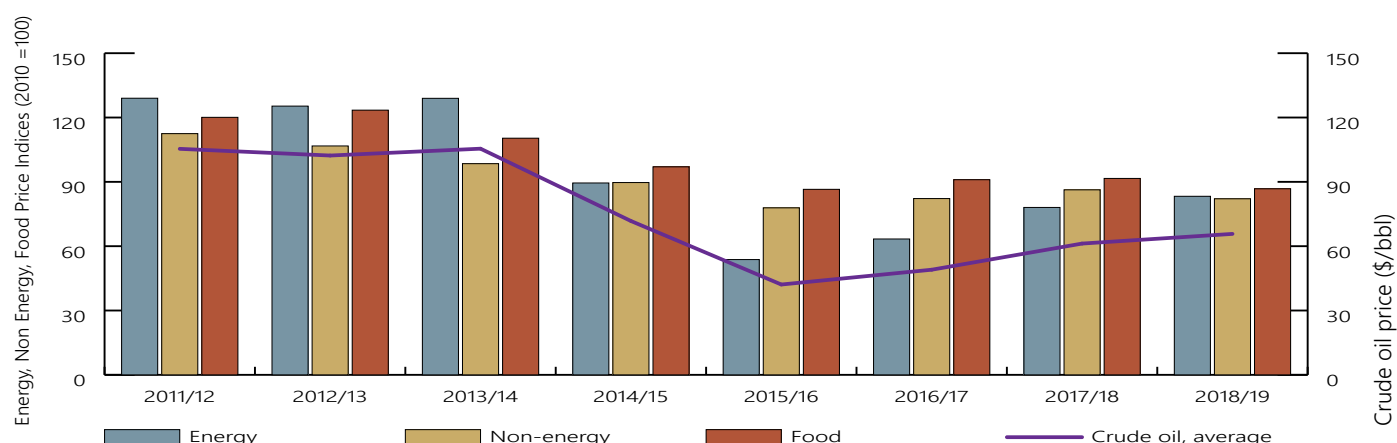
5.2.2 Global commodity prices

Commodity prices have remained volatile over the past year, reflecting shifting supply influences compounded by subdued demand. Crude oil prices averaged \$60 per barrel in June 2019, down from an average of \$72 per barrel in June 2018. Oil prices fluctuated throughout the year on account of various factors. Price declined in the last quarter of 2018 due to a temporary waiver in US sanctions on Iranian oil exports to some countries and high US production. They recovered in the first four months of 2019 supported by a decline in oil inventories, production cuts by key producers as well as market anticipation of tightening of supplies following an April 2019 announcement that the US would not renew Iran sanction waivers on expiration in May 2019. The price declines observed since April 2019 largely reflect increasing uncertainty about global oil demand growth as a result of

increasingly weak global economic signals. The outlook remains for lower commodity prices, with oil prices projected to decline by 4.1 percent in 2019 before strengthening in 2020 as the global economy recovers.

Non-energy prices dropped by 5.8 percent in the year to June 2019 and are expected to remain below their 2018 averages, before rising moderately in 2020 as the global economy recovers from its slump. The fall in non-energy prices was mainly attributable to agriculture and metals & mineral prices while prices of precious metals rose by 3.4 percent during the same period. Metal prices are expected to decline 6.0 percent year on year in 2019 and inch down a further 0.8 percent in 2020 while food prices are projected to decline 2.6 percent year on year in 2019 before increasing by 1.7 percent in 2020. Figure 1 shows global commodity price developments.

Figure 1: Global Commodity Price Developments



Source: World Bank

5.3 Global financial markets

Global financial markets remained jittery in the year to June 2019 preoccupied with concerns about the slowdown in growth, the possible escalation of trade tensions and their impact on the monetary policy outlook. Volatility picked up in the last half of 2018 as the possibility of rate hikes in the US, escalation of the US-China trade dispute, uncertainty surrounding Brexit as well as concerns about global growth hurt investor confidence.

However, the slowdown in global activity triggered a move towards easier monetary policy stances in many Advanced and Emerging Market and Developing Economies. In March 2019, the US Federal Reserve Bank announced that there would be no further rate increases this year and indicated the possibility of rate cuts. Monetary policy was also eased in the Euro Area, UK, China, Egypt, India and Nigeria among others. This monetary policy easing helped stabilise financial conditions and pushed up asset prices which saw 10-year government bond yields further decline in the Euro Area, UK, US and Japan. Financial markets in EMDEs eased somewhat since the beginning of 2019 though remain tighter than in 2018. Monetary policy has been tightened by most central banks in these economies to counteract the effect of an oil price rise and exchange rate depreciations on inflation.

In the currencies market, the U.S. dollar strengthened against most major world currencies during 2018/19 compared to the previous year. The U.S. dollar index - which measures the strength of the U.S. dollar against a basket of seven major world currencies, increased by 3.9 percent in 2018/19, compared to the decline of 5.3 percent in the previous year.

Although the easing of monetary policy has helped to stabilise financial markets and capital flows in the short-term, it may fuel further debt accumulation and raise medium-term risks to financial stability. The markets also remain prone to changes in investor sentiments and the policy uncertainty surrounding unresolved trade disputes and Brexit could limit this effect.

5.4 Global trade

World trade growth slowed down in 2018 and remained weak in the first half of 2019. Volumes of world merchandise trade grew by 3.7 percent in 2018, down from a 6-year peak of 5 percent in 2017. Trade was weighed down by a number of factors including ongoing trade tensions, weaker global economic growth, and tighter monetary conditions in developed countries and volatility in financial markets among others. Global trade was also affected by temporary shocks including the federal government shutdown in the US and issues with production in Germany's automotive sector. The slowdown in merchandise trade volumes was broad-based although Europe and Asia were more affected than other regions.

In the outlook, global trade is expected to weaken further in 2019, growing by 2.5 percent on account of uncertainty due to trade disagreements and signs of weaker growth in China. Trade is expected to pick up in the medium term in line with economic activity reflecting optimism regarding trade negotiations and stabilisation of stressed EMDEs. The risks to this outlook are tilted to the downside and include the possibility of protracted trade tensions and accompanying policy uncertainty. Table 3 shows trends in growth of global trade.



Table 3: Global Trade Growth

	2013	2014	2015	2016	2017	2018	2019	2020
World Trade	3.6	3.9	2.8	2.2	5.5	3.7	2.5	3.7
Advanced Economies	2.9	3.9	4.3	2.2	4.4	3.1	2.2	3.1
Emerging Market & Developing Economies	5.0	3.8	0.2	2.3	7.4	4.7	2.9	4.8

Source: IMF WEO July 2019 Update

5.5 Implications for the Uganda economy

Uganda's economic performance is influenced by developments in the global economic environment which affect commodity prices, trade and international capital flows. The global economy is expected to pick up in 2020 supported by financial market sentiment, stabilisation of stressed EMDEs and the fading of temporary shocks to production. There are however risks to this outlook which are mainly on the downside arising from the possibility of an escalation of trade tensions, slower growth in China, geopolitical tensions and the uncertainty surrounding Brexit and other policies. The realisation of these downside risks would negatively affect the Ugandan economy particularly at a time when monetary and fiscal space is limited as a policy response. An escalation of the trade disputes between the US and China coupled with a slowdown in China's growth could negatively impact Uganda through a reduction in trade volumes.

The unease in global financial markets remains a likely source of volatility in the domestic financial markets and may also curtail domestic growth through lower investment and demand. Global financial markets remain jittery and prone to changes in investor sentiments and risk assessments. Although the easing of monetary policy has helped to stabilise financial markets and capital flows in the short-term, the markets remain prone to changes in investor sentiments and the policy uncertainty surrounding unresolved trade disputes and Brexit could limit this effect. This could affect consumer and investor confidence and curtail growth in the Ugandan economy.

On the upside, the pick-up in global activity and the expected recovery in commodity prices could boost exports and investment thereby increasing growth. The easing of monetary policy conditions in most AEs is expected to support growth in these economies. Particularly, the ECB's decision to keep its interest rates unchanged and keep them at the same level till the first half of 2020 is expected to support growth in the Euro Area. The recovery in the Euro zone is expected to have

a positive impact on Uganda's export earnings, remittances and as well as FDI inflows since the Euro Zone is one of Uganda's major trading partners.

5.6 Domestic economic developments and prospects

5.6.1 Monetary policy and operations

The primary objective of Bank of Uganda's (BoU's) monetary policy is to achieve low and stable inflation, defined by a medium term core inflation target of 5.0 percent. BoU continued to use the Inflation Targeting (IT) monetary policy framework in guiding her monetary policy operations, adjusting the policy rate — the Central Bank Rate (CBR) — in line with inflation outlook and aggregate demand conditions.

During FY 2018/19, inflation remained relatively subdued. Headline inflation averaged 3.1 percent, relative to 3.4 percent in FY 2017/18. Although core inflation edged to 3.8 percent relative to 2.7 percent in the previous year, it hovered below the BOU's medium-term target of 5.0 percent. In line with the inflation outlook, the BoU considered it appropriate to maintain an accommodative monetary policy stance to support economic activity. Therefore, for most of 2018/19, BoU maintained a neutral monetary policy stance, holding the CBR at 10 percent, after it was increased from 9 percent in October 2018.

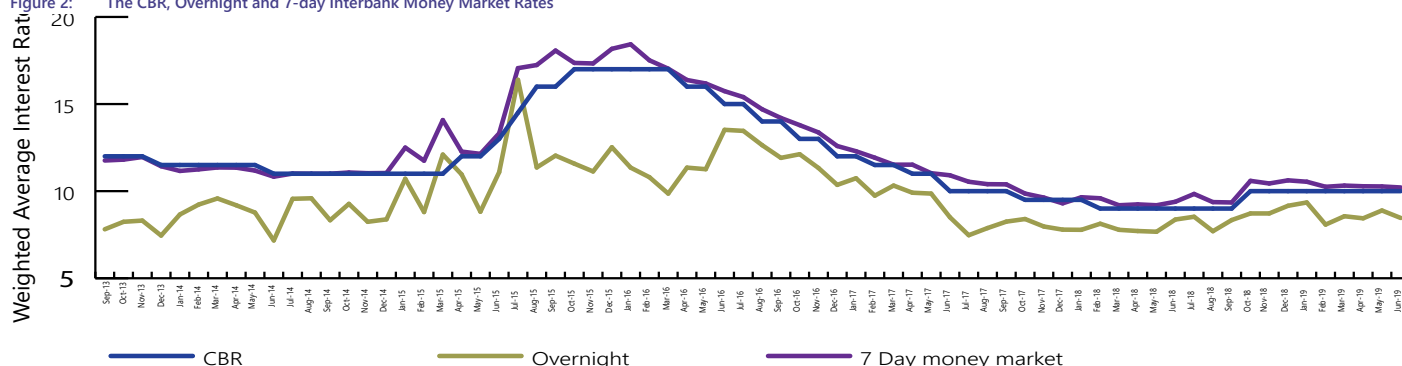
BoU continued to use Repurchase Agreements (REPOs), Deposit auctions and sales of recapitalization securities in the secondary market to align the 7-day interbank money market rate with the CBR. During FY 2018/19, the net effect of the Deposit auctions was an injection of UGX 846 billion, with an outstanding amount of UGX 1,531 billion at end of June 2019. Over the same period, the net effect of the REPO instrument was an injection of UGX 426 billion, with UGX 594 billion outstanding at the end of June 2019. This was due to more maturities than auctions of both instruments.

Interest rates have trended in line with the accommodative monetary policy stance. The 7-day Weighted Average



Interbank (WAI) money market rate rose to 10.17 percent from 9.7 percent in FY 2017/18. Developments in the overnight, the 7-day interbank money market rate and the CBR are shown in Figure 2.

Figure 2: The CBR, Overnight and 7-day Interbank Money Market Rates



Source: Bank of Uganda

5.7 Instruments of monetary policy

5.7.1 Vertical repurchase agreement (Repo) market

The Central Bank Rate (CBR) was raised by 1 percentage point from 9 percent in June 2018 to 10 percent in June 2019 in line with the inflation outlook. Bank of Uganda continued to use the repo market as the main liquidity management tool in line with the monetary management framework of Inflation Targeting (IT).

The vertical Repo market used for short-term liquidity management registered a total volume of UGX 32,729.6 billion, comprising of UGX 31,005.2 billion in Repos and UGX 1,724.4 billion in Reverse Repos. These were offered in tenors ranging from 1 to 7 days. The short term Repo market interest rates edged up in line with the monetary policy stance adopted by the Bank of Uganda.

5.7.2 Deposit auction facilities

Deposit auction facilities are used as an instrument for liquidity management alongside the Repo auctions. Deposit auctions are carried out in tenors of 28 and 56 days. Under this facility, the BoU invites commercial banks to place remunerated fixed term deposits at the Central Bank.

During FY 2018/19, deposit auction volumes amounted to UGX 5,848.1 billion of which UGX 2,482.5 billion was awarded on the 28-day tenor and UGX 3,365.6 billion was awarded on

the 56-day tenor.

5.7.3 Bou recapitalisation securities

The Bank of Uganda also uses recapitalization securities as a supplementary tool to manage liquidity. However, during FY 2018/19, no recapitalization securities were sold.

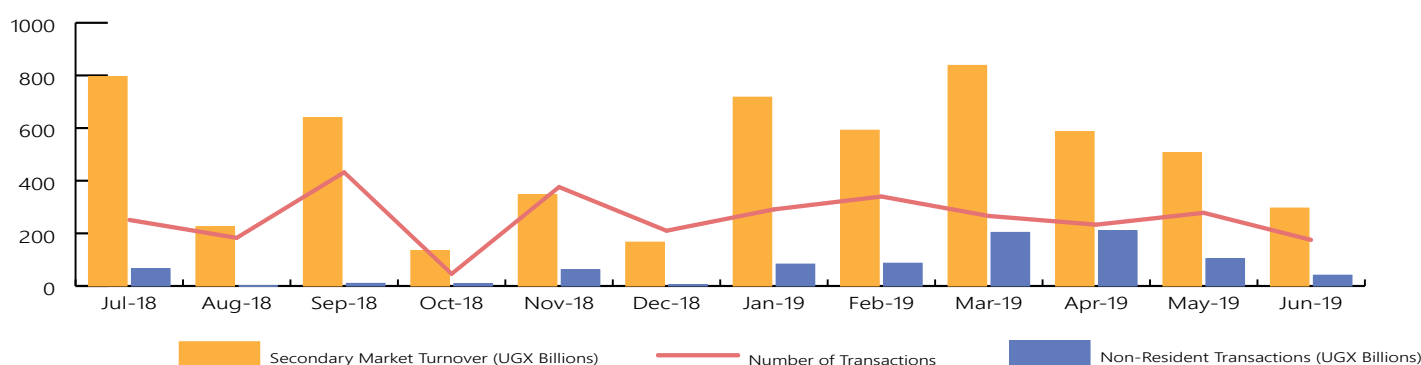
5.7.4 Secondary market developments

Financial markets development is one of the pursuits of Bank of Uganda. A developed market is characterized by, among others, high liquidity levels in the government securities segment evidenced by an active secondary market. During the period under review, trading volumes in the secondary market for Treasury securities decreased to UGX 5,842.61 trillion from UGX 7,128.81 trillion traded in the year to June 2018. The monthly turnover in the secondary market for the period under review is shown in Figure 3.

The average number of secondary market transactions per month in FY 2018/19 decreased to 256.75 compared to an average of 289.0 transactions in FY 2017/18. The decrease in the volume and number of secondary market trades is attributed to the decline in yields on account of structural liquidity in the domestic market.



Figure 3: Secondary Market Trades of Government Securities July 2018 to June 2019



Source: Bank of Uganda

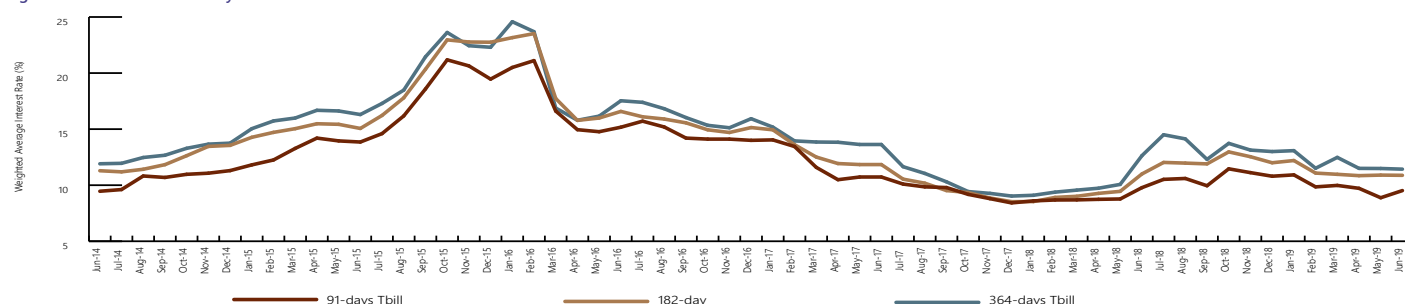
5.8 Interest rates

5.8.1 Yields on treasury bills and bonds

In line with Government's financing needs, the BoU continued to issue Treasury bills (T-bills) and Treasury bonds (T-bonds) in FY 2018/19. Yields on government securities for the 91-day, 182-day and 364-day T-bills rose to 10.3 percent, 11.7 percent and 12.7 percent, respectively, compared to 9.1 percent, 9.4 percent and 10.1 percent, respectively in FY 2017/18. Similarly, yields on the treasury bonds rose across the board to 14.7 percent, 15.6 percent, 16.0 percent, 16.6 percent and 17.1 percent for the benchmark 2-year, 3-year, 5-year, 10-year

and 15-year T-bonds, respectively up from 11.7 percent, 12.3 percent, 13.2 percent, 14.2 percent and 14.7 percent, respectively in the previous financial year. The rise in yields is in line with the increase in net domestic borrowing to UGX 2,163.4 billion in FY 2018/19 from UGX 2,132.6 billion in FY 2017/18. The evolution of the T-Bill rates over the past five years is shown in Figure 4.

Figure 4: Yields on Treasury Bills



Source: Bank of Uganda

5.8.2 Lending and deposit rates

In FY 2017/18, the shilling denominated lending rates declined to an average of 20.3 percent in FY 2017/18 from 22.6 percent in the previous year. In addition, as at June 2018, shilling denominated lending rates stood at 17.7 percent down from 21.1 percent in June 2017. The drop in lending rates is partly attributed to the accommodative monetary policy stance by the BoU since April 2016, where the CBR stood at 16 percent and by June 2018, it had declined to 9 percent.

In FY2018/19, the shilling denominated lending rates declined further to an average of 20 percent, relative to 20.3 percent in FY 2017/18 and 22.6 percent in FY 2016/17. However as at June 2019, shilling denominated lending rates were higher at 19 percent relative to 17.7 percent as at end-June 2018. The rise in lending rates is partly attributed to the increase in the CBR to 10 percent in October 2018, from 9 percent. Lending rates have gradually declined from 25 percent in 2016 supported by an accommodative monetary policy – reflecting an attempt by the BoU to support economic activity, and improvement in asset quality. The ratio of Non-Performing Loans (NPLs) to total gross loans declined to 3.8 percent as of March 2019, from 5.3 percent in December 2018 and 4.4 percent in June 2018. Lending rates are expected to decline further as banks leverage on technology to increase operating efficiency and as some of the measures undertaken by Government to reduce structural rigidities take effect including, the passing by Parliament of the immovable property bill that gives borrowers alternate collateral to land and property.

The time deposit rates gradually increased during FY 2018/19 opening at 9.2 percent and closing the year at 10 percent, an average of 10.1 percent, which is much higher than 8.9 percent in FY 2017/18. Consequently, the spread between lending and time deposit rates narrowed, to the range of 9–11 percent in FY 2018/19 compared to 8–13 percent in FY 2017/18. Overall, the spread fell to 9.8 percent in FY 2018/19, down from 11.5 percent in FY 2017/18. The narrower spreads augurs well with financial sector efficiency and if sustained would enhance the financial sector's contribution to economic growth through higher savings and investment. The weighted average lending rate on foreign currency denominated loans averaged 7.5 percent in FY 2018/19, from 7.7 percent the previous year, and the foreign currency spread averaged 4.3 percent, from 5.0 percent in the previous year. Developments in lending and deposit rates are shown in Table 4.

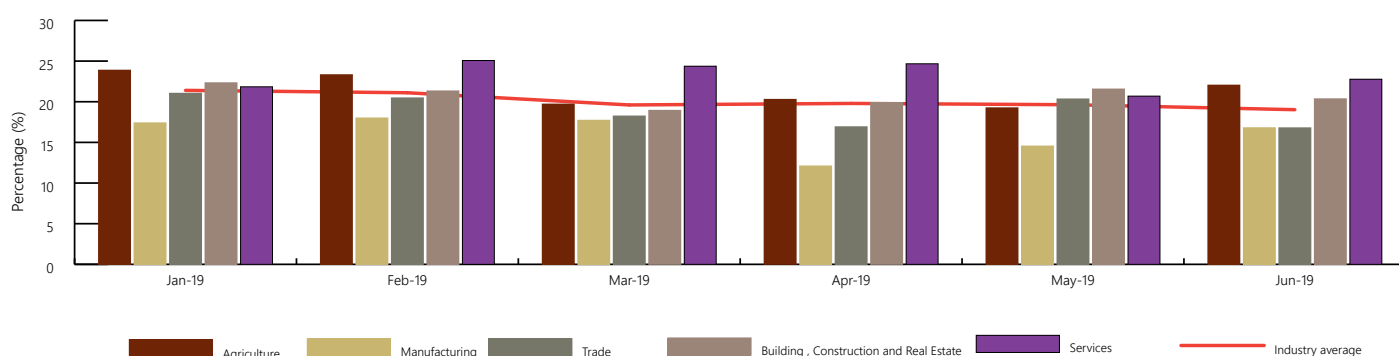
Table 4: Commercial Banks' Interest Rates

		Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Local Currency	Lending (UGX)	21.55	22.34	23.54	21.11	17.68	17.68
	Deposit (WARD)	2.42	2.69	4.11	2.48	2.59	2.59
	Demand	1.79	1.50	1.90	1.60	1.26	1.26
	Saving	2.31	3.26	3.71	2.34	3.51	3.51
	Time	9.82	10.39	12.24	8.86	9.28	9.28
	Spread	11.73	11.96	11.30	12.26	8.40	8.40
Foreign Currency	Lending (USD)	10.11	9.03	9.87	9.47	8.15	8.36
	Deposit (WARD)	1.37	1.49	1.32	1.26	1.63	1.55
	Demand	1.01	0.96	0.96	0.96	0.99	1.00
	Saving	1.66	1.52	1.51	1.49	1.68	1.83
	Time	4.52	4.31	3.97	3.28	3.54	2.53
	Spread	5.59	4.72	5.91	6.20	4.60	5.82

Source: Bank of Uganda

In terms of sectoral interest rates, Agriculture, Building, Mortgages, Construction and Real Estate, Personal and Household Loans attracted the larger average market lending rates. Sectoral developments in interest rates are shown in Figure 5

Figure 5: Interest rates by sector



Source: Bank of Uganda

5.9 Banks credit and monetary aggregates

5.9.1 Credit to the private sector

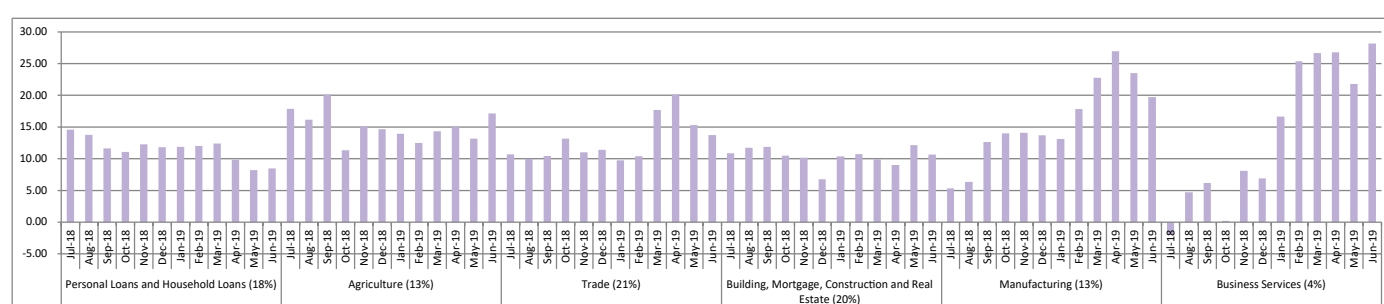
Growth in Private Sector Credit (PSC) continued to strengthen in FY 2018/19, consolidating gains realized in FY 2017/18 supported



by an accommodative monetary policy, improvement in asset quality and continued improvement in economic activity. PSC grew on average by 12.7 percent in FY 2018/19, which is higher than 11.5 percent in the previous year. In May 2019, PSC reached an unprecedented rate of 15.3 percent since October 2016 when PSC started recovering at 1.9 percent. Similarly, the annual PSC growth, net of valuation changes on account of exchange rate movements, averaged 12.5 percent in FY 2018/19, compared to 10.8 percent in FY 2017/18.

Sector-wise, robust credit growth was observed in all the sectors (Figure 5). Credit to agriculture sector, though robust, was slower, at an average of 15 percent during FY2018/19 relative to 23 percent in FY2017/18. Lending to the services sector (with a share of 1 percent of total lending) has recovered. Annual credit growth for the services sector, having been negative from July 2016, has recovered since March 2019. This reflects improved risk aversion towards this sector, which if sustained, could boost business activity of Small and Medium Enterprises (SMEs), lending support to private investment and consumption and in turn boost growth.

Figure 6: Annual Private Sector Credit Growth by Sector

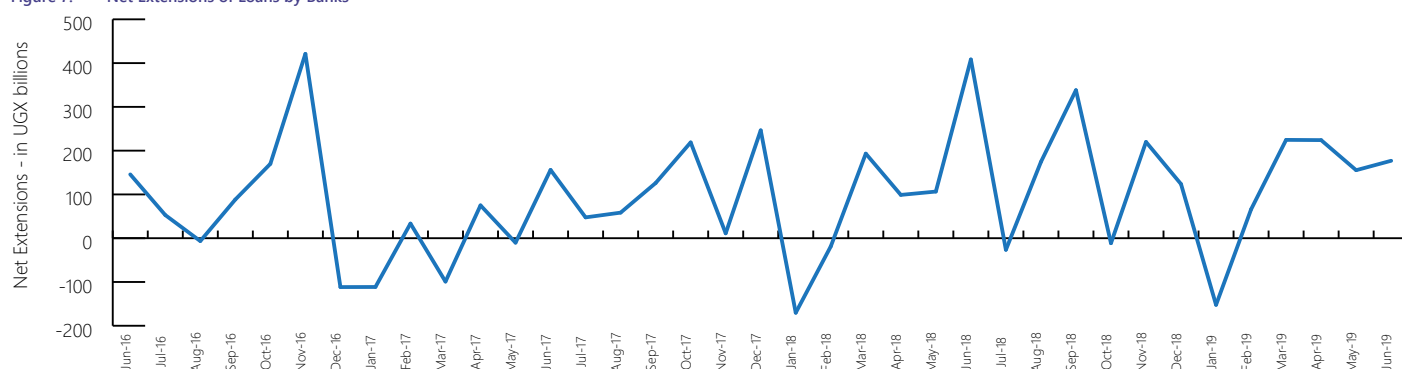


Source: Bank of Uganda

5.9.2 Credit extension

On a net basis (new loans disbursement less recoveries) loans by commercial banks improved over the financial year (Figure 7). Net extensions in FY 2018/19 increased to UGX 1,890.8 billion, from UGX 1,106.3 billion in FY 2017/18, and from UGX 714.6 billion in FY 2016/17. The continued recovery in credit extension was in part due to less risk aversion by banks towards some sectors as asset quality improved, continued recovery in economic activity that stimulated demand and an accommodative monetary policy that kept the cost of lending relatively stable.

Figure 7: Net Extensions of Loans by Banks

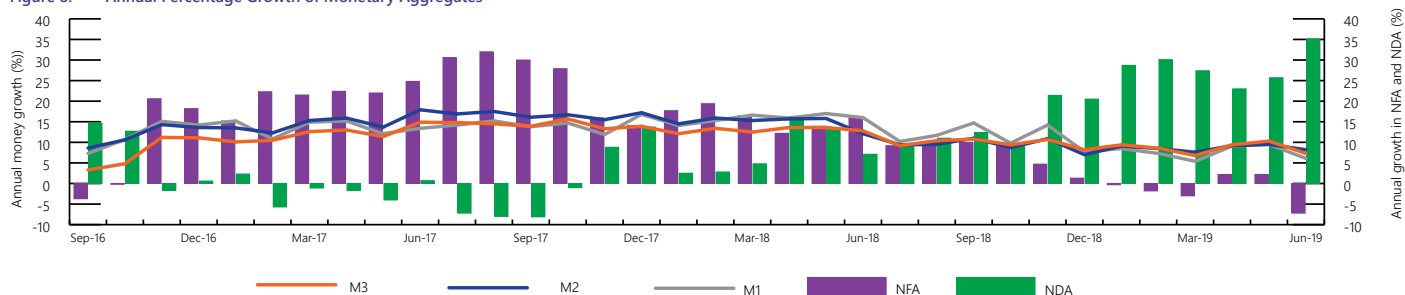


Source: Bank of Uganda

5.9.3 Monetary aggregates

Reflecting in part the relatively lower purchases of foreign exchange for reserve build-up by the BOU, annual growth in monetary aggregates somewhat slowed during FY 2018/19 as indicated in Figure 8. Annual growth in narrow money (M1) – which includes currency in circulation and demand deposits and broad money (M2) – which, in addition to M1 includes time and savings deposits, stood at 9.5 and 9.0 percent respectively, in FY 2018/19, from the respective growth rates of 15.1 and 15.8 percent in FY 2017/18. Demand as well as time and savings deposits fell to 8.6 percent and 8.4 percent, respectively, from growth rates of 17.8 and 16.7 percent, in FY 2017/18.

Figure 8: Annual Percentage Growth of Monetary Aggregates



Source: Bank of Uganda

Annual growth in M3 - which includes M2 and foreign currency deposits, fell to 9.2 percent, from 13.7 percent in FY 2017/18 due to a decline in foreign currency deposits. Annual growth in foreign currency deposits dropped to 9.6 percent in FY 2018/19 from 12.0 percent in FY 2017/18. From the asset side, Net Domestic Assets (NDA) were the main driver of the growth in M3 following the pickup in PSC, contributing to 7.2 percent. Net Foreign Assets (NFA) on the other hand, contributed 2.0 percent, much less than the previous year's contribution of 12.5 percent due to reduced holdings of foreign assets by commercial banks and lower purchases of forex for reserve build-up by BOU. On the liability side, growth in M3 was mainly driven by shilling deposits, which contributed 4.6 percent.

5.10 Domestic inflation

5.10.1 Inflation developments

Similar to FY 2017/18, inflation remained relatively subdued in FY 2018/19. Headline inflation averaged 3.1 percent, relative to 3.4 percent in the previous year. Low headline inflation was mainly on account of a drop in food crops and related items inflation, which dipped to minus 4.3 percent, from 3.5 percent in FY 2017/18, at the back of favorable weather conditions throughout the year. Although core inflation edged to 3.8 percent relative to 2.7 percent in the previous year, it hovered below the BoU's medium-term target of 5.0 percent. The acceleration in core inflation, during the year under review, relative to the previous year, was on account of the buyout domestic demand as reflected in a rise in non-food, other goods and services inflation. Non-food, other goods and services inflation rose to 5.2, 3.4 and 4.3 percent, respectively in FY 2018/19, from 3.1, 2.7 and 2.7 percent in the previous year. Developments in domestic inflation are shown in Table 5.

Table 5: Developments in Domestic Inflation

	2014/15	2015/16	2016/17	2017/18	2018/19
Headline Inflation	2.9	6.6	5.7	3.4	3.1
Core	3.2	6.7	5.1	2.7	3.8
Food crops and related items	1.4	5.9	12.4	3.5	-4.3
Food	2.7	8.2	9	4.2	-1.8
Non-Food	3	6	4.4	3.1	5.2
Energy Fuel and Utilities	1.8	6.7	2.2	11.1	7.5
Other Goods	3	7.3	5	2.7	3.4
Services	3.5	5.8	5.3	2.7	4.3

Source: Uganda Bureau of Statistics

5.10.2 Inflation outlook

Going forward, inflation is expected to stabilize around the 5.0 percent target in the medium term. However, there are upside and downside risks to the inflation outlook, albeit relatively balanced. On one hand there is a possibility of a more depreciated exchange rate given the possibility of heightened volatility in the global financial markets resulting from further escalation of trade disputes and uncertainty surrounding Brexit. The weather conditions also remain uncertain. On the other hand, the softening momentum in global growth resulting from escalation of trade disputes could weaken the global economy and lead to a decline demand for oil and other commodities. Consequently, this could lead to lower imported inflation and external demand, a combination of which would result in lower than projected inflation.

5.11 Real economic growth

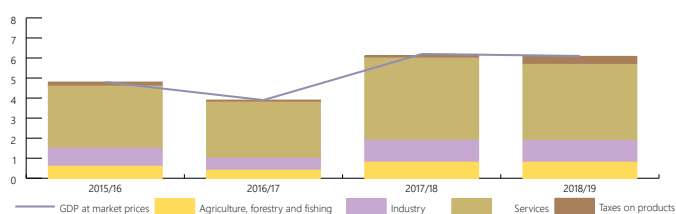
Preliminary estimates by Uganda Bureau of Statistics (UBOS) show that the economy grew by 6.1 percent in FY2018/19, slightly lower than the 6.2 percent in FY2017/18. During the year under review, growth was mainly driven by the services sector which grew by 7.2 percent, contributing 3.8 percentage points to GDP growth. Growth in industry sector



declined slightly to 5.8 percent, from 6.1 percent in FY2017/18, contributing 1.1 percentage points to overall GDP growth. Agriculture sector growth remained flat at 3.8 percent as in FY2017/18. On the expenditure side, there was a rebound in consumer spending compared to FY2017/18. Household consumption grew by 15.6 percent in FY2018/19 from 0.2 percent in FY2017/18. Gross capital formation/investment grew at a slower rate of 4.8 percent in FY2018/19 compared to 10.3 percent in FY2017/18. Exports receipts declined sharply by 36.4 percent while imports declined marginally by 1.3 percent in the same period. Figure 9 depicts the real GDP growth by expenditure.

Real GDP growth is projected to strengthen further to 6.3

Figure 9: GDP growth



Source: Uganda Bureau of Statistics, UBOS

percent in FY2019/20 and to remain above 6.0 percent over the medium term, supported by: strengthening private sector activity, in part driven by growth in private sector credit growth in line with the accommodative monetary policy; public investment in infrastructure; higher agricultural output due to favorable weather and government efforts in improving agriculture; pick-up in activity in the extractive industry; improved regional security (South Sudan and DRC) which could boost Uganda's exports.

5.12 Fiscal developments

5.12.1 Government expenditure and revenue

The fiscal stance for FY 2018/19 focused on addressing infrastructural constraints in the economy. Implementation of the budget was supported by a surplus in domestic revenue, but faced constraints from lower-than-target grants and slow execution of infrastructural projects.

Preliminary fiscal data for 2018/19 indicates that Government revenue (including grants) amounted to UGX 17,905.4 billion, which was lower than the approved budget by UGX 140.8 billion. The underperformance in government revenue was on account of lower project support grants which

underperformed by UGX 493.5 billion. In contrast, Tax and Non-tax revenue over performed by UGX 242.0 billion and UGX 110.6 billion, respectively. This led to domestic revenue increasing by 15.2 percent to UGX 16,711.4 billion in FY 2018/19 compared to UGX 14,076.1 billion the previous year. The over performance in tax revenue relative to the budget target was mainly due to surpluses in direct and international trade taxes, which arose from higher collections from PAYE and Corporate tax and from VAT on imports, respectively. Despite a surplus in VAT, indirect domestic taxes fell below target largely due to underperformance of Excise duty mainly arising from lower OTT collections. Non-Tax Revenue (NTR) registered surpluses in almost all the categories following the strengthened administration of non-tax revenue in the previous year.

Total government expenditure and net lending in 2018/19 was UGX 1,167.3 billion lower than the approved budget. This was a result of underperformance in the development expenditure by UGX 1,542.4 billion as shown in Table 6. The fiscal deficit amounted to UGX 6,401.0 billion in FY 2018/19, which was lower than the budgeted amount by UGX 1,026.6 billion.

5.12.2 Domestic and external debt

Table 6: Fiscal Performance in FY 2018/19 (UGX Billions)

	2017/18	Preliminary 2018/19	Approved Budget 2018/19	Variation
Revenue and Grants	15,281.10	17,905.40	18,046.20	-140.8
Revenue	14,506.90	16,711.40	16,358.80	352.6
Tax	14,076.10	16,180.80	15,938.80	242
Non-Tax	430.9	530.6	420	110.6
Grants	774.2	1,193.90	1,687.40	-493.5
Budget Support	154.5	84	101.7	-17.7
Project Support	619.7	1,109.90	1,585.60	-475.7
Expenditure and Lending	20,183.40	24,306.40	25,473.70	-1,167.30
o/w Current Expenditure	10,916.00	12,491.60	12,249.60	242
Development Expenditure	7,566.10	10,370.30	11,912.70	-1,542.40
Overall Fiscal Bal. (including grants)	-4,902.3	-6,401.00	-7,427.60	1,026.60

Source: Ministry of Finance, Planning and Economic Development

The provisional total public debt stock (at nominal value) as at end June 2019 stood at UGX. 47,305.2 billion (43.2 percent of GDP), which is an increase of 11.5 percent relative to June 2018. External and domestic debt increased by 9.1 percent and 16.4 percent, respectively in FY 2018/19. External debt made up the bulk of the total public debt, accounting for 65.7 percent as shown in Table 7.



Table 7: Indicators of Public Debt Stock

	Jun-16	Jun-17	Jun-18	Prov. Jun-19	Change FY 2017/18 (%)	Change FY 2018/19 (%)
Total Gross Debt (UGX Bn)	29,612	34,604	42,435	47,305	22.6	11.5
External (UGX Bn)	18,077	22,361	28,515	31,098	27.5	9.1
Domestic (Nominal, UGX Bn)	11,534	12,243	13,920	16,207	13.7	16.4
External (USD, Mn)	5,309	6,227	7,350	8,417	18.0	14.5
UGX/USD eop rate	3,405	3,591	3,880	3,695	8.0	-4.8
% of GDP						
Total Gross Debt	36	38	42	43	4.5	1.0
External	22	24	28	28	4.0	0.0
Domestic	14	13	14	15	0.5	1.0
GDP (Current Market Prices, UGX Bn)	83,091	91,718	100,586	109,945	9.7	9.3

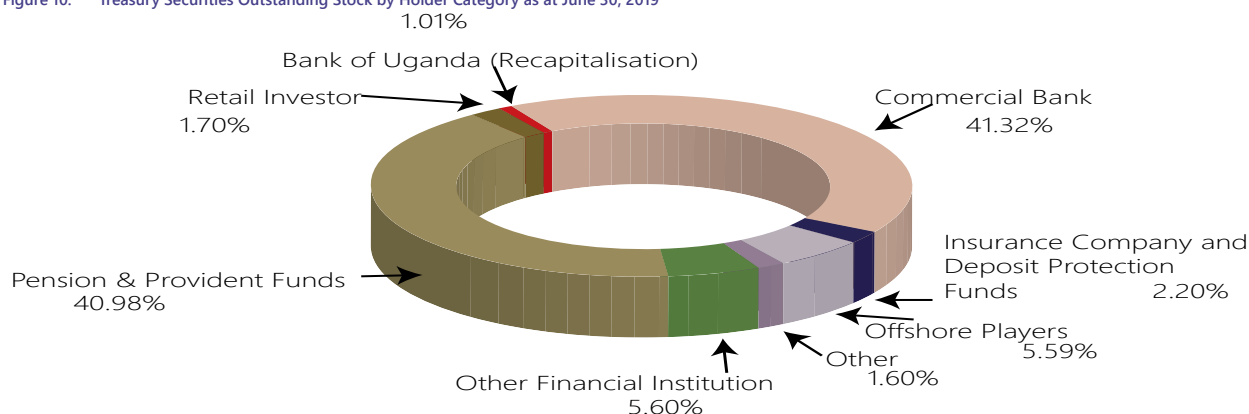
Source: Bank of Uganda

5.12.3 Treasury bill and bond holdings

During the FY 2018/19, the Bank of Uganda as a fiscal agent of Government of Uganda issued Treasury bills and Treasury bonds in different tenors for fiscal policy implementation. A total of UGX 10,385.47 billion was issued of which UGX 6,959.41 billion was in Treasury bills and UGX 3,426.06 billion was in Treasury bonds during the year. Government securities redemptions in the period amounted to UGX 7,985.02 billion, out of which UGX 6,675.54 billion was Treasury Bills and UGX 1,309.48 billion was Treasury Bonds. As at end-June 2019, the total stock at face value of Treasury bills and Treasury bonds was UGX 4,144.6 billion and UGX 11,881.8 billion representing an increase of 7.4 percent and 22.6 percent respectively.

As at June 30, 2019, commercial banks held the largest portfolio of government securities at 41.32 percent of the total stock, while pension and provident funds held 40.98 percent and offshore investors held 5.59 percent. Other financial institutions held 5.60 percent and insurance companies and retail investors held 2.20 percent and 1.70 percent, respectively.

Figure 10: Treasury Securities Outstanding Stock by Holder Category as at June 30, 2019



Source: Bank of Uganda

5.13 Debt market developments

5.13.1 Primary dealer reforms

In a bid to improve liquidity in the secondary market for government securities the Bank has instituted Primary Dealer (PD) Reforms for the government securities market. The performance of the commercial banks during Phase I of the reforms was evaluated and the commercial banks have evidently improved in the role of market making. A case to move to Phase 2 of the reforms was presented to the Monetary Policy Committee (MPC) and approval was granted.

5.13.2 Global master repurchase agreement

The Global Master Repurchase Agreement was finalized and endorsed by all commercial banks. Commercial banks are now able to engage in horizontal repo transactions which are a key ingredient in enhancing liquidity in the Government securities market.

5.13.3 Mobile treasury product

The feasibility study on the viability of using the mobile phone as a platform for trading in government securities was completed and its results and recommendations were adopted by the Bank of Uganda Management and the Ministry of Finance, Planning and Economic Development (MoFPED). In February 2019, the Cabinet approved the implementation of the project and it is currently underway.

5.13.4 Capital markets infrastructure development

Bank of Uganda embarked on the implementation of a



project in conjunction with the Uganda Securities Exchange (USE) that will link the USE to the Bank of Uganda Central Securities Depository (CSD) to enable trading of government securities at the Securities Exchange. This will enhance retail access to Government securities through the network of securities brokers.

5.13.5 East african community regional activities

The Technical Working Group (TWG) for Designated Market Makers for Government Securities (DMMGs) completed the draft framework for Designated Market Makers for Government securities (DMMGs) and has also developed strategies for its implementation. This will provide standard procedures and practices for trading Uganda Government securities across the EAC region.

The EAC Capital Markets Infrastructure project is in the final stages of implementation and Financial Markets Department was part of the Technical Working Group. This project will enable the realization of a single market for financial markets products and services within the EAC, in line with implementation of the EAC Common Market protocol.

Bank of Uganda continues to implement the activities geared towards harmonization of financial markets as the Community progresses towards the East African Monetary Union (EAMU).

5.14 Balance of payments and exchange rates

5.14.1 Balance of payments

Provisional data indicates that the balance of payments recorded a surplus balance of USD 68.6 million in FY 2018/19, in contrast to a deficit of USD 160.7 million recorded in FY 2017/18 (Figure 11). During FY 2018/19, the current account deficit (CAD) widened by USD 1,487.6 million to USD 3,281.3 million. This represented a deterioration of 83 percent relative to the previous year, reflecting the largest deficit recorded in since FY2001/02. All sub accounts of the current account, with the exception of the secondary income account, registered deteriorations during FY 2018/19, relative to FY 2017/18. The deterioration in the CAD during FY 2018/19 was largely due to widening of the trade deficit, driven by a pick-up in the import bill, which more than offset the increase in exports; coupled with increased payments for other business services (technical services for infrastructural developments) to

foreign service providers.

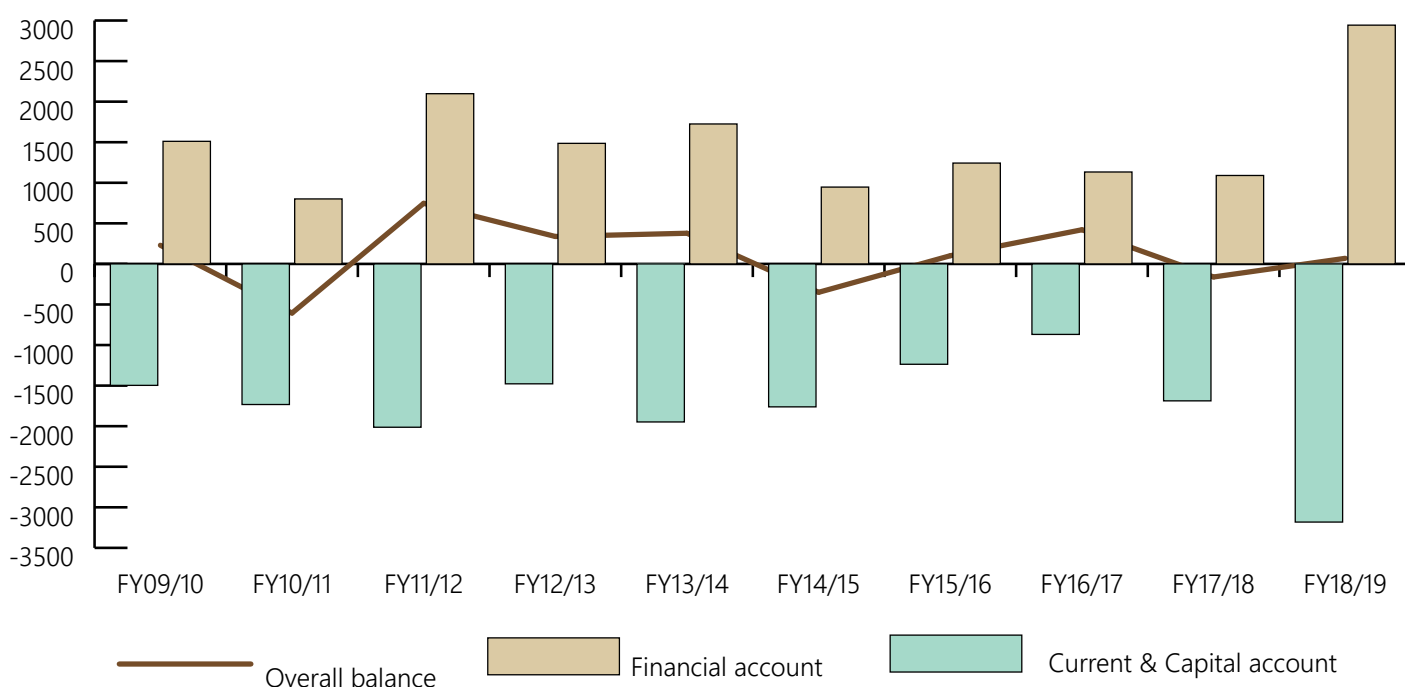
The import bill increased by USD 1,164.9 million (21 percent), largely as a result of higher private sector imports. Non-oil and oil imports increased by USD 1,041.6 million and USD 68.4 million, respectively, reflecting a combination of stronger domestic demand and a rebound in global crude oil prices throughout the FY 2018/19. Export receipts increased by USD 429.6 million, largely owing to increase in non-coffee exports (majorly gold, tobacco and fish). Earnings from export of coffee decreased by USD 76.3 million as both the unit price and volume of coffee exported decreased during FY 2018/19. This was attributed to low global prices of coffee during the year, owing to higher crop in other coffee exporting countries such as Brazil.

Net inflows in the financial account rose by over 150 percent (USD 1,853.7 million) to USD 2,943.2 million in FY18/19, as a result of improvements in all the sub accounts. Foreign direct investment (FDI) increased by 81 percent to USD 1,754.2 million, driven by increased reinvested earnings and equity capital investment by foreign owned companies during the year. Portfolio net outflows (assets) in FY 2018/19 decreased by USD 162.3 million to an outflow of USD 176.4 million compared to an outflow of USD 338.6 million registered in the previous year. This decrease in net assets stemmed from a reduction in holdings of foreign equity and debt security assets by Ugandan residents in the year. In addition, offshore investors exited from the domestic debt securities market at slower pace in FY 2018/19, relative to the previous year. Other investment inflows increased substantially, by 198 percent, to USD 1,360.4 million, notably attributable to a significant draw down in deposits abroad by banks and the private sector during the year. In addition, a rise in loan disbursements to both the banking and government sectors was recorded in the year under review.

Financial account flows were sufficient to absorb the CAD; consequently, there was a build up in reserve assets to the tune of USD 68.6 million during FY 2018/19. The stock of reserves at June 30, 2019 increased by USD 116.9 million, to USD 3,338.1 million, equivalent of 4.2 months of import of goods and services relative to the position of FY 2017/18. In terms of outlook, the CAD is likely to remain weak in the short-to medium-term on account of a pickup in imports by government as well as the private sector. Financial



Figure 11: Balance of payments



Source: Bank of Uganda

inflows through direct investment may increase in light of the expected conclusion of the final investment decision by foreign investors in the oil and gas sector, targeted for end of 2019.

5.14.2 International investment position

The international investment position indicates that Uganda's external financial liabilities continued to outstrip the external financial assets. Uganda's position as a net debtor with the rest of the world increased from USD 16,326.6 million as at end June 2018 to USD 19,098.4 million in June 2019, mainly due to an increase in Foreign Direct Investments (FDI) liabilities.

On a gross basis, Uganda's stock of foreign liabilities amounted to USD 25,796.3 million in June 2019 from USD 22,737.3 million in June 2018. The stock of FDI amounted to USD 14,320.5 million accounting for 55.5 percent of the country's total foreign liabilities. The bulk of the FDI stock, about 80.0 percent, continued to be comprised of equity capital and reinvested earnings. Portfolio investment claims by non-residents on the economy amounted to USD 871.8 million while Other investment liabilities amounted to USD 10,603.7 million as at end June 2019, with the bulk being loans owed by government (USD 8,416.8 million) and the private sector (USD 988.4 million).

The stock of foreign assets amounted to USD 6,697.9 million,

an increase from USD 6,410.7 million as at end June 2018. Reserve assets amounted to USD 3,338.1 million, accounting for 49.8 percent of the total assets. The Other investment assets comprising of mainly currencies and deposits of residents held abroad and loans to non-residents amounted to USD 2,113.0 million. Portfolio investment assets amounted to USD 1,165.0 million, with debt securities assets accounting for 75.1 percent of the total portfolio investment assets

5.15 Exchange rate developments

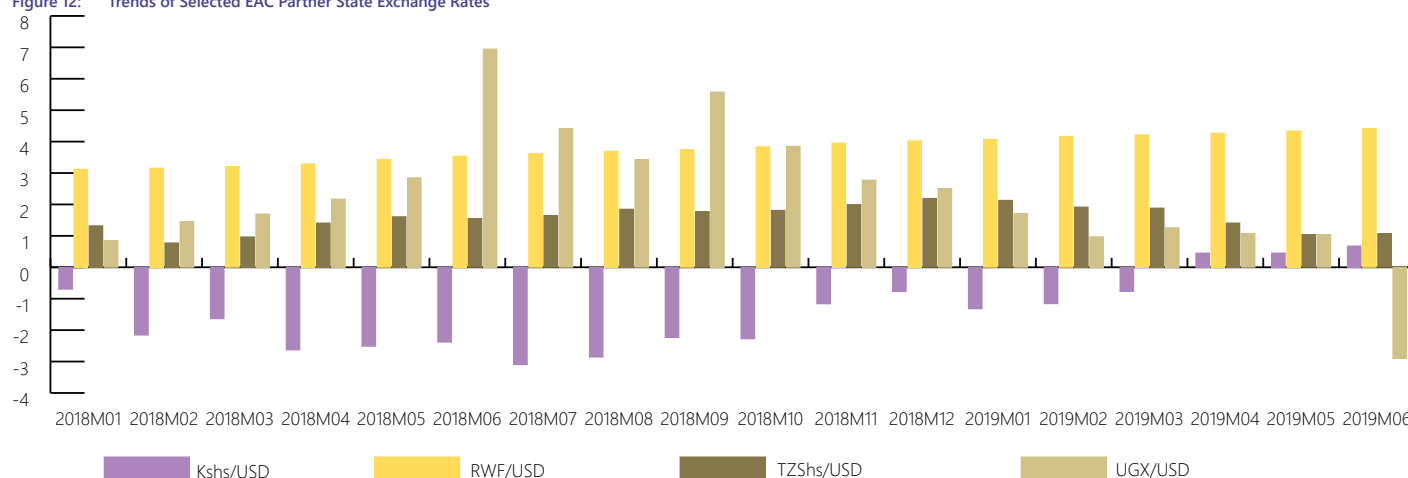
The exchange rate in Uganda is market determined, but the BoU makes occasional interventions in the interbank foreign exchange market (IFEM) either to purchase foreign exchange for reserve build-up or to stem disruptive volatility in the exchange rate. In FY 2018/19, the Uganda Shilling on average depreciated by 2.1 percent to UGX. 3,736.8 per USD from UGX. 3,658.7 per USD in FY 2017/18. The shilling was generally stable throughout the financial year, supported by strong inflows mainly from offshore investors, NGOs inward remittances, and coffee, tea and fish export proceeds. The depreciation during the last quarter somewhat outpaced that in the earlier quarters of the year, largely on account of strong corporate demand, mainly Offshores, Manufacturing and Oil firms, and lower inflows from NGOs, export receipts and remittances through forex bureaus. By the quarter ended June 2019, the Shilling had depreciated by 1.4 percent, to an



average midrate of UGX. 3,745.1 per US dollar.

Comparing developments in the Uganda Shilling to its regional counterparts during the financial year under review, the depreciation in the Rwanda Franc was more pronounced, at 4.0 percent. The Tanzania Shillings depreciated by 1.7 per cent, while on the contrary, the Kenya Shilling appreciated by 1.2 percent. On an annual basis, the Kenya and Tanzania shillings and Rwanda Franc depreciated by 0.7, 1.1 and 4.4 percent, respectively. Developments in regional exchange rates are shown in Figure 12. BoU participated in the Interbank Foreign Exchange Market (IFEM) by carrying out purchases for reserve build up and interventions in periods of high volatility of the exchange rate. In the financial year, 2017/18, BoU purchased USD 781.95 million for reserve build up, and USD 74 million in interventions to stem volatility in the IFEM and sold, in targeted sales, USD 133.93 million. Overall, the BoU actions in the IFEM during FY 2018/19 amounted to USD 722.02 million on a net basis, surpassing the period target of USD 716 million.

Figure 12: Trends of Selected EAC Partner State Exchange Rates



Source: Bank of Uganda

6 Foreign exchange reserves management

During FY2018/19, Bank of Uganda continued to manage foreign exchange reserves in line with the objectives of capital preservation, liquidity and reasonable and consistent returns, as stipulated in the foreign exchange reserves management policy. Bank of Uganda reserves are divided into two portfolios; the internally managed and externally managed portfolios. The internally managed portfolio comprises the fixed income portfolio with duration of 0-3 years and the money market portfolio, while the externally managed portfolio is mainly invested in 1-5 years fixed income instruments.

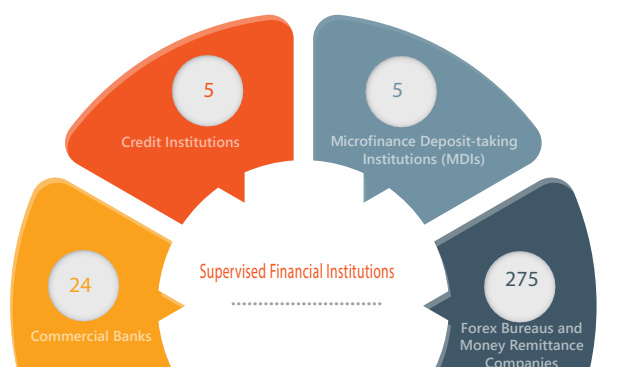
As at June 30, 2019, the foreign exchange reserves under BoU management stood at USD 3,338.1 billion (equivalent to 4.2 months of import cover), representing a 2.56 percent increase compared to end June 2018 amount of USD 3.166 billion (equivalent to 4.4 months of import cover).

Several milestones contributed to the improvement in the foreign exchange reserves position. These include expansion of the universe of counterparties; review and update of foreign exchange reserves management policy; reduction of fees paid to external funds managers; and renegotiation of contracts of three external funds managers to close ended from open ended. In addition, other factors included investment with Afreximbank with a positive return of 0.42 percent; review of Strategic Asset Allocation (SAA); investment in covered bonds which offer higher yields compared to US treasuries; and international capacity building of BoU staff under the reserves management mandate.

Nonetheless, there were challenges that were encountered that hampered the management of foreign exchange reserves. These included sluggish global economic growth; low global interest rates; global trade protectionism and increased uncertainty; in a bid to de-risk, global banks decreased the intake of deposits; negative interest rate regime in the Eurozone; volatility of USD against other major currencies; as well as uncertainty of Brexit outcome.



7 Financial system stability



7.1 State of supervised financial institutions

7.1.1 Tier I – commercial banks

Total assets of the banking sector increased by 10.5 percent, from UGX 27.4 trillion in June 2018 to UGX 30.3 trillion in June 2019. Asset growth was mainly on account of a rise in total industry gross loans and advances by 11.3 percent from UGX 12.2 trillion in June 2018 to UGX 13.6 trillion in June 2019. In addition, banks' increased holdings of government securities by 14.7 percent, contributed to an upsurge in total assets.

The sector was also adequately capitalized with the aggregate industry total capital & core capital adequacy ratios at 21.3 percent and 19.6 percent above the minimum capital adequacy requirements of 12 percent and 10 percent respectively. In addition, the banking industry maintained adequate liquidity buffers, with the ratio of liquid assets to deposit standing at 45.5 percent as at end of June 2019, also well above the minimum statutory requirement of 20 percent.

Overall asset quality of the banking sector continued to improve in June 2019, with aggregate industry NPL ratio (Non-performing loans and advances to gross loans and advances) at 3.8 percent, an improvement from 4.4 percent in June 2018. The improvement in asset quality was driven by a reduction in non-performing loans by 5.2 percent from UGX 542.84 billion in June 2018 to UGX 515.1 billion in June 2019.

At the end of June 2019, 24 commercial banks were operational with 553 branches (547 in 2018), following the opening of 15 new branches and closure of 9 branches during

the year ended June 2019. The closure of the branches was necessitated by the changes in the business model of some banks aimed at lowering operating costs while enhancing efficiency by leveraging digital technology.

7.1.2 Tier II – credit institutions

As at the end of June 2019, all five Credit Institutions held adequate capital and liquidity buffers. The subsector's aggregate core capital and total capital to risk weighted assets ratios were 21.8 percent and 23.5 percent respectively. Total assets held by the subsector grew by 56.3 percent to UGX 963.0 billion at the end of June 2019. Similarly, net loans and advances increased by 76.6 percent while total deposits rose by 5.8 percent over the period under review. Growth in total assets in the subsector was partly attributed to the licensing of BRAC Uganda Bank Limited as a Tier II financial institution. Regarding profitability, aggregate net after tax profits of UGX 13.4 billion were registered for the year ended June 2019. As a result, annualized return-on-assets (ROA) and return-on equity (ROE) ratios were 1.4 percent and 7.0 percent, respectively.

7.1.3 Tier III – microfinance deposit-taking institutions (MDIs)

As at the end of June 2019, all five Microfinance Deposit-taking Institutions (MDIs) were adequately capitalized with aggregate core and total capital adequacy ratios at 41.8 percent and 45.0 percent, respectively. Total assets held by the sub-sector increased by 16.6 percent to UGX 562.2 billion largely due to an increase in gross loans of UGX 55.2 billion; increase in the fixed assets of UGX 14.9 billion; and growth in balances held with financial institutions of UGX 5.5 billion as at end June 2019. The sub-sector's annualized return-on-assets (ROA) and return-on- equity (ROE) ratios were 3.3 percent and 9.6 percent, respectively.

7.1.4 Forex bureaus and money remittance companies

At the end of June 30, 2019, the Forex Bureaus and Money Remittance sub-sector comprised of 199 Foreign Exchange Bureaus (285 outlets), 69 Money Remitters (134 outlets), 4 Credit Institutions (64 outlets) and 3 Microfinance Deposit-taking Institutions (66 outlets). Fifteen new forex bureaus were licensed while five institutions permanently exited the

sector.

At the end of June 2019, the sub-sector posted significant growth in assets of 45.3 percent, from UGX 115.1 billion in June 2018 to UGX 167.2 billion. In addition, the sub-sector remained largely profitable, posting a profit before tax of UGX12.8 billion for the year ended June 2019. Total capital and reserves held as at June 30, 2019 stood at UGX73.6 billion, an increase of 11.2 percent from the UGX66.2 billion held as at June 30, 2018. On the other hand, total purchases and sales of foreign currency amounted to UGX 13.7 trillion during the year while the Net Money Remittance inflows for the year amounted to USD 237.6 million.

7.1.5 Credit reference bureaus

7.1.5.1 Financial cards issuance

During the year ended June 30, 2019, the number of financial cards issued to borrowers was 143,804 which raised the cumulative number of cards from 1,565,717 as at end of June 2018 to 1,709,521 by June 2019. The number of branches of Participating Institutions installed on the Credit Reference Bureau system increased from 547 to 556. The total number of credit enquiries made to the CRBs registered a 44% growth from 706,895 as at end of June 2018 to 1,016,605 as at end of June 2019.

7.1.6 Transition from the financial card system to the National ID

Bank of Uganda commenced the process of verification of financial cards against National ID data held by the National Identification and Registration Authority (NIRA). Out of the 1,334,264 financial card records submitted in the first batch to NIRA, 1,195,623 records were processed. Among the processed financial card records, 634,890 were fully matched, 237,960 were matched with different names and 322,773 had no hits. The balance of 138,641 records were not processed due to poor quality of images. The second batch containing 173,133 financial card records will be manually matched.

The initiative is expected to support electronic customer due diligence procedures across the financial sector and support the transition from the Financial Card System to the National ID as the unique identifier for financial services consumers.

7.1.6.1 Initiatives to improve credit reference data utilization

Bank of Uganda with support from KfW contracted the services M/s AFC Agriculture & Finance Consultants to undertake consulting services aimed at improving utilization of credit reference bureau data. In this regard, the consultants conducted training sessions to staff from Participating Institutions, the Credit Reference Bureaus and Bank of Uganda. In addition the Consultants developed an e-learning platform for purposes of continuous training of staff in financial institutions on credit reference bureau operations.

7.2 Status of financial inclusion in Uganda

7.2.1 Progress, achievements, and challenges of implementing the NFIS 2017-2022

Since the launch of the National Financial Inclusion Strategy (NFIS) in October 2017, Bank of Uganda as the Secretariat for the implementation of the NFIS convened four (4) working group meetings and three (3) Inter Institutional committee meetings. To date, some progress has been registered including; the rollout of Agent Banking, the operationalization of the Uganda Microfinance Regulatory Authority (UMRA), and the release of the demand side survey report for financial inclusion.

In addition; the draft Payment Systems Bill was passed by cabinet in June 2019 and is scheduled to be tabled before parliament for debate. An e-payments gateway for promotion of electronic payments was piloted end of June 2019 by NITA-U, the Moveable Property Act 2019 was passed and regulations are under way for its operationalization among others. The committee on E-payments conducted meetings with the stakeholders and also carried a knowledge benchmarking exercise with Ghana, Malawi and Philippines and is now ready to develop an action plan to promote e-payments in Uganda.

7.2.2 Financial data & measurement (Financial Inclusion Indicators)

The Bank of Uganda is the host to Finscope studies in Uganda and some of its roles include being a Secretariat for the Steering Committee and availing all information relating to Finscope surveys in Uganda to relevant stakeholders.



The Finscope studies were funded by the Financial Sector Deepening Uganda. During the year, the Secretariat successfully coordinated and completed all the activities of the fourth Fin scope survey.

The Finscope 2018 findings indicate that overall financial inclusion in Uganda stood at 78 percent, same level recorded in 2013. The findings were disseminated through thematic reports; Women and Youth, Informal financial inclusion, Banking and Insurance.

7.3 Progress of financial sector developments / financial innovations

7.3.1 Islamic banking and finance

The Financial Institutions (Islamic Banking) Regulations 2018 were published in the gazette in February 2018. This paved the way for the operationalization of Islamic banking in Uganda. The process of setting up the Central Shariah Advisory Council which is mandated to provide Bank of Uganda with assistance in the supervision and regulation of Islamic banking as well as the approval of Islamic banking products is ongoing. The licensing process of the application for the Islamic Window is on going while the process for the fully fledged Islamic Banks has not commenced due to pending unfulfilled commitments by the applicants.

7.3.2 Implementation of Basel I Capital Accord

Bank of Uganda implemented the Basel I Capital Accord, following the publishing of the Financial Institutions (Capital Adequacy Requirements) Regulations (2018) in the gazette on May 11, 2018. The implementation of this new capital adequacy regulation commenced effective September 30, 2018.

7.3.3 Agent banking

Following the enactment of The Financial Institutions (Agent Banking) Regulation, 2017, on July 14, 2017, fourteen (14) commercial banks obtained approval to operate through the Agent banking model. Access to banking services at various locations is now possible due to the introduction of agency banking. A bank agent could be a petrol station, supermarket, a permanent mobile money agent, a pharmacy, a retail shop or hardware store that is fully licensed and has been

in existence for one year. By June 2019, 14 commercial banks were licensed and 13 were actively participating in agency banking. The total number of agents licensed stood at 8,104 as at June 2019. During the six (6) months period ended June 30, 2019, the value of transactions processed by the active agents amounted UGX 5.74 trillion.



7.3.4 Mobile switch for cards and mobile financial services

The East African Community and the Bank of Uganda held stakeholder consultative meetings for the establishment of the National Switch for cards and mobile financial services. This is in an effort to improve access to financial services by the underserved communities and businesses which is critical to promoting equitable market driven economic growth in the EAC region.

7.3.5 Work of the Financial Markets Development Committee

7.3.5.1 Set-up of Financial Markets Development Committee II

The primary role of the financial system is intermediation of funds from households with a surplus (savers) to those with a deficit (e.g. investors). Financial institutions, financial payment infrastructure, financial consumers, and financial system regulators need to work closely together to ensure that the role of financial intermediation is executed seamlessly. As demonstrated during the Global Financial Crisis, integration of the financial system builds resilience critical for absorption of shocks when they arise.

Cognisant of the importance of integration in the financial system, the Board of Directors, Bank of Uganda resolved to

re-constitute a Financial Markets Development Committee (FMDC) in a meeting held on December 15, 2016.

The FMDC was originally constituted in 2008 following an East African Community (EAC) Monetary Affairs Committee (MAC) meeting held in 2005. The FMDC in 2008 was primarily tasked with implementing a 5 year Financial Markets Development Plan (FMDP) that sought to introduce a well-coordinated approach towards developing the financial markets in Uganda. The major goals of that Plan included harmonization of regulatory frameworks in the financial sector, infrastructure development, increase in investor base, deepening the financial market, capacity building, supporting regional integration, promotion of cost effective financial intermediation, and promoting market information dissemination.

Building on the successes of the original FMDC 2008/2009-2012/13, the new FMDC seeks to coordinate the integration of the various sub-components of the financial system to build a cohesive whole capable of fostering inclusive and sustainable finance. The vision of FMDC is to 'Take the lead in ensuring Uganda has a progressive and competitive financial sector that is anchored on stability and inclusiveness'.

The project ecosystem structure design was completed in January, 2017 with an Apex stakeholder committee chaired by the Governor and constituted by leaders from the Financial Sector representing interests from the clusters and institutions shown in Table 8.

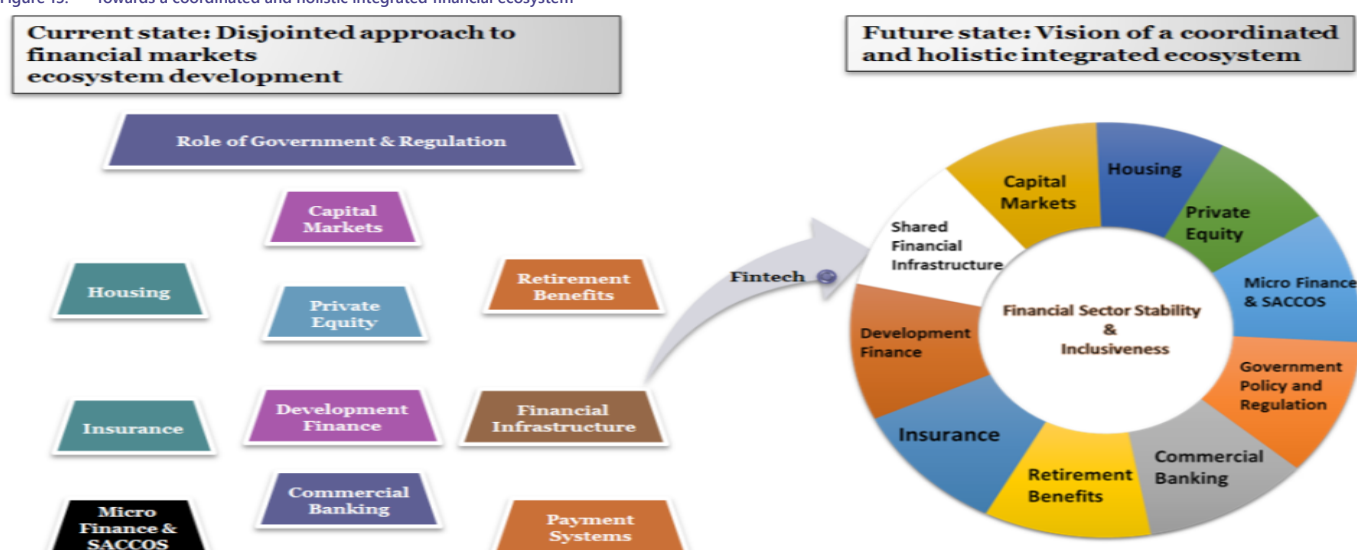
Table 8: FMDC Clusters and Supporting Institutions

Clusters	Supporting Institutions
Development Finance	Ministry of Finance, Planning and Economic Development (MoFPED)
Housing	Private Sector Foundation Uganda (PSFU)
Insurance	National Planning Authority (NPA)
Capital Markets	National Social Security Fund (NSSF)
Private Equity	Uganda Investment Authority (UIA)
Microfinance and SACCOs	Uganda Microfinance Regulatory Authority (UMRA)
Retirement Benefits	Academia
Digital Financial Services	Uganda Communications Commission (UCC)
Commercial Banking	Development Partner – Financial Sector Deepening Uganda (FSDU)

7.3.5.2 From a disjointed to a coordinated financial markets ecosystem

The financial sector will play a critical role in ensuring Uganda's national aspirations of achieving middle income status by 2040. However to achieve this, Uganda's financial sector has to transition from a disjointed approach of the financial markets development ecosystem to a coordinated and holistic integrated ecosystem (Figure 13).

Figure 13: Towards a coordinated and holistic integrated financial ecosystem



As a means of building an integrated financial ecosystem, the FMDC conducts independent reviews and assessments of each cluster to identify challenges and bottlenecks that constrain the development of the cluster and subsequently propose recommendations that will strengthen the cluster. The recommendations are then presented to the Apex Stakeholder Committee for ratification and then duly submitted to the Minister of Finance, Planning and Economic Development (MoFPED) and the responsible agencies for action and implementation.

In addition, FMDC holds continuous consultations with all the key stakeholders representing the cluster interests of the financial sector and the key support institutions represented at the Apex Committee through organizing workshops, meetings and seminars.

Since inception, the FMDC has undertaken reviews and assessments across various clusters and made recommendations that are expected to be implemented in the short to medium term. The areas in which assessments have been undertaken include insurance, development finance, agricultural credit facility, capital markets, housing, digital financial services, commodities exchange and warehouse receipt system, and unclaimed financial assets. For example, under ACF recommendations made are shown in Table 9. The majority of the recommendations about ACF were incorporated in the ACF Memorandum of Agreement 2018.

Table 9: Recommendations about ACF suggested by FMDC II and ratified by the Apex Committee on August 09, 2017

Issue or Feature tackled	Recommendation made by FMDC II
Agricultural Credit Facility (ACF) - Delay in Loan Write-offs	Creation of a statutory instrument to address the delay of Loan write-offs under the ACF scheme will effectively resolve the matter.
ACF - Loan Repayments and Penalties	Memorandum of Understanding (MoU) to have a provision stating PFIs should not have arrears exceeding 15% of expected total repayments and that PFIs that exceed this threshold will not be considered for additional disbursements.
ACF - Rebate Agreement Incentive	MoFPED through ACF should consider including a rebate incentive in the MoU. Applicants who pay back their facilities on schedule are to enjoy a rebate thus reducing the effective rate of interest to be paid by borrowers.
ACF - Encouraging SMEs/Retail borrowers	Allow disbursement of block commitment amounts to Micro Finance Deposit-taking Institutions (MDIs) and Credit Institutions (CIs). Use of bank statements and credit history as collateral in order to encourage retail borrowers access the facility.
ACF - Capitalization of ACF	GOU should consider a capitalization structure for ACF to streamline its operations, efficiency and promote prudent treasury management.
ACF - Capacity Building in Agricultural Financing	Promote capacity building and capacity development for both credit officers who handle agricultural loans and small holder farmers and SMEs particularly those within the agricultural sector.
ACF - Promoting the use of Mechanization	Encourage asset finance to promote agricultural mechanization. This will enable purchase of agricultural machinery such as tractors for leasing or renting out to other farmers
ACF - Recognition of Best Performing PFIs	BOU to consider awarding outstanding PFIs in various approved categories. This will increase publicity of the scheme to the general public while encouraging the PFIs to increase agricultural lending.

7.4 Financial sector resilience – risk assessment & stress testing

On the whole, Uganda's financial system stability improved over the quarter ended June 2019, further extending the improvement from 2018. In spite of tightened global financial conditions that threatened most of the emerging markets and developing economies during the year, positive economic growth (partly as a result of strong growth in household consumption), improvement in domestic financing conditions, and the increased public settlement of domestic arrears, and investment in energy and infrastructure, have fostered significant improvement in bank performance.

In the year to June 2019, the banking sector's resilience to systemic shocks improved, supported by continued recovery in lending activity and asset quality, and coupled with increased capital and liquidity buffers. As already mentioned, aggregate industry total capital and core capital adequacy ratios were well above the minimum requirements. The Liquidity Coverage ratio (LCR) indicates that Uganda's banking sector held sufficient high quality liquid assets (HQLA) to meet any sudden demand for liquidity. In addition, the sector continued to be profit making in the year to June 2019, largely on account of an increase in interest income.

Assessment of performance of Domestic Systemically Important Banks (D-SIBs) shows that they were: adequately capitalized, possessed sufficient liquidity buffers; profit making; and accounted for 50.8 percent of total banking sector assets at the end of June 2019.

Quarterly Stress tests conducted on the banking sector at the end of June 2019 showed that on aggregate, most banks (and all D-SIBs), had sufficient capital and liquidity buffers to absorb any sudden shocks to the system. The least resilient bank to a credit risk stress test that analyses the deterioration in performing loans indicated that it would be affected when 3.6 percent of its performing loans become non-performing. Regarding liquidity risk, a simulated bank run stress test scenario of a sudden withdrawal of short-term deposits, indicated that liquidity buffers of two banks would be depleted by day three, and four additional banks by day five of a bank run, with the rest of the banks able to withstand the shock over a five-day period.

Analysis of reserve adequacy indicated that BoU held adequate reserves to address any risks emanating from the exit of short-term offshore funds from the economy.



7.5 Regulatory and Supervisory Framework

Commercial Banks related regulatory developments	The Financial Institutions Act, 2004, section 27 (4) vide the Financial Institutions (Amendment) Act, 2016, section 8 subsection(4) gives Bank of Uganda the power to prescribe capital buffers for banks. In order to implement section 27(4) of the FIA, 2004 and also augment the capital of commercial banks, Bank of Uganda in liaison with the First Parliamentary Counsel are finalizing the draft Financial Institutions (Capital Buffers) Regulations, 2019. The proposed capital buffer regulations shall apply to commercial banks only.
Credit Reference Bureaus related regulatory developments	Bank of Uganda finalized the draft Financial Institutions (Credit Reference Bureau) Regulations, 2019 and forwarded the same to the Ministry of Finance, Planning and Economic Development (MoFPED) for review and comments. These draft regulations broaden access to the credit reference services to Accredited Credit Providers (ACPs), incorporate additional changes on corporate governance and dispute resolutions and permit CRBs to provide their services through agents. Following receipt of comments on these regulations from the MoFPED, Bank of Uganda has embarked on the finalization of these Regulations before they are submitted to the First Parliamentary Counsel for gazetting thereof.
NPS & MMSPs related regulatory developments	
i) National Payment Systems Bill	The NPS Bill was approved by Cabinet on 24th June 2019 and is now awaiting presentation on the floor of Parliament for enactment into law.
ii) Regulation of the National Payment System Participants	With regard to Mobile Money Service Providers (MMSPs), regulations are being drafted to operationalise the NPS Bill. The regulations being drafted include Electronic Money Issuers Regulations; Licensing Regulations for Payment Service Providers; and Sandbox Regulations.
MDIs and Large SACCOs related regulatory developments	
i) Microfinance Deposit-taking Institutions Act, 2003	Ministry of Finance, Planning and Economic Development (MoFPED) approved the proposed amendments to the Micro Finance Deposit-Taking Institutions Act, 2003 and issued drafting instructions to the First Parliamentary Counsel (FPC), Ministry of Justice and Constitutional Affairs. FPC has completed the drafting of the Micro Finance Deposit-Taking Institutions (Amendment) Bill, 2019 and forwarded it to BoU for review. The review process is ongoing after which, feedback will be provided to FPC to enable finalization of the Bill.
ii) Tier 4 Microfinance and Money Lenders Act, 2016	The Tier IV (Micro Finance Institutions and Money Lenders) Act, 2017, among others, brought Large SACCOs under the supervisory ambit of BoU. However, their unique characteristics necessitated the issuance of a specific statutory instrument to enable effective supervision. In that regard the Micro Finance Deposit-Taking Institutions (Registered Societies) Regulations, 2019 are currently being finalised by the First Parliamentary Counsel (FPC), Ministry of Justice and Constitutional Affairs before forwarding them to BoU for review.
Forex Bureaus and Money Remittance Companies related regulatory developments	
i) Amendment of the Foreign Exchange Act, 2004 and the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006.	Bank of Uganda proposed several proposals aimed at enhancing the regulatory framework pertinent to forex bureaus and money remittance companies. Cabinet approved the Principles for the proposed amendments to the Foreign Exchange Act, 2004 and the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006 on April 15, 2019. The First Parliamentary Counsel in liaison with the Bank of Uganda and the MoFPED have now embarked on the drafting and finalization of the Foreign Exchange Act (Amendment) Bill, 2019 and the finalisation of the amendments to the Foreign Exchange (Forex Bureau and Money Remittance) Regulations, 2019.
ii) Guidelines on the licensing and operation of Forex Bureaus and Money Remittance companies	Pending the amendment of the Foreign Exchange Act, 2004 and the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006, Bank of Uganda issued Guidelines on the licensing and operation of Forex Bureaus and Money Remittance companies.
Financial Markets related regulatory developments	With the intention of boosting repo-transactions in the inter-bank market, the Global Master Repurchase Agreement (GMRA) was reviewed to fit the Ugandan market by, among others adding a Uganda Annex. The review process was finalized and all Commercial banks signed the GMRA. The process also involved issuance of the Financial Institutions (Appraised Book Value) Regulations, 2018 which are intended to prevent the claw back on repo transactions in particular circumstances.





8 State of payment systems in Uganda

The Bank of Uganda continued to play a crucial role in stabilizing the economy by providing safe and efficient platforms for transmitting payments for goods, services and managing securities. This has resulted in the increased demand and usage of electronic means for discharge of claims and liabilities thus strengthening the financial system and enabling progress in the implementation of the Uganda's National Financial Inclusion Strategy, 2017-2022.

The Central Bank as the Overseer of the Payment Systems carried out ad hoc on-site and off-site activities. The Bank also had several engagements with the participants in the payment systems ecosystem. The payment systems under the Bank's oversight are discussed in the subsequent sections.

8.1 Automated Clearing House (ACH)

The Bank successfully implemented the Automated Clearing House (ACH) which now provides a fully Automated Clearing House with a cheque truncation capability.

The introduction of a single centralised cheque clearing platform has improved operational efficiency by expediting cheque clearance and settlement as well as reducing cheque

processing costs and fraud risks in the financial sector.

The ACH system supports clearance of domestic currency (UGX) and local foreign clearing (LFCC) in USD, EUR, GBP and KES. The system has cheque truncation capability and uses ISO 20022 standard for clearing messages. It also allows participants to present instruments in digital format and negates the need for participants to congregate for exchange of instruments. The ACH instruments include Cheques and Electronic Funds Transfer (EFT).

8.1.1 Cheques

Despite the dominance of EFTs and other payment instruments, cheques still remain an important form of payment.

The most transacted currencies during the financial year were UGX and USD, while EUR and GBP remained low.

8.1.2 EFT

EFT Payment instructions continued to grow in volume and value due to predominant use by Government and corporates. The value of EFTs and Cheques grew significantly by 31.0 percent and 51.7 percent, respectively over the FY 2018/19.

Table 10 shows the comparison between the EFT and Cheque payments for the FY ended June 2018 and the FY ended June 2019.

Table 10: EFT and Cheque Payments for the FY2018/19 and FY2017/18

Year Ended	June, 2019		June, 2018	
	EFTs	Cheques	EFTs	Cheques
Value (UGX Trillions)	27.91	7.98	21.3	5.26
Volume (Millions)	9.9	1.45	8.6	1.06

Source: Bank of Uganda

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The core mandate of the National Payment Systems Department (NPSD) is to ensure safety and efficiency of the country's Systemically Important Payment Systems (SIPS) in line with the Bank for International Settlements (BIS) Principles for Financial Markets Infrastructure (PFMIs). The National Payment Systems (NPS) comprises the Financial Markets Infrastructure (FMI) as well as the retail payment systems, instruments and Payment Service Providers (PSP)

”

8.2 Cash deposits & receipts in the banking hall

The Bank ensures that funds have been electronically received, confirmed and withdrawn by the authorised agent, as per mandate. During the year, the value of local cash payments rose above the annual average of UGX 423 billion to close at UGX 544 billion representing an increase of 20% from UGX 455 billion recorded in FY 2017/18.

In accordance with, the MOU on currency acceptability, collections and repatriation signed by EAC Central Bank Governors, the Bank continued to collect and repatriate Kenya Shillings from commercial banks to Central Bank of Kenya (CBK). In this regard, KES 7.6 billion was received in deposits from commercial banks and four repatriations amounting to KES 4.1 billion were executed. It should be noted that while the other EAC currencies are also accepted, none have been deposited yet. The collection and repatriation of the Kenya Shilling was suspended in June 2019, following the issue of new currency note series by Central Bank of Kenya.

8.3 Straight Through Processing (STP)

In order to increase usage of electronic transactions MOFPED and the Bank successfully resumed Forex Straight-Through-Processing (STP) following enhancements done on the system to counter fraud risk. The Go-Live date was July 01, 2018. Government effects its payments largely through the IFMS. However, some entities especially Projects and Local governments which are not linked to the IFMS use the Bank's Internet Banking platform (BBS Connect).

The conclusion of security enhancements on BBS Connect has eliminated risks associated with processing of manual payments while enabling faster and secure electronic forex payments to customers. The overall value of Electronic Funds Transfer (EFT) payments rose for the sixth consecutive year to close at UGX 27.91 Trillion representing an increase of 31% from UGX 21.3 Trillion recorded in the previous year compared to an annual average of UGX 10.1 Trillion. This positive growth trend is expected to continue in the coming year.

8.4 BoU Banking System (BBS) – Banking Department

The BBS is the Bank's core banking system that was procured to automate bank processes in the Banking and Accounts

Departments. This system is responsible for processing all government payments such as; EFT Processing, Letters of Credit, Funds Transfers (Both Local and Foreign), Money Market operations, Foreign Exchange, Bills and Collections, Retail Teller, Payments and Collections.

In line with the objective of improving banking operations and providing more efficient and effective payment systems for customers, the system was upgraded to increase Straight-Through-Processing of transactions. The Bank successfully completed the upgrade and the system went live on March 08, 2019. The upgrade of the BOU Banking System (BBS) and BBS Connect enhancements have minimised transaction failure and the risks associated with manual processing especially, in light of the higher transaction volumes relative to previous years..

8.5 RTGS

The RTGS is a safe and efficient system for making time critical payments and settlements. The system was upgraded in October 2018 to meet changing user needs for settling interbank transfers, clearing positions and money market transactions. The values on RTGS (UGX) increased by 9.2 percent while the volume decreased by 11.6 percent during the FY ended June 2019 compared to the FY ended June 2018. The values of RTGS in foreign currency also showed a positive growth trend mainly attributable to the RWF and TZS although the proportion of the USD transactions to other foreign currencies remained dominant at 89 percent. The RTGS is also used to settle transactions from Interswitch, the card switch and ABC banking Switch.

8.6 East African Payment System (EAPS)

The EAPS is an integration of the regional RTGS Systems of the Partner States Central Banks of the EAC region and facilitates the transfer of funds within the EAC region using regional currencies. For the period to June 2019 the system processed a total of 17,238 EAPS transactions 64 percent of which were UGX, while 33 percent of the transactions were KES and the remaining 3% other regional currencies.



8.7 The Regional Payment and Settlement System for COMESA (REPSS)

REPSS is a Multilateral Netting Clearing system with the end of day settlement in either the USD or Euros. The aim of the system is to stimulate economic growth through increased intra-regional trade by enabling importers and exporters to pay and receive payment for goods and services through an efficient and cost effective platform. During the FY 2018/19, 211 transactions with a value of USD 9.03 million were processed through the system from Uganda; however, there was a decrease in volume of 6 percent compared to FY 2017/18. The total number of transactions processed by REPSS in terms of volumes and values as of June 2019 was 629 and USD 53 million respectively.

8.8 The Central Securities Depository (CSD)

The CSD is the BoU Government Securities Registration and Settlement System which facilitates creation, issuance, trading and transfer of Securities in accordance with international standards. The system is linked to Bank of Uganda core banking system and UNISS (RTGS) through which automated payment and settlement of securities takes place. Settlement is on a Delivery versus Payment (DVP) basis. The CSD maintains the primary record of ownership and settles securities, on the instructions of the depository participants. The stock of

Government Securities continued to be dominated by Bonds representing 66 percent of total holdings as of June 30, 2019, an increase of 4 percent from the previous year. Overall the total stock of government securities rose by 19 percent as at June 30, 2019; from UGX 15.7 trillion on June 30 2018 to UGX 18.7 trillion by June 30, 2019.

8.9 Mobile money

Mobile money transfer services grew in volume but declined in value during the year to June 2019. The number of Mobile Money transactions increased by 87 percent from 1.35 billion to 2.51 billion during the year to June 2019, while the value of mobile money transactions decreased by 8.4 percent from UGX 73.08 trillion to UGX 66.95 trillion during the same period. The registered mobile money users increased by 12.4 percent from 22.7 million to 25.8 million during the year out of which, 15.5 million or 59.9 percent were active users.

8.10 Other payment modalities

Commercial banks and Private sector companies are currently spearheading the development of digital payments in Uganda under the leadership of the Central Bank and the Uganda Bankers Association. The products offered currently include: Funds transfer services; Card based services (Debit/Credit Single purpose stored value cards); Internet Banking; Automated Teller Machines (ATMs); Point of Sales (POS); and Financial services (saving, credit, pension, and insurance).



9 Currency operations and management

9.1 Value of currency in circulation

The Bank continued to fulfil its mandate of issuing legal tender based on clean currency policy in appropriate denomination mix. In the process, the value of currency in circulation rose by 6.3% in FY 2018/19 as presented in Table 11

Table 11: Value of Currency in Circulation

Year End	Banknotes	Coins	Total	Growth (%)
Jun-18	4,156,175,010,000	167,056,173,236	4,323,231,183,236	11.6
Jun-19	4,419,030,010,000	177,086,073,236	4,596,116,083,236	6.3

Source: Bank of Uganda

The value of banknotes in circulation from the above table increased by UGX 263 billion from 4.16 trillion in 2017/18 to UGX 4.42 trillion in 2018/19 while coins increased by UGX 10.03 billion.

9.2 Currency withdrawals and deposits

The increase in the value of currency in circulation in 2018/19 resulted from increased commercial banks' withdrawals of banknotes and coins from the central bank that exceeded their deposits by UGX 272.9 billion. This net change reflected the public's increased demand for money to finance their economic activities. From the issuance trend below, withdrawals increased by 13.0% while the deposits increased by 16.1%

Table 12: Issuance Trend

Withdrawals				Deposits			
Banknotes	Coins	Total	Growth (%)	Banknotes	Coins	Total	Growth (%)
7,757,723,435,000	11,337,318,000	7,769,060,753,000	3.4	7,317,537,000,000	3,465,265,000	7,321,002,265,000	4
8,763,915,000,000	11,770,502,000	8,775,685,502,000	13.0%	8,501,060,000,000	1,740,602,000	8,502,800,602,000	16.1%

Source: Bank of Uganda

9.3 Currency processing

As a result of the cost reduction initiatives, the value of banknotes processed increased by 14.7% between FY 2017/18 and FY 2018/19. This resulted in the amount of re-issue increasing by 11.3% in the same period.

Table 13: Impact of enhanced currency processing

FY	Value Processed	Re-Issue Output
2017/18	7,250,947,435,000	5,319,803,435,000
2018/19	8,320,044,000,000	5,922,560,000,000
Growth (%)	14.74%	11.33%

Source: Bank of Uganda

The increase in re-issue output resulted into reduced issuance of new banknotes into circulation thereby achieving the desired ratio of currency reissue to new banknotes.



10 Strategic partnerships

10.1 African Continental Free Trade Area (AfCFTA)

The Constitutive Act of the African Union provides for institutions which are responsible for high quality economic growth and these include the African Investment Bank, the African Central Bank and the African Monetary Fund. The evolution of these institutions, most especially the African Central Bank, will have implications on how the national institutions undertaking a similar mandate will be shaped. Hence, the Bank of Uganda, has been closely monitoring the AfCFTA negotiations and ratification, and deeply involved in continent wide discussions around the AfCFTA.

The African Continental Free Trade Area is a free trade area, outlined in the African Continental Free Trade Agreement among 54 of the 55 African Union nations. The Agreement Establishing the AfCFTA together with 3 Protocols were adopted by the AU Assembly on 21 March 2018 in Kigali, Rwanda; including Protocol of Trade in Services, trade in Goods and Dispute Settlement Mechanism. Twelve (12) Annexes to the Protocols were also adopted by the Assembly on 1 July 2018 in Nouakchott, Mauritania.

The total number of ratifications now stands at 27 Member States; Burkina Faso, Chad, Côte d'Ivoire, Congo, Djibouti, Egypt, Eswatini, Ethiopia, The Gambia, Ghana, Guinea, Kenya, Mali, Mauritania, Namibia, Niger, Rwanda, Saharawi Arab Democratic Republic, Sao Tome e Principe, Senegal, Sierra Leone, South Africa, Togo, Uganda and Zimbabwe. The AfCFTA entered into force on May 30, 2019 and its operational phase was launched by AU Heads of State and Government on July 7, 2019 in Niamey, Niger. As at mid July 2019, 54 AU Member States had signed the AfCFTA Agreement. Eritrea is yet to sign.

Key objectives of the AfCFTA include;

- i. To achieve a comprehensive and mutually beneficial trade agreement among the Member States of the African Union.
- ii. To enhance competitiveness at all levels and more specifically at the industry and enterprise level through exploiting opportunities for scale economies, reducing

business costs, continental/global market access and better reallocation of resources including through the development of trade-related infrastructure.

- iii. To overcome dependence on exportation of primary products and promote social and economic transformation for inclusive growth, industrialization and sustainable development in line with Agenda 2063.
- iv. Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.
- v. Realize the potential to expand and accelerate the growing diversification and dynamism of intra-African trade including the aim to increase by 50 % trade among African countries by 2022 through better harmonization, coordination and implementation of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general.
- vi. In the context of boosting intra-Africa trade and realizing the transformational potential of increased trade among African countries, to create a freer market for goods and services, building upon the trade agreements within the regional economic communities and associated commitments and thus pave the way for accelerating the establishment of the Continental Customs Union.
- vii. On July 07, 2019, The AU Heads of State and Government launched the operational phase of the African Continental Free Trade Area supported by:
 - a. The agreed AfCFTA Rules of Origin;
 - b. Dashboard of the African Union Trade Observatory;
 - c. AfCFTA Trade in Goods Password Protected Dashboard;
 - d. Pan-African Payments and Settlements System;
 - e. Continental Online Mechanism for Monitoring, Reporting and Elimination of Non-Tariff Barriers; and
 - f. AfCFTA Web-based and Mobile Application for Business.

10.2 Association of African Central Banks (AACB)

With the operationalization of the AfCTFA by the African Heads of State and Government in July 2019, the continent, through the AACB, of which the Bank of Uganda is a member, continues to make great strides towards regional integration and is in the right direction for the creation of a monetary union. The establishment of the African Union Financial Institutions (AUFIs) remains one of the major flagship projects of agenda 2063 which seeks to deliver on its goals for inclusive and sustainable development. Relatedly, during the year the African Monetary Co-operation Programme (AMCP) of the AACB received recommendations to revise the convergence criteria of the AMCP, as well as align it with all regional economic co-operations on the continent.



10.3 Association of Corporate Treasurers (ACT)

The Association of Corporate Treasurers (ACT) launched a Uganda chapter comprising of a team of founding members from commercial banks, industry and the central bank. This international UK based Association aims to increase professionalism within the treasury function of corporates, businesses and financial enterprises (including commercial

banks) and is currently undertaking a drive to sensitize and recruit wider membership to the Uganda chapter.

10.4 Financial Sector Deepening Uganda (FSDU)

Bank of Uganda partnered with Financial Sector Deepening Uganda (FSDU) through their support and funding of the mobile treasury product feasibility study. FSDU has also pledged to assist in the implementation of the mobile treasury product project. In addition, FSDU alongside other players like CARE International, Ministry of Gender, Labour and Social Development (MoGLSD), and Private Education Development Network (PEDN) among others are key in the implementation of the National Financial Inclusion Strategy (NFIS) 2017-2022.

10.5 Front Clear Management B.V. Limited

In May 2019, Front Clear Management B.V Ltd signed a Memorandum of Understanding (MOU) with Bank of Uganda. This formal partnership is aimed at fostering development of the interbank market through initiatives including the review of legal frameworks, implementation of an umbrella guarantee fund to facilitate liquidity flow amongst commercial banks and capacity building of market participants.

10.6 East African Community (EAC) Activities

Bank of Uganda continued to work with other Partner Central Banks in the East African Community (EAC) to further the agenda of the economic integration of the bloc. The Monetary Affairs Committee (MAC) remained a key vehicle through which the collaborations were implemented. For instance, during the year ended June 2019, Bank of Uganda completed the upgrade of the UNISS- RTGS which was funded by the African Development Bank through the EAC Payment and Settlement System Integration Project (PSSIP).

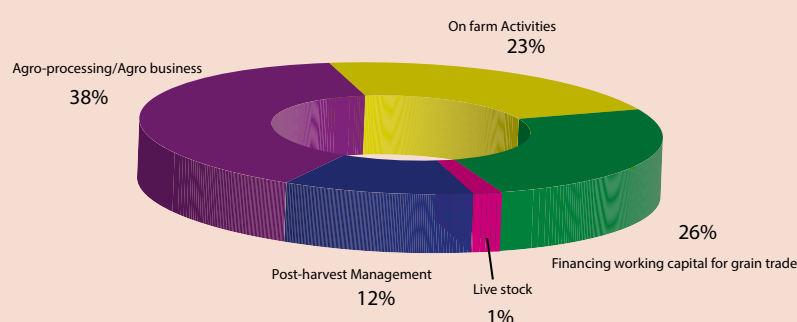




11 Funds administered by Bank of Uganda

11.1 Agricultural Credit Facility

The year 2019 marks ten (10) years since the Agricultural Credit Facility (ACF) came into existence. During this period, the ACF has targeted agricultural projects with the end goal of commercialization, modernization and value addition of raw outputs in the agricultural ecosystem. The ACF was set up as a Risk Sharing mechanism between the Government of Uganda (GoU) and the Participating Financial Institutions (PFIs) that include Commercial Banks, Uganda Development Bank Ltd (UDBL), Micro Deposit Taking Institutions (MDIs) and Credit Institutions.



11.1.1 Performance of ACF 2009-2019

ACF performance has improved over the last ten years. As at June 30, 2019, total disbursements amounted to UGX 350 billion, extended to 592 eligible projects across the country; of which GoU contribution amounted to UGX 177 billion. In addition, UGX 40 billion had been committed for projects pending fulfilment of disbursement conditions by the respective PFIs.

The GoU introduced the Grain facility under the ACF to address the drastic fall in grain prices especially maize, following the bumper harvests. The facility provides working capital for grain trade to facilitate mopping up of the excess grain by the grain traders. Total disbursements and commitments for grain trade stood at UGX 111.84 billion for sixty two (62) sub-projects as at June 30, 2019.



11.1.2 Block allocation

The current Memorandum of Agreement (MOA) 2018 operationalised the block allocation arrangement under the ACF. Beneficiaries under this arrangement can access loans of up to UGX20 million using alternative collateral requirements other than land. The aim is to unlock credit to the smallholder farmers who are unable to access funding due to the stringent loan requirements by the PFIs, one of which is collateral. Under this arrangement, micro borrowers have so far accessed a total of UGX 535 million of which UGX 354 million was refinanced as Government of Uganda (GoU)'s contribution.

11.1.3 ACF non performing loans

As at June 30, 2019, fifteen (15) projects with outstanding Government of Uganda contribution totaling UGX 2.9 billion had been declared delinquent by the respective PFIs. This represents 1.64 percent of the total loans refinanced to the PFIs.

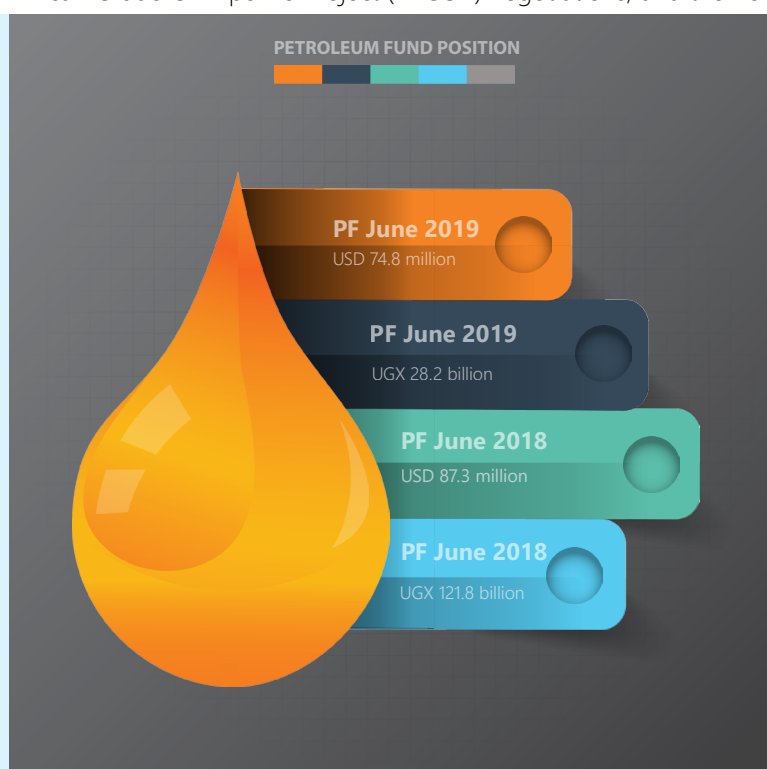
11.2 Petroleum Revenue Investment Reserve

The Bank of Uganda is mandated by the PFMA 2015 to be responsible for the operational management of the Petroleum Revenue Investment Reserve (PRIR), for investment in accordance with the Petroleum Revenue Investment policy issued by the Minister of Finance, Planning and Economic Development.

Further, the investment mandate is subject to appropriation of funds from the Petroleum Fund supported by a warrant of the Auditor General. Since establishment of the Petroleum Fund, no appropriation has been made to the Petroleum Revenue Investment Reserve for investment.

Relatedly, to facilitate investment, the MoFPED has finalized the draft Petroleum Revenue Investment policy, the Operational Management Agreement and Terms of reference for the Investment Advisory Committee. Members of the Investment Advisory Committee to advise the Minister regarding investments of the Petroleum Revenue Investment Reserve have been appointed. Upon approval by the Ministry, these will act as a framework to guide Bank of Uganda regarding investment of the PRIR.

This notwithstanding, the BOU continues to provide a technical support to the Petroleum Sector such as participation in the East African Crude Oil Pipeline Project (EACOP) negotiations, and the Refinery Project negotiations.



PF Position

As at July 01, 2018, the opening balance on the PF was USD 87.3 million and UGX 121.8 billion. During the year, the inflows were of USD 1.4 million and UGX 54.7 billion while the outflows of UGX 200 billion was transferred to the Consolidated Fund to finance the 2018/19 budget. Consequently, the balance as at June 30, 2019 stood at USD 74.8 million and UGX 28.2 billion.

11.2.1 Preparations for the PRIR mandate

In line with the requirements of the PFM Act 2015, the PRIR will be managed separately from the Central Bank Reserves. Significant Progress has been made towards adequately preparing for the execution of the PRIR Mandate.

1. An internal administrative framework for the management and oversight of operations was formulated. This framework will be reviewed progressively as the Operational Management Agreement is signed off, fund grows and the workload changes.
2. The role of the Bank includes management of the PRIR within the framework of a written agreement entered into between the Minister and the Governor and the agreement is awaiting approval from the MoFPED and subsequent signoff.
3. Establishment of compliance system and procedures are integral to efficient investment management activities. IT infrastructure and identification of key IT resources that is integral to efficient investment management activities are in place and continue to be reviewed from time to time. The process for opening the PRIR account has commenced but is subject to the signing off of the Operational Management Agreement.

4. The Bank continues to undertake consultative activities with respect to accounting, investment, risk, selection of fund management agents, auditing and research.

11.2.2 Expectations for FY 2019/20

In the Government Budget for FY 2019/20, UGX 445 billion was appropriated from the Petroleum Fund for transfer to the Consolidated Fund and no appropriations were made to Petroleum Revenue Investment Reserve for Investment.

Relatedly, the MoFPED, is expected to avail BOU the annual cashflow plan of Government in line with section 59(2) of the PFM Act 2015, where money appropriated to the Consolidated Fund from the Petroleum Fund shall be withdrawn quarterly and may in accordance with the annual cashflow plan of Government be invested by BOU and the revenues and benefits shall be available at call.

The anticipated Capital Gains Tax of about USD167 million from Tullow Oil (U) Ltd on the sale of part of its stake to Total E&P and CNOOC (U) Ltd. had not been finalized by 30 June 2019.



12 Organisational capacity & excellence

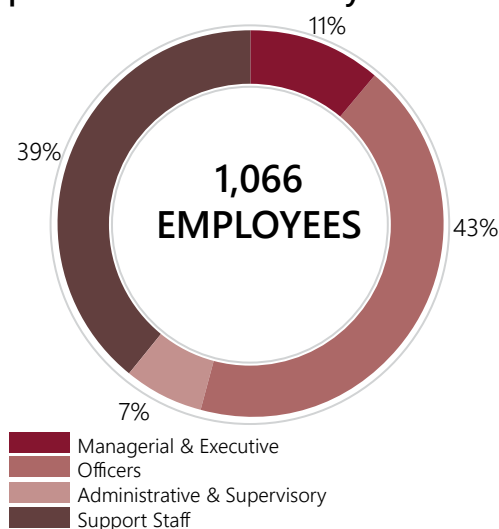
12.1 Human resource report

The success of the Bank depends on its ability to attract, develop and retain engaged diverse talent. During the FY 2018/19, the Bank continued to focus efforts on a culture of performance to achieve its strategic objectives and mandate.

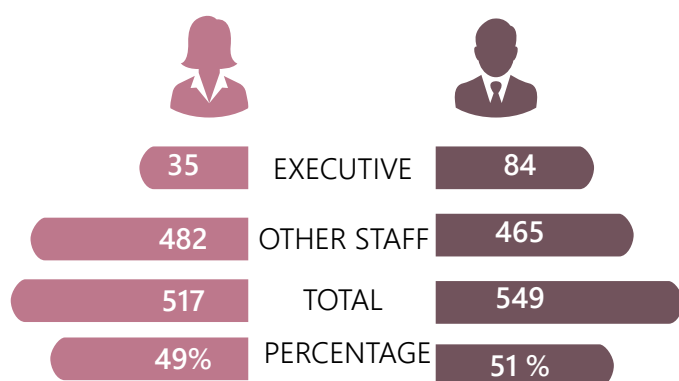
In line with the Strategic Objective of "Enhance Organisational Performance", the Bank continued to carry out staff deployments to ensure optimum number of employees at its Headquarters and 8 upcountry Branches.

The Bank employs more than 1000 employees at its headquarters in Kampala and eight other Branches in the towns of Jinja, Mbale, Gulu, Arua, Fort Portal, Kabale, Mbarara and Masaka. During the FY 2018/19, over 140 employee transfers across different Bank Branches were implemented.

Composition of Bank staff by role



Composition of Bank staff by gender



12.1.1 Attracting and recruiting Talent

The Bank is an equal opportunity employer that endeavors to attract, motivate and retain the right people, with the right knowledge, skills, competencies, attitudes and behavioral characteristics. The recruitment is dictated by the work plan and actual or anticipated human resources gaps.

2018/19 Key performance highlights

- > The recruitment and deployment of Currency Technicians and Legal Clerks was successfully completed.
- > Forty (40) positions at the level of Banking Officer were advertised to address the human resource needs in various departments. The advert attracted 4,617 applicants.
- > A Locum and Temporary Appointments Policy was developed, and a Locum database established to address the need for temporary appointments in the Bank as and when justifiable need arises.

The Bank supports a number of professional networks aimed at promoting professional excellence and best practices.

12.1.2 Managing Performance and aligning it to reward and recognition

The Bank considers Performance management as a continuous process of managing for results at all levels of the organization. The focus is to ensure that all business and support units (directorates, departments, teams and employees) are aligned to the achievement of the organization's strategic objectives.

To enhance organizational performance, the Bank uses the Balanced Scorecard framework for strategy formulation, implementation, performance monitoring, measurement and reporting.

2018/19 Key performance highlights

- > The Bank reviewed its Employee Performance management system aimed at enhancing reward and recognition programs to motivate, develop and harness the potential of its young workforce.
- > The Innovation Hub Program to tap into the innovative minds of the young workforce and the 360 Degree Feedback System with specific focus on mentoring and coaching for leadership development were some of the key strategic initiatives.
- > Team and individual Scorecards across the bank were developed. This involved formulation of performance objectives and goals that were aligned to the Strategic Objectives of the Bank. This aided conducting of performance appraisal exercise for employees based on the individual scorecards and core competences.
- > Benchmark studies with different institutions were carried out to identify best practices, policy measures and procedures that support performance enhancement through a well-managed performance management system and rewards linked to performance. The information shared through the Benchmarks enriched the review of Employee Performance Management System and performance based rewards.

12.1.3 Employee Training and Development

The Bank continued to invest in acquisition of knowledge and skills for employees, both in depth and breadth. This has been critical in enhancing employee development, performance and career growth.

This has largely been achieved through annual training needs identification and assessment process, which identifies skills gaps and informs the employee development programs to be undertaken in line with the Bank's strategic objectives.

To drive the achievement of the Bank's Strategic Plan 2017-2022, eleven (11) key strategic training areas were prioritized for capacity building;

- Contract Negotiation and Management;
- Project Management;
- Strategic Leadership and Change Management;
- Leadership and Management Programs
- Advanced Training Programs to prepare the Bank for East African Monetary Union.
- Bank Supervision including fraud detection IT systems audit and regulation of Tier 4 institutions
- Economic Modelling, Economic Policy Research and Analysis
- Oversight of Payment Systems
- Reserve Management
- Information Technology (cloud computing, e-payments, cyber security management)
- Statistical Data Analysis - Big data.

During the FY 2018/19, out of 674 total employees trained, 568 were trained in Skills Development courses and 106 in Strategic Priority Training Areas. Out of the total employees trained, 296 were male and 378 female representing 44 percent and 56 percent respectively.

12.1.4 Organizational Culture and Values

The Bank's culture is shaped by our core values of Transparency & Accountability, Integrity, Team work and Excellence (TITE) which are the guiding principles that define how we interact with each other, our customers and stakeholders.

12.1.5 Welfare and Work-Life Balance

The Bank values employee wellness and work-life balance as the key drivers of performance. Employee engagement program ensures that employees are given the opportunity to meet with management in their various ranks to deliberate on the various issues that affect them.

2018/19 Key performance highlights

- > To improve the work life balance, awareness workshops, stress management sessions, departmental retreats and counselling sessions were conducted at different levels.
- > The Bank also continued to implement daily three hours flex time policy for breastfeeding mothers aimed at mitigating stress of the new mothers.



12.2 Information technology

The Bank endeavors to deliver cost-effective, quality and timely services and support to its customers and stakeholders in a consistent and reliable manner, and in compliance with international standards and best practices. In the 2018/19 FY, the Bank undertook the following IT initiatives to facilitate the accomplishment of its mission and vision:

Business process improvements & automation

The Bank successfully upgraded the BOU Banking System (BBS) and Internet Banking systems that serve government Ministries, Departments and Agencies (MDAs). The upgrade has since improved the security of the systems, provided additional functionality, and resolved issues that had been identified in the old systems, ultimately leading to improved customer service and experience.

A project to improve the Banking Supervision Application (BSA), a regional application used in the monitoring of supervised financial institutions, was concluded. Improvements to the BSA include implementation of consumer protection functionality and enhanced security features.

The Bank is in the final stages of implementing an upgrade to the BOU Website with the aim of enhancing the customer experience by inclusion of interactive functionality, improved content management, administration efficiency and security.

IT cost and infrastructure rationalisation

During the Financial Year, an assessment of the IT infrastructure (hardware and software) investments was conducted in order to rationalize the IT assets and costs while maintaining business process efficiency. Implementation of some aspects of the rationalization strategy is underway.

BOU headquarters data centre

The Bank completed and commissioned the Headquarters Data Centre Expansion and Modernization Project. In the upgraded Centre, new, advanced and robust equipment with enhanced monitoring were installed, mitigating the risks of disruption to the Bank operations. In addition, business continuity tests relating to the availability of IT services were successfully conducted and the outcome re-affirmed the Bank's resilience and capacity to deliver mission critical services in the face of disruption.

Information security

In a bid to address the increasing challenges in the security risk landscape, the Bank improved its ability to detect, prevent and resolve security incidents by upgrading the network infrastructure and design and, upgrading the Public Key Infrastructure (PKI). The Bank continues to undertake its activities in compliance with the SWIFT messaging security framework.



12.3 Corporate image and reputation

12.3.1 State of the Bank's corporate image and reputation

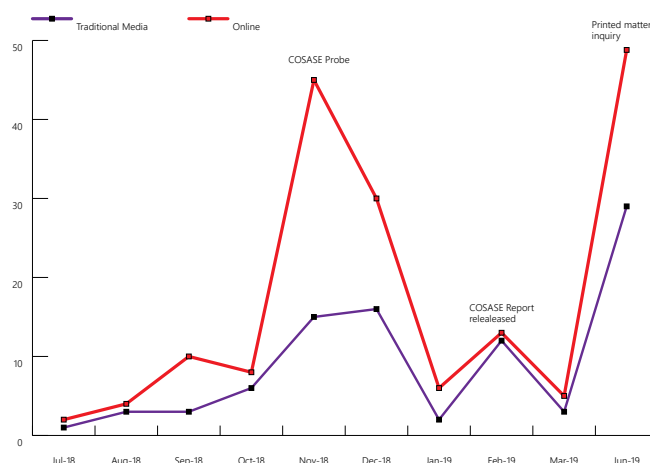
Over the years, the Bank has achieved its core mandate of price stability by maintaining annual core inflation around the medium target of 5 percent. In addition, the banking system has generally been well capitalized.

Despite the successful implementation of its mission, the Bank has been the focus of criticism from the public, as well as the subject of deliberate and malicious smear campaigns, which have resulted in the Bank's credibility and integrity being brought into question. The current scrutiny and misinformation about the Bank started following the takeover of a Domestic Systemically Important Bank (DSIB) in October 2016.

Following the Bank's commemoration of its 50th Anniversary in FY2016/17, there was a deliberate tactical approach to condense its stakeholder engagements into fewer activities. The reduced stakeholder engagements in FY2017/18 inadvertently created a vacuum at a time when the Bank was resolving a DSIB and appearing before the Parliamentary Committee on Commissions, Statutory Authorities and State Enterprises (COSASE). As a result, FY 2018/19 started off with an accumulation of negative public sentiment about the BoU brand.

Overall, negative tonality in media reports about the Bank throughout FY2018/19 averaged 9 percent in traditional media, and 17 percent in online media, both being significantly above the performance measure target of below 5 percent negative coverage set in the Bank's Strategic Plan FY2017/18 – FY2021/22. For traditional media, this was a marked increase from 4.9 percent recorded during FY2017/18. Negative reporting spiked in October 2018. The rise in negative reporting was partly on account of stories related to the Auditor General's (AG) special audit report on closed banks, and a subsequent probe by the Parliamentary Committee on Statutory Authorities and State Enterprises (COSASE), wherein the overarching narrative was that the Bank could have done more to strengthen the execution of

Figure 14: Monthly Evolution of Negative Coverage of BoU from July 2018 to June 2019



Source: Bank of Uganda

its supervisory and regulatory role.

Each month, but especially during times of crisis, negative conversations in the mainstream media were amplified online through social media (Figure 14). The largest share of negative stories was related to alleged unethical behavior in the conduct of the central Bank's mandate. This line of misreporting was perpetuated in the coverage of the COSASE probe and the printed matter inquiry.

The public and media sentiments expressed during FY2018/19 suggest that the Bank needs to strengthen its corporate image. A positive reputation and good corporate image would enhance the Bank's credibility which is crucial for successful formulation and implementation of price and financial stability policies. The cumulative nature of reputation means that the negative perceptions that the Bank has had to deal with have drawn down on its brand equity and could mask the accomplishments in its mandate. There is a concerted effort to strategically tackle this misinformation and negative publicity. The initiatives undertaken thus far are presented in subsequent sections.



12.3.2 Communications strategy review

The Bank's Communications Strategy for the period ended FY2013/14 – FY2017/18 is under review with support from the International Monetary Fund (IMF). The periodic review is intended to strengthen areas such as Financial Stability Communication, Crisis Communication, and Digital Communication inclusive of social media in the forthcoming strategy for the FY 2018/19 – FY 2022/23.

12.3.3 Stakeholder engagements

12.3.3.1 Media outreach programmes

During the FY 2018/19, the Bank continued to utilize various channels to engage external stakeholders on topical issues related to Monetary Policy, Balance of Payment position and the financial sector covering areas of consumer protection, and the Agricultural Credit Facility (ACF). Since radio is the most efficient way of sending out information to a large audience in Uganda, the Bank prioritized the channel. Consequently, there was a wider reach of BOU's messages in the local languages. In addition, the quality and quantity of information about the Bank on radio stations upcountry was improved. Other channels of communication included television talk shows, town hall meetings, and interviews with international media houses like Financial Times, Reuters and The Economist. The Bank also held press conferences on Monetary Policy Committee (MPC) decisions.



35 radio shows



10 press conferences



10 television talk shows



Over 50 interviews with mainstream prints and broadcasting stations

12.3.3.2 Financial Consumer Empowerment Mechanism (FCEM)

During the year, the Bank operationalized the Financial Consumer Empowerment Mechanism (FCEM) that had been approved in November 2017. The purpose of the FCEM is to coordinate information, inquiries, complaints handling, and resolution.

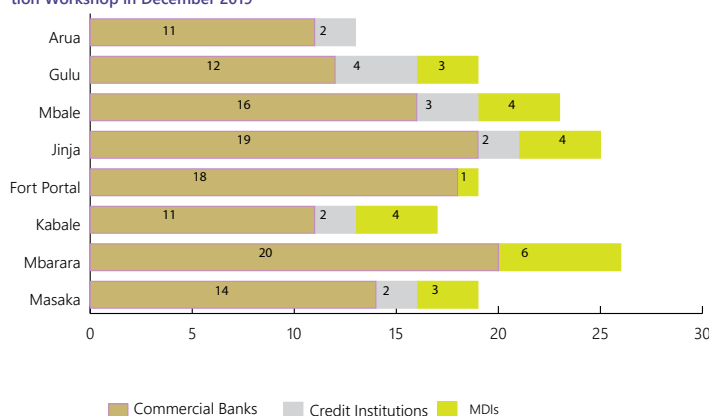
Over the FY2018/19, the Bank through its FCEM held a complaints handling and resolution workshop as envisioned by the Financial Consumer Protection Guidelines 2011; participated in National Financial Inclusion Strategy (NFIS2017-2022) meetings and also handled complaints among other activities.

i. Complaints handling and resolution workshop

a total of 161 staff from commercial banks, credit institutions, and microfinance deposit-taking institutions (MDIs) participated in the complaints handling and resolution workshop (Figure 15). The Purpose of the Workshop was "To explore Uganda's financial consumer protection landscape"

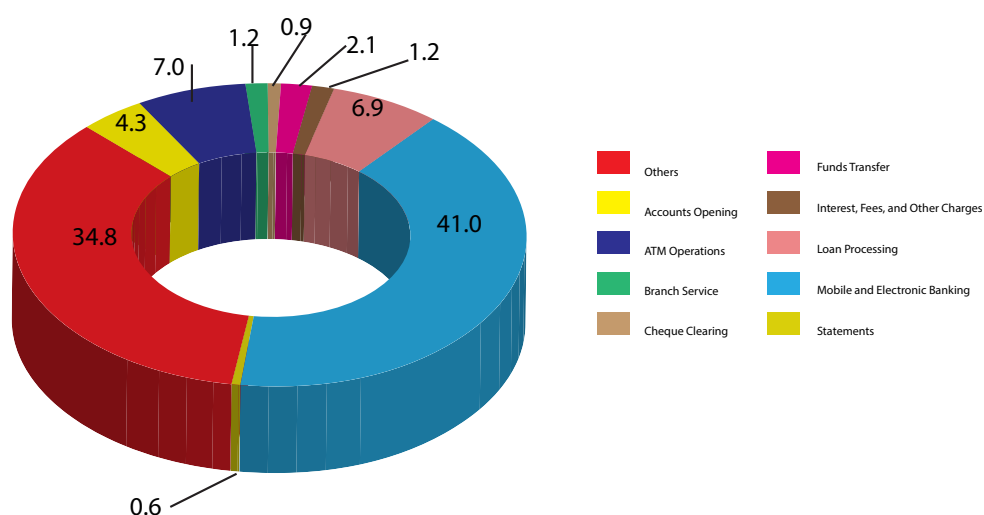
with a view of improving information flow within and without financial institutions, supplying assistance to the financial consumer in the event of difficulties, and proactively preventing complaints."

Figure 15: Staff of SFIs who attended the Upcountry Branches Complaints Handling & Resolution Workshop in December 2019

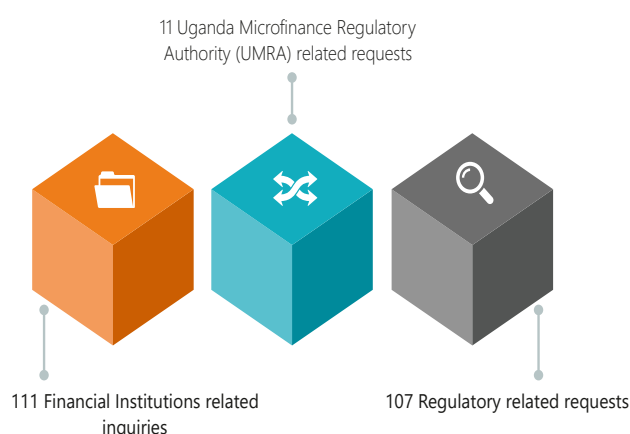


ii. Complaints resolution at bank of uganda

Bank of Uganda Supervised Financial Institutions (SFIs) are the first point of contact when a financial consumer is aggrieved about the quality of service received from any of these SFIs. In that regard, a total of 367,194 complaints were received by SFIs in 2018 of which 40.89 percent related to Mobile and Electronic Banking while 34.77 percent of the complaints were categorized as "Others"



When a financial consumer is not satisfied with the manner in which a complaint is resolved by the SFI or 14 days elapse without communication from the SFI, the financial consumer may lodge their complaint with the regulator (Bank of Uganda). In this regard, a total of 229 complaints, information requests, and inquiries were received by the Bank.

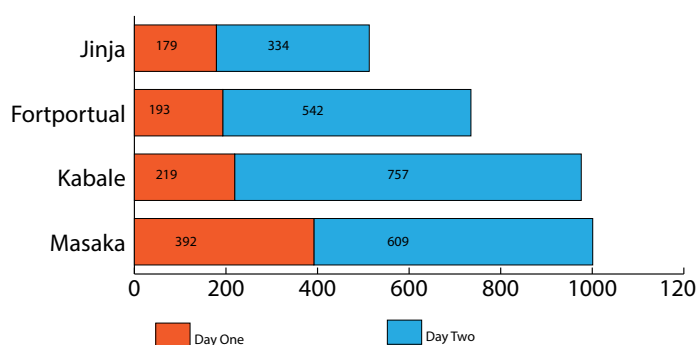


Of the 229 complaints, information requests, and inquiries received, 179 were concluded and closed. A total of Fifty (50) complaints remain unresolved.

12.3.3.3 Regional Town Hall Meetings (RTHMs)

The Bank conducted Four (4) two day regional town hall meetings under the theme "Promoting Financial Stability" in Kabale, Kabarole, Jinja and Masaka. These engagements provided an avenue for the Bank to interact with the public and gain feedback on its operations and policy decisions; as well as enabling the Central bank to pronounce itself on current developments. The engagements included talk shows, press conferences, exhibitions, presentations and an open discussion with the participants. The real-time interactions allowed the Bank to efficaciously educate its stakeholders. The RTHMs recorded a total of 3225 registered participants



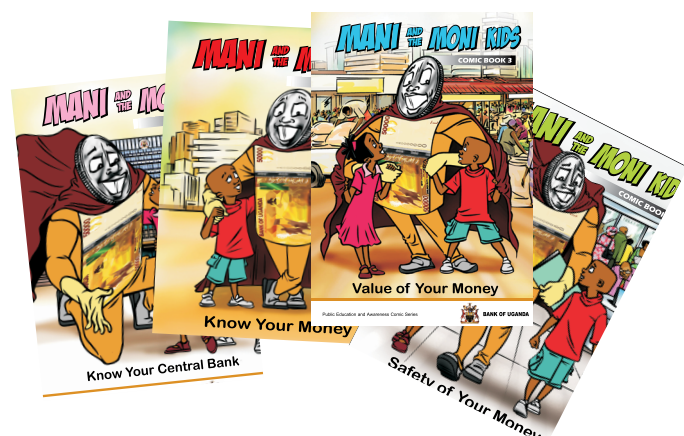


12.3.4 Public education & awareness campaigns

Adequate understanding and appreciation of the Bank's mandate, roles, actions and policy objectives by our stakeholders is essential for the realization of the Central Bank's mission. In that regard, the Central Bank held a series of public education and awareness campaigns across the country.

12.3.4.1 Public education materials development and dissemination

The Central Bank regularly produces and disseminates tailor made public education materials like brochures, comic books and posters. The public education materials are aimed at ensuring its stakeholders understand various products, roles and operations of the Bank. These include but are not limited to currency handling, redemption of currency, supervision of financial institutions, payment systems, and monetary policy. Most notable of the publications was the "Mani and Moni Kids" comic books that predominantly cater for a younger demographic and cover 4 areas of the Central Bank's operations under the themes: Know Your Central Bank, Know Your Money, Value of Your Money and Safety of Your Money.



12.3.4.2 Financial Literacy Training of Trainers (ToT) workshops and financial capability trainings

The Bank continued to empower Ugandans with the knowledge and skills to plan for their money, ultimately enabling the citizens to have confidence and capability while using their money.

By June 2019, a total of 1,605 individuals had participated in the Financial Literacy Training of Trainers (TOTs) Program. In addition to the ToTs, the Bank also partnered with several private and public institutions such as National Social Security Fund (NSSF) and Rotary Clubs among others to provide training to their staff in a cost sharing arrangement. Other financial literacy activities where the Bank participated included the World Savings Day held on October 30, 2018, and Global Money Week (GMW) held in March 2019.

The Bank also participated in the drafting of the East African Community (EAC) Financial Education Strategy and the Strategy for Financial Literacy in Uganda (SFLIU) 2019-2024.



12.3.4.3 BoU-KfW Campaign to popularize Credit Reference Services (CRS), World Savings Day (WSD), and Deposit Protection Fund (DPF)

With funding from KfW (German Development Bank), Bank of Uganda procured the services of a Public Relations firm (NOMAD Advertising Limited) and ran a campaign to popularize the Credit Reference Services (CRS), World Savings Day (WSD), and Deposit Protection Fund (DPF). The multi-channel media campaign targeted stakeholders such as BoU Supervised Financial Institutions, Tier IV Microfinance

Institutions leaders, District Leadership, and general public. The meetings were carried out in all the regions where BoU has a Branch. In addition, a radio and television campaign was also conducted nationwide.

12.3.4.4 Unlicensed forex trading campaign

International Border Crossings such as Oraba, Katuna, Nimule, and Mpondwe amongst others have a challenge of unlicensed forex traders. Apart from the dangers of circulating counterfeits posed by such traders, these traders undercut the legitimately licensed forex bureaus.

As a means of reducing incidences of unlicensed forex trading, Bank of Uganda continued with the implementation of the approved strategy against unlicensed foreign exchange trading. In this regard, follow-up sensitization meetings at the border towns of Mpondwe, Cyanika, Bunagana, Mirama Hills, Kikagati and Paidha were carried out during the year. In addition, the Bank commenced the inception phase of a country wide public awareness campaign aimed at sensitizing the public about the dangers of dealing with unlicensed foreign exchange dealers.

Arising from the above interventions, three foreign exchange licenses were issued, two are under evaluation while four other groups of money changers have expressed interest in regularizing their businesses and are being guided by the Supervision Directorate.

12.3.4.5 Marketing and publicity campaign of ACF

The marketing and publicity of ACF took the shape of exhibitions, workshops, radio talk shows, Television talk shows, barazas, conferences, SACCO group meetings, and a multitude of other engagements. Overall, 48 engagements were undertaken to publicise ACF in FY2018/19.

The media engagements were undertaken in various parts of the country with different media providers. These included South West Rwenzori Messiah in Kasese; Open Gate FM Radio in Mbale; Impact Radio, Bukedde TV, Bukedde Radio, and Buddu FM etc. in Central Region; Kanungu Broadcasting Services in Kigezi among others. The New Vision Group of Companies as well as the Daily Monitor and Nation Media Group provided multi-channel publicity.

Some of the workshops and exhibitions undertaken included Buwenge Farmers' Cooperative Workshop, Koboko United SACCO Limited Workshop, Victory Men's Business Convention, Dokolo Area Farmers' SACCO, Moyo SACCO, Kirigime SACCO Workshop, and Seeds of Gold Farm Clinic among others. In executing these workshops and exhibitions the Bank collaborated with various agencies such as Operation Wealth Creation (OWC), CARITAS, Uganda Revenue Authority (URA), Uganda Export Promotion Board, Uganda Manufacturers Association (UMA), and Uganda Farmers' Federation (UNFF) among others.

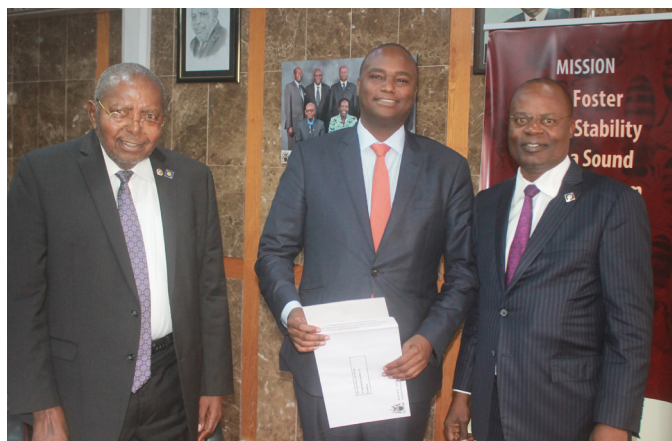


The flagship publicity campaign for ACF in FY2018/19 was the Inaugural Annual ACF Awards that were conducted in the fourth quarter of the financial year. Under the theme, "ACF@10-Unlocking Credit to the Agricultural Sector", the awards were organized to recognize the significant efforts that have been made by different Participating Financial Institutions (PFIs) in the operationalisation, advancement and uptake of the Scheme funds. The awards were also a commemoration of the 10th Anniversary of the ACF. The awards were given out in eight (8) categories namely, Interest in the Scheme; Absorption Rate; Highest Number of Loans disbursed; Highest Outreach to Small Borrowers (less than 100million); Application Dossier Comprehensiveness; Highest National Coverage by region; Overall best performing PFI in Commercial bank & UDBL Category; and Overall best performing PFI in the Credit Institutions & MDI Category. Stanbic Bank Limited and Post Bank Uganda Limited emerged as overall winners for the Inaugural ACF Awards.

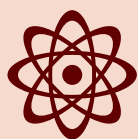


12.3.4.6 Government securities awareness campaigns

The Bank undertook public awareness and sensitization tours to inform the public about the government securities market and the ongoing Primary Dealer (PD) reforms. The purpose was to broaden the retail investor base. The sensitization tours involved visits to Lira, Nebbi, Gulu, Soroti, Jinja, Mbarara, Kabale and Mpigi. The stakeholders interacted with included commercial banks and the general public. In addition, the Bank participated and exhibited material relating to investment in government securities at the diaspora convention in Seattle, United States of America.



Bank of Uganda's Award for the Best Primary Dealer continued to be undertaken on a monthly basis to highlight the importance of commercial banks in investing in Government Securities



Exhibitions

The Bank in strategic partnership with several organizations and associations participated in several exhibitions that enabled the Bank to educate members of the public on topical issues like the ACF, Consumer Protection, Government Securities trading, as well as other products and services of the Bank. These included the International Trade Fair by the Uganda Manufacturer's Association (UMA); Public Sector Foundation Uganda (PSFU) Trade Facilitation Expo; The Source of the Nile Agricultural Show by Uganda Farmers Federation; and Harvest Money Exhibition organized by Vision Group of Companies.



Bank of Uganda Wall Calendars

The Bank continued with the practice of using its wall calendar as a public education tool. In the 2019 calendar, The theme was "Balance of Payments: Together we can improve our foreign exchange earnings". The focus of theme was on steps that Ugandans can take to increase foreign exchange inflows and reduce foreign exchange outflows.



26th Joseph Mubiru Memorial Lecture

The Bank conducted its flagship public lecture in the third quarter of FY2018/19. The Guest Speaker was Governor Emeritus of the Bank of Tanzania Professor Benno Joseph Ndulu. The topic of the lecture was "Role of Financial Innovations and Inclusion in scaling up growth in Uganda". More than 1000 people attended the lecture which demonstrated how financial innovations can be leveraged to deliver sustainable and inclusive economic growth in Uganda.

12.3.5 Accountability culture in Bank of Uganda

The Bank of Uganda, as a government institution, is fully accountable for its expenditure, actions and decisions. The Bank's robust accountability framework consists of four approaches, that is, proactive approaches, preventive approaches, detective approaches, and reactive approaches.

Proactive approaches relate to building a culture that promotes zero tolerance for unethical behavior. Some of the facets under the proactive approaches include a value system that emphasizes Transparency & Accountability, Integrity, Teamwork, and Excellence (TITE); policy and administrative measures such as declaration of relatives policy to guard against conflict of interest in the Bank's work place; stringent policy against financial embarrassment; and clear policies and procedures to streamline work flow processes and minimize possibilities of undeliberate misuse of power and resources.

Preventive approaches are designed to prevent an event with a potential negative effect from materializing akin to an early warning system. In that regard, the Bank has a robust Enterprise Risk Management System that is assessed on a quarterly basis; Risk Incident reporting mechanisms; Whistle blowing mechanism; and Project Management framework to prevent project cost and scope creep.

Detective approaches are intended to ensure that in case something that may impact business processes happens; it is discovered in time and mitigating measures devised. In this regard, the Bank has a strong internal and external audit process; internal grievance handling and complaints resolution mechanism; and undertakes periodic internal and external stakeholder perception surveys.

Reactive approaches are after the event has materialized. These include a tiered disciplinary process for staff who have been identified for breaking the rules; and investigations by Internal Audit Directorate which reports directly to the Board of Directors.

Apart from the oversight of the Board of Directors (BoD), different work processes of the Bank may be scrutinized by different external agencies of Government such as Public Procurement & Disposal of Public Assets Authority (PPDA) and Inspectorate of Government (IGG).

In addition, the Bank of Uganda produces an Annual Report detailing the state of affairs including its financial position to the Ministry of Finance, Planning, and Economic Development (MoFPED). The financial position of the Bank is externally audited by the Office of the Auditor General (OAG) and the findings of OAG's reports may be further scrutinized by Parliamentary Committees such as Committee on Statutory Authorities and State Enterprises (COSASE). This statutory accountability entails the Bank of Uganda regularly interfacing with the Parliament of the Republic of Uganda.

During FY 2018/19, BoU appeared before COSASE and explained the actions undertaken in the resolution of seven (7) closed commercial banks that had been a subject of investigation by the Auditor General's special audit. The suggestions for improvement of the BoU's supervisory and regulatory role contained in the report of COSASE have been evaluated by the Bank to assess the feasibility and impact of implementing them.

Apart from the statutory obligations, the Bank interfaces with the general public to ensure that its mandate is well understood. These interactions take the shape of seminars, town hall meetings, workshops, conferences, barazas, and exhibitions amongst others. These interactions that focus on stakeholders right from the grass roots have gone a long way in demystifying the work of the Central Bank.



12.4 Corporate social responsibility

Corporate Social Responsibility (CSR) at the Bank of Uganda refers to the practice of contributing positively to the well-being of society above and beyond our mission and legal obligations. The CSR activities have been deliberately considered to partly reflect our strategic direction. They are sustainable, reflect a national character and yield the greatest benefit to society.

During the FY2018/19, the beneficiaries of the Bank's CSR activities were the Institute Chartered Public Accountants Uganda (ICPAU); Capital Markets Authority (CMA); Makerere University Private Sector Forum (MUPSF); Uganda Institute of Banking and Financial Services (UIBFS); Institute of Corporate Governance Uganda (ICGU); Kabale University Chair of Economics; and Uganda Securities Exchange (USE).

Donations



Chairman LC 5 Mbarara (centre) and Bank of Uganda officials at the handover of Bwizibwera Health Centre IV,



Deputy Governor at the grand unveiling of the maternity ward at Bwizibwera Health Centre IV, Mbarara.



Deputy Governor planting a memorial tree at Bwizibwera Health Centre IV, Mbarara.



A view of the renovated paediatric ward .



13 Corporate governance

13.1 Regulatory framework

The Bank of Uganda derives its mandate from the Constitution of the Republic of Uganda, 1995. Article 161 of the Constitution vests the authority of the Bank in the Board of Directors. The Bank's functions are spelt out in Article 162 of the Constitution and Section 4 of the Bank of Uganda Act (Chapter 51, Laws of Uganda).

13.2 Corporate governance statement

To effectively carry out its core mandate of keeping inflation low and stable, and maintaining a safe and sound financial sector, the Bank of Uganda is governed through an elaborate and conscientious framework of corporate governance. This framework offers the stewardship necessary for ethical, effective and efficient deployment of resources and human capital towards the fulfilment of the Bank's duties to the public, and is comprised of the Board, Board Committees, the Executive Committee of Management (EXCOM), and other Sub-committees of Management.

Living up to its values of Transparency & Accountability, Integrity, Teamwork and Excellence, the Bank complies with the applicable laws, international best practices, and a system of checks and balances to act in public interest while delivering price stability and a well-functioning financial system to the nation.

The Bank's productive output is anchored on a Board-endorsed five-year Strategic Plan [2017-2022] that is cascaded through Directorates and Departments and executed by a diverse, qualified and vibrant staff force.

This Corporate Governance Statement complies with best practice disclosure notably: the functions of the Board and its Committees, profiles of Directors, the composition of Board Committees, Directorships held in other organisations and companies, attendance of Board and Board Committee meetings, remuneration of Board of Directors and Board performance assessment.

13.3 The Board of Directors

13.3.1 Roles and responsibilities

The Board of Directors ('the Board') is ultimately responsible for the performance of the Bank, and has a fiduciary obligation to act in the best interest of its Shareholder and other Stakeholders through overseeing how management serves their short and long-term interests. The Board exercises all the powers of the Bank, subject only to the limitations contained in the Constitution of the Republic of Uganda and the Bank of Uganda Act.

Accordingly, the Board is collectively responsible for: setting the Bank's strategic goals, providing a prudent and effective risk management framework, overseeing the integrity of financial and reporting systems, establishing the values and ethical standards of the Bank, ensuring a high performance culture, and ensuring effective communication with the Shareholder and Stakeholders. All these are done whilst complying with relevant laws, regulations and codes of best practice, and exercising integrity and sound judgement and upholding the principles of transparency and accountability.

The Governor and Deputy Governor are responsible for the day to day operations of the Bank. The Governor Chairs the Monetary Policy Committee (MPC) through which the Bank sets monetary policy, the Foreign Exchange Reserves Management Policy Committee (FERMPC) which makes decisions on the management of Foreign Exchange Reserves, the Financial Stability Committee (FSC) which formulates policies relating to financial stability and prudential regulation, the Currency Policy Committee (CPC), the Payment Systems Policy Committee and the Executive Committee (EXCOM) which is the apex organ of Management.



13.4 Composition of the Board of Directors

The Board of Directors is comprised of seven (7) Directors namely the Governor who is the Chair of the Board, the Deputy Governor who is the Alternate Chair, and five Non –Executive Directors (NEDs).

The Governor, Deputy Governor and all Board Members are appointed by the President with Parliamentary approval, and serve a five-year term, with eligibility for re-appointment.

All Directors of the Board possess the requisite qualifications, skills, experience in economics, finance and banking, and are persons of integrity.

13.5 Secretary to the Board

The Bank/Board Secretary provides secretarial services, co-ordinates policy-making with policy implementation, and advises the Board on legal and corporate governance matters in liaison with the Legal Counsel. In consultation with the Chairman of the Board, the Secretary ensures timely and accurate information flow to the Board, Board Committees and Management Committees. Bank Secretariat is accessible to all members of the Board and Management.

13.6 The functions and duties of the Board

13.6.1 Statutory obligations of the Board

Section 162 of the Constitution of the Republic of Uganda, 1995 provides for the functions of the Bank of Uganda, whose authority is invested in the Board of Directors as follows:

- i. Promote and maintain the stability of the value of the currency in Uganda;
- ii. Regulate the currency system in the interest of the economic progress of Uganda;
- iii. Encourage and promote economic development and the efficient utilisation of the resources of Uganda through effective and efficient operation of a banking and credit system; and,
- iv. Do all such other things not inconsistent with the Constitution as may be prescribed by law.

In addition to the functions of the Board of Directors outlined in the Constitution of the Republic of Uganda, other statutory duties of the Board are provided for in the Bank of Uganda Act (Cap.51) Laws of Uganda as follows: In guiding the strategic direction of the Bank, the Board:

- i. Is responsible for the general management of the affairs of the Bank;
- ii. Ensures the functioning of the Bank and the implementation of its functions;
- iii. Formulates the policies of the Bank;
- iv. Does anything required to be done by the Bank under the BoU Act; and;
- v. Does anything that is within, or incidental to, the functions of the Bank

13.6.2 The Board of Director's 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. The Board Members have endorsed and abide by the Board of Directors' Charter and Code of Conduct, which is the key instrument of reference in the course of their duties. The following are the obligations inferred from common law and articulated in the code of conduct:

- i. Fiduciary obligation to act in the best interest of the Bank;
- ii. Duty to act within powers;
- iii. Promote the success of the Bank;
- iv. Exercise independent judgment;
- v. Exercise reasonable care, skill and diligence;
- vi. Avoid conflicts of interest; and
- vii. Not to accept benefits from third parties.



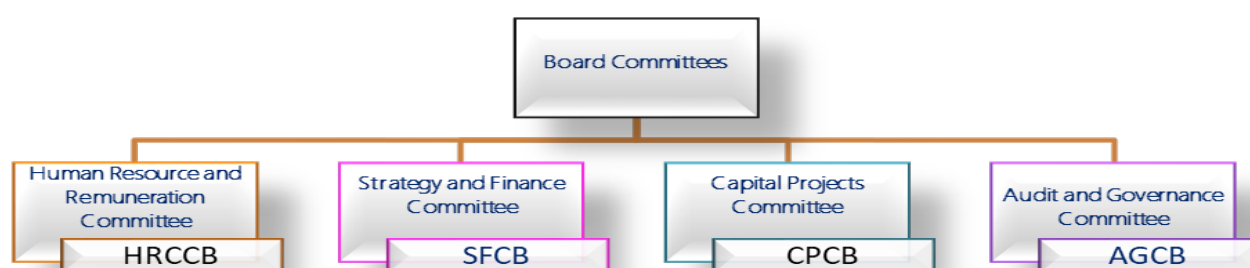
13.6.3 Meetings of the Board

	BOARD MEMBER	BOARD [5]	SFCB [4]	AGCB [4]	HRRCB [4]	CPCB [4]
1	Prof. Emmanuel Tumusiime-Mutebile	5/5	N/A	N/A	N/A	N/A
2	Dr. Louis Kasekende	4/5	2/4	N/A	4/4	2/4
3	Mr. James Kahoza	5/5	4/4	4/4	3/4	4/4
4	Dr. William Kalema	3/5	3/4	3/4	4/4	3/4
5	Ms. Judy Obitre Gama	4/5	N/A	4/4	4/4	3/4
6	Mr. Keith Muhakanizi	3/5	1/4	1/4	N/A	N/A
7	Ms. Josephine Okui Ossiya	4/5	4/4	3/4	3/4	3/4

Source: Bank of Uganda

13.6.4 Board committees

To achieve effectiveness and focus in discharging its functions, the Board delegates some of its responsibilities to the Board Committees. The Committees operate within defined terms of reference as laid down in the Board Charter and make recommendations to the Board. The Bank Secretary is the Secretary to all Committees. All Committees meet quarterly, and Ad hoc or special meetings are convened if necessary.



Committee	Composition	Mandate
Human Resource and Remuneration Committee of the Board (HRRCB)	Deputy Governor and four Non-Executive Directors	To consider human resource related policies and other staff matters.
Strategy and Finance Committee of the Board (SFCB)	Deputy Governor and four Non-Executive Directors	To ensure that the financial resources of the Bank are appropriately deployed to meet the strategic priorities of the Institution. To provide prudent management of risk and oversees IT governance.
Capital Projects Committee of the Board (CPCB)	Deputy Governor and four Non-Executive Directors	To provide oversight to the acquisition, utilisation, and monitoring of the Bank's capital projects such as Information Technology (IT), plant, machinery, construction, and significant maintenance works among others;
Audit and Governance Committee of the Board (AGCB)	Non-Executive Directors with The Chief Internal Auditor and a representative of the External Auditors in attendance	To provide assurance to the Board on the effective utilisation of resources, internal controls, and risk management

13.6.5 Remuneration of Non-Executive Directors

During the period July 2018 to June 2019, the Non-Executive Directors were each paid UGX.5,000,000/= (Five million shillings only), net of tax per month as retainer fees and UGX.2,500,000/= (Two million five hundred thousand shillings only) net of tax per meeting as sitting allowance.



13.6.6 Assessment of Board performance

Board performance assessment is intended to ensure continuous governance improvement through the identification of any skills gap and devising of a remedial training needs assessment and plan accordingly. The Board Performance Assessment exercise is scheduled for the Financial Year 2019/20.

13.6.7 Board's achievements and developments

The Board continued providing oversight for the implementation of the Strategic Plan 2017 -2022, now in its third year of roll out. The plan has seven (7) Strategic objectives namely;

- i. Increase Stakeholder confidence in the Bank of Uganda: The Bank undertook various initiatives to promote financial consumer empowerment around the country.
- ii. Enhance Price Stability: Throughout the financial year, annual core inflation averaged 3.4 percent which is within the Bank's target of 5 percent in the medium term.
- iii. Enhance Financial Systems Stability: Under this objective, Cabinet approved the National Payment Systems Bill 2019. In addition, draft regulations for Tier IV (Large SACCOS) were forwarded for Cabinet consideration. During the financial year, Agent Banking was successfully implemented and regulations for Islamic banking adopted.
- iv. Enhance Financial Performance: The Bank reviewed and enhanced the Reserve Management Policy to strengthen the return on assets.
- v. Improve Efficiency of Bank Processes: Various projects were implemented to sustain seamless provision of services to stakeholders.
- vi. Strengthen Strategic Partnerships: Under this objective, the Bank continued to implement various Memoranda of Understanding, treaties and decisions of the Monetary Affairs Committee of the East African Community.
- vii. Enhance Organisational Performance: The Bank continued to enhance the capacity of its staff in prioritised strategic learning areas.

13.6.8 Bank Management Committees

The Board of Directors delegates the day-to-day operations of the Bank to the Governor, who is supported by the Deputy Governor and a Management Team.

To achieve efficient and effective operations, the Bank has established Committees of management as an integral part of its organisational structure. These Committees facilitate decision making on technical and administrative issues and rely on specialised input from the Bank's Directorates and Departments:

- i. The Executive Committee (EXCOM) is the apex Management Committee. It is chaired by the Governor and comprised of the Deputy Governor and Executive Directors.
- ii. Financial Markets Operations Sub-Committee (FMOS) chaired by the Deputy Governor.
- iii. Risk Management Committee (RMC) chaired by the Deputy Governor
- iv. Strategy & Finance Committee (SFC) of Management chaired by the Deputy Governor
- v. Human Resources Management Committee chaired by the Deputy Governor

13.6.9 Contracts Committee

In line with the Public Procurement and Disposal of Assets (PPDA) Act and regulations, the Bank of Uganda has a fully constituted Contracts Committee which is responsible for the conduct of procurement and disposal of goods, works and services within the provisions of the law and procedure.

13.6.10 Medical Board

The Bank has an independent Medical Board comprised of seven external consultant doctors. One of the consultant doctors serves as the Chairperson of the Medical Board while the Bank's Director of Medical Department provides secretarial support. The Board advises Management and the Board on medical issues.



13.7 Enterprise wide risk assessment and mitigation measures

13.7.1 Enterprise risk assessment and mitigation

The Board of Directors is accountable for Risk Management at the Bank of Uganda. This role is delegated to management which ensures smooth implementation of the risk management process. The Risk Management Committee (RMC) provides strategic direction to the Bank's risk management operations while Risk and Compliance Department facilitates and co-ordinates the Bankwide risk management process.



13.7.2 Operational risk

Operational risk is inherent in every aspect of the Bank's business and as such, management of operational risk is an essential part of the day to day operations of the Bank. In order to effectively manage operational risk, the Bank has in place Operational Risk governance structures at all levels starting from individual staff to Executive Management. These structures assist in operational risk assessment, incident management, evaluation, and treatment, monitoring and reporting. Business units or departments are charged with ownership of risks in their respective departments, these are recorded in the departmental risk profiles which in turn when consolidated forms the corporate risk profile for the Bank.

During the financial year, the Bank continued to experience a heightened level of information security and reputational risks. Some weaknesses in operational controls were identified and managed appropriately. Sensitization of staff on risk management continued at departmental and management level, this was aimed at inculcating a healthy corporate risk culture and value system. A risk awareness week (RIMAW) was observed and a Risk Management Town hall meeting for all staff was held.

13.7.3 Business continuity and business resumption

The Bank has in place strong internal control systems and robust Business Continuity measures to ensure resilience of Bank's time critical business processes. During the financial year, Critical Business processes were successfully tested at the Business Resumption Site.

13.7.4 Compliance risk

According to the Basel Committee on Banking Supervision April 2005 standard titled "Compliance and the Compliance Function in Banks", compliance risk is the risk of legal and regulatory sanctions or material financial loss a bank may suffer as a result of its failure to comply with laws, regulations, related self-regulatory standards and codes of conduct applicable to its banking activities.

The Bank's various business units or departments own and manage the compliance risks. The business units recognise and document the various sections of laws and regulations most relevant to their areas of operation in order to ensure effective implementation of compliance management within their respective business areas.

During the financial year, the Bank continued to monitor compliance to the various memoranda of understanding (MoU), legal and regulatory requirements and areas of non-compliance were escalated for action. The Bank also monitored performance of service level agreements (SLA) between support and operational departments and service levels were found to be within acceptable levels.

13.7.5 Financial risk

The main financial risks that faced the Bank during the year included credit, market and liquidity risks. These risks arose from the fixed income and money market financial



instruments that the Bank invested in, counterparties, currencies and the countries where investments were placed.

During the FY 2018/19 the Board reviewed and approved the Foreign Exchange Reserve Management Policy and Strategic Asset Allocation. In addition, the Board ratified approval of two new counterparties.

The status of the financial risks as at 30th June 2019 is highlighted in the Risk dashboard below:

No	Risk	Risk Rating	Risk Direction
1.	Market Risk	Moderate	↑
2.	Credit Risk	Moderate	↑
3.	Liquidity Risk	Low	↔
4.	Overall Financial Risk	Moderate	↑
Key			
High - immediate action required		Moderate – no immediate action but close monitoring	Low - no immediate action but monitor

13.7.6 Market risk

During the FY 2018/19 expected slowdown of global growth due to global trade tensions and uncertainty surrounding Brexit negotiations continued to subdue interest rates especially for money market instruments. Central banks of G10 countries maintained low interest rates during the period and there were no indications of rate hikes. Subsequently, interest rates offered by counterparty banks for money market instruments remained low, leading to moderate interest rate risk (reinvestment risk). The USD appreciated against all currencies in the portfolio except the Yen and CAD resulting into unrealized foreign exchange losses during the review period.

13.7.7 Credit risk

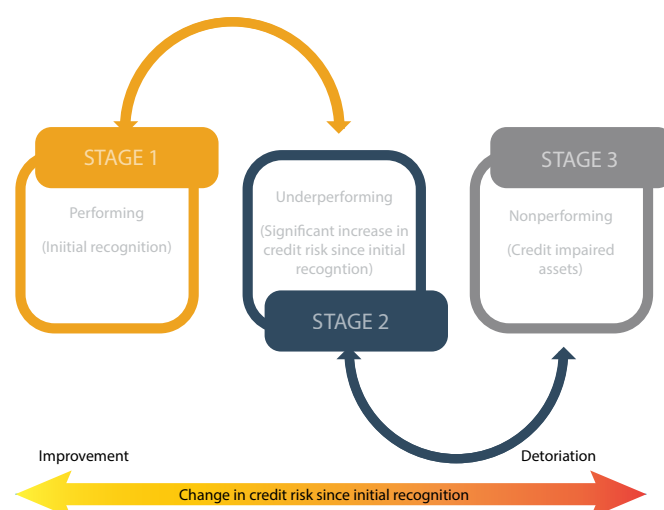
As indicated in the risk dashboard above, credit risk was assessed as moderate with a potential to increase in the next year. This was due to increased exposure to commercial banks during the period.

As a risk mitigation measure, the Bank's investments were

maintained within the approved minimum sovereign rating of (A3 Moody's credit rating). The Board further approved an investment policy that expanded the investment universe from G10 to G20 countries to allow the Bank to have more options to place investments.

13.7.8 The impact of IFRS implementation

The Bank adopted IFRS9 in July 2018 and the expected credit loss model was approved and used to estimate the impairment for the financial year 2018/19. The expected credit loss is the weighted expected present value of impairment for losses on the Bank of Uganda's balance sheet. As at the end of June 2019, the ECL was 0.04% compared to 2.32% as at June 30, 2018.



13.7.9 Liquidity risk

During the year, liquidity risk was assessed as low. The Bank managed liquidity risk by maintaining an adequate payment cover ratio (PCR) and receipt payment ratio (RPR). The PCR assesses the Bank's ability to meet short term obligations over a 30 day stress period. The RPR assesses the ability of the Bank's foreign exchange inflows to fund outflows. The ratios as at June 30, 2019 were within acceptable policy limits.

Notwithstanding the risks arising out of factors external to its operations, the Bank was able to manage all its enterprise risk in a prudent manner during the FY 2018/19.

13.8 Internal Audit operations

The Bank through its Internal Audit Directorate continued to provide assurance through the conduct of risk-based audits in line with the Annual Work plan approved by the Audit and Governance Committee of the Board (AGCB).

The majority of the audit engagements assessed the efficiency of resource allocation, governance effectiveness and risk management and control processes implemented across the Bank. Other engagements were commissioned by the Board or Management covering different business areas in the Bank.

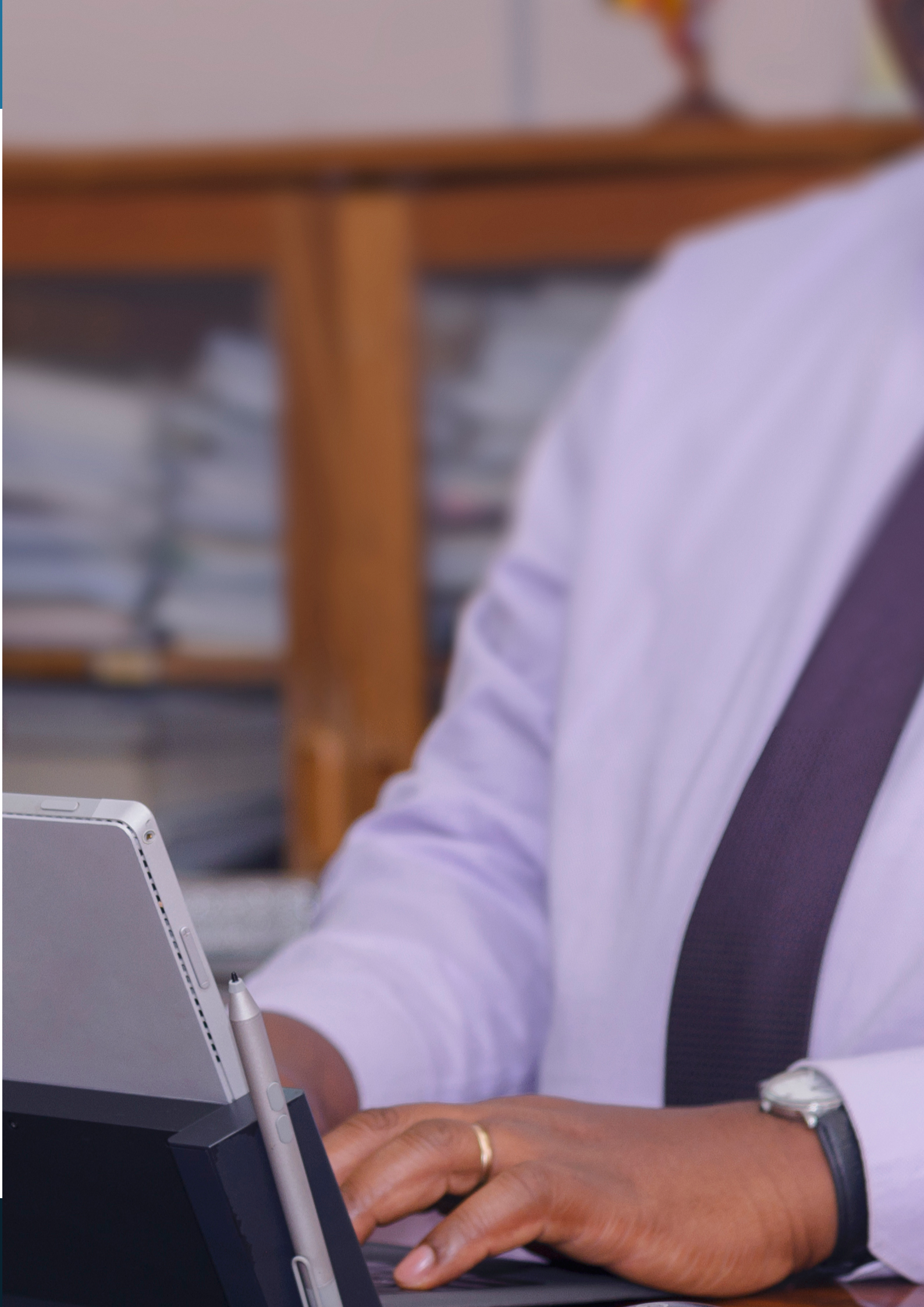
The Directorate provided quarterly updates on the status of the audit plan implementation and extent of closure of audit recommendations and key findings to the AGCB.

In line with the Bank's objective of "Strengthening Strategic Partnerships", the Internal Audit Directorate organized the East African Central Bank Internal Audit Conference. The objective of the conference was to harmonize internal audit practices in the regional Central Banks. The directorate will continue to engage with external auditors, regional and international partners to improve the efficacy of the Internal Audit function.

The Directorate commenced implementation of the recommendations of the external assessment including developing frameworks for combined assurance, forensic and continuous auditing. The objective of these frameworks is to improve the efficiency and effectiveness of the audit processes.

In the year ahead, the Directorate will consolidate gains made in the previous year in order to provide independent assurance to the Board.





14 Financial results for the year

The Financial Statements of the Bank 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.

The performance of the Bank is analysed on the basis of achievements in line with its core functions as spelt out in the Bank of Uganda Act, Section 4 and outlined below:

- Maintain monetary stability,
- Maintain an external assets reserve,
- Issue currency notes and coins,
- Banker and advisor to Government,
- Regulation and supervision of financial institutions,
- Banker to financial institutions and clearing house for cheques and other financial instruments, and
- Where appropriate, act as an agent in financial matters for Government.

14.1 Statement of profit or loss and other comprehensive income

14.1.1 Income

The Bank realized net operating income before foreign exchange losses of UGX 329,002 million in FY 2018/19 compared to a loss of UGX 18,772 million of FY 2017/18. The significant increase in net operating income is attributed to decrease in interest expense by 40 percent from UGX 211,466 million to UGX 127,835 million as the Bank issued less deposit auctions and Repos given the lower levels of structural liquidity in the economy as compared to FY 2017/18. Additionally, the Bank realised a significant increase of 178 percent in non-interest income to UGX 271,190 million in 2018/19 from UGX 97,531 million in 2017/18 mainly from net gains on financial assets at fair value through profit or loss, ledger fees charged on government transactions and write-back of provisions made on the intervention costs incurred in the former Crane Bank Limited.

The table below shows the net operating income before foreign exchange gains:

Details	2018/19	2017/18	Change
	UGX (m)	UGX (m)	%
Interest income	223,433	133,256	68%
Interest expense	(127,835)	(211,466)	-40%
Net interest income	95,598	(78,210)	-222%
Net non interest and other income	271,190	97,531	178%
Credit loss expense on financial assets	(37,786)	(38,093)	-1%
Net operating income before foreign exchange gains	329,002	(18,772)	-1853%

A detailed discussion of income is presented below:-

14.1.1.1 Interest Income

During the year ended 30 June 2019, the Bank posted interest income of UGX 223,433 million, a 68 percent increase from UGX 133,256 million of FY 2017/18. The increase is majorly explained by the following factors:

Interest income on overdrawn Government accounts

During FY 2018/19, the Bank realised income on overdrawn Government accounts relating to principal and interest on matured Treasury Bills and Bonds paid on behalf of Government. The income amounted to UGX 25,814 million.



Strategic asset allocations in the internally managed portfolio

During the year, the Bank reviewed and implemented a new Strategic Asset Allocation (SAA) in a bid to effectively match assets and liabilities, as well as enhancement of returns on the reserves portfolio. As a result, all holdings in internally managed portfolio denominated in the Canadian dollar (CAD) and part holdings in Australian dollar (AUD) and Great Britain pound sterling (GBP) were sold for United States dollar (USD). As at 30 June 2019, the Bank held USD 1,457 million in Term deposits and US Treasury bills (75% of the portfolio) compared to USD 806 million (41% of the portfolio) held in USD as at 30 June 2018.

The funds were invested at the relatively higher interest rates that prevailed in the USD, leading to higher income. The Bank realised USD 25 million in income from USD denominated term deposits and US treasury bills compared to USD 15 million earned in FY 2017/18. The revenue from the internally managed fixed income portfolio was boosted by relatively higher interest rates over the period.

14.1.1.2 Non-interest and other income

The Bank realized UGX 271,190 million in 2018/19 compared to UGX 97,531 million of 2017/18.

This was majorly on account of net gains on financial assets managed by the Bank's external fund managers. The portfolio increased by USD 50 million (UGX 184,000 million) compared to the position of FY 2017/18 on account of the following:

- There was an upward rally in bond prices as evidenced by the drop in yields. The external fund managers anticipated a slowdown in Global economic growth which caused interest cuts by most Central Banks in the G7. This in turn led to drop in bond yields and increase in bond prices.
- The US dollar strengthened against the other major currencies mainly on account of global slowdown of World economies, trade tensions between the US and China and Brexit uncertainty. This resulted in foreign exchange gains of USD 19 million recorded on the Bank's portfolio.

In addition, the Bank realised UGX 11,799 million from ledger fees charged on government transactions. The Bank also earned UGX 18,017 million from write-back of provisions related to the former Crane Bank Limited.

14.1.1.3 Credit loss expense on financial assets

In FY 2018/19, the Bank incurred expected credit losses on financial assets of UGX 37,786 million mainly on account of a provision for GoU related receivables. In FY 2017/18 the Bank recorded an impairment loss of UGX 38,093 million as intervention costs in the former Crane Bank Ltd.

14.1.2 Operating expenditure

The total expenditure outturn (including interest expense) increased by 0.2 percent to UGX 686,408 million compared to UGX 685,014 in 2017/18. The analysis of expenditure is shown in the tables below:



Table 14: Actual expenditure according to cost heads

	30-Jun-2019	30-Jun-2018	Change
	UGX (m)	UGX (m)	%
Employee benefits	173,535	173,485	0%
General & administration costs	108,855	68,331	59%
Currency costs	198,274	155,129	28%
Financial and professional charges	22,645	18,149	25%
Impairment loss	37,786	38,093	-1%
Interest expense	127,835	211,466	-40%
Depreciation	14,855	16,303	-9%
Amortization	2,623	4,058	-35%
Total recurrent expenditure	686,408	685,014	0%

.Source: Bank of Uganda

The expenditure is tabulated according to the Bank's core functions in Table 15 below.

Table 15: Actual expenditure according to core functions of the Bank

	30-Jun-2019	30-Jun-2018	Change
	UGX (m)	UGX (m)	%
Monetary policy implementation	154,887	238,706	-35%
Regulation and supervision	62,333	62,235	0%
Banking, currency & payment systems	279,424	199,540	40%
Reserve management fees	20,714	17,963	15%
Governance & policy	44,100	40,598	9%
Business resilience & infrastructure	32,804	34,869	-6%
Total core functions	594,262	593,911	0%
Total support services	92,146	91,103	1%
Total recurrent expenditure	686,408	685,014	0%

Source: Bank of Uganda

14.1.2.1 Implementing monetary policy

Monetary Policy implementation is a key core mandate of the Bank. In pursuance of this mandate, the Bank endeavours to maintain the medium term policy rate of 5 percent. In this regard, the Bank incurred costs through the use of Repurchase Agreements (REPOs) and deposit auctions in the secondary market to align domestic liquidity conditions with the prevailing monetary policy stance.

During FY 2018/19, the net effect of the deposit auctions was an injection of UGX 846 billion, with an outstanding amount of UGX 1,531 billion at end of June 2019 (June 2018: UGX 606.6 Billion). Over the same period, the net effect of the Repo instrument was an injection of UGX 426 billion, with UGX 594 billion outstanding at the end of June 2019 (June 2018: UGX 973.8 billion). Expenditure towards the monetary policy objective amounted to UGX 154,887 million during the year compared to UGX 238,706 million in 2017/18.

Monetary policy costs were significantly lower compared to the previous financial year. This was largely explained by lower levels of structural liquidity leading to lower costs of sterilization.

In as much as the Bank uses the repo market and deposit auctions as the main liquidity management tools for Inflation Targeting, recapitalization securities continue to be a useful instrument for liquidity management with majority of the stock of UGX 960 billion sold for monetary policy purpose during the period.



14.1.2.2 Regulation, supervision and financial stability

The Bank has a statutory responsibility of prudential regulation and supervision of financial institutions. In a bid to promote sustainable growth in financial intermediation and institute safe and efficient financial infrastructure, the Bank provided supervisory and regulatory oversight over the financial sector, through on-site inspections and off-site surveillance. Furthermore, the Bank strengthened financial inclusion activities by sensitising the public using awareness campaigns, and holding stakeholder workshops on financial products and services.

Towards this objective, the Bank spent UGX 62,333 million compared to UGX 62,235 million of 2017/18.

14.1.2.3 Currency, banking and payment services

One of the key responsibilities of the Bank is to ensure availability of adequate, durable and clean notes and promote public awareness on the currency handling and security features. In addition, the Bank facilitates payments, settlements and clearing of payment instruments for the government and financial institutions. During the year, there was increased growth in demand by the public for currency notes.

Total expenditure towards this objective amounted to UGX 279,424 million compared to UGX 199,540 million in 2017/18. The higher expenditure was reflected in currency issuance costs, which increased by 21 percent from the previous year mainly due to increased demand for currency by the public leading to issuance of more new notes and coins. The Bank has identified and embarked on implementation of measures to curb these costs including enhancing public awareness on proper handling of currency through Town Hall meetings and promotion of E-payments. The Bank has also fully provided for income receivable from Government. The income includes interest earned on overdrawn Government accounts and ledger fees.

14.1.2.4 Reserve management and financial markets operations

The Bank of Uganda Act 2000 under Section 31 vests the maintenance of the country's foreign exchange reserves in Bank of Uganda. The foreign reserves are managed in line with the objectives of capital preservation, liquidity and reasonable and consistent returns as stipulated in the Foreign Exchange Reserves Management Policy Framework. The Bank spent UGX 20,714 million to cater for reserve management fees and the related costs compared to UGX 17,963 million in 2017/18. Over 70 percent of this expenditure was spent on external fund managers, custodial fees, providers of trading systems, Rating Agencies and enhancement of internal staff capacity in managing the internally managed funds.

14.1.2.5 Governance and policy

The Bank has in place a strong governance framework that steers the strategic direction in line with its mission and vision. The following were achieved in line with governance and policy:

- Maintained a satisfactory system of internal controls for the achievement of Bank objectives;
- Continued to build and maintain good relationships with both external and internal stakeholders through hosting the Joseph Mubiru memorial Lecture in February 2019, town hall meetings, workshops for selected groups, monetary policy communication, dissemination of reports, internal newsletters and press briefings;
- Participated in Regional initiatives such as East African Community (EAC), Monetary Affairs Committee (MAC, COMESA and MEAFMI). In addition there was continued collaboration with the IMF, World Bank, MoFPED and UBOS.
- Extended support to various communities in the areas of institutional capacity building, education, health and social development as part of its CSR activities; and
- Renovated and furnished of Bwizibwera Health Centre IV in Mbarara District, Omel Health Centre II in Gulu District and Ayivuni Health Centre III in Arua District and handed over, while works are still ongoing on other centres like Nakaloke Health Centre II in Mbale, Rubaya Health Centre IV in Kabale, Ruteete Health Centre III in Kabarole, Kyanamukaka Health Centre III in Masaka and Budondo Health Centre IV in Jinja District.



As a result of these activities, the Bank incurred a cost of UGX 44,100 million compared to UGX 40,598 million of FY 2017/18.

14.1.2.6 Business resilience and infrastructure

In order to build and enhance a resilient IT environment that adequately supports efficient service delivery, the Bank continued to ensure the efficient provision of IT infrastructure to support the payment systems, reserve management operations, financial system oversight, banking services, monetary policy frameworks, currency operations and support services. The Bank incurred license fees on software, maintenance fees and amortisation to support a number of core systems. These include RTGS, Banking Application (BBS), CSD, Oracle Human Resource and Integrated Financial System, Automated Clearing House (ACH), Bank Supervision Application (BSA), Reserves Management System, Swift, and Microsoft Applications.

Towards this objective, UGX 32,804 million was utilized by the end of the year as compared to UGX 34,869 million in 2017/18.

14.1.2.7 Support services and overheads

These cover administration, finance and accounting services and other institutional support services to the Bank. Total expenditure towards support services amounted to UGX 92,146 million compared to UGX 92,103 million for the year of 2017/18.

14.1.3 Income and expenditure trends

The current economic environment presented both opportunities and challenges for BoU as it sought to execute its mandate. The Uganda Shilling was affected by both domestic and external forces on account of the open economy. In FY 2018/19, the Uganda Shilling gradually strengthened throughout the period, on average appreciating by 5 percent to UGX 3,694.67 per USD from UGX 3,879.33 per USD in FY 2017/18.

On the expenditure front, reduced structural liquidity in the economy led to a decrease in monetary policy costs by 35 percent between FY 2017/18 and FY 2018/19. In addition, increased demand for currency largely impacted currency costs leading to an increase of 28 percent.

Table 16 below shows the analysis of the income and expenditure trends over the last five years.

Table 16: Income and Expenditure trends over a period of 5 years

	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Interest income	223,433	133,256	83,288	152,562	92,028
Interest expense	(127,835)	(211,466)	(107,602)	(41,610)	(37,828)
Net interest income	95,598	(78,210)	(24,315)	110,952	54,199
Net non interest and other income	271,190	97,531	70,259	787,622	660,839
Credit loss expense on financial assets	(37,786)	(38,093)	(197,887)	(111)	(330)
Net operating income before foreign exchange gains/ (losses)	329,002	(18,772)	(151,943)	898,463	714,708
Net foreign exchange (loss)/ gain	(663,797)	878,340	462,396	(758,033)	948,105
Net operating income	(334,795)	859,568	310,453	140,430	1,662,813
Employee benefits	(173,535)	(173,485)	(168,252)	(148,410)	(137,589)
General & administration costs	(108,855)	(68,331)	(65,580)	(57,457)	(46,061)
Currency costs	(198,274)	(155,129)	(132,686)	(93,893)	(64,058)
Financial & professional charges	(22,645)	(18,149)	(17,039)	(15,401)	(13,554)
Depreciation	(14,855)	(16,303)	(19,127)	(14,204)	(12,984)
Amortisation	(2,623)	(4,058)	(3,750)	(1,480)	(1,330)
Total expenses	(520,787)	(435,455)	(406,434)	(330,846)	(275,575)
Net (deficit)/ surplus	(855,582)	424,113	(95,982)	(190,416)	1,387,237
Other comprehensive income for the year	(3,647)	47,769	23,426	25,577	30,224
Total comprehensive income	(859,229)	471,882	(72,556)	(164,839)	1,417,461

Source: Bank of Uganda



14.2 Statement of financial position

The Statement of Financial Position shows the level of the Bank's assets and liabilities as well as the shareholder's funds as at June 30, 2019. The analysis of the position is presented below.

14.2.1 Assets

Total assets increased by 1 percent to UGX 16,322,293 million from UGX 16,197,554 million reported as at June 30, 2018, with foreign assets accounting for 88 percent of the total assets.

14.2.1.1 Foreign assets

In USD terms, the foreign assets increased by 5 percent to USD 3,882 million as at June 30, 2019. The growth was largely attributed to net inflows from Bank of Uganda's foreign exchange intervention programme coupled with inflows related to donor support and projects. The internally managed portfolio stood at USD 2,250 million while the total portfolio with external fund managers stood at USD 1,133 million as at June 30, 2019.

In UGX terms, the foreign assets remained flat at UGX 14,343,711 million compared to UGX 14,330,156 million as at June 30, 2018. This was due to the growth in the foreign assets offset by the appreciation of the UGX against the USD by 5 percent (UGX/USD June 30, 2019: 3,695 and June 30, 2018: 3,880).

14.2.1.2 Domestic assets

The domestic assets increased by 6 percent to UGX 1,987,582 million as at June 30, 2019 from UGX 1,867,398 million as at June 30, 2018. The increase was mainly on account of some of the BoU Recapitalization securities that matured and reverted to the Bank during FY 2018/19.

14.2.2 Liabilities

Total liabilities increased by 8 percent to UGX 13,216,486 million as at June 30, 2019 from UGX 12,229,836 million as of 30 June 2018, with the biggest portion of this amount being domestic liabilities accounting for 93 percent.

14.2.2.1 Foreign liabilities

Foreign liabilities are mainly comprised of IMF obligations and are measured in terms of Special Drawing Rights units (SDRs). As at June 30, 2019, the Bank held SDR 173 million units which is equivalent to UGX 888,899 million, down from UGX 943,291 million reported in June 2018. The reduction was due to appreciation of the UGX against the SDR. (SDR/UGX June 30, 2019: 5,136 and June 30, 2018: 5,450).

14.2.2.2 Domestic liabilities

Domestic liabilities increased by 9 percent to UGX 12,294,445 million during the period. The increase was mainly on account of increase in repurchase agreements, commercial bank deposits, provisions and currency in circulation.

14.2.3 Shareholders' funds

The Bank's net worth reduced by 22 percent to UGX 3,105,807 million from UGX 3,967,718 million at the end of June 2018. The movement in the net worth is mainly explained by the Bank's comprehensive income of deficit UGX 859,229 million.





Sitting (L-R): Ms. Judy Obitre-Gama (Chairperson of HRRCB, Member of AGCB and CPCB), Prof. Emmanuel Tumusiime-Mutebile (Governor, Chairman of the Board of Directors), Ms Josephine Okui Ossiya (Chairperson of the SFCB, Member of: AGCB, CPCB and HRRCB)

Standing (L-R): Dr. Louis Kasekende (Deputy Governor, Alternate Chairman of the Board, Member of CPCB, HRRCB and SFCB), Mr. Keith Muhakanizi (Member of AGCB, SFCB and HRRCB), Mrs. Susan Kanyemibwa (Board Secretary), Mr. James Kahoza (Chairman of the AGCB, Member of: SFCB, CPCB and HRRCB), Dr. William Kalema (Chairman of CPCB, Member of AGCB, SFCB and HRRCB)

15 Director's report

The Directors are pleased to present their report for the year ended June 30, 2019. The report on the performance of the Bank fulfils the provisions of the Bank of Uganda Act (Cap. 51) Laws of Uganda, which require the Bank to make a report on its activities and operations during the preceding year, within three months after the end of each financial year.

Nature of business

As a Central Bank, the primary function of Bank of Uganda is to formulate and implement monetary policy aimed at achieving and maintaining price stability and ensuring a sound financial sector. The financial sector is a mechanism through which the monetary policy is transmitted. The Central Bank also fosters a stable and efficient payment system, is a banker and adviser to government on financial and economic matters and issuer of currency notes and coins as dictated by economic requirements.

Operating financial results

The Directors present the financial statements for the year ended June 30, 2019 as set out on page 75 to page 169 of this report. The Bank registered total comprehensive income of loss of UGX 859,229 million (2018: gain of UGX 471,882 million).

Dividend

Due to the Bank's continued loss making position, the Directors do not recommend payment of a dividend to government for the year ended June 30, 2019 (June 30, 2018: Nil).

Directors

The Directors who held office during the year and to the date of this report were:

Executive Directors	
Emmanuel Tumusiime-Mutebile (Prof)	Chairman
Louis Kasekende (PhD)	Member and Alternate Chairman
Non Executive Directors	
Keith Muhakanizi	Member
James Kahoza	Member
Josephine Okui Ossiya	Member
William S. Kalema	Member
Judy Obitre-Gama	Member

None of the Non-Executive Directors had any financial interests in the Bank during the year. The Executive Directors had loans with the Bank. These loans were granted as part of the



entitlements of the Directors as outlined in the terms and conditions of service. The loans were therefore recovered from emoluments in accordance with the Bank's policy.

Auditors

In accordance with Section 43 of the Bank of Uganda Act (Cap. 51) Laws of Uganda, the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended June 30, 2019, M/s KPMG, Certified Public Accountants, were appointed to conduct the external audit exercise on behalf of the Auditor General.

Approval of the financial statements

The financial statements were approved at a meeting of the Board of Directors held on September 19, 2019.

Susan Kanyemibwa
Bank Secretary
September 19, 2019



16 Statement of director's responsibilities

The Bank's Directors are responsible for the preparation of financial statements that give a true and fair view of Bank of Uganda financial statements comprising the statement of financial position as at 30 June 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 and the Bank of Uganda Act, 2000.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the Bank will not be a going concern in the year ahead.

Approval of the Financial Statements

The financial statements which appear on page 68 to page 68 were approved by the Board of Directors on September 19, 2019 and were signed on its behalf by:

 <u>Chairman</u>	 <u>Director</u>	 <u>Director</u>
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17 Report of the Auditor General to Parliament

Under the terms of Section 43 of the Bank of Uganda Act (Cap 51) and the National Audit Act, 2008, I am required to audit the financial statements of the Bank of Uganda. In accordance with the provisions of Section 23 of the National Audit Act, I appointed M/s KPMG, Certified Public Accountants, to audit the financial statements on my behalf and report to me to enable me report to Parliament in accordance with Article 163 (4) of the Constitution of the Republic of Uganda (as amended).

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Bank of Uganda ("the Bank"), set out on page 75 to page 169, which comprise the statement of financial position as at 30 June 2019, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information..

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Bank of Uganda as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of Bank of Uganda Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bank in accordance with 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, and I have fulfilled my other ethical responsibilities in accordance with these requirements and 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 matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

The key audit matter	How the matter was addressed in the audit
IFRS 9 Impairment on financial instruments including IFRS 9 transition	
The disclosures associated with impairment on financial instruments are set on in the financial statements under notes: 3.1.1.2, 3.4.1.1, 4.2.12, 5.1 and 8.	
As described in the notes to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments.	I performed the following audit procedures in this area, among others:
This was considered a key audit matter because the Directors exercise significant judgement, using subjective assumptions, when determining both the timing and amount of impairment provision on financial instruments.	<ul style="list-style-type: none"> – I assessed the modelling techniques and methodology against the requirements of IFRS 9. – I assessed the design and tested the operating effectiveness of relevant controls over the: <ul style="list-style-type: none"> • Data used to determine the impairment provision, including transactional data captured at asset origination, ongoing internal credit quality assessments and storage of data. • Expected credit loss model, including model build and approval, ongoing
In addition, IFRS 9 is a new and complex accounting standard	



which requires significant judgment and interpretation in its implementation.

Key areas of judgment include among others;

- The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Bank's expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).
- The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.

monitoring/validation, model governance and mathematical accuracy.

- I assessed the probability of default, loss given default and exposure at default assumptions. Tested on a sample basis, the key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and PD assumptions applied.
- I assessed the accuracy of the disclosures in the financial statements.

Overall, the Bank complied with the requirements of IFRS 9. I however, noted that the model is not automated and that some misstatements identified were subsequently corrected by management, in the financial statements.

Reliance on Information Technology

The Bank is dependent on IT systems to serve various parties, support business processes, ensure complete and accurate processing of financial transactions and support the overall internal control framework. Many of the Bank's internal controls over financial reporting are dependent upon automated application controls and completeness and integrity of reports generated by the IT systems.

The Bank has multiple systems that interface with the core system to run its day to day operations.

Given the complexity of the infrastructure of the multiple systems that interface with the core Banking system and a high dependency on technology, I considered this to be a key audit matter for my audit.

I performed the following audit procedures in this area, among others:

- Examined whether changes made to the systems were appropriately approved.
- Evaluated segregation of duties for personnel working with development and production environments for critical systems.
- Challenged whether system or application processing are appropriately authorised and scheduled and testing that deviations from the schedule processing were identified and resolved.
- Tested controls of relevant application controls in various processes.
- Tested interfaces between the critical systems.

The IT control environment is generally effective. I however, noted a weakness in one of the interfaces between two systems and gaps within access controls in some of the IT systems, which management has committed to address.

Impairment of amount due from and litigations related to Crane Bank Limited (In receivership)

The disclosures associated with Litigations are set out in the Financial Statements under note 51.1

a) Impairment of amount due from Crane Bank Limited (in receivership)

Bank of Uganda, pursuant to Sections 87 (3), 88 (1) (a) & (b) of the Financial Institutions Act, 2004 (amended in 2016) took over management of Crane Bank Limited effective October 20, 2016.

BoU on the January 24, 2017 progressed Crane Bank Limited from Statutory Management to receivership with BoU as the receiver. In exercise of its powers as the receiver, under Section 95 (1) (b) of the Financial Institutions Act 2004 (amended in 2016), BoU transferred certain liabilities of Crane Bank Limited to dfcu Bank Limited and in consideration of that transfer of liabilities conveyed to dfcu Bank, certain Crane Bank Limited assets. In addition, a cash consideration of UGX 200,000 million was agreed.

BoU had injected UGX 434,846 million into Crane Bank Limited during the Statutory Management period as part of the intervention action. This amount was to be recovered from Crane Bank Limited.

I performed the following audit procedures in this area, among others:

a) Impairment of amount due from Crane Bank Limited (in receivership)

- I evaluated the impairment workings made in respect to receivable from Crane Bank Limited (in receivership).
 - I obtained independent confirmation of amount due from dfcu Bank Limited to confirm recoverability.
 - I inspected the SWIFT messages of BoU to check that dfcu Bank Limited has repaid the amounts due as the Purchase of Assets and Assumption of Liabilities Agreement.
 - I evaluated the completeness and accuracy of the presentation and disclosures of Crane Bank Limited (in receivership) receivables in the financial statements.
- The Bank has raised sufficient provisions for receivables whose recoverability is in doubt.



The Bank recognised a receivable from dfcu of UGX 200,000 million (fair valued at UGX 120,000 million) in relation to the January 2017 Purchase of assets and assumption of liabilities agreement. This was the sale consideration payable over two and a half years from the third quarter of 2017. As at June 30, 2019, dfcu Bank had paid UGX 140,000 million and the outstanding receivable amounted to UGX 60,000 million (fair valued at UGX 40,791 million) as disclosed in note 35.

The receivable from dfcu Bank is fully secured by Government of Uganda treasury securities.

There is an outstanding balance on Crane Bank Limited (in receivership) account of UGX 258,697 million composed of UGX 60,000 million (fair valued at UGX 40,791 million) due from dfcu Bank Limited and UGX 217,906 million due from Crane Bank Limited (in receivership) at 30 June 2019. The amount due from dfcu Bank Limited is interest free and recoverable in the quarter ending Jan 2020.

The Bank performed an impairment assessment of the amount due from Crane Bank Limited (in receivership) and concluded that the full amount outstanding of UGX 217,906 million as at June 30, 2019 is impaired due to uncertainty of its recoverability.

b) The contingent liabilities and litigations

On June 30, 2017, Crane Bank Limited (In receivership) filed Civil Suit No. 493 of 2017 against the former shareholder and Meera Investments Limited claiming for USD 93,820,172 and UGX 52,084 million as compensation for breach of fiduciary duty. Crane Bank Limited (in receivership) also claimed for the delivery by Meera Investments Limited of Freehold Certificates of 48 properties comprising former Crane Bank Limited's country wide branch network, general damages, interest and cost.

The respondents filed a Miscellaneous Application No. 320 of 2019 against Crane Bank (in receivership). The Miscellaneous Application sought for dismissal of the Civil Suit No. 493 of 2017 on the basis that Crane Bank (in receivership) has no capacity to commence actions against the applicants. Furthermore the orders sought for in relation to freehold properties are barred in law.

On August 26, 2019, Court ruled on Miscellaneous Application No.320 of 2019 in favor of the respondents dismissing suit No.493 of 2017. Court ruled that Crane Bank (in receivership) is non-existent and does not have capacity to put forth any claim. Furthermore, it was ruled that Crane Bank's (in receivership) claim for the transfer of the freehold properties from Meera Investments Limited is barred in law.

Court ruled that costs of the application be paid by Bank of Uganda on the basis that Crane Bank (in receivership) is non-existent and does not have capacity to put forth any claim.

The Bank has filed a notice of appeal, an application for stay of execution and Memorandum of Appeal. The hearing of the application for stay of execution has been fixed for November 27, 2019.

b) The contingent liabilities and litigations

- I inspected Board and Management meeting minutes to identify any potential claims against the Bank related to Crane Bank Limited (in receivership).
- I made enquiries with the Directors and management of the Bank in regards to the status of Crane Bank Limited (in receivership) legal cases.
- I sought for independent confirmations from the legal counsel representatives (including internal) of the Bank on the status of litigations.
- I evaluated the completeness and accuracy of the presentation and disclosures of Crane Bank (in receivership) contingent and liabilities legal matters in the financial statements.

The Bank has made necessary provisions where it is probable that there will be future outflow of cash.

Other matters whose outcome could not be reliably determined at the time of my audit has been disclosed in the financial statements as required by International Accounting Standard 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Matters that came to the attention of management after the reporting period end have been disclosed as required by International Accounting Standard 10 *Events after the reporting period*.



Following the Court's ruling above, dfcu Bank Limited communicated to BoU its decision to exercise its option to rescind its interest in purchasing the 48 properties pursuant to clause 8.7 of the purchase of assets and assumption of liabilities agreement.

As part of rescinding of this purchase, dfcu will return to BoU Certificates of title for Meera Investments Limited properties and requires BoU to pay to dfcu Bank Limited the net book value of the properties recorded in the assets and inventory compilation report as at October 20, 2016.

The assessment of the possible outcome of the appeal and the amount of any resulting potential obligations, if any, involves significant judgment by the directors. In addition, the determination of the impairment of the amount due from Crane Bank Limited (in Receivership) involved significant judgement arising from uncertainty of recovery.

Due to the significant estimation, uncertainty and judgements by Directors in respect of the costs, receivables and potential obligations arising from the matters discussed above as well as judgement in determining of contingent liability disclosures, I considered these (a) and (b) to be key audit matters.

Capitalisation

The disclosures associated with capitalisation are set out in the Financial Statements under note 7.

As per the Bank of Uganda Act, Section 14 (3), the issued and paid-up capital of the Bank shall be a minimum of UGX 20,000 million.

As at June 30, 2019, the core capital of the Bank was below the minimum required capital by UGX 671,712 Million (2018: UGX 482,730 million).

The operating losses of the Bank during the year ended June 30, 2019 were mainly attributable to interest expense paid to financial institutions on deposit auctions and vertical repos issued by the Bank in the management of monetary policy as per the Bank's mandate and currency costs of UGX 198,274 million (89 % of the interest income). (2018: UGX 155,000 million (79% of the interest income)).

The costs of implementation of monetary policy that have caused erosion of the Bank's core capital are currently fully borne by the Bank.

I considered this to be a key audit matter because inadequate capital poses a business risk to the Bank and its operations.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditors' report thereon.

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

I performed the following audit procedures in this area, among others:

- I evaluated the Bank of Uganda Act, 2000, Section 14 (3) and ascertained compliance of the Bank's capital with the requirements of the Act.
- I inquired from the management and Directors the steps taken towards recapitalisation in the year under audit.
- I evaluated measures taken by the Bank to address any capital shortfalls and assessed reasonability and feasibility of those plans in the year under audit
- I assessed the disclosures for the capital of the Bank in the financial statements for completeness and accuracy appropriateness.

As at June 30, 2019, the core capital of the Bank was below the minimum required capital by UGX 671,712 million (2018: UGX 482,730 million).



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 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 in the manner required by the Bank of Uganda Act, 2000 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 Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Bank's financial reporting process.

Auditors' 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 auditors' 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 skepticism 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 internal control 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 Bank'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 Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' 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 auditors' report. However, future events or conditions may cause the Bank 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 auditors' 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.



John F.S. Muwanga

AUDITOR GENERAL
KAMPALA

September 23, 2019



18 Financial Statements

18.1 Statement of profit or loss and other comprehensive income

Year ended			30-Jun-2019	30-Jun-2018
	Note		UGX (m)	UGX (m)
Operating income				
Interest income	9		223,433	133,256
Interest expense	9		(127,835)	(211,466)
Net interest income/ (expense)			95,598	(78,210)
Profit on domestic foreign exchange trade	10		28,589	21,706
Fees and commissions	11		25,710	12,672
Net gains on financial assets at fair value through profit or loss	12		186,734	53,146
Losses arising from derecognition of financial assets measured at amortised cost or FVOCI	13		(2,592)	-
Other income	14		32,749	10,007
Net non interest and other income			271,190	97,531
Credit loss expense on financial assets	15		(37,786)	(38,093)
Net operating income/ (loss) before foreign exchange (loss)/gain			329,002	(18,772)
Net foreign exchange (loss)/gain	16		(663,797)	878,340
Net operating (loss)/income			(334,795)	859,568
Expenses				
Employee benefits	17		(173,535)	(173,485)
General & administration costs	18		(108,855)	(68,331)
Currency costs	19		(198,274)	(155,129)
Financial and professional charges	20		(22,645)	(18,149)
Depreciation	38		(14,855)	(16,303)
Amortization	40		(2,623)	(4,058)
Total Expenses			(520,787)	(435,455)
Net (deficit)/surplus	21		(855,582)	424,113
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Available for sale financial instrument:				
Net change in fair value during the year			-	26,457
Net amount transferred to profit or loss			-	863
Debt instruments at fair value through other comprehensive income:			-	-
Net change in fair value during the year			13,117	-
Recycling to profit or loss for impairment			47	-
Net amount transferred to profit or loss			5,305	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			-	-
Revaluation of property, plant and equipment			1,118	(1,155)
Actuarial (losses)/gains on defined benefit pension plan	37		(32,868)	21,604
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	25		9,634	-
Other comprehensive loss for the year			(3,647)	47,769
Total comprehensive income for the year			(859,229)	471,882

The notes on page 79 to page 169 are an integral part of these financial statements.

18.2 Statement of financial position

As at			30-Jun-2019	30-Jun-2018	
		Note	UGX (m)	UGX (m)	
Assets	Foreign assets	Cash and cash equivalents	22	1,402,654	932,585
		Financial assets at fair value through profit or loss	23	4,184,533	-
		Debt instruments at fair value through other comprehensive income	24	1,162,098	-
		Equity instruments at fair value through other comprehensive income	25	199,247	-
		Debt instruments at amortised cost	26	7,153,539	
		Financial Investments held-for-trading	27	-	4,162,689
		Financial investments available-for-sale	28	-	1,374,329
		Financial investments held-to-maturity	29	-	1,667,928
		Loans and receivables	30	-	5,865,263
		Derivative financial instruments	31	11,060	75,489
		Assets held with IMF	32	230,580	251,873
Total foreign assets			14,343,711	14,330,156	
Domestic assets	Investments in government securities	33	156,499	-	
	Loans, advances and drawdowns to government	34	940,405	972,500	
	Loans and advances to commercial banks	35	40,791	87,780	
	Loans and advances to staff	36	109,693	101,298	
	Retirement benefits plan	37	26,809	39,293	
	Property, plant and equipment	38	305,943	295,693	
	Finance lease on land	39	53,181	56,454	
	Intangible assets	40	20,800	13,907	
	Other assets	41	324,461	300,473	
Total domestic assets			1,978,582	1,867,398	
Total assets			16,322,293	16,197,554	
Liabilities	Foreign liabilities	IMF obligations	32	888,899	943,291
		Other foreign liabilities	42	416	416
		Derivative financial instruments	31	32,726	18,695
		Total foreign liabilities			922,041
Domestic liabilities	Currency in circulation	43	4,592,310	4,314,740	
	Government deposits	44	3,175,301	3,352,827	
	Commercial & Central banks' deposits	45	2,234,186	1,938,902	
	Repurchase agreements with commercial banks	46	2,112,598	1,576,211	
	Other liabilities	47	180,050	84,754	
Total domestic liabilities			12,294,445	11,267,434	
Total liabilities			13,216,486	12,229,836	
Equity	Issued capital	48	20,000	20,000	
	BoU recapitalisation funds	49	960,017	960,017	
	Reserves	50	2,125,790	2,987,701	
	Total Equity			3,105,807	3,967,718
Total liabilities & equity			16,322,293	16,197,554	

The financial statements were approved by the Board of Directors on September 19, 2019 and signed on its behalf by:


Chairman


Director


Director

The notes on page 79 to page 169 are an integral part of these financial statements.



18.3 Statement of changes in equity

	Issued capital	BoU recapitalisation	Trans-lation reserve	Asset re-valuation reserve	Fair value reserve	Revenue reserve	General reserve	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
At 1 July 2017	20,000	960,017	3,271,172	182,815	56,111	(1,393,555)	399,277	3,495,836
Surplus for the year	-	-	-	-	-	424,113	-	424,113
Other comprehensive income								
Net change in fair value of available for sale financial instruments	-	-	-	-	26,457	-	-	26,457
Net amount reclassified to profit or loss on maturity of available for sale financial assets	-	-	-	-	863	-	-	863
Revaluation of property, plant and equipment	-	-	-	(1,155)	-	-	-	(1,155)
Actuarial gains on defined benefit pension plan	-	-	-	-	-	21,604	-	21,604
Total comprehensive income	-	-	-	(1,155)	27,320	21,604	-	47,769
Revaluation surplus release	-	-	-	(8,811)	-	8,811	-	-
Foreign exchange gains	-	-	878,340	-	-	(878,340)	-	-
At 30 June 2018	20,000	960,017	4,149,512	172,849	83,431	(1,817,368)	399,277	3,967,718
At 1 July 2018	20,000	960,017	4,149,512	172,849	83,431	(1,817,368)	399,277	3,967,718
Impact of adopting IFRS 9 (Note 8)	-	-	-	-	105	(2,786)	-	(2,681)
Restated balance at 1 July 2018	20,000	960,017	4,149,512	172,849	83,536	(1,820,154)	399,277	3,965,037
Deficit for the year	-	-	-	-	-	(855,582)	-	(855,582)
Other comprehensive income								
Net change in fair value of debt instruments at FVOCI	-	-	-	-	13,117	-	-	13,117
Net changes in allowance for expected credit losses of debt instruments at FVOCI	-	-	-	-	47	-	-	47
Net amount reclassified to profit or loss on maturity of debt instruments at FVOCI	-	-	-	-	5,305	-	-	5,305
Net change in fair value of equity instruments at FVOCI	-	-	-	-	9,634	-	-	9,634
Revaluation of property, plant and equipment	-	-	-	1,118	-	-	-	1,118
Actuarial losses on defined benefit pension plan	-	-	-	-	-	(32,868)	-	(32,868)
Total comprehensive income	-	-	-	1,118	28,103	(32,868)	-	(3,647)
Revaluation surplus release	-	-	-	(5,590)	-	5,590	-	-
Foreign exchange losses	-	-	(663,797)	-	-	663,797	-	-
At 30 June 2019	20,000	960,017	3,485,715	168,377	111,639	(2,039,218)	399,277	3,105,807

The notes on page 79 to page 169 are an integral part of these financial statements.



18.4 Statement of cash flows

For the purpose of this statement, cash refers to foreign currency assets defined as cash and cash equivalents.

Year ended		30-Jun-2019		30-Jun-2018
		Note	UGX (m)	UGX (m)
Cash flows from operating activities:				
Net (deficit)/surplus for the year	21		(855,582)	424,113
Amortisation	40		2,623	4,058
Depreciation	38		14,855	16,303
Dividends from AFREXIM Bank			(3,809)	(3,342)
Loss on sale of PPE			56	457
Credit loss on Cash and cash equivalents (Note 4)			355	-
Credit loss on Debt instruments at FVOCI (Note 4)			47	-
Credit loss on Debt instruments at amortised cost (Note 4)			364	-
Credit loss on Assets held with IMF (Note 4)			8	-
Credit loss on Loans and advances to staff (Note 4)			160	-
Credit loss on Investments in government securities (Note 4)			27	-
Credit loss on Loans, advances and drawdowns to government (Note 4)	34		36,824	-
Provision for impairment loss on domestic assets	15		-	55
Provision for impairment loss on staff loans			-	55
Provision for impairment loss on loans to commercial banks			-	38,093
Donations of software			(5,806)	(722)
Defined benefit plan costs charged to profit or loss			(4,796)	8,012
			(814,674)	487,082
Foreign Assets				
Increase in financial assets at fair value through profit or loss			(21,844)	(231,441)
Increase in debt instruments at fair value through other comprehensive income			(1,143,629)	-
Increase in equity instruments at fair value through other comprehensive income			(189,613)	-
Increase in debt instruments at amortised cost			(7,156,221)	-
Decrease/(increase) in financial investments available-for-sale			1,374,329	(117,565)
Decrease/(increase) in financial investments held-to-maturity			1,667,928	(1,667,928)
Decrease in loans and receivables			5,865,263	1,801,701
Decrease/(increase) in derivative financial instruments			64,429	(52,417)
Decrease/(increase) in assets held with IMF			21,262	(17,189)
Decrease/(increase) in total foreign assets			481,904	(284,839)
Domestic assets				
(Increase)/decrease in investments in government securities			(156,526)	19,810
Increase in loans, advances and drawdowns to government			(4,729)	(43,735)
Decrease in loans and advances to commercial banks			46,989	34,649
Increase in loans and advances to staff			(8,276)	(10,325)
(Increase)/decrease in other assets			(23,988)	62,022
Decrease/(increase) in total domestic assets			(146,530)	62,421
Decrease/(increase) in total assets			335,374	(222,418)
Foreign liabilities				
(Decrease)/increase in IMF obligations			(54,392)	79,062
Increase/(decrease) in derivative financial instruments			14,031	(31,577)
(Decrease)/increase in total foreign liabilities			(40,361)	47,485
Domestic liabilities				
Increase in currency in circulation			277,570	448,962
(Decrease)/increase in government deposits			(177,526)	144,056
Increase/(decrease) in commercial & Central banks' deposits			295,284	(145,558)
Increase/(decrease) in repurchase agreements with commercial banks			536,387	(449,269)
Increase in other liabilities			95,296	2,847
Increase in total domestic liabilities			1,027,011	1,038
Increase in total liabilities			986,650	48,523
Net Cash from Operations			507,350	313,187
Bank contribution to BoU defined benefit plan	37		(15,588)	(14,085)
Net Cash from Operating Activities			491,762	299,102
Cash flows from investing activities:				
Purchase of property, plant and equipment			(17,991)	(59,037)
Purchase of software			(6,537)	(4,934)
Dividends from AFREXIM Bank			3,809	3,342
Net Cash used in investing Activities			(20,719)	(60,629)
Increase in cash and cash equivalents			471,043	238,473
Add: Cash and Cash Equivalents at the beginning of the year			932,585	694,111
Cash and Cash Equivalents at 30 June	22		1,403,628	932,585

For purposes of the cash flow, cash and cash equivalents exclude allowances for expected credit losses.



19 Notes to the financial statements for the year ended June 30, 2019

1 Reporting entity

Bank of Uganda is the Central Bank of Uganda as established under the Bank of Uganda Act 1966 as amended by the Bank of Uganda Act (Cap.51) Laws of Uganda 2000. Also the Constitution of the Republic of Uganda, 1995, Article 161, provides that the Bank of Uganda shall be the Central Bank of Uganda and therefore the reporting entity.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Bank of Uganda Act.

Details of significant accounting policies are included in Note 3.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments
- Financial instruments at fair value through profit or loss;
- Financial assets at FVTOCI;
- The receivable for defined benefit obligations recognised as fair value of the plan assets less the present value of the defined benefit obligation, plus unrecognised actuarial gains less unrecognised past service cost and unrecognised actuarial losses; and
- Revaluation of certain property, plant and equipment.

2.3 Functional and presentation currency

The financial statements are presented in Uganda Shillings (UGX), which is the functional currency of the Bank. Except as otherwise indicated, financial information presentation in Uganda shillings has been rounded to the nearest million (UGX (m)). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3 Significant 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 Bank.

3.1 New standards, amendments and interpretations

3.1.1 New standards, amendments and interpretations effective and adopted during the year

In these financial statements, the Bank has applied, for the first time, IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and the consequential amendments to IFRS 7 *Financial Instruments: Disclosures*, effective for annual periods on or after 01 July 2018. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

3.1.1.1 IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which replaces all existing revenue requirements and related interpretations and is effective for annual periods beginning on 1 January 2018. IFRS 15 redefined the principles for recognising revenue and is applicable to all contracts with customers other than contracts in the scope of other standards (e.g., interest and fee income integral to financial instruments which would be in the scope of IFRS 9). Certain requirements in IFRS 15 are also relevant for the recognition and measurement of gains or losses on disposal of non-financial assets that are not in the ordinary course of business.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Bank adopted IFRS 15 using the full retrospective method of adoption which requires it to reclassify comparative figures. Many of the Bank's revenue streams (e.g., interest income, gains and losses on financial instruments) are outside the scope of IFRS 15 and, therefore, accounting for those streams did not change as a result of the adoption of IFRS 15.

The Bank's revenue streams that are within the scope of IFRS 15 relate to fee and commission income disclosed in Note 11. The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Bank. The standard does not apply to revenue associated with financial instruments, and therefore does not impact the majority of the Bank's revenue. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The adoption of this standard did not have a material impact on the financial statements of the Bank because majority of the Bank's income is composed of interest income on financial instruments under IFRS 9.

3.1.1.2 IFRS 9: Financial Instruments

IFRS 9 replaces IAS 39 for annual periods beginning on or after 1 January 2018. The Bank has not restated comparative information for 30 June 2018 for financial instruments in the scope of IFRS 9.



Therefore, the comparative information for FY 2017/18 is reported under IAS 39 and is not comparable with the information presented for FY 2018/19. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 July 2018.

i. Changes to classification and measurement of financial assets and financial liabilities

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and loans and receivables) have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses in profit or loss on derecognition; and
- Financial assets at FVPL.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

The Bank's classification of its financial assets and liabilities is explained in Note 3.4. The quantitative impact of applying IFRS 9 as at 1 July 2018 is disclosed in Note 8.

ii. Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Bank's impairment method are disclosed in Notes 3.4 and 4.2. The quantitative impact of applying IFRS 9 as at 1 July 2018 is disclosed in Note 8.

3.1.1.3 IFRS 7 Financial Instruments: Disclosures

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Bank has adopted it, together with IFRS 9, for the year beginning 1 July 2018. Changes include:

- Transition disclosures, as shown in Note 8.
- Detailed qualitative and quantitative information about the ECL calculations, such as the assumptions and inputs used are set out in Note 4.2.

The Bank has not restated comparatives for financial instruments covered by IFRS 9 and IAS 39. The comparative information for FY 2017/18 is under IAS 39 and is not comparable with the information presented for 2018 under IFRS 9. Differences arising from the adoption of IFRS 9 were recognised directly in Retained earnings on 1 July 2018 and are disclosed in Note 8.

The Bank concluded on the following assessments based on the facts and circumstances that existed at the date of initial application as at 1 July 2018:



- The business models under which the Bank held and managed its financial assets;
- Whether to continue or revoke previous designations of financial assets and financial liabilities that are measured at FVTPL;
- Whether to elect to classify certain equity instruments not held for trading as FVOCI; and
- Reconciliations from opening to closing ECL allowances are presented in Notes 4.2.

3.1.1.4 Presentation of net interest income

With effect from 1 July 2018, paragraph 82(a) of IAS 1 requires interest revenue calculated using the effective interest rate (EIR) method to be presented separately on the face of the income statement. This implies that interest revenue calculated using the EIR method is to be differentiated and presented separately from interest revenue calculated using other methods.

The Bank considers its net interest margin to be a key performance indicator; the measure includes both interest calculated using the effective interest method and interest recognised on a contractual basis on its financial assets/liabilities measured at FVPL other than those held for trading.

The Bank has therefore concluded that including an additional line item entitled, "Other interest income" in order to show all interest income, provides relevant and reliable information to its stakeholders. The Bank has also elected to present its interest expense in a manner consistent and symmetrical with interest income.

Therefore, it separates interest expense on liabilities measured at amortised cost from other interest expense.

This constitutes a change in accounting policy and the FY 2017/18 comparatives have been not been restated since the impact was not material. The Bank's accounting policies in respect of interest income/expense and the effective interest method are set out in Note 3.3.

3.1.2 New standards, amendments and interpretations issued but not adopted

A number of new standards are also effective from 1 July 2018 but they do not have a material effect on the Bank's financial statements. The Bank has not adopted early any other standard, interpretations or amendments that has been issued but is not yet effective.

New Standard or amendments	Effective for annual periods beginning on or after
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date.
Transfers of Investment Property (Amendments to IAS 40)	Effective for annual periods beginning on or after 1 January 2018



Annual Improvements to IFRS Standards 2014–2016 Cycle

Annual periods beginning on or after 1 January 2018

Makes amendments to the following standards:

IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

3.1.3 New standards, amendments and interpretations issued but not yet effective

The Bank does not plan to adopt these standards early. These are summarised below;

New Standard or amendments	Effective for annual periods beginning on or after
IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	1 January 2019
IFRS 17 Insurance contracts	1 January 2022
Annual improvements cycle (2015-2017)	1 January 2019
Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	To be determined
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
IFRS 3 Definition of a Business	1 January 2020
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity). Of those standards that are not yet effective, IFRS 16, amendments to IAS 19, amendments to IAS 1 and IAS 8 are expected to have an effect on the Bank's financial statements in the period of initial application.

3.1.3.1 IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration.

A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases.



Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise: assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. An entity recognises the present value of the unavoidable lease payments and shows them either as lease assets (right of-use assets) or together with property, plant and equipment. If lease payments are made over time, an entity also recognises a financial liability representing its obligation to make future lease payments.

- depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require an entity to recognise assets and liabilities for:

- short-term leases (i.e. leases of 12 months or less) and;
- leases of low-value assets.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted in so far as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied.

The Bank is still assessing the potential impact on the amounts and disclosures of the financial statements.

3.1.3.2 *IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).
- Consistent with the calculation of a gain or loss on a plan amendment, entities will now use updated actuarial assumptions to determine the current service cost and net interest for the period. Previously, entities would not have updated the calculation of these costs until the year end.
- Further, if a defined benefit plan is settled, any asset ceiling would be disregarded when determining the plan assets as part of the calculation of gain or loss on settlement.
- The amendments apply for plan amendments, curtailments or settlements that occur on or after 1 January 2019, or the date on which the amendments are first applied. Earlier application is permitted.

The Bank is assessing the impact on the financial statements

3.1.3.3 *IAS 1 and IAS 8 Definition of Material*

The amendment refines the definition of Material to make it easier to understand and aligning the definition across IFRS Standards and the Conceptual Framework.

The amendment includes the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the amendment also adds the increased threshold of 'could influence' to 'could reasonably be expected to influence' as below.



"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

However, the amendment has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective from 1 January 2020 but may be applied earlier.

The Bank is assessing the potential impact on its financial statements resulting from the application of the refined definition of materiality.

3.1.3.4 Other Standards

The following amended standards are not expected to have a significant impact on the financial statements of the Bank.

- Annual improvement cycle (2015 – 2017) – various standards
- IFRIC 23 Clarification on accounting for Income tax exposures
- Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)
- IFRS 3 Definition of a Business
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contract

3.2 Foreign currency translation

3.2.1 Functional and presentational currency

The financial statements are presented in Uganda Shillings (UGX) which is the Bank's functional currency.

3.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date.

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; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as FVTOCI, are included in other comprehensive income.

3.3 Recognition of income

3.3.1 Policy applicable after 1 July 2018

Interest income and expenses

Interest income and expense are recognised in profit or loss using the effective interest 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:

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank 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 'amortised 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 (or impairment allowance before 1 July 2018).

The 'gross carrying amount of a financial asset' is the amortised 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 amortised 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.

For information on when financial assets are credit-impaired, see Note 4

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

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;



Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost

Interest income and expense on financial assets and financial liabilities at FVTPL are presented in net gains/ losses on financial instruments at FVTPL.

3.3.2 Policy applicable before 1 July 2018

3.3.2.1 *Effective interest rate*

Interest income and expense were recognised in profit or loss using the effective interest method. The effective interest rate was the rate that exactly discounted the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimated future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

3.3.2.2 *Presentation*

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

- interest on financial assets and financial liabilities measured at amortised cost; and
- interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and OCI includes:

- interest expense on financial liabilities measured at amortised cost.

3.3.3 Profit on Domestic Foreign Exchange Trade

Profit on domestic foreign exchange trade relates to income earned on sale or purchase of foreign exchange to or from Government of Uganda.

3.3.4 Fees and commissions

Fees and commission income include ledger fees and commission on letters of credit opened on behalf of Government. Other fees include currency processing, RTGS, CSD and Clearing house fees.

3.3.5 Net gain/ loss on derecognition of financial assets measured at amortised cost or FVOCI

Net loss on derecognition of financial assets measured at amortised cost includes loss (or income) recognized on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received.

3.3.6 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other income based on the underlying classification of the equity investment. From 1 July 2018, dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

3.4 Financial assets and liabilities

3.4.1 Policy applicable from 1 July 2018

3.4.1.1 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Bank has adopted consequential amendments to IAS 1. Presentation of Financial Statements, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method. Previously, the Bank disclosed this amount in the notes to the financial statements.

Additionally, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures are applied to FY 2018/19, but have not been applied to the comparative information.

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 8.

3.4.1.2 Recognition and measurement

Financial assets and liabilities, with the exception of loans and advances to Government, commercial banks and staff, are initially recognised on the trade date, i.e., the date on which the Bank 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 place. Loans and advances to Government, commercial banks and staff are recognised when funds are transferred to their respective accounts.

Recognised 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 recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank 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 recognised 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.

3.4.1.3 Financial assets

- i. Classification and measurement of financial instruments



All financial assets are recognised and derecognised 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 recognised immediately in profit or loss. For all financial assets the amount presented on the statement of financial position represent all amounts receivable including interest accruals.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 specifically 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 amortised 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 Bank may make the following irrevocable election /designation at initial recognition of a financial asset on an asset-by asset basis:

- a. the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
 - b. the Bank may irrevocably designate a debt instrument that meets the amortised 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).
- ii. Financial assets at amortised cost or at FVTOCI

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

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

For the purpose of SPPI test, principal 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 of time 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 Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank'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 Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account 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 (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess 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 Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment. See Note 4.

iii. Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in Note 6.

a. Reclassifications

If the business model under which the Bank 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 Bank's financial assets. During the current



financial year and previous accounting period there was no change in the business model under which the Bank 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.

b. Impairment of financial assets

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

- loans and advances to Government;
- loans and advances to commercial banks;
- loans and advances to staff; and
- debt investment securities.

No impairment loss is recognised on equity investments.

With the exception of 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
- 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).
- 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 4.
- 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 Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

c. 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- 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;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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 Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank 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.

d. 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 Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

e. 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 Bank considers the following as constituting an event of default:

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

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Bank 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.

f. Significant increase in credit risk

The Bank 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 Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank'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 Bank monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank 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 recognised. In making this assessment, the Bank 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 Bank'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.

For counter parties, the Bank considers forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar



organisations, as well as consideration of various internal and external sources of actual and forecast economic information.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The 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 Bank uses the same methodologies and data used to measure the loss allowance for ECL (please refer to note 4).

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances there is 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 back-stop when an asset becomes 30 days past due, the Bank 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 4.

g. Derecognition of financial assets

1. Derecognition due to substantial modification of terms and conditions

The Bank derecognises 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 recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL.

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

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counterparty;
- 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 Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2. 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 derecognised



when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

The Bank 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 Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank 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 Bank 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 Bank 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.

3. Write off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank 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 Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank'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.



4. 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 amortised cost: as a deduction from the gross carrying amount of the assets; and
- for debt instruments measured at FVTOCI: no loss allowance is recognised 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 investments revaluation reserve (see Note 4).

3.4.1.4 Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

For an explanation of how the Bank classifies financial liabilities under IFRS 9, see below:

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 represent all amounts payable including interest accruals.

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) 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 Group 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:

- 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 group'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 recognised 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.

This category includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships.



Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised 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 Bank's liabilities subsequently measured at amortised cost include IMF obligations, Government & commercial bank deposits, repos and other liabilities.

Reclassification of financial assets and liabilities

From 1 July 2018, the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

- i. Derecognition of liabilities
 - a. Derecognition due to substantial modification of terms and conditions

For financial liabilities, the Bank 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.

- b. Derecognition other than for substantial modification

A financial liability is derecognised 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 recognised in profit or loss.

3.4.2 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

Comparative periods generally have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and fair value reserves as at 1 July 2018. Accordingly, the information presented for FY 2017/18 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

The Bank used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest rate' as a separate line item in the statement of profit or loss and OCI, the Bank has reclassified comparative interest income on investments measured at fair value through profit or loss to net gains/(losses) on financial assets at fair value through profit or loss under 'other interest income' and changed the description of the line item from 'interest income' reported in FY 2017/18 to 'interest income calculated using the effective interest method'.



The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see **note 4**.

3.4.3 Policy applicable before 1 July 2018

3.4.3.1 *Financial assets*

i. Recognition

The Bank initially recognizes loans and advances, deposits and debt securities on the date at which they are originated. All other financial assets and liabilities (including assets designated at fair value through profit and loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provision of the instrument.

A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, financial liabilities (deposits and debt securities) are measured at their amortized cost using the effective interest method except where the Bank designates liabilities at fair value through profit and loss.

ii. Classification and measurement

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition

iii. Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Investments held for trading are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments held for trading are subsequently re-measured at fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized and unrealized gains and losses are included in profit or loss. Interest earned whilst holding held for trading investments is reported as interest income.

The Bank classified funds externally managed by fund managers in this category.

iv. Loans, advances and receivables

Loans and advances to customers and trade receivables are non-derivative financial assets with fixed or determinable payments



that are not quoted in an active market. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

The Bank classified the following financial assets as loans and receivables, and originated by the entity:

- Term deposits with external financial institutions,
- Loans and advances and drawdowns to Government,
- Loans and advances to commercial banks,
- Staff loans,
- Assets held with International Monetary Fund (IMF),
- Cash and cash equivalents, and
- Sundry debtors.

After initial measurement, loans and receivables are measured at amortised cost using effective interest method less any allowance for impairment.

As the lender of last resort, the Bank may grant loans or advances for short term periods to commercial banks that pledge Government securities specified by the Bank. In its capacity as the fiscal agent and banker to the Government of Uganda, the Bank may make direct advances to the Government for the purpose of offsetting fluctuations between receipts from the budgeted revenue and the payments of the Government.

The Bank also operates a staff loans scheme for its employees for the provision of facilities such as house, house improvements, car loans and other advances at concessionary rates of interest. The Bank determines the terms and conditions for granting of the above loans.

Loans granted at a lower than market interest rates are measured at present value of anticipated future cash flows discounted using market interest rates. The difference between the fair value of the loans and the loan amount is treated as a long term employee benefit and is accounted for as a prepayment/deferred staff costs. The long term benefit is recognised as interest income while the prepayment is expensed to staff costs as the services are rendered to the bank over the period of the loan.

v. Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. A sale or reclassification of more than an insignificant amount of held to maturity investments would result in the reclassification of the entire category as available for sale. Held to maturity investments includes treasury bills and bonds. They are subsequently measured at amortized cost using the effective interest method.

The Bank classified investments in Government of Uganda securities and US Treasury bills as held to maturity.

vi. Available for sale

Available for sale financial investments are those non derivative financial assets that are designated as available for sale or are not classified as any other category of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the available for sale fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is re-classified to profit or loss.

The Bank classified the internally managed portfolio, shares in Afrexim Bank and SWIFT as available for sale.



vii. Derivative Financial Assets

The Bank uses derivatives such as interest rate swaps, forward currency and futures contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and liabilities when the fair value is negative. Changes in the fair value of derivatives are recognised immediately in profit or loss. The Bank has no derivatives which qualify for hedge accounting.

viii. Subsequent Measurement

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

The determination of fair values of financial assets is based on quoted market prices or dealer price quotations for financial instruments traded in active markets.

For all other financial instruments, fair value is determined by 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 Bank uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like currency swaps. For these financial instruments, inputs into models are market observable.

Loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Gains and losses arising from change in the fair value of available-for-sale assets and trading assets are recognised in other comprehensive income and profit or loss respectively.

ix. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Bank's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

The gains and losses on financial instruments are recognised in profit or loss when the financial instruments are derecognised.

3.4.3.2 *Financial Liabilities*

i. Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Bank's financial liabilities include IMF obligations, derivative financial instruments, Government deposits, commercial banks' deposits, repos and other liabilities.

ii. Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

iii. Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Bank has not designated any financial liability as at fair value through profit or loss.

iv. Loans and Borrowings

This is the category most relevant to the Bank. After initial recognition, the financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

v. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.4.4 **Impairment**

3.4.4.1 *Impairment of Financial Assets*

The Bank assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets



is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Bank first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income (note 7) in profit or loss.

ii. Available For Sale Investments

For AFS financial assets, the Bank assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as

part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.4.4.2 *Impairment of Non-Financial Assets*

The carrying amounts of the Bank'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 recognised 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 recognised in OCI up to the amount of any previous revaluation.

A previously recognised 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 recognised. 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 or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.4.5 **Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.4.6 **Securities lending**

Securities lending transactions are usually collateralised by cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash received or advanced as collateral is recorded as an asset or liability.

3.5 **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 foreign banks and central banks and highly liquid assets, subject to insignificant risk of changes in their fair value and are used by the Bank 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.

3.6 **Taxes**

According to the Bank of Uganda Act and the Finance Act 2003, the Bank is exempt from payment of income tax in respect of its functions as defined by the Act.



3.7 Property, plant 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 labour, 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 capitalised as part of that equipment.

Freehold and leasehold land, buildings, computer equipment, vehicles, furniture, equipment and plant & machinery are subsequently measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and impairment losses after the date of revaluation. The Bank revalues land (freehold and leasehold), buildings, computer equipment, vehicles, furniture, equipment and plant & machinery after every five years. Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against revaluation reserve while all other decreases are charged to profit or loss.

An annual transfer from the revenue reserve to the asset revaluation reserve is made for the difference between depreciation based on the revalued amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to the revenue reserve.

Freehold land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to write off their cost or revalued amount of such assets to their residual values over the estimated useful lives.

The Bank is in the process of converting leasehold land to freehold in accordance with the Uganda Land Act 1998. On this basis, the risks and rewards of ownership of the leasehold land are hence considered to substantially be with the Bank, and the leasehold land is carried at revalued amounts and not amortised. Buildings on leasehold land are depreciated on a straight line basis over the lower of the useful life or the lease term. Other 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	3	33%	1.00%
	Processing peripherals	5	20%	1.00%
	Audio Visual equipment	5	20%	1.00%
	Servers	5	20%	1.00%
	Network devices	5	20%	1.00%
Equipment	Archives	8	13%	0.50%
	Catering	6	17%	0.50%
	Cleaning	5	20%	0.25%
	Currency & Banking	8	13%	0.00%
	Forklifts	8	13%	2.00%
	Medical	5	20%	1.00%
	Office e.g. Shredder	8	13%	2.00%
	Security	6	17%	1.00%
	Engineering	8	13%	2.00%
	Beds	5	20%	2.00%
Furniture	Chairs	4	25%	2.00%
	Desks	8	13%	2.00%
	Shelves	10	10%	2.00%
	Tables	10	10%	2.00%
	Fittings	8	13%	2.00%

Major Category	Minor Category	Useful Life (Yrs.)	Depreciation Rate	Salvage Value
Plant & Machinery	Currency	15	7%	0.00%
	Currency & Banking	15	7%	0.00%
	Engineering	15	7%	1.00%
	Forklifts	15	7%	1.00%
	Security	15	7%	1.00%
Vehicles	Executive & Pool	5	20%	10.00%
	Bullion vans	10	10%	5.00%
	Armoured Personnel Carrier	8	13%	5.00%
	Motorcycles	5	20%	5.00%
Land & Buildings	Buildings	50	2%	1.00%
	Land	N/A	N/A	N/A

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

Property that is being constructed or developed for future use to support operations is classified as Work-in-Progress (WIP) and stated at cost until construction or development is complete, at which time the asset is reclassified as property, plant and equipment in use.

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Bank. Expenditure incurred to replace a component of item of property, plant and equipment is accounted for separately and capitalized while the replaced component is derecognised.

All other expenditure items which do not meet the recognition criteria are recognised in profit or loss as expenses as they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income or general and administration costs in profit or loss in the year the asset is derecognized.

3.8 Finance lease on land

The determination of whether an arrangement is (contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Over the years, management has noted that all risks and rewards from use of leasehold land accrued to Bank of Uganda. Considering the substance over form principle, the Bank has classified these leases as finance leases. The Bank has also embarked on the process of converting leasehold properties to freehold and ceased the amortisation of leasehold properties from 1 July 2008.

3.9 Intangible assets

The Bank's intangible assets include the value of computer software.

An intangible asset is recognised 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 Bank.



Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. 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 amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation 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.

Amortisation 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:

Major Category	Minor Category	Useful Life (Yrs.)	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%

3.10 Consumable stores stocks

Consumable stores stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated disposal price in line with the Bank's procurement and disposal policies. Provisions are made for all obsolete stock.

3.11 Currency printing and minting costs

Currency note printing and coin minting costs incurred are deferred and only charged to profit or loss in the year the currency is issued. The deferred amount is recognised in the statement of financial position as deferred currency costs and represents un-issued currency stocks. During FY 2018/19, the Bank changed the method of realising currency costs from Average to FIFO costing. The impact of the change is not considered material and as such the comparative figures were not restated. The impact to the current year is UGX 25,949 million.

3.12 Currency in circulation

The exclusive rights of national currency issue are vested with the Bank of Uganda. Currency-in-circulation comprises Bank notes and coins issued by the Bank of Uganda.

3.13 Demonetisation of currency

Demonetisation is the process of revoking the legality of designated issues of notes or coins. The Bank may demonetise any of its bank notes and coins on payment of the face value under section 23 (3) of the Bank of Uganda Act provided that a notice of not less than fifteen days is given in the official gazette. The value of demonetised currency notes and coins that is not returned to the Central Bank is recognised as income in profit or loss and the liability to the public is extinguished.

3.14 Provisions

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability.



3.15 Repurchase and sale agreement

REPO is an arrangement involving the sale for cash, of security at a specified price with a commitment to repurchase the same or similar securities at a fixed price either at a specific future date or at maturity.

For monetary purposes (liquidity management), the Bank from time to time mops up money from the financial market (REPO) or injects money into the market (Reverse REPO). The Bank engages in the above with commercial banks only.

When the Bank mops money from commercial banks, it creates a liability in its financial statements and secures this borrowing (liability) by assigning part of the securitised debt owing from Government to the Bank to the commercial banks it has mopped from. The Bank freezes the money mopped and pays interest at market rates on the money. The money mopped stays until maturity (7 to 56 days).

Similarly, the Bank also lends money to commercial banks (reverse repo). In this process, the Bank creates an asset in its financial statements and takes a security from the borrowing bank usually in form of Treasury Bills or Bonds. The Bank earns interest on this lending. The injected money stays with the borrowing bank until maturity (7 to 56 days).

The Bank treats reverse REPOs as collateralized loans for accounting purposes. In this case, a reverse REPO is recognised as a secured advance and is shown separately as advance to banks while repurchase agreements are shown as a Government liability in the books of the Bank.

Effective 1 July 2012, both REPO and Reverse REPO as instruments of monetary policy are owned and issued by the Bank as opposed to prior years where the Bank issued them as an agent of Government and both interest expense on REPOs and interest income on reverse REPOs are recognised in profit or loss.

3.16 Dividends

The Bank of Uganda Act (Cap 51) allows the Bank to retain 25 percent of realised income after taking into account expenses. In addition to this, the Board of Directors, in line with the requirements of Bank of Uganda Act, set a policy that all dividends shall be paid after reclassifying all unrealised exchange gains and other revaluations gains to translation reserve.

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity until they are declared.

3.17 Deposits

Deposits are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Bank receives money or services directly from counterparty with no intention of trading the payable.

Cash Ratio Deposits are taken from commercial banks for liquidity management (monetary policy purposes) of the Bank in accordance with the Banking Act and are interest free. Cash Ratio Reserves is a monetary policy instrument used to manage liquidity. The deposits earn no interest to commercial banks and the Bank does not trade on these deposits in any way. The deposits are currently computed at 8 percent of each commercial bank's deposits it has taken from the public. Each commercial bank is required to deposit the applicable amount at the Bank and the computation is done on monthly basis.

3.18 Employee benefits

Wages, salaries, employer's National Social Security Fund (NSSF) contributions and gratuity are accrued in the year in which the associated services are rendered by employees and recognised in profit or loss. Short term compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated



absences. The Bank contributes 10 percent to NSSF in respect of all eligible employees, while staff contributes 5 percent of their total wages.

3.18.1 Bank of Uganda Defined Benefits Scheme

The Bank of Uganda Defined Benefits Scheme was established under an irrevocable trust in 1995 and is governed by the appointed Trustees. Employees on permanent and pensionable terms of service contribute 4 percent of their pensionable pay to the Scheme, while the employer (Sponsor) contributes 17.1 percent of each member's pensionable pay. The Scheme was closed to new entrants effective 1 January 2014.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the discount rate that is based on the 15-year government bond yield in line with the general requirements of IAS 19: Employee Benefits.

The Bank's net asset in respect of the plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefits are discounted to determine the present value and the fair value of the plan assets is deducted. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains or losses are recognised in other comprehensive income as per the requirements of IAS 19: Employee Benefits. Re measurements are not reclassified to profit or loss in subsequent periods.

Past service cost is recognised as an expense at the earlier of: the date when a plan amendment or curtailment occurs and the date when an entity recognises any termination benefits, or related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'general and administration costs' in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

3.18.2 Bank of Uganda Defined Contribution Scheme

The Bank started operating a defined contributions (DC) pension scheme for contract staff and any other staff recruited in the Bank effective 1 January 2014. The scheme is administered by the Defined Contribution Scheme Board of Trustees. The Scheme is funded by contributions from both the Bank and employees (17.1 percent and 4 percent of gross salary respectively).

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

3.18.3 Gratuity

The Bank pays gratuity for a number of staff on contracts who are not on either the defined contribution or the defined benefit schemes. The rates range from 20 percent to 22 percent of the total annual emoluments depending on the seniority of the rank of the staff. Gratuity is treated as an expense in profit or loss and the amount outstanding at year end is recognised as a liability to the Bank.

3.18.4 Other Employee Benefits

The estimated monetary liability for employees' accrued leave entitlement at the reporting date is recognised as accrued expense.



4 Financial risk management

The Bank is involved in policy-orientated activities. Therefore, the Bank's risk management framework differs from the risk management frameworks for most other financial institutions. The main financial risks to which the Bank is exposed include operational risk, credit risk, liquidity risk, interest rate risk and currency risk. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to maintain an effective foreign exchange intervention capability. Profiles for managing interest rate, credit, foreign currency, and liquidity are noted. Like most other central banks, the nature of the Bank's operations creates exposures to a range of operational risks and reputational risks.

The Board seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring, and managing risk exposure. The Foreign Exchange Reserve Management Policy Committee (FERMPC), comprising the Governor and senior management, is responsible for advising on the monitoring and management of the business strategy, risks, and performance of all statement of financial position-related activities. This review includes the appropriateness of risk-return trade-offs underlying the business strategy and portfolio structure. Specialist staff conduct the Bank's foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined Reserves Management Policy/Framework, including limits and delegated authorities set by the Governor. The policy is subject to regular review by FERMPC.

The majority of the Bank's financial risks arise from the foreign reserves management and financial market operations of the Bank. Within this department, a Risk Unit is responsible for maintaining the Bank's financial risk management framework. A separate department of the Bank (Financial Services Group) operates independent risk reporting system that monitor and report compliance with various risk limits and policies.

The Internal Audit function reports to the Governor and the Audit and Governance 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 Bank departments are subject to periodic internal audit review.

The Bank insures all property, plant and equipment. Auditing arrangements are overseen by an Audit and Governance Committee comprising three of the Bank's non-executive directors, which meets regularly to monitor the financial reporting and audit function within the Bank. 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 Banks' risks. The Bank seeks to ensure the risk management framework is consistent with financial market best practice.

Below is a summary of information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

4.1 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.

4.1.1 Management of operational risk

Managing operational risk in the Bank is seen as an integral part of the day-to-day operations and management, which include explicit consideration of both the opportunities and the risks of all business activities.

Operational risk management includes Bank-wide corporate policies that describe the standard of conduct required of staff, a



number of mandated generic requirements (e.g. A project management template), and specific internal control system designed around the particular characteristics of various activities of the Bank.

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

- An induction programme for new employees that makes them aware of the requirements;
- A quarterly management affirmation by each Head of Department 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.

4.2 Credit risk

4.2.1 Definition

Credit risk is the risk that the Bank of Uganda will incur a loss due to counterparty's failure to discharge their contractual obligations.

4.2.2 Synopsis

Credit risk is the risk of loss of principal investment or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. In the context of BOU, it is the risk that a counterparty bank, borrower or issuer of a security held by BOU fails to meet their obligation. Bank of Uganda manages credit risk by using credit quality ratings which are assigned to financial instruments and their issuers by rating agencies such as Moody's Investor Services, or internal rating methodologies (mainly for domestic assets) as a basis for allocation of funds to various counterparties. Credit ratings are a measure of the likelihood of counterparty default.

The Bank also controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and sectoral concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the Risk and Compliance Department of Bank of Uganda. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of exposures.

The credit risk management and control are divided between the foreign reserves and domestic assets. Both these functions report quarterly to the Board. For foreign reserves, the credit risk is closely linked to the investment strategy under which securities are only purchased if they meet investment criteria. These criteria are regularly reviewed by the Investment Committee. Once purchased, securities are regularly monitored for any changes in ratings and other factors indicative of potential credit risk.

For domestic currency assets, government fiscal requirements, and lender of last resort functionalities are key. The Bank's principal policy is to require high quality collateral and the requirements for this may be changed by the Bank. The Bank's Supervisory Division monitors the financial condition of the banks as part of its function. Although this is primarily for policy purposes, including depositor protection, the risk assessment is also available for use by the Bank itself but the data used for this is kept within the Supervisory function. This information together with other publicly available information is used in the Bank's Financial Markets division to monitor the level of potential credit risk.



4.2.3 Governance of Credit Risk

The Board of Directors has delegated responsibility of management of credit risk to the Senior Management of the Bank. The Bank's Senior Management provides oversight over credit risk by:

- Establishing authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to the respective members of senior management. Large facilities require approval by the Board, Governor, Deputy Governor and Executive Directors as appropriate.
- Limiting concentrations of exposure to counterparties, geographies and by issuer, credit rating band, market liquidity and country.
- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.
- Developing and maintaining the Bank's risk grading to categorize exposures according to the degree of risk of default.
- Developing and maintaining the Bank's processes for measuring the Expected Credit Loss (ECL) including monitoring of credit risk, incorporation of forward looking information and the methods used to measure ECL.
- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.
- Providing advice, guidance and specialist skills to promote best practice throughout the Bank in the management of credit risk.

Specifically, the following operational units are responsible for carrying out the following functions:

- Risk and Compliance Department is responsible for assessment formulation, limit setting, risk measurement, monitoring, exception reporting and development and review of the Expected Credit Loss models.
- Accounts Department is responsible for preparation of financial statements in accordance with IFRSs.
- Financial Markets Department is responsible for classification of the Bank's financial instruments, management of default, response to rating actions and other credit events with the aim of minimizing the financial impact to the Bank.
- Financial Stability; Commercial Banking provide support in regard to financial institution soundness in relation to advances accorded to the latter.
- Economic Research is responsible for providing information in macroeconomic development that could result in significant increase in credit risk of local financial institutions.

4.2.4 Sources of credit risk

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

4.2.4.1 Foreign assets

- Cash and cash equivalents
 - Current account balances; and
 - Repurchase agreements at the Federal Reserve Bank
- Debt instruments
 - US treasury bills
 - Money market deposits with various counter parties
 - Fixed income securities including Treasury Bonds, corporate Bonds and Supra National Issuances.
- Equity instruments
 - Shares in Afreximbank
 - Shares in SWIFT
- IMF assets
 - SDR Holdings



4.2.4.2 Domestic assets

- Government securities
 - BOU recapitalization securities
- Loans and advances to government
 - Repo securities
 - Government capital accounts
 - Special loans to Government
- Loans and advances to commercial banks
 - Emergency lending arrangements
 - Reverse repos
 - Resolution assets
- Loans and advances to Staff
 - Mortgages
 - Short term advances

4.2.5 Credit risk measurement

A credit rating is an evaluation of the credit risk of a prospective debtor (an individual, a business, 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 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 sources and methodologies have been used herein including; International rating agencies, ratings derived from the CAMEL and the transitional matrices for the staff loans.

4.2.5.1 Foreign assets ratings

The Bank of Uganda elected to use Moodys' rating for its foreign asset classes and in its absence, an equivalent as rated by the other rating agencies; i.e., Standards and Poors, and Fitch.

The Bank has access to Moody's publications that have more in-depth overviews for each of sectors such as sovereign nations, sub-national governments, public utilities, banks, insurance companies, mutual funds, and project financings.

Moody's uses a multidisciplinary or "universal" approach to risk analysis, which aims to bring an understanding of all relevant risk factors and viewpoints to every rating analysis. It relies on the judgment of a diverse group of credit risk professionals to weigh those factors in light of a variety of plausible scenarios for the issuer and thus come to a conclusion on what the rating should be using several analytical principles guide that reasoning process.

A rating of "AAA" by Moody's is the highest rating, while "D" is the lowest rating. NR depicts instruments, issuers or sovereigns that are not rated.

At origination, all foreign assets that are within the Bank's minimum credit ratings are considered to be Strong as shown below.

Asset Class	Moody's Minimum Rating					
	A3	A2	A1	Aa3	Aa2	Aaa
Government Agencies						
Deposits (Counterparty rating)						
G7 Government Treasuries						
Corporates						
Asset backed securities						
Mortgage backed securities						

4.2.5.2 Domestic assets – loans and advances to Government

The Bank 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 borrower (Government of Uganda) will be able to meet its debt obligations given the high credit rating by Moody's is 99.98 percent.

It is however worth noting that although rating agencies have been adopted to derive credit ratings, they may not necessarily reflect the investment environment of the domestic's assets. Formulation of an internal credit rating methodology is underway to reflect a more representative picture.

4.2.5.3 Domestic assets – loans and advances to commercial banks

Most of the supervised financial institutions in Uganda are not rated by international rating agencies and moreover, few are listed on the stock exchanges within the region. As such, the CAMELS methodology is applied to derive the ratings of commercial banks.

CAMELS is an international rating system used by regulatory banking authorities to rate financial institutions, according to the six factors represented by its acronym. The CAMELS acronym stands for "Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity". CAMEL ratings are accorded to the commercial banks by the supervision directorate on a quarterly basis. The overall ratings according to the CAMEL methodology of BASEL are as follows:

1. – Strong
2. – Satisfactory
3. – Fair
4. – Marginal
5. – Unsatisfactory (Default)

The Bank periodically collects and analyses information on the above 6 parameters as part of its supervisory function and in its economic forecasting for policy purposes. These are continuously monitored and updated.

The CAMELS ratings are highly dependent on the examiner's ability to be objective and are therefore highly subjective in nature. Frequent reviews of rating criteria are necessary to verify their accuracy.

4.2.5.4 Domestic assets –loans and advances to staff

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 projected attrition rate over the next five years.

Watch category: Loans are moved from the active to the watch category when a staff ceases to draw a periodic salary from the Bank. 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%. Loans in this category are provided for in full.

For both domestic and foreign assets depending on the portfolio assessed, the credit categorization shall be classified as shown in the table below.



Asset Classes	Credit Rating Categorization
Foreign assets (investment grade)	Strong
Advances to Government of Uganda (or GOU Agencies)	Strong
Advances to domestic commercial banks	Strong
Resolution assets (Crane Bank)	Default
Staff Loans	
Performing and deducted at source	Strong
Staff on leave	Watch
Performing but certainty of cash flows in doubt, 30-60 days past due	Watch
In default, beyond 90 days past due	Default

4.2.6 Significant increase in credit risk

As explained in note 1 the Bank 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 Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank considers that the following credit events constitute a significant increase in credit risk:

4.2.6.1 Foreign assets

- Credit Rating downgrade by two notches.
- Consistent widening of credit default swap (CDS) spreads for three months.
- A Credit Rating downgrade from the Bank's minimum acceptable credit rating.
- When objective or subjective assessments indicate that the repayments will be in doubt even when the obligation is not due.

4.2.6.2 Investments in Government securities and loans to government

- Adverse Geo-political events

4.2.6.3 Commercial Bank Loans

- Change in supervisory rating of the supervised financial institution to "unsatisfactory".
- When a supervised financial institution is determined to be under extreme liquidity stress.
- When a supervised financial institution is placed under statutory management and / or liquidation.
- Any credit event or adverse regulatory action significantly affecting a parent or subsidiary of the entity.

4.2.6.4 Staff Loans

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

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Bank performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to



default were accurately reflected in the rating in a timely manner.

4.2.7 Migration between stages

4.2.7.1 Foreign assets

If an instrument migrates to a notch below BOU's minimum credit rating, the instrument will migrate to stage 2, but will be sold off on best effort basis or allowed to mature. This implies that if an instrument that migrated to stage 2 has been sold off, then there is no need for further provisioning. However, if at any time an instrument irrespective of the stage, occasions a default, then the loss is recognized.

4.2.7.2 Domestic assets

Asset	Stage 1:	Stage 2:	Stage 3:
Loans and advances to Government	At inception	Increase in credit risk (as defined above)	N/A
Loans and advances to commercial banks	At inception	30-60 days past due date	60-90 days past due date
		Increase in credit risk (as defined above)	Significant increase in credit risk (as defined above)
Loans and advances to staff	At inception	30-60 days past due date	60-90 days past due date
		Increase in credit risk (as defined above)	Significant increase in credit risk (as defined above)

4.2.8 Default

Default is deemed to have occurred if:

- An entity fails to honor 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.
- The entity is 90 days or more past due on their obligations.
- In the case of sovereign default, all counterparties within that country will be assumed to have defaulted given that it is in such circumstances that capital controls are imposed rendering settlement of obligations impossible.

4.2.9 Write off

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

4.2.10 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.

4.2.11 Incorporation of forward looking information

The Bank 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 Bank uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes global economic data and forecasts published by reputable authorities such as World Bank or the IMF.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank in the implementation of policies. The Bank 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 macro-economic variables and credit risk and credit losses.



The tables below summarize the principal macroeconomic indicators included in the global and domestic economic scenarios used at 30 June 2019 for the years 2020 to 2024, to reflect the investment environment that has a material impact in BOU's foreign asset ECLs.

Table 17: Global economic scenarios

	2018	2019	2020	2021	2022	2023	2024
Global Real GDP growth							
Downside	2.29	1.98	2.30	2.34	2.35	2.35	2.51
Baseline	3.60	3.30	3.60	3.60	3.60	3.60	3.70
Upside	4.91	4.62	4.90	4.86	4.85	4.85	4.89
Global Inflation rate, average consumer prices							
Downside	2.60	2.75	2.77	2.69	2.69	2.59	2.58
Baseline	3.60	3.60	3.60	3.50	3.50	3.40	3.40
Upside	4.60	4.45	4.43	4.31	4.31	4.21	4.22

Computed using WEO data

Table 18: Domestic economic scenarios

	2018	2019	2020	2021	2022	2023	2024
Domestic Real GDP growth							
Downside	4.27	4.43	4.45	4.47	4.41	4.69	5.08
Baseline	6.18	6.29	6.24	6.13	6.04	6.32	6.73
Upside	8.10	8.15	8.03	7.79	7.67	7.96	8.37
Domestic Inflation rate, average consumer prices							
Downside	0.23	1.20	2.01	2.63	3.21	3.47	3.51
Baseline	2.63	3.60	4.39	4.89	5.00	5.00	5.00
Upside	5.02	6.00	6.76	7.15	6.79	6.53	6.49

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 20 years.

4.2.12 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.

4.2.12.1 Foreign assets

- The Probabilities of Default (PDs) for the Bank's foreign assets are determined from the Moody's PD Matrix ; which assigns a PD to a counterparty or issuer based on their credit rating. Where a Moody's rating is not available; an equivalent credit rating from Standard & Poor's or Fitch is used. There are both twelve month and lifetime PDs issued by the rating agency.
- Life time PD's for the portfolio to assume 5-year probability of default as provided by the Moody's forecasts.
- LGD is assumed to be 45%- based on Basel II/ III specification.

4.2.12.2 Loans and advances to Government

- PD for advances to 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%.

4.2.12.3 Loans and advances to commercial banks

- The PD is derived from the overall CAMELS annual rating as adjusted by the quarterly offsite supervisory reports for each local financial institution.
- LGD is assumed to be 45% based on Basel II/ III specification.
- Industry associations and national regulators through the Basel Committee on Banking Supervision (the Committee) provided the quantification of loss-given-default (LGD) parameters used for Pillar 1 capital calculations. The Bank uses the average loss given default of 45%, as recommended by the Basel Committee.
- We note however that this may not necessarily reflect the credit quality of the Bank's interest in the financial



institutions. Deriving a more representative internal loss given default methodology is being considered.

4.2.12.4 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 derived using the formula $1 - (\text{Forced sale value} / \text{Market value})$ of the collateral

4.2.13 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 and corporates, while the respective deposit rates are used for the commercial bank deposits.

An analysis of the Bank'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.

The table below shows the fair value/ gross carrying of the Bank's debt instruments measured at FVOCI or Amortised cost by internal rating grades and related ECLs

Debt instruments at fair value through other comprehensive income	Stage 1 - 12 month ECL UGX (m)	Stage 2 -Life time ECL UGX (m)	Stage 3 -Life time ECL UGX (m)	POCI UGX (m)	Total UGX (m)
Internal rating grade					
Grade 1: Strong	1,162,098	-	-	-	1,162,098
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	1,162,098	-	-	-	1,162,098

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVTOCI as the carrying amount is at fair value.

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

	Stage 1 Individual UGX (m)	Stage 2 Individual UGX (m)	Stage 3 UGX (m)	POCI UGX (m)	Total UGX (m)
Fair value as at 1 July 2018	1,179,066	-	-	-	1,179,066
New assets originated or purchased	933,921	-	-	-	933,921
Assets derecognised or matured (excluding write-offs)	(943,013)	-	-	-	(943,013)
Change in fair value	3,367	-	-	-	3,367
Foreign exchange adjustments	(11,243)	-	-	-	(11,243)
At 30 June 2019	1,162,098	-	-	-	1,162,098

	Stage 1 Individual UGX (m)	Stage 2 Individual UGX (m)	Stage 3 UGX (m)	POCI UGX (m)	Total UGX (m)
ECLs as at 1 July 2018	105	-	-	-	105
New assets originated or purchased	122	-	-	-	122
Assets derecognised or matured (excluding write offs)	(84)	-	-	-	(84)
Net remeasurement of loss allowance	9	-	-	-	9
At 30 June 2019	152	-	-	-	152

The above loss allowance is not recognized in the statement of financial position because the carrying amount of debt investment



securities at FVOCI (2018: available-for-sale) is their fair value.

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
Cash and cash equivalents	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade					
Grade 1: Strong	1,403,628	-	-	-	1,403,628
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	1,403,628	-	-	-	1,403,628
ECL loss allowance	(974)	-	-	-	(974)
Carrying amount	1,402,654	-	-	-	1,402,654

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

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	932,585	-	-	-	932,585
New assets originated or purchased	1,403,628	-	-	-	1,403,628
Assets derecognised or matured (excluding write-offs)	(932,585)	-	-	-	(932,585)
At 30 June 2019	1,403,628	-	-	-	1,403,628

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 1 July 2018	619	-	-	-	619
New assets originated or purchased	355	-	-	-	355
At 30 June 2019	974	-	-	-	974

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
Debt instruments at amortised cost	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade					
Grade 1: Strong	7,156,219	-	-	-	7,156,219
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	7,156,219	-	-	-	7,156,219
ECL loss allowance	(2,680)	-	-	-	(2,680)
Carrying amount	7,153,539	-	-	-	7,153,539

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

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	7,533,585	-	-	-	7,533,585
New assets originated or purchased	7,156,219	-	-	-	7,156,219
Assets derecognised or matured (excluding write-offs)	(7,533,585)	-	-	-	(7,533,585)
At 30 June 2019	7,156,219	-	-	-	7,156,219

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 1 July 2018	2,316	-	-	-	2,316
New assets originated or purchased	2,680	-	-	-	2,680
Assets derecognised or matured (excluding write offs)	(2,316)	-	-	-	(2,316)
At 30 June 2019	2,680	-	-	-	2,680

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
Assets held with IMF	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade					
Grade 1: Strong	230,611	-	-	-	230,611
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	230,611	-	-	-	230,611
ECL loss allowance	(31)	-	-	-	(31)
Carrying amount	230,580	-	-	-	230,580

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

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	251,873	-	-	-	251,873
New assets originated or purchased	2,853	-	-	-	2,853
Assets derecognised or matured (excluding write-offs)	(9,220)	-	-	-	(9,220)
Foreign exchange adjustments	(14,895)	-	-	-	(14,895)
At 30 June 2019	230,611	-	-	-	230,611

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 1 July 2018	23	-	-	-	23
New assets originated or purchased	-	-	-	-	-
Assets derecognised or matured (excluding write offs)	(1)	-	-	-	(1)
Net remeasurement of loss allowance	11	-	-	-	11
Foreign exchange adjustments	(2)	-	-	-	(2)
At 30 June 2019	31	-	-	-	31

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
Investments in government securities	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade					
Grade 1: Strong	156,526	-	-	-	156,526
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	156,526	-	-	-	156,526
ECL loss allowance	(27)	-	-	-	(27)
Carrying amount	156,499	-	-	-	156,499

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments in Government securities is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	-	-	-	-	-
New assets originated or purchased	156,526	-	-	-	156,526
Payments and assets derecognised (excluding write offs)	-	-	-	-	-
At 30 June 2019	156,526	-	-	-	156,526



	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loss allowance as at 30 June 2018	-	-	-	-	-
Re measurement	-	-	-	-	-
ECL allowance as at 1 July 2018 under IFRS 9	-	-	-	-	-
New assets originated or purchased	27	-	-	-	27
At 30 June 2019	27	-	-	-	27

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loans, advances and drawdowns to government					
Internal rating grade					
Grade 1: Strong	977,229	-	-	-	977,229
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	140,487	-	140,487
Total gross carrying amount	977,229	-	140,487	-	1,117,716
ECL loss allowance	(36,824)	-	(140,487)	-	(177,311)
Carrying amount	940,405	-	-	-	940,405

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to Government is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	972,500	-	140,487	-	1,112,987
New assets originated or purchased	977,229	-	-	-	977,229
Payments and assets derecognised (excluding write offs)	(972,500)	-	-	-	(972,500)
At 30 June 2019	977,229	-	140,487	-	1,117,716

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loss allowance as at 30 June 2018	-	-	140,487	-	140,487
Re measurement	-	-	-	-	-
ECL allowance as at 1 July 2018 under IFRS 9	-	-	140,487	-	140,487
New assets originated or purchased	70	36,754	-	-	36,824
At 30 June 2019	70	36,754	140,487	-	177,311

An analysis of the allowance for impairment losses under IAS 39 for loans and advances to Government for the year to 30 June 2018 is, as follows:

	Letters of comfort	Short term loans to GoU	Total
	UGX (m)	UGX (m)	UGX (m)
At 1 July 2017	140,487	-	140,487
Charge for the year	-	-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Unwind of discount (recognised in interest income)	-	-	-
At 30 June 2018	140,487	-	140,487

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loans and advances to commercial banks					
Internal rating grade					
Grade 1: Strong	40,791	-	217,906	-	258,697
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	40,791	-	217,906	-	258,697
ECL loss allowance	-	-	(217,906)	-	(217,906)
Carrying amount	40,791	-	-	-	40,791

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to commercial banks is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	87,780	-	235,922	-	323,702
New assets originated or purchased	-	-	5,138	-	5,138
Payments and assets derecognised (excluding write offs)	(60,000)	-	(10,165)	-	(70,165)
Unwind of discount (recognised in interest income)	13,011	-	-	-	13,011
Accrued interest	-	-	-	-	-
Foreign exchange adjustments	-	-	(12,989)	-	(12,989)
Amounts written off	-	-	-	-	-
At 30 June 2019	40,791	-	217,906	-	258,697

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loss allowance as at 30 June 2018	-	-	235,922	-	235,922
Re measurement	-	-	-	-	-
ECL allowance as at 1 July 2018 under IFRS 9	-	-	235,922	-	235,922
New assets originated or purchased	-	-	5,138	-	5,138
Payments and assets derecognised (excluding write offs)	-	-	(10,165)	-	(10,165)
Foreign exchange adjustments	-	-	(12,989)	-	(12,989)
At 30 June 2019	-	-	217,906	-	217,906

An analysis of the allowance for impairment losses under IAS 39 for loans and advances to commercial banks for the year to 30 June 2018 is, as follows:

	Intervention costs in Crane Bank Ltd	dfcu Bank Ltd receivable	Total
	UGX (m)	UGX (m)	UGX (m)
At 1 July 2017	197,883	-	197,883
Charge for the year	38,039	-	38,039
Recoveries	-	-	-
Amounts written off	-	-	-
Unwind of discount (recognised in interest income)	-	-	-
At 30 June 2018	235,922	-	235,922

	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loans and advances to staff					
Internal rating grade					
Grade 1: Strong	108,582	-	-	-	108,582
Grade 2: Watch	-	1,071	-	-	1,071
Grade 3: Default	-	-	848	-	848
Total gross carrying amount	108,582	1,071	848	-	110,501
ECL loss allowance	(74)	(14)	(720)	-	(808)
Carrying amount	108,508	1,057	128	-	109,693



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to staff is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 1 July 2018	102,225	1,401	572	-	104,198
New assets originated or purchased	18,925	0	-	-	18,925
Payments and assets derecognised (excluding write offs)	(12,333)	(259)	(30)	-	(12,622)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	(235)	235	-	-	-
Transfers to Stage 3	-	(308)	308	-	-
At 30 June 2019	108,582	1,070	849	-	110,501

	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Loss allowance as at 30 June 2018	-	-	927	-	927
Re measurement	83	41	(402)	-	(278)
ECL allowance as at 1 July 2018 under IFRS 9	83	41	525	-	649
New assets originated or purchased	2	3	182	-	187
Transfers to Stage 2	2	(2)	-	-	-
Transfers to Stage 3	-	(25)	25	-	-
Recoveries	(11)	(2)	(14)	-	(27)
At 30 June 2019	76	15	718	-	809

An analysis of the allowance for impairment losses under IAS 39 for loans and advances to staff for the year to 30 June 2018 is, as follows:

	Staff loans, advances and imprest UGX (m)	Staff building loans UGX (m)	Total UGX (m)
At 1 July 2017	873	-	873
Charge for the year	55	-	55
Recoveries	(1)	-	(1)
At 30 June 2018	927	-	927

4.2.14 Credit Risk Exposure

4.2.14.1 Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of June 30, 2019 and June 30, 2018 are presented in Table 19 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 19: Credit risk exposure by credit ratings FY 2018/19

		30-Jun-2019	30-Jun-2018
		UGX (m)	UGX (m)
Cash and cash equivalents	Foreign currency held in banking	87,668	84,013
	Central Banks	1,036,580	742,610
	Multinational Institution	1,435	3,785
	A1	83,190	18,779
	A2	-	44,557
	Aa1	-	13,583
	Aa2	65,189	-
	Aa3	43,163	-
	Ba2	-	25,258
	Ba3	85,362	-
Financial assets at fair value through profit or loss	NR	67	-
	A1	970,568	-
	A2	71,036	-
	A3	26,386	-
	Aa1	167,042	-
	Aa2	590,818	-
	Aa3	383,327	-
	Aaa	1,975,356	-
Debt instruments at fair value through OCI	Aa1	75,900	-
	Aaa	883,041	-
	Multinational Institution	203,157	-
Equity instruments at fair value through OCI	Multinational Institution	199,247	-
Debt instruments at amortised cost	A1	3,258,121	-
	A2	184,851	-
	Aa1	19,384	-
	Aa2	868,203	-
	Aaa	2,340,118	-
	Baa1	482,862	-
Financial Investments held-for-trading	Aaa	-	1,800,546
	A1	-	919,560
	A2	-	148,173
	A3	-	29,373
	Aa1	-	133,076
	Aa2	-	740,731
	Aa3	-	391,230
Financial investments available-for-sale	Aaa	-	1,179,066
	Multinational Institution	-	195,263
	Financial investments held-to-maturity	-	-
Loans and receivables	Central Banks	-	1,667,928
	A1	-	2,131,458
	A2	-	671,552
	Aa2	-	1,987,627
	Aa3	-	1,075,020
Derivative financial instruments		11,060	75,489
Assets held with IMF	Multinational Institution	230,580	251,479
	Investments in government securities	156,499	-
	Loans, advances and drawdowns to government	940,405	972,500
	Loans and advances to commercial banks	40,791	87,780
	Staff loans	109,693	101,298
	Other assets	86	114
Total		15,591,185	15,491,849



4.2.14.2 Credit risk exposure by sector

The sectorial classification of the Bank's credit exposure as of June 30, 2019 is as follows:

Table 20: Credit risk exposure by sector FY 2018/19

Details	Foreign Country Treasury	Suprana- tional Insti- tutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Institutions	Govern- ment Guar- anteed Agencies	Uganda Govern- ment Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	1,025,951	1,435	-	-	287,600	-	-	87,668	1,402,654
Financial assets at fair value through profit or loss	2,258,952	-	821,598	-	9,485	1,094,498	-	-	4,184,533
Debt instruments at fair value through OCI	917,266	121,075	-	-	-	123,757	-	-	1,162,098
Equity instruments at fair value through OCI	-	199,247	-	-	-	-	-	-	199,247
Debt instruments at amortised cost	2,342,266	432,621	-	-	4,378,652	-	-	-	7,153,539
Derivative financial instruments	-	-	-	-	11,060	-	-	-	11,060
Assets held with IMF	-	230,580	-	-	-	-	-	-	230,580
Investments in Government Securities	-	-	-	-	-	-	156,499	-	156,499
Loans, advances and drawdowns to Government	-	-	-	-	-	-	940,405	-	940,405
Loans and advances to commercial banks	-	-	-	40,791	-	-	-	-	40,791
Loans and advances to staff	-	-	-	-	-	-	-	109,693	109,693
Other assets	-	-	-	-	-	-	-	86	86
Total Assets	6,544,435	984,958	821,598	40,791	4,686,797	1,218,255	1,096,904	197,447	15,591,185

The sectorial classification of the Bank's credit exposure as of June 30, 2018 is as follows:

Table 21: Credit risk exposure by sector FY 2017/18

Details	Foreign Country Treasury	Suprana- tional Insti- tutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Institutions	Govern- ment Guar- anteed Agencies	Uganda Govern- ment Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	740,943	4,163	-	-	103,493	-	-	83,986	932,585
Held for trading investments	1,987,410	-	530,218	-	449,032	1,196,029	-	-	4,162,689
Investments available for sale	1,179,066	195,263	-	-	-	-	-	-	1,374,329
Held to maturity investments	1,667,928	-	-	-	-	-	-	-	1,667,928
Loans and receivables	-	-	-	-	5,865,658	-	-	-	5,865,658
Derivatives	-	-	-	-	75,489	-	-	-	75,489
Assets held with IMF	-	251,479	-	-	-	-	-	-	251,479
Loan, advances and drawdowns to Government	-	-	-	-	-	-	972,500	-	972,500
Loans to commercial banks	-	-	-	87,780	-	-	-	-	87,780
Staff loans	-	-	-	-	-	-	-	101,298	101,298
Other assets	-	-	-	-	-	-	-	114	114
Total Assets	5,575,347	450,905	530,218	87,780	6,493,672	1,196,029	972,500	185,398	15,491,849

4.2.14.3 Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liability of the Bank as of June 30, 2019 is as follows:



Table 22: Credit risk exposure by geographical location FY 2018/19

Details	Uganda	USA	UK	Eurozone	Other Europe- an Countries	Other Coun- tries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	87,668	1,038,110	181,132	72,493	1,435	21,816	1,402,654
Financial assets at fair value through profit or loss	-	1,267,594	107,149	1,115,950	203,804	1,490,037	4,184,534
Debt instruments at fair value through OCI	-	883,040	34,676	168,482	-	75,900	1,162,098
Equity instruments at fair value through OCI	-	-	-	-	1,767	197,480	199,247
Debt instruments at amortised cost	-	2,322,882	2,693,537	1,519,647	17,236	600,236	7,153,538
Derivative financial instruments	-	-	11,060	-	-	-	11,060
Assets held with IMF	-	230,580	-	-	-	-	230,580
Investments in Government Securities	156,499	-	-	-	-	-	156,499
Loans, advances and drawdowns to Government	940,405	-	-	-	-	-	940,405
Loans and advances to commercial banks	40,791	-	-	-	-	-	40,791
Loans and advances to staff	109,693	-	-	-	-	-	109,693
Other assets	86	-	-	-	-	-	86
Total Assets	1,335,142	5,742,206	3,027,554	2,876,572	224,242	2,385,469	15,591,185

Table 23: Credit risk exposure by geographical location FY 2017/18

Details	Uganda	USA	UK	Eurozone	Other Europe- an Countries	Other Coun- tries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	84,013	729,968	85,058	22,328	1,511	9,707	932,585
Held for trading investments	-	961,951	137,207	1,360,999	264,068	1,438,464	4,162,689
Investments available for sale	-	1,179,065	-	-	1,810	193,453	1,374,329
Held to maturity investments	-	1,667,928	-	-	-	-	1,667,929
Loans and receivables	-	1,008,600	3,564,763	217,882	701,348	373,063	5,865,657
Derivatives	-	-	75,489	-	-	-	75,489
Assets held with IMF	-	251,479	-	-	-	-	251,479
Domestic investments-Government securities	972,500	-	-	-	-	-	972,500
Loans to commercial banks	87,780	-	-	-	-	-	87,780
Staff loans	101,298	-	-	-	-	-	101,298
Other assets	114	-	-	-	-	-	114
Total Assets	1,245,705	5,798,991	3,862,518	1,601,209	968,738	2,014,687	15,491,849

4.3 Liquidity risk

Liquidity risk is defined as not having sufficient cash to meet the commitments that are due or being compelled to convert assets into cash at a price lower than their fair value. The choice of the types of instruments to invest the reserves in is part of liquidity risk management. The available instruments are governed by Bank of Uganda Act and Investment guidelines, which specifies the eligible instruments in which the Bank can invest its reserves including; gold, demand or time deposits and convertible and marketable securities of, or guaranteed by, foreign governments or international financial institutions.

The Bank does face liquidity risk in respect of assets and liabilities as shown in Table 24 and Table 25 below. The analysis is based on undiscounted amounts:



Table 24: Liquidity profile 2018/19

			30-Jun-2019	Matured	<3 Months	4-12 Months	1-5 Years	> 5 Years
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	1,402,654	1,402,654	-	-	-	-
		Financial assets at fair value through profit or loss	4,184,533	-	-	800,445	2,275,728	1,108,361
		Debt instruments at fair value through OCI	1,162,098	-	-	349,775	812,323	-
		Equity instruments at fair value through OCI	199,247	-	-	-	-	199,247
		Debt instruments at amortised cost	7,153,539	-	-	7,153,539	-	-
		Derivative financial instruments	11,060	-	11,060	-	-	-
		Assets held with IMF	230,580	-	-	-	-	230,580
	Total foreign assets		14,343,711	1,402,654	11,060	8,303,759	3,088,051	1,538,188
Domestic assets		Investments in government securities	156,499	-	-	-	-	156,499
		Loans, advances and drawdowns to government	940,405	-	940,405	-	-	-
		Loans and advances to commercial banks	40,791	-	-	-	40,791	-
		Loans and advances to staff	109,693	-	-	3,158	30,690	75,845
		Other assets	86	-	86	-	-	-
	Total domestic assets		1,247,474	-	940,491	3,158	71,481	232,344
Total assets			15,591,185	1,402,654	951,551	8,306,917	3,159,532	1,770,532
Liabilities	Foreign liabilities	IMF obligations	888,899	-	-	-	-	888,899
		Other foreign liabilities	416	-	416	-	-	-
		Derivative financial instruments	32,726	-	32,726	-	-	-
	Total foreign liabilities		922,041	-	33,142	-	-	888,899
	Domestic liabilities	Government deposits	3,175,301	-	3,175,301	-	-	-
		Commercial & Central banks' deposits	2,234,186	-	2,234,186	-	-	-
		Repurchase agreements with commercial banks	2,112,598	-	2,112,658	-	-	-
		Other liabilities	180,050	-	180,050	-	-	-
	Total domestic liabilities		7,702,135	-	7,702,195	-	-	-
Total liabilities			8,624,176	-	7,735,337	-	-	888,899
Net liquidity gap			6,967,009	1,402,654	(6,783,786)	8,306,917	3,159,532	881,633

Table 25: Liquidity profile 2017/18

			30-Jun-2018	Matured	<3 Months	4-12 Months	1-5 Years	> 5 Years
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	932,585	932,585	-	-	-	-
		Financial assets at fair value through profit or loss	4,162,689	-	-	745,946	2,563,204	853,539
		Financial investments available-for-sale	1,374,329	-	-	605,364	573,702	195,263
		Financial investments held-to-maturity	1,667,928	-	-	1,667,928	-	-
		Loans and receivables	5,865,263	-	-	5,865,263	-	-
		Derivative financial instruments	75,489	-	75,489	-	-	-
		Assets held with IMF	251,873	-	-	-	-	251,873
	Total foreign assets		14,330,156	932,585	75,489	8,884,501	3,136,906	1,300,675
Domestic assets		Loans, advances and drawdowns to government	972,500	-	972,500	-	-	-
		Loans and advances to commercial banks	87,780	-	-	-	87,780	-
		Loans and advances to staff	101,298	-	-	3,158	30,690	67,450
		Other assets	114	-	114	-	-	-
	Total domestic assets		1,161,692	-	972,614	3,158	118,470	67,450
Total assets			15,491,848	932,585	1,048,103	8,887,659	3,255,376	1,368,125
Liabilities	Foreign liabilities	IMF obligations	943,291	-	-	-	-	943,291
		Other foreign liabilities	416	-	416	-	-	-
		Derivative financial instruments	18,695	-	18,695	-	-	-
	Total foreign liabilities		962,402	-	19,111	-	-	943,291
	Domestic liabilities	Government deposits	3,352,827	-	3,352,827	-	-	-
		Commercial & Central banks' deposits	1,938,902	-	1,938,902	-	-	-
		Repurchase agreements with commercial banks	1,576,211	-	1,576,271	-	-	-
		Other liabilities	84,754	-	84,754	-	-	-
	Total domestic liabilities		6,952,694	-	6,952,754	-	-	-
Net liquidity gap			7,576,752	932,585	(5,923,762)	8,887,659	3,255,376	424,834

4.3.1 Management of Liquidity Risk

The Bank's approach of managing liquidity is to ensure that as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

In order to manage liquidity risk, the Bank invests its surplus reserves in time deposits with maturities concentrated in short-term



maturity span of one to three months. The portfolio is structured in such a manner that a mix of deposits matures on timely manner to ensure availability of funds to meet scheduled government and the Bank's obligations.

4.4 Interest rate risk

Interest rate risk is a risk that changes in interest rates and credit spreads will affect the Bank's income or the fair value of its holding of financial instruments.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets and financial liabilities, whose interest rates are periodically reset to market, as well as the fair value of other instruments on which the interest rates are fixed throughout the period of the contract.

4.4.1 Management of interest rate risk

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimizing the return on risk.

The Bank separates its exposure to interest rate risk between the internally managed portfolio and the externally managed portfolio. The Bank's external fund managers include PGIM (formerly Pramerica), Goldman Sachs, JP Morgan Chase and the World Bank Treasury.

The table below summarizes the Bank's exposure to interest rates risk. Included in the table are the Bank's assets and liabilities at carrying amounts categorized by the earlier of contractual repricing or maturity dates.

Table 26: Interest risk analysis 2018/19

			30-Jun-2019	0-3 Months	4-12 Months	> 12 Months	Non-Interest Bearing
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	1,402,654	1,318,642	-	-	84,012
		Financial assets at fair value through profit or loss	4,184,533	-	800,445	3,384,089	-
		Debt instruments at fair value through OCI	1,162,098	-	349,775	812,323	-
		Equity instruments at fair value through OCI	199,247	-	-	-	199,247
		Debt instruments at amortised cost	7,153,539	-	7,153,539	-	-
		Derivative financial instruments	11,060	(64,429)	-	-	75,489
		Assets held with IMF	230,580	-	-	230,580	-
Total foreign assets		14,343,711	1,254,213	8,303,759	4,426,991	358,748	
Domestic assets	Investments in government securities	156,499	-	-	156,499	-	
	Loans, advances and drawdowns to government	940,405	-	-	-	940,405	
	Loans and advances to commercial banks	40,791	-	27,840	12,951	-	
	Loans and advances to staff	109,693	-	2,792	106,901	-	
	Other assets	86	-	-	-	86	
Total domestic assets		1,247,474	-	30,632	276,351	940,491	
Total assets		15,591,185	1,254,213	8,334,391	4,703,342	1,299,239	
Liabilities	Foreign liabilities	IMF obligations	888,899	-	-	888,899	-
		Other foreign liabilities	416	-	-	-	416
		Derivative financial instruments	32,726	-	-	-	32,726
		Total foreign liabilities		922,041	-	-	888,899
Domestic liabilities	Government deposits	3,175,301	-	-	-	3,175,301	
	Commercial & Central banks' deposits	2,234,186	-	-	-	2,234,186	
	Repurchase agreements with commercial banks	2,112,598	2,112,598	-	-	-	
	Other liabilities	180,050	-	-	-	180,050	
Total domestic liabilities		7,702,135	2,112,598	-	-	5,589,537	
Total liabilities		8,624,176	2,112,598	-	888,899	5,622,679	
On balance Sheet interest Sensitivity Gap		30-Jun-19	(858,385)	8,334,391	4,703,342	(4,290,298)	



Table 27: Interest risk analysis 2017/18

			0-3	4-12	> 12	Non-Interest	
			30-Jun-2018	Months	Months	Months	Bearing
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	932,585	848,573	-	-	84,012
		Financial Investments held-for-trading	4,162,689	-	745,946	3,416,743	-
		Financial investments available-for-sale	1,374,329	-	605,364	573,702	195,262
		Financial investments held-to-maturity	1,667,928	-	1,667,928	-	-
		Loans and receivables	5,865,263	-	5,865,263	-	-
		Derivative financial instruments	75,489	-	-	-	75,489
		Assets held with IMF	251,873	-	-	251,873	-
		Total foreign assets		14,330,156	848,573	8,884,501	4,242,318
Domestic assets	Loans, advances and drawdowns to government	972,500	-	-	-	972,500	
	Loans and advances to commercial banks	87,780	-	74,829	12,951	-	
	Loans and advances to staff	101,298	-	2,792	98,506	-	
	Other assets	114	-	-	-	114	
	Total domestic assets		1,161,692	-	77,621	111,457	972,614
Total assets		15,491,848	848,573	8,962,122	4,353,775	1,327,377	
Liabilities	Foreign liabilities	IMF obligations	943,291	-	-	943,291	-
		Other foreign liabilities	416	-	-	-	416
		Derivative financial instruments	18,695	-	-	-	18,695
	Total foreign liabilities		962,402	-	-	943,291	19,111
Domestic liabilities	Government deposits	3,352,827	-	-	-	3,352,827	
	Commercial & Central banks' deposits	1,938,902	-	-	-	1,938,902	
	Repurchase agreements with commercial banks	1,576,211	1,576,211	-	-	-	
	Other liabilities	84,754	-	-	-	84,754	
Total domestic liabilities		6,952,694	1,576,211	-	-	5,376,483	
Total liabilities		7,915,096	1,576,211	-	943,291	5,395,594	
On balance Sheet interest Sensitivity Gap			30-Jun-18	(727,638)	8,962,122	3,410,484	(4,068,217)

4.4.2 Interest rate risk sensitivity

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase or decrease as a result of such changes which may cause either an increase or decrease in profit or loss.

The impact on financial assets and liabilities of an increase or decrease in interest rates by 0.5 percent would be as follows:

Table 28: Interest risk sensitivity analysis FY 2018/19

			30-Jun-2019 CARRYING AMOUNTS	0.5% Increase	0.5% decrease
			UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	848,573	4,243	(4,243)
		Financial assets at fair value through profit or loss	4,184,533	20,923	(20,923)
		Debt instruments at fair value through OCI	1,162,098	5,810	(5,810)
		Debt instruments at amortised cost	7,153,539	35,768	(35,768)
		Assets held with IMF	230,580	1,153	(1,153)
	Total foreign assets		13,579,323	67,897	(67,897)
	Domestic assets	Loans, advances and drawdowns to government	156,499	782	(782)
		Loans and advances to commercial banks	40,791	204	(204)
		Loans and advances to staff	101,298	506	(506)
	Total domestic assets		298,588	1,493	(1,493)
Total assets		13,877,911	69,390	(69,390)	
Liabilities	Foreign liabilities	IMF obligations	888,899	4,444	(4,444)
	Total foreign liabilities		888,899	4,444	(4,444)
	Domestic liabilities	Repurchase agreements with commercial banks	2,112,598	10,563	(10,563)
	Total domestic liabilities		2,112,598	10,563	(10,563)
	Total liabilities		3,001,497	15,007	(15,007)
		Net interest increase/(decrease)	10,876,414	54,382	(54,382)
		Impact on profits	10,876,414	54,382	(54,382)

Table 29: Interest risk sensitivity analysis FY 2017/18

			30-Jun-2018 CARRYING AMOUNTS	0.5% Increase	0.5% decrease
			UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	848,573	4,243	(4,243)
		Financial assets at fair value through profit or loss	4,162,689	20,813	(20,813)
		Financial investments available-for-sale	1,179,066	5,895	(5,895)
		Financial investments held-to-maturity	1,667,928	8,340	(8,340)
		Loans and receivables	5,865,263	29,326	(29,326)
		Assets held with IMF	251,873	1,259	(1,259)
	Total foreign assets		13,975,392	69,877	(69,877)
	Domestic assets	Loans and advances to commercial banks	87,780	439	(439)
		Loans and advances to staff	101,298	506	(506)
	Total domestic assets		189,078	945	(945)
Total assets			14,164,470	70,822	(70,822)
Liabilities	Foreign liabilities	IMF obligations	943,291	4,716	(4,716)
	Total foreign liabilities		943,291	4,716	(4,716)
	Domestic liabilities	Repurchase agreements with commercial banks	1,576,211	7,881	(7,881)
			1,576,211	7,881	(7,881)
	Total domestic liabilities		1,576,211	7,881	(7,881)
Total liabilities			2,519,502	12,598	(12,598)
Net interest increase/(decrease)			11,644,968	58,225	(58,225)
Impact on profits			11,644,968	58,225	(58,225)

4.5 Currency risk

Currency risk is a risk that changes in foreign exchange rates will affect the Bank's income or value of its holdings of financial instruments.

The Bank has monetary assets and liabilities denominated in foreign currencies which consists mainly of pound sterling, US Dollar, SDRs and Euro. The table below shows the distribution of the currencies.

Table 30: Currency risk profile 2018/19

			TOTAL	USD	GBP	EURO	OTHER
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	1,402,654	1,147,226	32,147	115,966	108,289
		Financial assets at fair value through profit or loss	4,184,533	4,184,533	-	-	-
		Debt instruments at fair value through other comprehensive income	1,162,098	1,160,331	-	1,767	-
		Equity instruments at fair value through other comprehensive income	199,247	199,247	-	-	-
		Debt instruments at amortised cost	7,153,539	5,384,622	603,458	415,385	750,074
		Derivative financial instruments	11,060	11,060	-	-	-
		Assets held with IMF	230,580	-	-	-	230,580
	Total foreign assets		14,343,711	12,087,019	635,604	533,118	1,088,943
Total assets			14,343,711	12,087,019	635,604	533,118	1,088,943
Liabilities	Foreign liabilities	IMF obligations	888,899	-	-	-	888,899
		Derivative financial instruments	32,726	32,726	-	-	-
	Total foreign liabilities		922,041	32,726	-	-	888,899
	Domestic liabilities	Government deposits	1,827,884	1,609,660	1,309	216,915	-
		Commercial & Central banks' deposits	606,634	517,950	36,830	37,657	14,197
	Total domestic liabilities		2,434,518	2,127,610	38,139	254,572	14,197
	Total liabilities		3,356,559	2,160,336	38,139	254,572	903,096
Net currency position			10,987,152	9,926,683	597,465	278,546	185,847



Table 31: Currency risk profile 2017/18

			TOTAL	USD	GBP	EURO	OTHER
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	932,585	806,472	7,747	32,817	85,549
		Financial Investments held-for-trading	4,162,689	4,162,689	-	-	-
		Financial investments available-for-sale	1,374,329	1,372,519	-	1,810	-
		Financial investments held-to-maturity	1,667,928	1,667,928	-	-	-
		Loans and receivables	5,865,263	1,460,250	2,385,253	740,189	1,279,571
		Derivative financial instruments	75,489	75,489	-	-	-
		Assets held with IMF	251,873	-	-	-	251,873
		Total foreign assets		14,330,156	9,545,347	2,393,000	774,816
Total assets		14,330,156	9,545,347	2,393,000	774,816	1,616,993	
Liabilities	Foreign liabilities	IMF obligations	943,291	-	-	-	943,291
		Derivative financial instruments	18,695	18,695	-	-	-
		Total foreign liabilities		961,986	18,695	-	-
	Domestic liabilities	Government deposits	1,413,285	1,378,937	265	34,083	-
		Commercial & Central banks' deposits	640,530	508,918	26,304	94,550	10,758
		Total domestic liabilities		2,053,815	1,887,855	26,569	128,633
	Total liabilities		3,015,801	1,906,550	26,569	128,633	954,049
	Net currency position		11,314,355	7,638,797	2,366,431	646,183	662,944

4.6 Management of currency risk

The Bank has an investment committee that offers oversight over this risk that regularly meets to review and monitor developments in the respective currency markets.

4.7 Currency risk sensitivity analysis

The impact on financial assets and liabilities of 15 percent appreciation or depreciation of the Uganda Shilling would be as follows:

Table 32: Currency Risk Sensitivity analysis FY 2018/19

		Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities		2019	UGX (m)	UGX (m)
USD	+15/(15)		1,489,002	(1,489,002)
GBP	+15/(15)		89,620	(89,620)
Euro	+15/(15)		41,782	(41,782)
Others	+15/(15)		27,877	(27,877)
		-	1,648,281	(1,648,281)

Table 33: Currency Risk Sensitivity analysis FY 2017/18

		Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities		2018	UGX (m)	UGX (m)
USD	+15/(15)		1,145,820	(1,145,820)
GBP	+15/(15)		354,965	(354,965)
Euro	+15/(15)		96,927	(96,927)
Others	+15/(15)		99,442	(99,442)
		-	1,697,153	(1,697,153)

5 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

5.1 Judgments

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that

the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

5.1.1 Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. 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 Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised 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 Bank'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 business model and so a prospective change to the classification of those assets.

5.1.2 Significant increase of credit risk:

As explained in Note 4, 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 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 Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 4 for more details.

5.1.3 Establishing banks of assets with similar credit risk characteristics:

When ECLs are measured on a collective basis, the financial instruments are banked on the basis of shared risk characteristics.

Refer to Note 4 for details of the characteristics considered in this judgment. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that bank of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

5.1.4 Models and assumptions used:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating 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. See Note 4 for more details on ECL and Note 6 for more details on fair value measurement

5.2 Assumptions and estimation uncertainties

The information relating to assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the financial statements are set out below.



5.2.1 Impairment losses on loans and advances

5.2.1.1 *Estimates applied before 1 July 2018*

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, changes in individual customers' circumstances, structural changes within industries that alter competitive positions and other external factors such as legal and regulatory requirements.

Impairment is measured for all accounts that are identified as non-performing.

Subjective judgments are made in this process of cash flow determination both in value and timing and may vary from one person to another and team to team.

Judgments may also change with time as new information becomes available.

The Bank reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In and timing of future cash flows when determining the level of allowance required.

Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

5.2.1.2 *Estimates applied after 1 July 2018*

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 4 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward-looking information.

Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 4 for more details, including analysis of the sensitivity of the reported ECL.

Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Bank uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank uses valuation models to determine the fair value of its financial instruments. Refer to Note 6 for more details on fair value measurement.

5.2.2 Fair value of financial instruments

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



All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Bank's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Bank establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Bank's financial instruments is based on observable market prices or derived from observable market parameters.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.2.3 Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty and a change in any of the assumptions will alter the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. (Refer to Note 37)

5.2.4 Property, plant and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account which involves extensive subjective judgment. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The rates used are set out on accounting policy Note 3.7.

The Bank also carries its land, buildings, computers, furniture, vehicles and plant and machinery at revalued amounts, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The subsequent amortization is not applicable to for finance leases. Changes in fair value are recognized in other comprehensive income.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. (Refer to Notes 38 and 39).



5.2.5 Taxes

Whereas the Bank is tax exempt, it is subject to various government taxes under the Ugandan tax laws arising from specific transactions. Significant estimates and judgements are required in determining the provision for taxes on certain transactions. For these transactions, the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss.

6 Fair value

6.1 Fair value measurements

The Bank measures its financial instruments such as derivatives, and non-financial assets such as property and equipment, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are summarised in the following notes:

Details	Notes
• Disclosures for valuation methods, significant estimates and assumptions	5
• Quantitative disclosures of fair value measurement hierarchy	5
• Derivative financial instruments	31
• Investments	23, 24 and 25
• Property, plant and equipment under revaluation model	38 and 39

6.1.1 Financial assets and financial liabilities

6.1.1.1 Financial assets

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss	4,184,533	-
Financial Investments held-for-trading	-	4,162,689
Derivative financial instruments	11,060	75,489
Financial instruments at fair value through OCI:		
Debt instruments at fair value through other comprehensive income	1,162,098	-
Equity instruments at fair value through other comprehensive income	199,247	-
Financial investments available-for-sale	-	1,374,329
Financial instruments at amortised cost:		
Debt instruments at amortised cost	7,153,539	-
Financial investments held-to-maturity	-	1,667,928
Loans and receivables	-	5,865,263
Cash and cash equivalents	1,402,654	932,585
Assets held with IMF	230,580	251,873
Investments in government securities	156,499	-
Loans, advances and drawdowns to government	940,405	972,500
Loans and advances to commercial banks	40,791	87,780
Loans and advances to staff	109,693	101,298
Other assets	86	66



6.1.1.2 Financial liabilities

	30-Jun-2019 UGX (m)	30-Jun-2018 UGX (m)
Financial instruments at fair value through profit or loss:		
Derivative financial instruments	32,726	18,695
Other liabilities at amortised cost:		
IMF obligations	888,899	943,291
Government deposits	3,175,301	3,352,827
Commercial bank deposits	2,234,186	1,938,902
Other liabilities	180,050	84,754
Repurchase agreements with commercial banks	2,112,598	1,576,211

6.2 Fair value of assets and liabilities

The following is a description of how fair values are determined for financial instruments and non-financial assets that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

The fair values of financial assets and financial liabilities 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. 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 of 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 Bank uses widely recognised valuation models for determining the fair value of financial instruments such as interest rates yields that use only observable market data and require little management judgment and estimation.

Foreign currency forward contracts and Interest rate swaps are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of contracts.

The assumptions applied for revalued property, plant and equipment are included in Note 38 and Note 39.

The Bank 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 Bank'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 Bank 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.
- iii. The fair values of the unquoted ordinary shares have been estimated using the latest transaction price.
- iv. The Bank enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Bank's own non-performance risk.

Fair value hierarchy as at June 30, 2019 and Fair value hierarchy as at June 30, 2018 show an analysis of assets and liabilities recorded at fair value by level of their fair value hierarchy:

Table 34: Fair value hierarchy as at June 30, 2019

	Level 1	Level 2	Level 3
	UGX (m)	UGX (m)	UGX (m)
Assets measured at fair value			
Financial assets at fair value through profit or loss	-	4,184,533	-
Debt instruments at fair value through other comprehensive income	-	1,162,098	-
Equity instruments at fair value through other comprehensive income	-	-	199,247
Derivative financial instruments	-	11,060	-
Furniture	-	-	2,851
Equipment	-	-	11,357
Vehicles	-	-	14,832
Computers	-	-	8,766
Plant and Machinery	-	-	66,311
Freehold land	-	-	45,539
Buildings	-	-	153,655
Leasehold land	-	-	53,181
Liabilities measured at fair value value			
Derivative financial instruments	-	32,726	-

Table 35: Fair value hierarchy as at June 30, 2018

	Level 1	Level 2	Level 3
	UGX (m)	UGX (m)	UGX (m)
Assets measured at fair value			
Investments at fair value through profit or loss	-	4,162,689	-
Investments available-for-sale	-	1,179,066	195,263
Derivative financial instruments	-	75,489	-
Furniture	-	-	2,889
Equipment	-	-	8,948
Vehicles	-	-	17,329
Computers	-	-	6,453
Plant and Machinery	-	-	60,088
Freehold land	-	-	37,986
Buildings	-	-	142,043
Leasehold land	-	-	56,454
Liabilities measured at fair value value			
Derivative financial instruments	-	18,695	-

The significant unobservable inputs used in the fair value measurement of land and buildings categorized within Level 3 of the



fair value hierarchy are shown below:

Significant unobservable valuation input	Range	
	USD	USD
	From	To
Price per acre (land)	78,950	658,000
Price per square metre (buildings)	175	485

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value. The last valuation was done in FY 2017/18.

The significant unobservable inputs used in the fair value measurement of plant & machinery, furniture, equipment, computer equipment and motor vehicles categorized within Level 3 of the fair value hierarchy are shown below:

Description	Valuation technique	Significant unobservable inputs
Plant & Machinery, Furniture, Equipment, Computer Equipment ,Motor Vehicles	Market Value	Gross current replacement cost less depreciation

Significant increases (decreases) in estimated gross current replacement cost in isolation would result in a significantly higher (lower) fair value. The last valuation was done in FY 2016/17.

There were no transfers between levels during the year.

7 Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with capital requirements of the Bank of Uganda, Act (Cap 51), Laws of Uganda, 2000.

In implementing capital requirements, the Bank maintains a General Reserve Fund which is determined by the Board from time to time. The Bank may, in consultation with the Minister of Finance, transfer funds from the General Reserve Fund to the capital of the Bank. However, the Bank has not considered it necessary to transfer funds from the General Reserve Fund to the capital of the Bank. The total capital of the Bank is shown in the table below.

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Revenue Reserves	(2,031,006)	(1,842,024)
General Reserves	399,277	399,277
Share Capital	20,000	20,000
BoU recapitalization	960,017	960,017
Core Capital	(651,712)	(462,730)
Revaluation Reserve	168,377	172,849
Fair value- FVOCI	111,639	83,431
Actuarial Gains	(8,212)	24,656
Translation Reserve	3,485,715	4,149,512
Cumulative Shareholder's Funds	3,105,807	3,967,718

The Bank was re-capitalized by Government of Uganda through issuance of treasury securities worth UGX 960,017 million as at June 30, 2019 in line with the Bank of Uganda Act.

As shown in the table above, the Bank's core capital stood at a deficit of UGX 651,712 million. As a result, the Bank's minimum required capital of UGX 20,000 million was short by UGX 671,712 million. In line with Section 14(4) of the Bank of Uganda Act, 2000; where the capital of the Bank is impaired at any particular time, the Government will furnish securities to the Bank to make good the impairment.



8 IFRS 9 transition

8.1 Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

As at 30 June 2019	Note	Manda- torily at FVTPL	Designat- ed as at FVTPL	FVOCI- debt in- struments	FVOCI- eq- uity instru- ments	Amortised cost	Total carrying amount
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	22	-	-	-	-	1,402,654	1,402,654
Financial assets at fair value through profit or loss	23	2,895,205	1,289,328	-	-	-	4,184,533
Debt instruments at fair value through OCI	24	-	-	1,162,098	-	-	1,162,098
Equity instruments at fair value through OCI	25	-	-	-	199,247	-	199,247
Debt instruments at amortised cost	26	-	-	-	-	7,153,539	7,153,539
Derivative financial instruments	31	11,060	-	-	-	-	11,060
Assets held with IMF	32	-	-	-	-	230,580	230,580
Investments in government securities	33	-	-	-	-	156,499	156,499
Loans, advances and drawdowns to government	34	-	-	-	-	940,405	940,405
Loans and advances to commercial banks	35	-	-	-	-	40,791	40,791
Loans and advances to staff	36	-	-	-	-	109,693	109,693
Other assets	41	-	-	-	-	86	86
Total financial assets		2,906,265	1,289,328	1,162,098	199,247	10,034,247	15,591,185
IMF obligations	32	-	-	-	-	888,899	888,899
Other foreign liabilities	42	-	-	-	-	416	416
Derivative financial instruments	31	32,726	-	-	-	-	32,726
Government deposits	44	-	-	-	-	3,175,301	3,175,301
Commercial & Central bank's deposits	45	-	-	-	-	2,234,186	2,234,186
Repurchase agreements with commercial Banks	46	-	-	-	-	2,112,598	2,112,598
Other liabilities	47	-	-	-	-	180,050	180,050
Total financial liabilities		32,726	-	-	-	8,591,450	8,624,176

As at 30 June 2018	Note	Manda- torily at FVTPL	Designat- ed as at FVTPL	Held to maturity	Loans and receivables	Available for sale	Amortised cost	Total carrying amount
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	22	-	-	-	932,585	-	-	932,585
Investment held for trading	27	2,856,545	1,289,328	-	-	-	-	4,145,873
Investment available for sale	28	-	-	-	-	1,374,329	-	1,374,329
Investment held to maturity	29	-	-	1,667,928	-	-	-	1,667,928
Loans and receivables	30	-	-	-	5,865,263	-	-	5,865,263
Derivative financial instruments	31	75,489	-	-	-	-	-	75,489
Assets held with IMF	32	-	-	-	251,873	-	-	251,873
Loans, advances and drawdowns to Govt	34	-	-	-	972,500	-	-	972,500
Loans and advances to commercial banks	35	-	-	-	87,780	-	-	87,780
Loans and advances to staff	36	-	-	-	101,298	-	-	101,298
Other assets	41	-	-	-	66	-	-	66
Total financial assets		2,932,034	1,289,328	1,667,928	8,211,365	1,374,329	-	15,474,984
IMF obligations	32	-	-	-	-	-	943,291	943,291
Other foreign liabilities	42	-	-	-	-	-	416	416
Derivative financial instruments	31	18,695	-	-	-	-	-	18,695
Government deposits	44	-	-	-	-	-	3,352,827	3,352,827
Commercial & Central bank's deposits	45	-	-	-	-	-	1,938,902	1,938,902
Repurchase agreements with banks	46	-	-	-	-	-	1,576,211	1,576,211
Other liabilities	47	-	-	-	-	-	84,754	84,754
Total financial liabilities		18,695	-	-	-	-	7,896,401	7,915,096

8.2 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Bank's financial assets and financial liabilities as at 1 July 2018.

As at 1 July 2018	Note	Original classification under IFRS 9	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
				UGX (m)	UGX (m)
Cash and cash equivalents	22	Loans and receivables	Armotised cost	932,585	931,611
Investment securities mandatorily measured at FVTPL	27	Held for trading	FVTPL (mandatory)	2,856,545	2,856,545
Investment securities designated as at FVTPL	27	Held for trading	FVTPL (designated)	1,289,328	1,289,328
Investment securities at FVOCI – debt instruments	28	Available for sale	FVOCI	1,179,066	1,179,066
Investment securities designated as at FVOCI – equities	28	Available for sale	FVOCI (fair value)	195,263	195,263
Investment securities at amortized cost	29	Held to maturity investments/ L & R	Armotised cost	7,533,191	7,530,875
Derivative financial instruments	31	Held for trading	FVTPL (mandatory)	75,489	75,489
Assets held with IMF	32	Loans and receivables	Armotised cost	251,873	251,850
Loans, advances and drawdowns to Government	34	Loans and receivables	Armotised cost	972,500	972,500
Loans and advances to commercial banks	35	Loans and receivables	Armotised cost	87,780	87,779
Loans and advances to staff	36	Loans and receivables	Armotised cost	101,298	100,649
Other assets	41	Loans and receivables	Armotised cost	66	66
Total financial assets				15,474,984	15,471,021
IMF obligations	32	Armotised cost	Armotised cost	943,291	943,291
Other foreign liabilities	42	Armotised cost	Armotised cost	416	416
Derivative financial instruments	31	Fair value through profit or loss	FVPL	18,695	18,695
Government deposits	44	Armotised cost	Armotised cost	3,352,827	3,333,340
Commercial & Central bank's deposits	45	Armotised cost	Armotised cost	1,938,902	1,938,902
Repurchase agreements with commercial Banks	46	Armotised cost	Armotised cost	1,576,211	1,576,211
Other liabilities	47	Armotised cost	Armotised cost	84,754	104,241
Total financial liabilities				7,915,096	7,915,096

The Bank's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 3.4. The application of these policies has not resulted in any reclassifications.

The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2018.



	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Financial Assets				
Amortised cost				
Cash and cash equivalents				
Opening balance	932,585			
Remeasurement		-	-	
Closing balance				932,585
Investment securities at amortized cost				
Opening balance	-			
From Investment held to maturity		1,667,928		
From Loans and receivables		5,865,263		
Remeasurement			(2,316)	
Closing balance				7,530,875
Assets held with IMF				
Opening balance	251,873			
Remeasurement			(23)	
Closing balance				251,850
Loans, advances and drawdowns to Government				
Opening balance	972,500			
Remeasurement			-	
Closing balance				972,500
Loans and advances to commercial banks				
Opening balance	87,780			
Remeasurement			-	
Closing balance				87,780
Staff loans				
Opening balance	101,298			
Remeasurement			343	
Closing balance				101,641
Other assets				
Opening balance	66			
Remeasurement			-	
Closing balance				66

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Available-for-sale				
Opening balance	1,374,329			
To Investment securities at FVOCI – debt instruments		(1,179,066)		
To Investment securities designated as at FVOCI – equities		(195,263)		
Closing balance				-

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
FVOCI – debt				
Opening balance				
From Available for sale		1,179,066		
Closing balance				1,179,066

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
FVOCI – equity				
Opening balance				
From Available for sale		195,263		
Closing balance				195,263

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
FVTPL				
Derivatives financial instruments	75,489			75,489
Investment securities mandatorily measured at FVTPL	2,856,545			2,856,545
Investment securities designated as at FVTPL	1,289,328			1,289,328
Closing balance	4,221,362			4,221,362

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Financial Liabilities				
Amortised cost				
IMF obligations	943,291			943,291
Other foreign liabilities	416			416
Government deposits	3,352,827			3,352,827
Commercial & Central bank's deposits	1,938,902			1,938,902
Repurchase agreements with commercial Banks	1,576,211			1,576,211
Other liabilities	84,754			84,754
Closing balance	7,896,401			7,896,401

	IAS 39 carrying amount 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount 1 July 2018
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Fair value through profit or loss				
Derivatives financial instruments	18,695			18,695
Closing balance	18,695			18,695

The following table analyses the impact of transition to IFRS 9 on reserves and retained earnings. The impact relates to the fair value reserve and retained earnings. There is no impact on other components of equity.

	Impact of adopting IFRS 9 at 1 July 2018
	UGX (m)
Fair value reserve	
Closing balance under IAS 39 (30 June 2018)	83,431
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	105
Opening balance under IFRS 9 (1 July 2018)	83,536
Revenue reserve	
Closing balance under IAS 39 (30 June 2018)	(1,817,368)
Recognition of expected credit losses under IFRS 9 (including loans and advances and investments at amortised cost and loan commitments)	(2,786)
Opening balance under IFRS 9 (1 July 2018)	(1,820,154)

The following table reconciles:

- the closing impairment allowance for financial assets in accordance with IAS 39 as at 30 June 2018; to
- the opening ECL allowance determined in accordance with IFRS 9 as at 1 July 2018.



	30 June 2018 (IAS 39/ IAS 37)	Reclassifica- tion	Remeasure- ment	1 July 2018 (IFRS 9)
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Financial Assets				
Amortised cost				
Loans and receivables and held to maturity securities under IAS 39/financial assets at amortized cost under IFRS 9 (includes cash and cash equivalents, loans and advances & investments)	377,336		(343)	376,993
Available-for-sale debt investment securities under IAS 39/debt financial assets at FVOCI under IFRS 9			105	105
Total	377,336		(238)	377,098

9 Net interest income

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Interest income		
Cash and cash equivalents	6,765	3,209
Debt instruments at fair value through other comprehensive income	22,702	-
Debt instruments at amortised cost	138,340	-
Financial investments – held-to-maturity	-	23,337
Financial investments – available-for-sale	-	14,066
Loans and receivables	-	69,675
Assets held with IMF	1,825	1,827
Investments in government securities	2,826	5,523
Loans, advances and drawdowns to government*	25,814	-
Loans and advances to commercial banks	14,656	9,657
Staff loans**	10,505	5,962
Total interest income	223,433	133,256
Interest expense***		
IMF SDR allocations	9,462	6,805
Deposit auction	48,346	49,265
Vertical repos	70,027	155,396
Total interest expense	127,835	211,466
Net interest income/ (expense)	95,598	(78,210)

* This relates to income earned on BoU recapitalisation securities and government overdrawn accounts (see Notes 33 and 34).

** Included in interest income on staff loans is UGX 8,456 million (June 30, 2018: UGX 4,063 million) relating to notional interest arising out of staff loans fair valuation in accordance with IFRS 13.

*** Interest expense represents interest expense/charges on SDR allocation to the Bank as regularly advised by IMF and monetary policy costs and monetary policy costs.

10 Profit on domestic foreign exchange trade

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Foreign currency dealings	28,589	21,706
	28,589	21,706

The above represents income earned on sale or purchase of foreign exchange to or from GoU, counterparties and commercial banks.



11 Fees and commissions

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Commissions- letters of credit	1,899	787
Commissions- foreign currency operations	552	448
Commissions- DFD	5	8
Currency processing fees	6,646	6,129
RTGS processing fees	3,612	4,143
Clearing house fees	360	360
CSD maintenance & support fees	837	797
Ledger fees	11,799	-
	25,710	12,672

12 Net gains/(losses) on financial assets at fair value through profit or loss

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Net income from financial instruments mandatorily measured at FVTPL	132,694	43,304
Net income from financial instruments designated at FVTPL	54,040	9,842
	186,734	53,146

13 Losses arising from derecognition of financial assets measured at amortised cost or FVOCI

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Losses on derecognition of fair value through OCI investments	(2,592)	-
	(2,592)	-

14 Other income

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Net gain/(loss) on sale of available-for-sale securities	-	(259)
Dividends on available-for-sale equity securities	-	3,342
Dividends on equity securities measured at FVOCI	3,809	-
Gain on disposal of property, plant and equipment	45	67
Licence and cheque fees	1,198	1,125
Sale of receipt books	3	4
Sale of currency	2	21
Rental income	106	-
Fines & penalties	100	83
Write back of amounts previously written off/provisions	18,957	2,278
Other income	8,529	3,346
	32,749	10,007



15 Credit loss expense on financial assets

The table below shows the ECL charges on financial instruments for the FY 2018/19 recorded in the income statement:

	Stage 1& 2 allow- ance	Stage 3 allowance	Recoveries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents (Note 4)	355	-	-	355
Debt instruments at FVOCI (Note 4)	47	-	-	47
Debt instruments at amortised cost (Note 4)	364	-	-	364
Assets held with IMF (Note 4)	8	-	-	8
Investments in government securities (Note 4)	27	-	-	27
Loans, advances and drawdowns to government (Note 4)	36,825	-	-	36,824
Loans and advances to staff (Note 4)	(25)	192	(7)	160
	37,601	192	(7)	37,785

The table below shows the impairment charges recorded in the income statement under IAS 39 during FY 2017/18:

	Specific	Total
	UGX (m)	UGX (m)
Credit loss expense on Loans and advances to commercial banks	38,038	38,038
Credit loss expense on Loans and advances to staff	55	55
Total	38,093	38,093

16 Net foreign exchange (losses)/gains

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Foreign exchange (losses)/gains	(663,797)	878,340
	(663,797)	878,340

The foreign exchange losses or gains arise from translation of foreign currency transactions at the foreign currency exchange rates prevailing at the date of the transactions and revaluation of monetary assets and liabilities denominated in foreign currencies to Uganda Shillings at the foreign currency exchange rates applicable on the reporting date.

The following exchange rates for major currencies have been used to convert foreign currency financial assets and liabilities to Uganda Shillings for reporting purposes as at year end;

	30-Jun-2019	30-Jun-2018
US Dollars	3,695	3,880
Euro	4,203	4,498
GBP	4,683	5,100
SDR	5,136	5,450



17 Employee benefits

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Salaries,wages & allowances	145,169	134,390
NSSF- contribution & provision	10,132	9,517
Defined contribution scheme pension contributions	5,591	5,003
Defined benefit plan costs (Note 37)	(4,796)	8,012
Gratuity	146	75
Death in service insurance	850	800
Staff welfare including medical	12,390	11,949
Projects and training	4,053	3,739
	173,535	173,485

* Included in defined benefit plan costs is income of UGX 4,796 million relating to current service and interest cost on the plan in accordance with IAS 19 (June 30, 2018: loss of UGX 8,012 million).

The average number of employees during the year was 1,066 (2018: 1,086) as shown below:

	30-Jun-2019	30-Jun-2018
	No of Staff	No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	13	13
Directors	31	31
Other	1,020	1,040
	1,066	1,086

18 General and administration costs

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Loss on disposal of property, plant and equipment	-	457
Business process enhancement	12,028	9,529
Communication expenses	7,101	7,005
Water & electricity	3,208	3,230
Ground rates & buildings insurance	1,409	1,128
Repairs & maintainance - premises & equipment	6,067	4,650
Motor vehicle expenses	4,099	3,644
Travel costs	8,207	7,790
Corporate contributions	4,192	5,618
Publicity & public awareness costs	4,210	3,886
Printing & stationery	1,700	1,792
Inspection costs	38,508	1,470
General & administration costs	807	1,546
Furniture & equipment repairs	2,545	2,496
Office expenses-uniforms	7	220
J Mubiru memorial lecture	165	154
Directors' fees and emoluments	3,435	1,699
Software license & maintenance	11,167	12,017
	108,855	68,331



19 Currency costs

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Notes printing	183,566	140,788
Coins minting	7,599	9,632
Stock movement	953	766
Currency accessories	351	391
Currency machine maintenance	3,788	2,264
Bullion van maintenance	794	330
Other currency costs	1,223	958
	198,274	155,129

20 Financial and professional charges

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Consultancy costs	2,487	2,688
Litigation fees & legal damages	467	818
Staff loans fair valuation *	8,456	4,063
Reserve management fees and other charges	10,698	10,320
Valuers' fees	59	8
Retainer fees	71	70
Audit fees	383	130
Other professional fees	24	52
	22,645	18,149

*This relates to notional interest arising out of staff loans fair valuation in accordance with IFRS 13.

21 Net (deficit)/ surplus for the year

The net surplus for the year has been stated after charging/ (crediting):

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Audit fees	383	130
Other professional fees	24	52
Directors' emoluments	997	704
Directors' fees	2,438	995
Depreciation	14,855	16,303
Amortisation	2,623	4,058
Staff costs (note 17)	173,535	173,485
Litigation fees & legal damages	467	818
Other income	(8,529)	(3,346)



22 Cash and cash equivalents

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Foreign currency held in banking	87,668	84,012
Cash with foreign financial institutions	617,504	464,818
Repurchase agreements	698,456	383,755
	1,403,628	932,585
Less: Allowance for impairment losses	(974)	-
	1,402,654	932,585

Foreign cash held in banking relates to foreign cash balances that were held in the banking hall as at year-end. Cash with foreign financial institutions relates to cash balances held with external financial institutions. Repurchase agreements relate to overnight lending to the New York Federal Reserve Bank.

23 Financial assets at fair value through profit or loss

23.1 Financial assets - mandatorily measured at FVTPL

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	219,088	-
Maturing between 1-5 years	1,500,130	-
Maturing after 5 years	674,279	-
	2,393,497	-
Debt securities issued by banks		
Maturing within 1 year	65,285	-
Maturing between 1-5 years	196,330	-
Maturing after 5 years	75,125	-
	336,740	-
Asset backed securities		
Maturing between 1-5 years	33,935	-
Maturing after 5 years	131,033	-
	164,968	-
	2,895,205	-

23.2 Financial assets designated at FVTPL

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	464,061	-
Maturing between 1-5 years	410,583	-
Maturing after 5 years	127,781	-
	1,002,425	-
Debt securities issued by banks		
Maturing within 1 year	52,011	-
Maturing between 1-5 years	131,573	-
Maturing after 5 years	54,704	-
	238,288	-
Asset backed securities		
Maturing between 1-5 years	3,177	-
Maturing after 5 years	45,438	-
	48,615	-
	1,289,328	-
Total	4,184,533	-



Financial assets at FVTPL represent foreign denominated assets managed by appointed fund managers; PGIM (formerly Pramerica), Goldman Sachs, JP Morgan Chase and the World Bank Treasury. Financial assets managed by Goldman Sachs and World Bank Treasury have been designated as at FVTPL on initial recognition since the Bank holds related derivatives at FVTPL, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise. These were previously classified as held-for-trading under IAS 39.

24 Debt instruments at fair value through other comprehensive income

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	334,924	-
Maturing between 1-5 years	706,100	-
	1,041,024	-
Other debt securities		
Maturing within 1 year	14,851	-
Maturing between 1-5 years	106,223	-
	121,074	-
	1,162,098	-

The Bank invests in Treasury bonds with the US Reserve Bank, Asian Development Bank, African Development Bank, Nordic Investment Bank and Oesterreichische Kontrollbank. The securities were previously classified as investments available-for-sale.

25 Equity instruments at fair value through other comprehensive income

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Afrexim shares	197,480	-
SWIFT shares	1,767	-
	199,247	-

The Bank has designated its equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading. Investments include shares in Afrexim Bank and SWIFT. In FY 2018/19, the Bank received dividends of USD 996,913 from its FVOCI equities which was recorded in the income statement as other income. Included in equity instruments at fair value through other comprehensive income are fair value gains amounting to UGX 9,634 million that are recognised in other comprehensive income.

Afrexim shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares. As at June 30, 2019, the Bank held 2,426 Class A shares at a total cost USD 24,238,274. In accordance with IFRS 9, the shares were valued at a price of USD 22,027 per share resulting in a fair value gain which has been recognised in other comprehensive income.

Swift shares

The Bank holds 78 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a value of Euro 420,420 as at June 30, 2019. The SWIFT is a cooperative society owned by its member financial institutions.

None of these strategic investments were disposed of during FY 2018/19 and there were no transfers of any accumulated gains or losses within equity relating to these investments.

26 Debt instruments at amortised cost

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Term deposits with external financial institutions		
Maturing within 1 year	4,833,026	-
	4,833,026	-
Less: Allowance for impairment losses	(2,369)	-
	4,830,657	-
US Treasury bills		
Maturing within 1 year	2,323,193	-
	2,323,193	-
Less: Allowance for impairment losses	(311)	-
	2,322,882	-
	7,153,539	-

The Bank invests in term deposits with external financial institutions and US Treasury bills. These were previously classified as loans and receivables and held to maturity respectively under IAS 39.

27 Financial investments held-for-trading

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	-	682,280
Maturing between 1-5 years	-	2,139,893
Maturing after 5 years	-	549,912
	-	3,372,085
Debt securities issued by banks		
Maturing within 1 year	-	63,653
Maturing between 1-5 years	-	370,862
Maturing after 5 years	-	103,423
	-	537,937
Asset backed securities		
Maturing within 1 year	-	13
Maturing between 1-5 years	-	52,449
Maturing after 5 years	-	200,204
	-	252,666
	-	4,162,689

Financial investments held-for-trading represented foreign denominated assets managed by appointed fund managers; PGIM (formerly Pramerica), Goldman Sachs, JP Morgan Chase and World Bank Treasury. The externally managed fund portfolio of financial instruments was classified as "Held-for-Trading" and stated at fair value, with changes in fair value recognised directly in profit or loss. These have now been classified as financial assets at fair value through profit or loss.

The Bank's externally managed portfolio of investments is denominated in US dollars as the base currency.



28 Financial investments available-for-sale

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	-	444,518
Maturing between 1-5 years	-	573,702
	-	1,018,220
Other debt securities		
Maturing within 1 year	-	160,846
	-	160,846
Shares		
Afrexim shares	-	193,452
SWIFT shares	-	1,810
		195,263
	-	1,374,329

BoU Managed Funds

The Bank invests in Treasury bonds with the US Federal Reserve Bank, KFW, Asian Development Bank, African Development Bank, Nordic Investment Bank and Oesterreichische Kontrollbank. These were previously classified as available for sale.

Afrexim Shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares.

Swift Shares

The Bank holds 78 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT). The SWIFT is a cooperative society owned by its member financial institutions.

The fair value of the investments was measured with reference to the net asset value per share, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment. The Bank has no intention of disposing of the shares in the foreseeable future.

29 Financial investments held to maturity

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
US Treasury bills		
Maturing within 1 year	-	1,667,928
	-	1,667,928

The Bank invests in US treasury bills and these investments were classified as held to maturity under IAS 39.



30 Loans and receivables

The Bank invests in financial instruments with low risk/highly rated financial institutions. These investments include term deposits

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Term deposits with external financial institutions		
Maturing within 1 year	-	5,865,263
	-	5,865,263

that were classified as loans and receivables under IAS 39.

31 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the value of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Assets		
Forward foreign exchange contracts	5,283	73,226
Interest rate swaps	5,777	2,263
	11,060	75,489
Liabilities		
Forward foreign exchange contracts	30,242	14,594
Interest rate swaps	2,484	4,101
	32,726	18,695
Notional amounts		
Forward foreign exchange contracts	2,568,500	3,562,837
Interest rate swaps	212,776	611,398
Futures	1,533,495	1,835,368

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank. Over-the-counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

31.1 Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts that are settled on a net basis. Both types of contracts result in market risk exposure.

31.2 Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional



amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

32 Assets held and obligations with International Monetary Fund (IMF)

		30-Jun-2019	30-Jun-2019	30-Jun-2018	30-Jun-2018
		UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets	IMF SDR holdings	230,611	45	251,873	46
	Less: Allowance for ECLs	(31)	-	-	-
		230,580	45	251,873	46
Liabilities	IMF account no. 2	29	1	26	1
	IMF SDR allocation	888,870	173	943,265	173
		888,899	174	943,291	174

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 45 million. The liabilities relate to SDR Allocations of SDR 173 million that funded the SDR holdings from IMF. The IMF Holdings and Allocations attract interest rates determined by the Fund as advised from time to time. Interest charged on the IMF holdings is the responsibility of Bank of Uganda. The liabilities and assets are not secured by collateral and the repayment terms are not fixed. The IMF assets and liabilities above are reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are recognised in profit or loss.

32.1 Other IMF accounts not recognised

		30-Jun-2019	30-Jun-2019	30-Jun-2018	30-Jun-2018
		UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets	IMF Quota	1,803,674	361	1,617,710	361
		1,803,674	361	1,617,710	361
Liabilities	IMF account no. 1	1,700,185	339	1,519,242	339
	IMF Securities	103,489	22	98,468	22
		1,803,674	361	1,617,710	361

The Other International Monetary Fund accounts not recognised consist of the Uganda Government total membership capital subscription Quota of SDR 361 million and the corresponding IMF I and securities accounts which are the responsibility of Government of Uganda (fiscal agent) and as such are not accounted for in the financial statements of the Bank.

32.2 Uganda's Position In The IMF

Below is a Summary of IMF members' quota, reserve tranche position, SDR holdings, outstanding credit, recent lending arrangements, projected payments due to the IMF, and historical transactions with the IMF as at June 30, 2019.

32.2.1 Membership status: Joined September 27, 1963

32.2.2 General resources account

	SDR Million	% Quota
Quota	361.00	100.00
IMF's Holdings of Currency (holdings rate)	361.01	100.00



32.2.3 SDR department

	SDR Million	% Allocation
Net cumulative allocation	173.06	100.00
Holdings	44.82	25.90

32.2.4 Outstanding purchases and loans: None

32.2.5 Latest financial arrangements

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF 1/	Sep 13, 2002	Jan 31, 2006	13.50	13.50
ECF 1/	Nov 10, 1997	Mar 31, 2001	100.43	100.43
ECF 1/	Sep 06, 1994	Nov 17, 1997	120.51	120.51
ECF 1/ Formerly PRGF				
^{1/} Formerly PRGF				

32.2.6 Overdue obligations and projected payments to fund

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2019	2020	2021	2022	2023
Principal					
Charges/Interest	0.67	1.29	1.28	1.29	1.29
Total	0.67	1.29	1.28	1.29	1.29

32.2.7 Implementation of the HIPC initiative

	Original Framework	Enhanced Framework	Total
I. Commitment of HIPC assistance			
Decision point date	Apr-97	Feb-00	
Assistance committed			
by all creditors (US\$ Million)*	347.00	656.00	
Of which: IMF assistance (US\$ million)	68.90	91.00	
(SDR equivalent in millions)	51.51	68.10	
Completion point date	Apr 1998	May 2000	
II. Disbursement of IMF assistance (SDR Million)			
Assistance disbursed to the member	51.51	68.10	119.61
Interim assistance	-	8.20	8.20
Completion point balance	51.51	59.90	111.41
Additional disbursement of interest income**	-	2.06	2.06
Total disbursements	51.51	70.16	121.67

* Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

** Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

32.2.8 Implementation of Multilateral Debt Relief Initiative (MDRI)

I. MDRI-eligible debt (SDR Million)*			87.73
Financed by: MDRI Trust			75.85
Remaining HIPC resources			11.88
II. Debt Relief by Facility (SDR Million)			
Delivery Date	GRA	Eligible Debt PRGT	Total
January 2006	N/A	87.73	87.73



* The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

32.2.9 Implementation of Catastrophe Containment and Relief (CCR): Not Applicable

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

33 Investments in government securities

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
BoU recapitalization securities	156,526	-
Less: Allowance for ECL/impairment losses	(27)	-
	156,499	-

BoU recapitalisation securities represented the unredeemed treasury bonds arising out of the recapitalisation measures undertaken by the Government of Uganda. The terms and conditions on the recapitalisation securities are those that apply to similar treasury bonds issued by Government.

34 Loans and advances to government

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Letters of comfort*	140,487	140,487
Charges to Government and Ledger fees receivable	36,754	-
Government capital account**	347,475	-
Treasury bills for repos (zero coupon)***	593,000	972,500
	1,117,716	1,112,987
Less: Allowance for ECL/impairment losses	(177,311)	(140,487)
	940,405	972,500

The Bank grants loans and advances to the government in respect of temporary deficiencies in revenue as provided for in the Bank of Uganda Act. Most of these loans and advances are due on demand with no interest charged and thus their carrying amount approximates their fair value.

* The letters of comfort of UGX 140,487 million related to requests made by Bank of Uganda to various commercial banks to extend loans to Haba Group of Companies. The resulting loan was due from Government of Uganda. As at June 30, 2019, this amount was fully impaired.

** Government capital account related to principal and interest on matured securities issued on behalf of GoU that had not been reimbursed as at 30 June 2019.

*** Zero Coupon Treasury bills represent securities offered to the Bank by Government of Uganda so as to provide a pool of instruments to the Bank for managing liquidity in the market through the issue of vertical repurchase (repos) agreements with primary dealer commercial banks. These are zero coupons and have short maturity periods of less than fourteen days thus amortized cost is not materially different from the cost.

Treasury bills for Repos represent collateral amount related to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (Note 46).



35 Loans and advances to commercial banks

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Intervention costs recoverable from Crane Bank Ltd	217,906	235,923
Receivable from dfcu Bank Ltd	40,791	87,780
	258,697	323,703
Less: Allowance for ECL/impairment losses	(217,906)	(235,923)
	40,791	87,780

Bank of Uganda intervened in the affairs of former Crane Bank Ltd under the Financial Institutions Act 2004 in FY 2016/17. The Bank has incurred net costs of UGX 217,906 million after offsetting funds due from dfcu Bank Ltd. The net balance of UGX 40,791 million relates to the amount due from dfcu Bank Ltd following the transfer of some of the assets and liabilities from Crane Bank Ltd (in receivership). The amount from dfcu Bank Ltd which is payable in two and a half years and does not accrue interest has therefore been subjected to fair valuation and the resulting difference of UGX 13,010 million recognized in the Bank's profit or loss in accordance with IFRS 9. The receivable from dfcu Bank is fully secured by government treasury securities.

36 Staff loans

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Staff loans, advances and imprest to staff	29,613	26,913
Staff building loans	31,255	27,621
Staff loans, advances at amortised cost	60,868	54,534
Deferred staff cost	49,633	47,691
Staff loans, advances at cost	110,501	102,225
Less: Allowance for ECL/impairment losses	(808)	(927)
	109,693	101,298

The Bank provides loans and advances to 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 have maturity terms ranging between 3 months and 20 years, depending on whether or not staff are on permanent and pensionable terms. The loans and advances have been marked to market and the fair value adjustment is deferred over the loan repayment periods. Apart from the house loans and five year general purpose advances which are secured by mortgages, annual general purpose advances and salary advances are not secured. All mortgages are covered by an insurance policy of an amount that is twice the outstanding loan balances.

37 Retirement benefits plan

The Bank's permanent and pensionable employees are eligible for retirement benefits under a defined benefit plan provided through a legally separate entity - The Bank of Uganda Defined Benefits Scheme.

The Scheme is licensed by the Uganda Retirements Benefits Authority and governed by a Trust Deed and Rules with a duly appointed Board of Trustees. The Trustees comprise six (6) Sponsor nominated representatives and three (3) member nominated representatives; two (2) of whom are nominated by active service members and one (1) nominated by pensioners. The Board of the Trustees is required by the law to act in the best interests of the plan participants and is responsible for setting certain policies - e.g. investment, contribution and indexation policies of the fund.

The benefits to members on retirement are determined as $\frac{1}{60} \times \text{average salary for service prior to June 30, 2013} \times \text{Service Period}$ less the value of NSSF Contribution balances. For service after June 30, 2013, the benefit is determined as $\frac{1}{65} \times \text{average salary for service after June 30, 2013} \times \text{Service Period}$. This Amendment took effect from 1 July 2013.

Employees not participating in the Defined Benefit Scheme are eligible to join a Defined Contribution Scheme.



The net defined benefit asset in respect of the defined benefit pension plan is the fair value of the plan assets at the reporting date minus the present value of the defined benefit obligation. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The current actuarial certification was carried out by Actuarial Services (E.A) Limited as at June 30, 2019.

The actuarial certification only includes the funded pension arrangements; the Bank of Uganda Defined Benefits Scheme (DBS).

The key risks associated with the Scheme are as follows:

1. Salary risk: The benefits are linked to salary and consequently have an associated risk to increases in salary.
2. Investment risk: The Scheme is funded with separate assets. Investment risk would therefore arise in the Scheme.
3. Interest rate risk: Decreases/ increases in the discount rate used (high quality corporate bonds) will increase/ decrease the defined benefit obligation.
4. Benefits in the Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Bank of the benefits is therefore subject to the demographic movements of employees.
5. The pension fund is fully funded by Bank of Uganda. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions below.

The Bank expects to pay UGX 14,140 million in contribution to its defined benefits plan in the FY 2019/20.

The amounts recognised in the statement of financial position are as follows:

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Fair value of plan assets	446,445	412,435
Present value of defined benefit obligations	(419,636)	(373,142)
Employee benefits receivable	26,809	39,293

During the year, the Bank's asset in respect of the DBS was calculated by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income.

The amounts recognised in profit or loss are as follows:

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Current service cost net of employees' contributions	10,652	10,380
Interest cost on net benefit obligation	(7,474)	(2,181)
Adjustment for prior year values	(7,974)	(187)
Total included in staff costs	(4,796)	8,012

The amounts recognised under other comprehensive income are as follows:

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Net actuarial gains and experience adjustments arising from demographic assumptions	(28,453)	(52,983)
Net actuarial losses and experience adjustments arising from financial assumptions	17,443	26,793
Actual return less interest cost on plan assets	43,878	4,586
Total included in other comprehensive income	32,868	(21,604)



A reconciliation of the net benefit asset is as shown below:

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Net asset at start of the year	39,293	11,616
Net expense recognised in profit or loss	4,796	(8,012)
Actuarial gain/(loss) recognised in OCI	(32,868)	21,604
Employer contributions	15,588	14,085
Net asset at end of the year	26,809	39,293

The major categories of the fair value of the Scheme's Plan assets are as follows:

As at	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Assets		
Cash and bank	3,508	1,738
Investment securities at amortised cost	41,699	-
Debt instruments at fair value through OCI	272,956	-
Equity instruments at fair value through OCI	102,184	-
Short term deposits	-	6,578
Treasury bills at amortised cost	-	42,330
Treasury bonds at fair value	-	222,648
Government of Kenya infrastructure bond	-	1,243
Corporate bonds at amortised cost	-	2,409
Available for sale investments in shares	-	120,744
Investment Property	28,550	28,500
Unlisted equities	-	171
Total assets	448,897	426,361
Net current liabilities	(2,452)	(13,926)
Net assets	446,445	412,435

The principal actuarial assumptions in real terms are as follows:

	30-Jun-2019	30-Jun-2018
Discount rate	15.84%	15.03%
Expected return on plan assets	15.84%	15.03%
Future salary increase	14.84%	14.03%
Future pension increase	13.84%	13.03%

The discount rate used is 15.84 percent per annum. The discount rate is based on the 15-year government bond yield in line with the general requirements of the IFRS. However, the gap between the discount rate and the future salary and pension increases has been kept constant at 1 percent and 2 percent per annum respectively when compared with the FY 2017/18 assumptions.

As at June 30, 2019, the weighted average duration of the defined benefit obligation is 15.4 years. (June 30, 2018: 15.4 years)

The sensitivity analysis for reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affected the defined benefit plan by amounts shown below:



	Scenario - 1 Base	Scenario - 2 Discount Rate In- creased by 1%	Scenario - 3 Salary Rate Increased by 1%	Scenario - 4 Pension In- crease Rate Increased by 1%	Scenario - 5 Discount Rate De- creased by 1%	Scenario - 6 Salary Rate Decreased by 1%	Scenario - 7 Pension In- crease Rate Decreased by 1%
Discount Rate	15.84%	16.84%	15.84%	15.84%	14.84%	15.84%	15.84%
Salary Rate	14.84%	14.84%	15.84%	14.84%	14.84%	13.84%	14.84%
Pension Increase Rate	13.84%	13.84%	13.84%	14.84%	13.84%	13.84%	12.84%
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Net asset at start of year	39,293	39,293	39,293	39,293	39,293	39,293	39,293
Net expense recognised in profit or loss	4,796	4,796	4,796	4,796	4,796	4,796	4,796
Net expense recognised in the other comprehensive income	(32,868)	20,321	(50,930)	(77,354)	(98,961)	(16,929)	5,796
Employer contributions	15,588	15,588	15,588	15,588	15,588	15,588	15,588
Net (liability)/ asset at end of year	26,809	79,998	8,747	(17,677)	(39,284)	42,748	65,473

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The maturity profile of the Defined Benefit Plan is disclosed below:

	Liability UGX (m)
Time to Maturity of membership	
<1 year	15,865
1-5 years	65,978
>5 years	133,093
Pensioners and Deferreds	204,700

38 Property, plant & equipment

	Freehold Land	Buildings	Plant & Machinery	Furniture	Equipment	Computer Equipment	Motor Vehicles	Capital Work- In-Progress	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cost or Valuation									
As at 01 July 2017	27,362	135,857	64,362	3,450	11,456	7,705	20,410	13,271	283,873
Additions	-	840	36,549	219	1,101	1,195	3,432	16,423	59,759
Reclassification	-	4,953	-	-	-	-	4,783	(9,736)	-
Revaluation surplus	10,624	15,145	-	-	-	-	-	-	25,769
Eliminated on revaluation	-	(14,436)	-	-	-	-	-	-	(14,436)
Disposals/ write offs	-	(36)	(37,078)	(53)	(1,871)	(224)	-	-	(39,262)
As at 30 June 2018	37,986	142,323	63,833	3,616	10,686	8,676	28,625	19,958	315,703
As at 01 July 2018	37,986	142,323	63,833	3,616	10,686	8,676	28,625	19,958	315,703
Additions	-	95	454	481	249	800	606	15,305	17,991
Reclassification	-	17,787	10,158	114	3,814	758	-	(32,631)	-
Revaluation surplus	3,500	-	-	-	-	-	-	-	3,500
Reclassification from leasehold	4,053	-	-	-	-	-	-	-	4,053
Reclassification from intangibles	-	-	-	-	-	2,828	-	-	2,828
Disposals/ write offs	-	(3,000)	(51)	(56)	(205)	(144)	-	-	(3,456)
As at 30 June 2019	45,539	157,205	74,394	4,155	14,544	12,918	29,231	2,632	340,619
Depreciation									
As at 01 July 2017	-	11,722	1,341	188	492	580	6,141	-	20,464
Charge for the year	-	2,996	4,484	550	1,427	1,691	5,155	-	16,303
Eliminated on revaluation	-	(14,436)	-	-	-	-	-	-	(14,436)
Disposals/ write offs	-	(2)	(2,080)	(11)	(181)	(48)	-	-	(2,322)
As at 30 June 2018	-	280	3,745	727	1,738	2,223	11,296	-	20,010
As at 01 July 2018	-	280	3,745	727	1,738	2,223	11,296	-	20,010
Charge for the year	-	3,360	4,344	599	1,505	1,943	3,103	-	14,855
Disposals/ write offs	-	(90)	(7)	(22)	(56)	(14)	-	-	(190)
As at 30 June 2019	-	3,550	8,082	1,304	3,187	4,152	14,399	-	34,676
Net Carrying Amount									
As at 30 June 2019	45,539	153,655	66,311	2,851	11,357	8,766	14,832	2,632	305,943
As at 30 June 2018	37,986	142,043	60,088	2,889	8,948	6,453	17,329	19,958	295,693



The Bank's land and buildings were revalued by independent and certified professional valuers, Stanfield Property Partners Ltd in FY 2017/18. The valuation was based on market values defined as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date.

The market values for commercial properties in Kampala have been assessed using capitalization of adjusted and/or assumed market rents using appropriate rates of return. In adjusting/assuming the rents, the valuer considered the current market rents in similar buildings and localities and took this into account in arriving at the values of the buildings.

The market values in the rest of the buildings in upcountry towns and all residential properties have been arrived at either by direct comparison of sales of similar or near similar properties and locations or by depreciated replacement cost.

During the FY 2016/17, the Bank revised its accounting policy for property, plant and equipment and revalued items of plant and machinery, furniture, equipment, computers and motor vehicles. The revaluation was carried out on 31 March 2017 by Stanfield Property Partners Ltd. The valuation was based on market value. This was defined as the best reasonable price at which the sale of an interest in the property might reasonably be expected to have been completed unconditionally for cash consideration at the date of valuation.

Capital work in progress relates to PPE that are still in construction or yet to be put in use.

Fair value measurement disclosures for revalued land, buildings, plant and machinery, furniture, equipment, computers and motor vehicles are provided in Note 6.

If land and buildings, plant and machinery, equipment, vehicles, furniture and computer equipment were measured using the cost model, the carrying amounts would be as follows:

	30-Jun-2019	30-Jun-2018				
	UGX (m)	UGX (m)				
Free hold and leasehold land (cost)	31,554	31,554				
Net Carrying Amount	31,554	31,554				
Buildings (cost)	116,094	116,094				
Accumulated depreciation and impairment	(40,240)	(30,180)				
Net Carrying Amount	75,854	85,914				
	Plant & Machinery	Furniture	Equipment	Computer Equipment	Motor Vehicles	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
As at 1 July 2017						
Cost	63,833	3,616	10,686	7,721	28,625	114,481
Accumulated depreciation	(34,862)	(1,756)	(5,566)	(5,062)	(11,450)	(58,696)
Net carrying amount 30 June 2018	28,971	1,860	5,120	2,659	17,175	55,785
Accumulated depreciation	(17,431)	(878)	(2,783)	(2,531)	(5,725)	(29,348)
Net carrying amount 30 June 2019	11,540	982	2,337	128	11,450	26,437

The Bank revalues its land and buildings, equipment, furniture, computers, vehicles, plant and machinery every after 5 years.

Items disposed comprised of buildings, leasehold land, plant and machinery, vehicles, work in progress and computer equipment. All gains/ (losses) on disposal of assets are recognized in profit or loss.



39 Finance lease on land

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
At 1 July	56,454	46,765
Revaluation surplus	780	9,689
Reclassification to property, plant and equipment	(4,053)	-
At 30 June	53,181	56,454

Finance lease on land relates to all land for office space and residential premises under the current lease agreements. At inception of the lease, the obligation associated with the acquisition was paid upfront and as such, the would-be minimum lease payments were expunged at the beginning of the lease in a single payment.

Given the substance of this transaction, the risks and rewards are borne by the Bank with automatic renewal at the end of the lease. This in effect gives the Bank the right to hold the land in perpetuity.

The Bank has commenced conversion of all leasehold land into freehold and accordingly ceased amortisation of the leasehold land on July 01, 2008.

The leasehold land was revalued on June 30, 2018. The assumptions relating to the revaluation of finance lease on land are included under Note 5.

During the period, the following properties were converted from leasehold to freehold.

- Plot 7A-9A Airfield Road, Gulu
- Plot 4 Kiira Road and Plot 2 Busoga Avenue, Jinja

40 Intangible assets

		Software	Work- In-Progress	Totals
		UGX (m)	UGX (m)	UGX (m)
Cost or Valuation	As at 1 July 2017	41,699	4,300	45,999
	Additions	2,396	2,538	4,934
	Reclassification	1,462	(1,462)	-
	Write off	(278)	-	(278)
	As at 30 June 2018	45,279	5,376	50,655
	As at 1 July 2018	45,279	5,376	50,655
	Additions	6,112	6,232	12,344
	Reclassification	7,531	(7,531)	-
	Reclassification to Property Plant & Equipment	-	(2,828)	(2,828)
	As at 30 June 2019	58,922	1,249	60,171
Amortisation	As at 1 July 2017	32,798	-	32,798
	Charge for the year	4,058	-	4,058
	Write off	(108)	-	(108)
	As at 30 June 2018	36,748	-	36,748
	As at 1 July 2018	36,748	-	36,748
	Charge for the year	2,623	-	2,623
	As at 30 June 2019	39,371	-	39,371
Net Carrying Amount	As at 30 June 2019	19,551	1,249	20,800
	As at 30 June 2018	8,531	5,376	13,907

Work in progress relates to IT systems that are under development and yet to be put in use.



41 Other assets

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Consumable store stock	2,663	2,288
Prepayments & accrued income	63,379	103
Deferred currency costs *	258,333	298,016
Sundry debtors	86	66
	324,461	300,473

* Deferred currency costs relate to currency printing and minting costs for notes and coins not yet issued into circulation in accordance with the Bank's accounting policy. The policy of the Bank is to expense currency costs upon issue of the notes and coins into circulation.

42 Other foreign liabilities

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Multi-lateral Investment Guarantee Agency (MIGA)	38	38
IDA 13 Subscriptions	56	56
IDAG MDRI Subscriptions	94	94
International Bank for Reconstruction & Dev't (IBRD)	228	228
	416	416

The balances on MIGA and IDA represent the Government of Uganda obligations in terms of subscriptions to those international agencies.

The IBRD balance related to notes substituted as Government of Uganda's national currency subscription to IBRD capital stock and held in IBRD's securities custody account with the Bank of Uganda as a depository.

43 Currency in circulation

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Notes	4,447,466	4,184,569
Coins	148,650	138,662
Cash held in banking	(3,693)	(8,378)
Office imprest	(113)	(113)
	4,592,310	4,314,740

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at June 30, 2019 while cash held in Banking relates to cash held in banking hall as at year-end.

The currency is issued in the following denominations:

	Notes	Coins
	1,000	1
	2,000	2
	5,000	5
	10,000	10
	20,000	20
	50,000	50
		100
		200
		500
		1,000



44 Government deposits

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Petroleum Fund	304,641	457,538
Government deposit letters of credit accounts	275,092	113,072
Government ministries accounts	36,012	69,072
Government projects accounts	1,847,950	1,483,550
Government of Uganda managed funds through ACF*	55,882	62,221
Government of Uganda managed funds others	62	79
Government capital accounts	593,000	972,500
Uganda consolidated fund	34,126	175,848
Items in transit	28,536	18,947
	3,175,301	3,352,827

As a banker to Government, BoU maintains government accounts. The accounts maintained relate to government ministries and the government projects. The above deposit balances represent the amounts outstanding on government accounts as at June 30, 2019. The Bank does not pay interest on the accounts. The deposits are payable on demand and therefore the carrying amount approximates their fair value. Included in the Government Capital Accounts are Treasury bills and Treasury Bonds held at the Bank for monetary policy, recapitalisation and repo purposes. The securities for monetary policy and recapitalisation are re-discountable at the Bank rediscount rate.

* The Government of Uganda managed funds through the Agricultural Credit Facility (ACF) includes a net balance of UGX 55,882 million outstanding on the Agricultural Credit Facility (ACF) capital account after offsetting ACF loans disbursed through the respective accredited financial institutions as shown in the table below. The securities held on those loans are in terms of promissory notes from participating financial institutions.

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Agricultural Credit Facility (ACF) Capital	119,114	119,114
ACF marketing	133	574
Less:	-	-
ACF Loans to commercial banks	(63,365)	(57,467)
Net balance on ACF capital	55,882	62,221

As at June 30, 2019, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14(4), through issuance of treasury instruments worth UGX 960,017 million. The securities were also issued as part of the stock of Government domestic debt. The issuance of recapitalization securities by Government of Uganda resulted in a receivable from GoU which has been matched with the securities issued. Therefore, the net receivable from GoU has been disclosed in the investments in treasury bills (Note 33).

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
BoU recapitalisation securities	960,017	960,017
BoU recapitalisation receivable account	(960,017)	(960,017)
Net Position	-	-

The net Uganda Consolidated Fund position at Bank of Uganda is a summary of government deposits and government loans, drawdowns and advances.

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Government Deposits	3,175,301	3,352,827
Government Loans, Drawdowns and Advances (see note 34)	(940,405)	(972,500)
Net Uganda Consolidated Fund Position	2,234,896	2,380,327



45 Commercial & Central Bank deposits

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Current accounts by commercial & central banks	2,207,852	1,910,854
Cash recovered from closed commercial banks	2,970	2,970
Collection from closed banks' loans	23,364	25,078
	2,234,186	1,938,902

Current accounts relate to cash balances held by commercial banks with Bank of Uganda in line with statutory obligations. Cash reserve ratio is a statutory ratio for monetary policy and commercial banks are required to hold at the Central Bank of Uganda a prescribed percentage of their total deposits. The ratio is dependent on a monetary policy stance, revised from time to time and is currently 8 percent. There are currently 24 licensed commercial banks in Uganda. The Bank does not pay interest on these account balances.

46 Repurchase agreements with commercial banks

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Repos collection account	2,112,598	1,576,211
	2,112,598	1,576,211

REPO (Repurchase Agreements) is a flexible Open Market Operation instrument that provides for a simultaneous sale of securities and buy-back at a specified future date and price and hence facilitates flexible conduct of monetary policy.

A Repo involves the following transactions:

- Change of legal ownership of securities between transacting parties.
- Transfer of funds between transacting parties.

Vertical REPO

Where a Repo is used as a monetary policy instrument, one of the parties to the agreement is the Central Bank, while a Primary Dealer (PD) constitutes the other party. The Vertical Repo transaction allows the Central Bank to mop up short-term liquidity by selling securities to PDs with an agreement to repurchase them at a specified future date – where the PD receives back full amount of principal and interest.

47 Other liabilities

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Uninvested pension fund cash	2,653	1,573
Deposit Protection Fund	3,475	21,479
Accounts payable	78,691	14,832
Provisions	59,765	18,254
Other creditors	35,275	28,614
Money remittance institutions	191	2
	180,050	84,754

The movement in the provisions is shown below:



	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
At 1 July	18,254	2,680
Additional provisions	42,056	16,990
Payments	(545)	(1,416)
At 30 June	59,765	18,254

48 Authorised and Issued share capital

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Authorised 30,000,000,000 of UGX 1.00 each	30,000	30,000
Issued and fully paid 20,000,000,000 of UGX 1.00 each	20,000	20,000

The Bank of Uganda Act (Cap. 51), Laws of Uganda 2000 is the law that establishes the Bank with the authorised capital of UGX 30 billion. As at June 30, 2019, UGX 20 billion was issued and fully paid.

49 BoU recapitalisation funds

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
BoU recapitalisation securities	960,017	960,017
	960,017	960,017

As at June 30, 2019, the Bank held treasury securities worth UGX 960,017 issued by Government of Uganda, in accordance with the Bank of Uganda Act section 14 (4).

50 Reserves

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Asset revaluation reserve*	168,377	172,849
Revenue reserve**	(2,039,218)	(1,817,368)
General reserve***	399,277	399,277
Fair value gains on Available for sale financial instruments****	111,639	83,431
Unrealised translation reserve*****	3,485,715	4,149,512
	2,125,790	2,987,701

* Assets revaluation reserve relates to surplus on revalued property and is distributable.

** Revenue reserve relates to accumulated losses on operations.

*** General reserve includes realised foreign exchange gains and other special reserves.

**** Relates to gains on fair value of AFS financial instruments.

***** This relates to unrealised foreign exchange and fair value gains and losses on assets and liabilities.

The distributable deficit is arrived at as follows:

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Total comprehensive income for the year	(859,229)	471,882
Foreign exchange and fair value gains	663,797	(878,340)
Deficit sharing with Government	(195,432)	(406,458)

The distributable deficit refers to the net surplus for the Bank excluding foreign exchange and fair value gains.

51 Contingent liabilities and commitments

Contingent liabilities and commitments, some of which are offset by corresponding obligations of third parties, arise in the normal course of business, including contingent liabilities in respect of letters of comfort and indemnities in connection with liquidity support operations.

51.1 Legal proceedings

51.1.1 Crane Bank Limited (In Receivership)

On October 20, 2016, Bank of Uganda took over management of Crane Bank Limited in accordance with Sections 87(3) and 88(1) (a) and (b) of the Financial Institutions Act 2004. On January 24, 2017, the Bank placed Crane Bank Limited under receivership according to Section 94 of the Financial Institutions Act.

On June 30, 2017, Crane Bank Limited (In receivership) filed Civil Suit No. 493 of 2017 against Sudhir Ruparelia and Meera Investments Limited claiming for USD 93,820,172 and UGX 52,084 million as compensation for breach of fiduciary duty. Crane Bank Limited (in receivership) also claimed for the delivery by Meera Investments Limited of Freehold Certificates of 48 properties comprising former Crane Bank Limited's country wide branch network, general damages, interest and cost.

The respondents; Sudhir Ruparelia and Meera Investments Limited; filed a Miscellaneous Application No. 320 of 2019 against Crane Bank (in receivership). The Miscellaneous Application sought for dismissal of the Civil Suit No. 493 of 2017 on the basis that Crane Bank (in receivership) has no locus standi to commence actions against the applicants. Furthermore the orders sought for in relation to freehold properties are barred in law.

On August 26, 2019, Court ruled on Miscellaneous Application No.320 of 2019 in favor of Sudhir Ruparelia and Meera Investments dismissing suit No.493 of 2017. Court ruled that costs of the application be paid by Bank of Uganda on the basis that Crane Bank (in receivership) is non-existent and does not have any assets since it was sold under the P&A with dfcu Bank and therefore lost locus standi to put forth any claim against the shareholders.

The Bank has filed a notice of appeal, an application for stay of execution and Memorandum of Appeal. The hearing of the application for stay of execution has been fixed for November 27, 2019. The Directors have not made any provision in relation to the costs awarded in the financial statements because they believe that there is a high likelihood of success of the appeal.

51.1.2 Other litigations

The Bank is also a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 6,833 million (2018: UGX 4,185 million). The directors are of the view that the Bank has a high chance of success against the plaintiffs and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

51.2 Capital commitments

As at June 30, 2019, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 51,388 million compared to UGX 42,650 million as at June 30, 2018.

51.3 Commitments on behalf of Treasury

The Bank issues treasury bills and bonds on behalf of Treasury. The commitments (interest) unless claimable from Treasury are not included in these financial statements as the Bank is involved in such transactions only as an agent.



51.4 Letters of credit

Letters of credit commit the Bank to make payments on behalf of Government to third parties, and reimbursement by the customer is normally immediate. As at June 30, 2019, the total outstanding letters of credit on behalf of Government amounted to UGX 275,091 million (2018: UGX 113,071 million).

52 Effective interest rates on financial assets and liabilities

The effective interest rates of the principal financial assets and liabilities as at June 30, 2019 and June 30, 2018 were in the following ranges.

		30-Jun-2019	30-Jun-2018
		%	%
Assets	Cash and cash equivalents	0.01	0.01
	Financial assets at fair value through profit or loss	0.04	-
	Debt instruments at fair value through other comprehensive income	0.02	-
	Debt instruments at amortised cost	0.02	-
	Financial Investments held-for-trading	-	0.01
	Financial investments available-for-sale	-	0.01
	Financial investments held-to-maturity	-	0.01
	Loans and receivables	-	0.01
	Assets held with IMF	0.01	0.01
	Investments in government securities	0.02	0.02
	Loans, advances and drawdowns to government	0.07	-
	Loans and advances to commercial banks	0.36	0.11
	Loans and advances to staff	0.10	0.06
Liabilities	IMF Obligations	0.01	0.01
	Repos	0.05	0.11



53 Current and non-current assets and liabilities

Table 36 and Table 37 below show the current and non-current assets and liabilities as at June 30, 2019 and 2018 respectively.

Table 36: Current and non-current assets and liabilities as at June 30, 2019

					(Current)	(Non-Current)
			Statement of financial position amount	Note	No more than 12 months after the reporting period	More than 12 months after the reporting period
			UGX (m)		UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	1,402,654	22	1,402,654	-
		Financial assets at fair value through profit or loss	4,184,533	23	3,304,095	880,438
		Debt instruments at fair value through OCI	1,162,098	23	349,775	812,323
		Equity instruments at fair value through OCI	199,247	28	-	199,247
		Debt instruments at amortised cost	7,153,539	29	7,153,539	-
		Derivative financial instruments	11,060	30	11,060	-
		Assets held with IMF	230,580	31	-	230,580
		Total foreign assets		14,343,711		12,221,124
	Domestic assets	Investments in government securities	156,499	33	-	156,499
		Loans, advances and drawdowns to government	940,405	34	940,405	-
		Loans and advances to commercial banks	40,791	35	27,840	12,951
		Loans and advances to staff	109,693	36	3,158	106,535
		Retirement benefits plan	26,809	37	-	26,809
		Property, plant and equipment	305,943	38	-	305,943
		Finance lease on land	53,181	39	-	53,181
		Intangible assets	20,800	40	-	20,800
		Other assets	324,461	41	324,461	-
Total domestic assets		1,978,582		1,295,864	682,718	
Total assets			16,322,293		13,516,988	2,805,305
Liabilities	Foreign liabilities	IMF obligations	888,899	32	24,670	864,229
		Other foreign liabilities	416	42	416	-
		Derivative financial instruments	32,726	31	32,726	-
	Total foreign liabilities		922,041		57,812	864,229
	Domestic liabilities	Currency in circulation	4,592,310	43	-	4,592,310
		Government deposits	3,175,301	44	3,175,301	-
		Commercial & Central banks' deposits	2,234,186	45	2,234,186	-
		Repurchase agreements with commercial banks	2,112,598	46	2,112,598	-
		Other liabilities	180,050	47	180,050	-
Total domestic liabilities		12,294,445		7,702,135	4,592,310	
Total Liabilities			13,216,486		7,759,947	5,456,539



Table 37: Current and non-current assets and liabilities as at June 30, 2018

			Statement of financial position amount	Note	(Current) No more than 12 months after the reporting period	(Non-Current) More than 12 months after the reporting period
			UGX (m)		UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	932,585	22	932,585	-
		Financial Investments held-for-trading	4,162,689	23	3,309,150	853,539
		Financial investments available-for-sale	1,374,329	24	1,179,066	195,263
		Financial investments held-to-maturity	1,667,928	25	1,085,319	582,609
		Loans and receivables	5,865,263	26	5,865,263	-
		Derivative financial instruments	75,489	27	-	75,489
		Assets held with IMF	251,873	28	-	251,873
Total foreign assets		14,330,156		12,371,383	1,958,773	
Domestic assets		Loans, advances and drawdowns to government	972,500	34	-	972,500
		Loans and advances to commercial banks	87,780	35	87,780	-
		Loans and advances to staff	101,298	36	101,298	-
		Retirement benefits plan	39,293	37	-	39,293
		Property, plant and equipment	295,693	38	-	295,693
		Finance lease on land	56,454	39	-	56,454
		Intangible assets	13,907	40	-	13,907
Other assets	300,473	41	-	300,473		
Total domestic assets		1,867,398		189,078	1,678,320	
Total assets		16,197,554		12,560,461	3,637,093	
Liabilities	Foreign liabilities	IMF obligations	943,291	32	120,750	822,541
		Other foreign liabilities	416	42	416	-
		Derivative financial instruments	18,695	31	18,695	-
	Total foreign liabilities		962,402		139,861	822,541
Domestic liabilities		Currency in circulation	4,314,740	43	-	4,314,740
		Government deposits	3,352,827	44	3,352,827	-
		Commercial banks' deposits	1,938,902	45	1,938,902	-
		Repos	1,576,211	46	1,576,211	-
		Other liabilities	84,754	47	84,754	-
Total domestic liabilities		11,267,434		6,952,694	4,314,740	
Total Liabilities		12,229,836		7,092,555	5,137,281	

54 Related party transactions

The Bank's related parties include Government of Uganda as the ultimate shareholder of the Bank and directors.

54.1 Loans to executive directors

The Bank extended loans to the Executive Directors on the Board. The outstanding amounts of the loans were UGX 116 million as at June 30, 2019 (June 30, 2018: UGX 140 million). The interest on the loan is at 3 percent and is fully collateralised. The interest recognised during the year is UGX 2.9 million and the total repayments during the year were UGX 96 million.

54.2 Loans to executive management

		30-Jun-2019	30-Jun-2018
		UGX (m)	UGX (m)
At 1 July		3,815	2,564
Advanced during the year		928	2,028
Repayments		(1,941)	(777)
At 30 June		2,802	3,815

The Bank also extends loan facilities to Executive Management in accordance with the Bank policy. The advances are given at preferential rates ranging from 0 percent to 3 percent as determined by the Board of Directors. The loans are payable for



periods between one and twenty years. The Bank earned interest of UGX 76 million (2018: UGX 55 million) on loans advanced to Executive Management. The loans and advances to Executive Management were not impaired as at June 30, 2019.

54.3 Directors' emoluments

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Directors' fees and emoluments	3,435	1,699
Remuneration:	-	-
Governor and Deputy Governor (short term employee benefits)	1,972	1,733
Governor and Deputy Governor (post employment pension benefits)	281	265
	5,688	3,697

54.4 Compensation of executive management

	30-Jun-2019	30-Jun-2018
	UGX (m)	UGX (m)
Short-term employee benefits	5,054	4,299
Post-employment benefits	1,293	858
	6,347	5,157

54.5 Government of Uganda

Transactions entered into with the Government include;

- i. Banking Services
- ii. Management of issue and redemption of securities at a commission
- iii. Foreign currency denominated debt settlement.

The Bank earns commissions and service fees on various transactions with Government. Details for fees and commissions on GoU transactions and balances with Government of Uganda are included in Notes 11 and 44 respectively.

55 Events after the reporting period

On January 24, 2017, Bank of Uganda moved Crane Bank Limited from statutory management into receivership. In exercise of its powers as the receiver, under Section 95 (1) (b) of the Financial Institutions Act, BoU transferred all the liabilities of Crane Bank Limited including deposits except the excluded liabilities highlighted in the Purchase and Assumption agreement ("the Agreement") to dfcu Bank Limited and, in consideration for that transfer of liabilities conveyed to dfcu Bank Limited all assets of Crane Bank Limited except the excluded assets highlighted in the Purchase and Assumption Agreement.

Under the Agreement, BoU as the receiver, of Crane Bank Limited (in receivership) undertook to recover the reversionary interest relating to 48 leasehold properties acquired by dfcu.

The Agreement gave dfcu Bank Limited the option to acquire the reversion once recovered by BoU or to rescind the purchase of these properties.

On June 30, 2017 Crane Bank Limited (In receivership) filed Civil Suit No. 493 of 2017 against Sudhir Ruparelia and Meera Investments Limited claiming for USD 93,820,172 and UGX 52,083 million as compensation for breach of fiduciary duty. Crane Bank Limited (in receivership) also claimed for the delivery by Meera Investments Limited of Freehold Certificates of 48 properties comprising former Crane Bank Limited's country wide branch network, general damages, interest and cost.

The respondents; Sudhir Ruparelia and Meera Investments Limited; filed a Miscellaneous Application No. 320 of 2019 against



Crane Bank (in receivership). The Miscellaneous Application sought for dismissal of the Civil Suit No. 493 of 2017 on the basis that Crane Bank (in receivership) has no locus standi to commence actions against the applicants. Furthermore the orders sought for in relation to freehold properties are barred in law.

Subsequent to year end, on August 26, 2019, Court ruled on Miscellaneous Application No.320 of 2019 in favor of Sudhir Ruparelia and Meera Investments Limited (MIL) dismissing suit No.493 of 2017. Court ruled that costs of the application be paid by Bank of Uganda on the basis that Crane Bank (in receivership) is non-existent and does not have locus standi to put forth any claim.

Following the Court's ruling above, dfcu Bank Limited in a letter dated September 12, 2019 communicated to BOU its decision to exercise its option to rescind its interest in purchasing the 48 properties pursuant to clause 8.7 of the Agreement.

As part of rescinding of this purchase, dfcu will return to Bank of Uganda Certificates of title for Meera Investments Limited properties and requires Bank of Uganda to pay to dfcu the net book value of the properties recorded in the assets and inventory compilation report as at October 20, 2016.



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Appendix: 1 Macroeconomic Indicators

	2014/15	2015/16	2016/17	2017/18	2018/19*
Real Sector					
GDP at Market Prices (current prices), UGX billion	76,517	83,091	91,718	100,586	109,945
GDP at Market Prices (constant 2009/10 prices), UGX billion	53,279	55,826	57,983	61,550	65,279
Real GDP growth (Annual Change %)	5.2	4.8	3.9	6.2	6.1
GDP per capita (current prices), UGX	2,188,434	2,315,504	2,485,354	2,651,092	2,819,193
GDP per capita (constant 2009/10 prices), UGX	1,523,814	1,555,709	1,571,199	1,622,235	1,673,887
GDP per capita growth rate (%)	2.3	2.1	1.0	2.9	3.2
Prices					
Annual Headline Inflation, (%)					
End of Period (Base 2009/10)	4.9	5.9	6.3	2.1	3.4
Period Average (Base 2009/10)	2.9	6.6	5.7	3.4	3.1
Exchange Rate (UGX/USD)					
End of Period (e.o.p)	3,301.8	3,404.9	3,590.9	3,879.5	3,694.8
Period Average (p.a.)	2,823.2	3,443.0	3,528.3	3,658.7	3,736.8
Interest Rates(% p.a)					
Central Bank Rate	11.3	16.3	12.3	9.4	9.8
Rediscount Rate	14.3	20.2	16.3	13.4	13.8
Lending Rate	21.6	24.0	22.6	20.3	20.0
91 - day Treasury Bill Discount Rate	11.1	16.0	12.2	8.6	9.7
Financial Sector					
Money Supply, M3 (UGX billion)	16,520.5	17,785.6	20,170.1	22,748.6	24,373.0
Money Supply, M2 (UGX billion)	11,239.2	12,313.9	14,249.5	15,968.4	17,244.4
Currency in Circulation (UGX billion)	3,231.6	3,391.6	3,865.8	4,314.7	4,592.3
Base Money (UGX billion)	4,295.0	4,929.4	5,265.4	5,544.8	6,162.2
M2 growth (% p.a.)	8.5	9.6	15.7	12.1	8.0
M3 growth (% p.a.)	15.5	7.7	13.4	12.8	7.1
CIC/M2A (%)	28.8	27.5	27.1	27.0	26.6
M2A Velocity	6.8	6.7	6.4	6.3	6.4
M3 Velocity	4.6	4.7	4.5	4.4	4.5
Private Sector Credit (UGX billion)	11,338.4	11,976.6	12,678.7	14,049.4	15,871.4
Lending ratio (Loans/Deposits)	77.4	75.5	71.9	70.2	73.7
External Sector					
Exports, USD millions	2,738.4	2,687.8	3,274.1	3,536.7	3,966.2
o/w Coffee	400.5	352.0	490.5	492.5	416.2
Imports (goods), USD millions	4,988.0	4,691.9	4,768.0	5,619.2	6,784.1
Current account balance (USD million)	-1,860.6	-1,356.8	-1,019.9	-1,806.0	-3,281.3
Current account balance (excluding grants, USD million)	-2,050.2	-1,552.8	-1,158.2	-1,913.9	-3,408.1
Overall Balance, USD million	349.6	-101.5	-421.2	194.7	-68.6
Debt Service ratio, incl IMF as a percentage of					
exports of goods & services	3.2	3.1	3.6	6.1	6.2
Total External Reserves (USD million)	2,895.3	2,962.1	3,385.6	3,221.2	3,338.1
Reserve cover (months of future imports of goods & services)	5.0	5.4	5.6	4.4	4.5
Macro-economic Linkages					
M1/GDP (%)	8.8	8.6	8.9	9.4	9.1
M2A/GDP (%)	14.7	14.8	15.5	15.9	15.7
Private sector credit/GDP (%)	14.8	14.4	13.8	14.0	14.4
Exports to GDP (%)	10.1	11.1	12.6	12.9	13.6
Imports to GDP (%)	18.4	19.4	18.3	20.4	23.2
Current A/C balance as a percentage of GDP	-6.9	-5.6	-3.9	-6.6	-11.2
Current A/C balance (excluding grants) as a percentage of GDP	-7.6	-6.4	-4.5	-7.0	-11.7
Fiscal Deficit (Excluding Grants) to GDP (%)	-6.2	-6.3	-4.9	-5.6	-6.3

Source: Bank of Uganda

Notes:

aM2A velocity = GDP/M2A; M3 velocity = GDP/M3)

** From 2009/10 onwards, Uganda Bureau of Statistics rebased GDP estimates from 2002 base year to 2009/10 base year. The rebasing exercise involved a complete revision, coverage and compilation methodology of economic activities. The compilation followed the use of international guidelines and recommendations such as International Standard for Industrial Classification (ISIC Rev4), System of National Accounts (SNA) 2008

* Numbers are projections.

Source: Bank of Uganda



Appendix: 2 Gross Domestic Product by economic activity at current prices (billion UGX.)

Industry	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Agriculture, Forestry and fishing	11,649	15,737	16,240	17,372	18,350	19,655	22,545	24,322	24,145
Cash crops	1,111	1,214	1,147	1,073	1,305	1,424	1,862	2,108	2,220
Food crops	5,875	8,031	8,323	9,225	9,532	10,060	12,148	12,881	11,636
Livestock	1,981	2,703	2,911	3,026	3,184	3,561	3,847	4,303	4,741
Agriculture Support Services	16	23	23	25	30	32	33	35	41
Forestry	1,871	2,814	2,897	2,975	3,078	3,263	3,192	3,474	3,886
Fishing	794	953	939	1,047	1,221	1,315	1,462	1,521	1,621
Industry	9,586	12,633	13,171	14,173	15,311	17,142	18,652	19,961	22,640
Mining & quarrying	423	562	536	525	528	562	603	444	545
Manufacturing	4,815	6,473	6,050	5,854	6,660	7,239	7,881	8,305	8,743
Electricity	358	463	585	633	637	796	899	1,029	1,246
Water	839	917	1,426	1,808	1,898	2,270	2,557	2,925	3,077
Construction	3,151	4,217	4,574	5,353	5,588	6,274	6,713	7,258	9,030
Services	22,458	22,017	29,967	32,883	36,675	39,627	43,211	47,924	53,596
Trade and Repairs	6,752	8,920	8,869	8,872	9,707	10,616	11,043	11,806	13,753
Transport and Storage	1,163	1,486	1,985	2,321	2,338	2,591	2,733	2,813	3,283
Accommodation and Food Service Activities	1,204	1,489	1,744	1,984	1,953	2,150	2,521	2,827	3,214
Information and Communication	1,775	1,573	1,815	2,176	2,805	2,122	2,039	2,897	3,469
Financial and Insurance Activities	1,200	1,619	1,609	1,918	2,188	2,771	3,029	3,342	3,892
Real Estate Activities	1,831	2,106	2,753	3,126	3,367	3,824	4,154	4,451	4,799
Professional, Scientific and Technical Activities	1,636	1,809	1,860	1,802	2,007	2,133	2,303	2,505	2,290
Administrative and Support Service Activities	880	984	979	1,099	1,410	1,294	1,296	1,465	1,539
Public Administration	1,259	1,745	1,864	1,949	2,385	2,610	2,819	3,118	3,339
Education	2,359	2,769	3,262	3,970	4,635	5,297	6,673	7,400	8,180
Human Health and Social Work Activities	1,355	1,494	2,058	2,361	2,454	2,674	2,854	3,108	3,329
Arts, Entertainment and Recreation	137	173	189	209	226	228	235	282	266
Other Service Activities	441	604	714	812	899	1,032	1,211	1,572	1,869
Activities of Households as Employers	195	246	265	284	302	284	302	337	374
Adjustments	3,385	4,033	4,569	5,116	6,181	6,668	7,310	8,380	9,564
Taxes on products	3,385	4,033	4,569	5,116	6,181	6,668	7,310	8,380	9,564
Total GDP at market Prices	46,878	59,152	63,740	69,276	76,517	83,091	91,718	100,586	109,945
Percapita GDP (UGX)	1,504,377	1,843,130	1,936,069	2,046,005	2,188,434	2,315,504	2,485,354	2,651,092	2,819,193

Source: Uganda Bureau of Statistics



Appendix: 3 Balance of Payments (million USD)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Preliminary 2018/19
A. Current Account Balance (A1+A2+A3)	62.81	-287.98	-276.19	-853.52	-1,210.49	-1,497.18	-1,732.58	-2,030.93	-1,510.48	-2,038.99	-1,860.61	-1,356.81	-1,019.94	-1,805.98	-3,281.32
A1. Goods Account (Trade Balance)	-706.40	-919.54	-1,021.33	-1,437.41	-1,845.82	-1,799.54	-2,373.35	-2,574.04	-2,122.96	-2,367.18	-2,249.64	-2,004.06	-1,493.88	-2,082.52	-2,817.89
a) Total Exports (fob)	878.22	1,049.43	1,273.82	2,072.95	2,216.40	2,317.30	2,297.77	2,667.43	2,912.11	2,706.33	2,738.37	2,687.83	3,274.09	3,536.65	3,966.22
Coffee	144.53	173.37	228.52	348.63	336.65	262.13	371.04	444.21	422.69	404.00	400.49	352.03	490.51	492.47	416.19
b) Total Imports (fob)	1,584.62	1,968.97	2,495.16	3,510.37	4,062.22	4,116.84	4,671.12	5,241.48	5,035.07	5,073.51	4,988.01	4,691.89	4,767.97	5,619.18	5,679.70
Government Imports	157.84	119.53	93.88	176.56	308.59	433.19	559.95	483.43	438.11	360.98	223.83	611.60	417.87	594.82	672.69
Project imports	116.33	67.31	42.28	95.20	189.54	175.93	173.01	303.93	358.62	300.55	194.12	566.51	391.65	587.88	600.68
Non-Project imports	41.51	52.21	51.61	81.37	119.04	257.26	386.94	179.50	79.50	60.43	29.70	45.09	26.22	6.94	72.01
Private Sector Imports	1,426.78	1,849.44	2,339.23	3,280.40	3,688.71	3,602.35	4,052.17	4,701.98	4,545.69	4,656.00	4,692.67	3,862.65	3,944.73	4,683.06	4,952.99
Oil imports	157.59	290.43	403.04	543.08	537.43	501.20	678.68	946.96	1,028.07	1,089.84	933.03	645.92	693.80	910.69	979.07
Non Oil Imports	1,269.19	1,559.01	1,936.19	2,737.32	3,151.28	3,101.15	3,373.49	3,755.03	3,517.62	3,566.16	3,759.64	3,216.73	3,250.93	3,772.37	3,973.92
A2. Services and Primary Income	-377.76	-415.25	-433.34	-690.43	-699.51	-815.21	-949.54	-871.34	-860.46	-876.17	-955.82	-767.19	-986.55	-1,293.50	-2,107.78
Services Account (net)	-105.93	-166.52	-214.90	-439.91	-403.06	-487.34	-637.99	-412.11	-342.62	-269.44	-466.13	-255.11	-268.11	-424.20	-799.76
Inflows	432.71	532.22	612.13	682.78	929.26	1,153.06	1,530.81	2,030.83	2,038.34	2,202.27	2,173.69	1,984.71	1,688.61	1,830.16	1,929.44
Outflows	538.63	698.74	827.03	1,122.69	1,332.32	1,640.40	2,168.80	2,442.94	2,380.96	2,471.71	2,639.82	2,239.83	1,956.72	2,254.36	2,729.19
Primary Income Account (net)	-261.26	-239.21	-218.44	-250.52	-296.45	-327.87	-311.55	-459.22	-517.84	-606.73	-499.69	-512.08	-718.44	-869.30	-1,308.03
Inflows	42.01	53.48	87.93	115.70	94.33	45.05	35.10	51.14	33.28	6.48	24.65	41.45	22.47	48.22	41.95
Outflows	303.27	292.70	306.37	366.22	390.78	372.93	346.66	510.36	551.12	613.21	514.33	553.53	740.91	917.51	1,349.98
A3. Secondary Income (Net Current transfers)	1136.39	1,037.29	1,178.49	1,274.33	1,334.84	1,117.57	1,590.32	1,414.45	1,472.94	1,204.36	1,344.85	1,414.45	1,564.15	1,431.33	1,644.35
Inflows	1,279.61	1,236.33	1,324.79	1,520.19	1,754.00	1,478.12	1,848.29	1,622.42	1,632.22	1,398.50	1,531.11	1,561.97	1,774.81	1,601.81	1,830.59
Government Inflows	785.57	459.91	539.63	426.60	403.06	431.01	834.80	576.28	343.04	205.43	234.09	238.32	183.76	131.46	150.43
Grant Disbursements	786.38	460.46	539.63	426.60	403.06	431.01	834.80	576.28	343.04	205.43	234.09	238.32	183.76	131.46	150.43
Budget Support	402.31	219.07	359.02	232.19	224.39	187.97	172.05	174.74	25.74	30.27	39.42	43.11	6.65	0.00	24.16
Project Aid	319.40	182.99	103.35	146.81	134.71	197.16	160.18	176.28	264.49	115.31	90.73	100.82	82.75	54.54	54.52
HIPC Assistance	64.67	58.40	77.25	47.59	43.96	45.87	53.16	49.72	45.53	52.86	59.48	52.03	48.87	53.41	48.06
Other transfers	0.00	0.00	0.00	0.00	0.00	0.00	449.43	175.53	7.28	6.99	44.46	42.37	45.50	23.52	14.84
Private Transfers	493.23	775.87	785.17	1,093.59	1,350.94	1,047.11	1,013.48	1,046.14	1,289.17	1,193.07	1,297.02	1,323.65	1,467.98	1,631.24	1,680.16
Remittances	316.44	441.08	325.11	546.36	897.30	777.47	751.39	791.97	975.99	889.68	916.48	953.58	1,163.88	1,244.67	1,243.96
Other (NGOs, IAs, Insurance, etc)	176.78	334.79	460.05	547.23	453.64	269.64	262.09	254.17	313.19	303.39	380.54	370.07	304.10	386.58	436.20
Outflows	143.22	199.03	146.30	245.86	419.15	360.54	257.97	207.96	159.28	194.14	186.25	147.52	191.24	192.66	186.24
B. Capital Account	0.00	126.81	3,428.10	0.00	0.00	0.00	0.00	17.60	32.74	91.05	99.08	119.81	150.53	105.38	99.73
C. Financial Account, excluding financing items	-489.61	-736.09	2,424.07	-1,147.38	-1,153.75	-1,510.54	-801.04	-2,098.36	-1,486.09	-1,725.00	-946.83	-1,243.33	-1,133.20	-1,089.51	-2,944.13
Direct Investment	-337.61	-512.04	-718.28	-760.58	-770.79	-659.69	-706.40	-1,243.87	-939.86	-1,087.38	-884.60	-681.39	-713.90	-971.45	-1,754.21
Portfolio Investment	-11.46	5.58	-77.58	-89.05	34.68	31.26	-2.09	-264.67	46.52	-25.08	195.93	146.17	176.60	338.63	176.36
Financial Derivatives	0.00	0.00	-0.51	0.12	-6.35	5.34	2.74	-12.32	-0.76	-1.24	-5.24	-2.71	-0.94	0.24	-4.93
Other Investments	-140.53	-229.64	3,220.45	-297.86	-411.76	-887.45	-95.29	-577.50	-591.98	-611.30	-252.92	-705.40	-594.95	-456.93	-1,361.35
Assets	-4.10	-91.04	210.52	-18.87	175.64	85.84	345.32	145.49	129.19	-145.45	277.07	96.31	208.53	527.37	-68.16
Liabilities	136.43	138.59	-3,009.93	279.00	587.40	973.29	440.60	722.99	721.17	465.85	529.99	801.71	803.47	984.30	1,293.19
D. Errors and Omissions	-323.00	-376.70	-24.00	268.50	-27.37	216.23	325.58	661.52	329.70	601.43	465.08	95.12	157.46	416.35	306.08
E. Overall Balance (A+B+C+D)	-229.42	-198.23	-703.85	-562.37	83.63	-229.58	605.96	-746.55	-338.05	-378.49	349.63	-101.45	-421.25	194.74	-68.62
F. Reserves and related items	229.42	198.23	703.85	562.37	-83.63	229.58	-605.96	746.55	338.05	378.49	-349.63	101.45	421.25	-194.74	68.62
Reserve Assets	182.18	24.14	682.48	538.30	-99.20	216.97	-609.56	741.09	332.29	372.04	-354.64	98.76	419.03	-197.93	65.49
Use of IMF Credit (Net)	-51.68	-138.80	0.00	0.00	0.00	0.00	0.00	-1.89	-1.84	-1.83	-1.76	-0.83	0.00	0.00	0.00
Purchases	2.92	5.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repurchases	-54.60	-144.62	0.00	0.00	0.00	0.00	0.00	-1.89	-1.84	-1.83	-1.76	-0.83	0.00	0.00	0.00
Exceptional Financing	4.44	-35.30		-24.07	-15.56	-12.61	-3.60	-3.57	-3.91	-4.61	-3.25	-1.86	-2.22	-3.19	-3.13
Memorandum items:															
Exchange Rate (UGX per USD, end of period)	1,740.3	1,862.3	1,590.1	1,619.5	2,064.1	2,283.3	2,623.2	2,472.4	2,593.3	2,599.7	3,301.8	3,404.9	3,590.9	3,879.5	3,694.8
Average exchange rate (UGX per 1 USD)	1,739.2	1,824.9	1,780.0	1,696.5	1,930.0	2,028.9	2,323.4	2,559.1	2,591.1	2,538.3	2,823.2	3,443.0	3,528.3	3,658.7	3,736.8
Total Goods and Non-Factor Service exports	1,310.9	1,581.6	2,086.0	2,755.7	3,145.7	3,470.4	3,828.6	4,698.3	4,950.4	4,908.6	4,912.1	4,672.5	4,962.7	5,366.8	5,895.7
Nominal GDP at Market prices (UGX billion)	16,025.5	18,172.3	21,187.0	24,497.0	34,504.0	40,946.0	47,078.0	59,420.0	63,905.0	70,457.8	77,845.2	84,907.0	91,351.4	100,091.9	110,132.9
GDP at Market prices (USD million)	9,214.2	9,958.0	11,902.8	14,440.1	17,877.4	20,181.6	20,262.3	23,218.9	24,663.1	27,757.4	27,573.2	24,661.1	25,891.1	27,357.1	29,181.0
Exports as a % of GDP	9.5	10.5	12.4	14.4	12.4	11.5	11.3	11.5	11.8	9.7	9.9	10.9	12.6	12.9	13.6
Imports as a % of GDP	17.2	19.8	21.0	24.3	22.7	20.4	23.1	22.6	20.4	18.3	18.1	19.0	18.4	20.5	23.2
Current Account Balance (excluding Grants)	-734.2	-758.0	-815.8	-1,280.1	-1,613.5	-1,928.2	-2,118.0	-2,431.7	-1,846.2	-2,237.4	-2,050.2	-1,552.8	-1,158.2	-1,913.9	-3,408.1
Current Account Balance as a percentage of GDP	0.6	-3.0	-2.3	-5.9	-6.8	-7.4	-8.6	-8.7	-6.1	-7.3	-6.7	-5.5	-3.9	-6.6	-11.2
Current Account Balance (excluding Grants) as a %age of GDP	-8.0	-7.6	-6.9	-8.9	-9.0	-9.6	-10.5	-10.5	-7.5	-8.1	-7.4	-6.3	-4.5	-7.0	-11.7
BOP overall balance as a percentage of GDP	-2.5	-2.0	-5.9	-3.9	0.5	-1.1	3.0	-3.2	-1.4	-1.4	1.3	-0.4	-1.6	0.7	-3.0
Total external Debt Stock (end of period)	4,416.3	4,464.4	4,466.8	4,687.0	2,046.4	2,343.4	2,904.9	3,254.1	3,825.2	4,300.7	4,380.1	5,309.2	6,226.6	7,350.2	8,416.8
o/w External arrears	206.7	99.6	101.8	88.7	88.0	82.1	82.7	80.9	81.6	76.0	75.7	76.1	76.5	76.8	77.2
Total Debt Stock (end of period) as a %age of GDP	47.9	44.8	12.3	11.7	13.1	15.3	19.5	16.7	15.5	15.5	15.9	21.5	24.0	26.9	28.8
Debt Service (maturities excl. IMF) as a %age of exports of goods	14.6	12.2	6.2	5.1	4.1	4.1	4.4	4.1	3.9	4.9	5.8	5.3	5.4	9.3	9.1
Debt Service (maturities excl. IMF) as a %age of export of goods and services	9.8	8.1	4.4	3.8	2.9	2.8	2.7	2.3	2.3	2.8	3.2	3.1	3.6	6.1	6.2
Debt Service (maturities incl. IMF) as a percentage of GDP	1.4	1.3	0.8	0.7	0.6	0.6	0.7	0.6	0.5	0.5	0.6	0.6	0.7	1.2	1.2
Debt Service (maturities incl. IMF) as a %age of exports of goods	21.0	26.1	6.2	5.1	4.1	4.1	4.5	4.2	4.0	4.9	5.8	5.3	5.6	9.4	9.1
Debt Service (maturities incl. IMF) as a %age of export of goods and services	14.0	17.3	4.4	3.8	2.9	2.8	2.7	2.4	2.3	2.9	3.2	3.1	3.7	6.1	6.2
Debt Service (maturities incl. IMF) as a percentage of GDP	2.0	2.7	0.8	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.7	1.2	1.2
Total External Reserves (USD million, end of period)	1,325.6	8.6	13.2	16.4	14.9	7.3	5.3	6.0	1,325.6						
Total external reserves (end of period) in months of imports of goods &															

Appendix: 4 International Investment Position: External Assets and Liabilities

End of period (million USD)	2011	2012	2013	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018
		Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec
Assets	3,450.47	4,325.11	4,542.02	5,058.63	4,910.43	4,848.00	4,931.29	5,085.21	5,197.51	5,527.25	5,926.48	6,226.47	6,410.70	6,454.06
Direct investment abroad	50.67	100.56	76.95	53.35	66.86	80.37	80.37	80.65	80.66	80.81	80.96	81.12	81.28	81.44
Equity and investment fund shares	51.98	98.99	76.10	53.20	53.49	53.78	53.78	54.07	54.07	54.22	54.37	54.53	54.69	54.86
Debt instruments	-1.32	1.56	0.86	0.15	13.37	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59
Portfolio investment	9.51	18.42	86.70	212.68	296.43	360.63	500.10	525.48	626.47	647.88	746.83	867.75	1,000.52	1,032.97
Equity and investment fund shares	9.51	15.19	20.28	33.45	38.70	59.74	175.47	170.92	219.98	208.15	236.15	266.46	297.77	263.29
Debt securities	0.00	3.23	66.42	179.24	257.72	300.90	324.63	354.56	406.50	439.73	510.69	601.29	702.74	769.68
Bonds and notes	0.00	3.23	66.42	179.24	257.72	300.90	324.63	354.56	406.50	439.73	510.69	601.29	702.74	769.68
Money-market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial derivatives	0.04	0.09	0.00	0.10	1.71	0.61	3.48	0.15	0.62	0.62	0.00	0.06	0.13	0.00
Other investment	1,028.44	1,295.94	1,474.69	1,689.52	1,171.12	1,187.78	1,470.12	1,589.06	1,541.58	1,781.61	1,713.97	1,713.65	2,108.08	2,044.43
Trade credits														
Loans	176.61	30.75	49.99	56.10	52.59	40.02	36.89	40.43	14.80	12.39	36.37	63.10	81.44	49.58
Currency and deposits	851.83	1,265.18	1,424.70	1,633.41	1,118.53	1,147.76	1,433.23	1,548.63	1,526.78	1,769.22	1,677.59	1,650.55	2,026.64	1,994.85
Other assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve assets	2,361.80	2,910.11	2,903.68	3,102.98	3,374.31	3,218.62	2,877.23	2,889.87	2,948.18	3,016.34	3,384.73	3,563.89	3,220.70	3,295.22
Liabilities	11,694.10	13,628.01	14,587.99	15,690.55	16,529.14	17,008.20	17,624.25	18,455.65	19,391.29	19,838.71	20,789.40	21,836.33	22,737.27	24,086.02
Direct investment in reporting economy	6,469.53	7,674.92	8,222.92	8,770.92	9,300.20	9,829.49	10,198.31	10,567.14	10,879.99	11,192.84	11,594.19	11,995.55	12,565.97	13,332.67
Equity and investment fund shares	5,234.25	6,156.00	6,580.10	7,004.20	7,374.91	7,745.63	8,021.59	8,297.54	8,495.41	8,693.27	9,047.47	9,401.66	9,929.44	10,666.10
Debt instruments	1,235.28	1,518.92	1,642.82	1,766.72	1,925.29	2,083.86	2,176.72	2,269.59	2,384.58	2,499.57	2,546.73	2,593.89	2,636.52	2,666.57
Financial derivatives														
Portfolio investment	356.02	335.38	393.60	508.35	632.46	679.95	705.76	745.39	988.45	1,001.16	891.38	795.51	848.32	904.34
Equity and investment fund shares	179.16	205.84	235.23	274.65	320.32	334.05	346.37	413.03	624.84	583.84	556.16	543.06	565.81	602.15
Debt instruments	176.86	129.54	158.37	233.69	312.14	345.90	359.40	332.36	363.61	417.31	335.22	252.45	282.51	302.20
Bonds and notes	55.26	71.92	124.67	180.62	214.76	241.67	237.81	234.07	322.85	350.56	296.90	226.08	258.67	277.46
Money-market instruments	121.60	57.62	33.70	53.08	97.37	104.23	121.59	98.30	40.76	66.75	38.32	26.36	23.84	24.74
Financial derivatives	0.51	0.00	0.12	0.19	0.32	1.00	0.17	1.92	1.99	1.96	0.31	1.96	0.12	0.31
Other investment	4,818.71	5,617.71	5,971.35	6,411.09	6,596.15	6,497.77	6,720.01	7,141.19	7,520.85	7,642.75	8,303.52	9,043.30	9,322.87	9,848.69
Trade credits	112.93	99.13	90.80	80.05	72.67	62.76	68.02	71.00	76.86	80.17	83.18	83.31	52.48	112.87
Loans	4,229.09	5,038.83	5,398.13	5,783.64	5,967.49	5,871.50	6,054.16	6,450.93	6,844.86	6,987.40	7,683.46	8,389.18	8,708.03	9,101.70
Currency and deposits	70.91	44.09	50.49	107.18	114.75	138.52	182.21	208.05	185.20	170.07	122.04	149.08	127.34	175.10
Other liabilities	405.76	435.66	431.94	440.22	441.25	424.99	415.62	411.23	413.93	405.12	414.84	421.74	435.03	459.02
International Investment Position, net	-8,243.64	-9,302.90	-10,045.97	-10,631.91	-11,618.71	-12,160.20	-12,692.96	-13,370.44	-14,193.78	-14,311.46	-14,862.92	-15,609.86	-16,326.57	-17,631.96

Source: Bank of Uganda



Appendix: 5 Composition of Exports (Value in million USD)

		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
1. Coffee	Value	444.21	422.69	404.00	400.49	352.03	490.51	492.47	416.19
	Volume, 60-Kg bags	3.04	3.37	3.65	3.24	3.56	4.19	4.46	4.17
	Unit Value	2.45	2.11	1.84	2.07	1.65	1.93	1.84	1.66
2. Non-Coffee	Value	1,839.89	2,020.87	1,906.65	1,899.29	1,946.10	2,299.90	2,455.15	3,045.20
Electricity	Value	17.28	15.57	27.19	24.43	17.10	45.14	43.42	45.74
Gold	Value	11.47	4.94	0.25	0.23	204.26	433.66	343.31	1,068.39
Cotton	Value	77.59	36.46	21.75	18.18	24.29	48.31	41.16	54.21
Tea	Value	71.59	86.20	83.22	73.37	74.50	67.86	91.61	88.68
Tobacco	Value	57.23	72.72	94.04	63.22	73.23	46.95	54.21	85.66
Fish & its Products	Value	137.81	108.61	110.18	136.82	115.15	131.60	146.31	185.96
Hides & Skins	Value	39.01	47.08	74.82	67.57	56.01	50.94	54.64	31.92
Simsim	Value	13.15	23.54	45.56	50.75	29.59	16.16	22.42	28.03
Maize	Value	47.03	54.43	35.74	74.19	81.97	78.49	124.81	59.42
Beans	Value	15.22	16.12	20.32	37.62	49.05	55.45	123.41	39.81
Flowers	Value	55.55	52.99	59.05	55.28	49.10	53.58	61.86	58.15
Oil re-exports	Value	117.59	137.34	142.04	143.33	123.08	124.12	129.21	133.85
Cobalt	Value	13.70	15.82	3.78	0.00	0.00	0.00	0.00	0.00
Others Exports	Value	1,165.67	1,349.05	1,188.72	1,154.31	1,048.77	1,147.63	1,218.78	1,165.38
3. ICBT Exports	Value	383.33	468.55	395.68	438.58	389.70	483.68	589.03	504.83
Total Value Exports		2,667.43	2,912.11	2,706.33	2,738.37	2,687.83	3,274.09	3,536.65	3,966.22

Source: Bank of Uganda

Appendix: 6 Coffee Exports (quantity in 60 kg. bags; value in USD)

	2015/16		2016/17		2017/18		2018/19	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
First Quarter	815,208	81,520,312	1,041,956	126,055,100	1,210,953	135,846,540	1,075,122	109,593,489
Oct	223,858	22,933,326	209,478	24,232,079	381,636	43,740,000	350,743	35,220,033
Nov	248,921	25,002,230	408,027	50,406,739	443,100	49,387,020	409,940	41,958,868
Dec	342,429	33,584,756	424,451	51,416,282	386,217	42,719,520	314,439	32,414,588
Second Quarter	851,670	80,127,274	1,212,472	147,926,727	1,125,654	121,025,865	1,067,155	106,020,872
Jan	334,393	32,101,652	404,673	48,981,950	401,930	43,661,837	395,097	39,236,459
Feb	269,439	24,907,463	397,883	48,501,363	390,378	41,626,874	323,828	32,651,463
Mar	247,838	23,118,159	409,916	50,443,414	333,346	35,737,154	348,230	34,132,950
Third Quarter	879,888	85,326,834	1,165,251	136,425,400	934,568	100,460,753	996,575	95,295,809
Apr	326,793	31,200,627	326,232	39,262,589	295,194	32,734,228	306,315	30,113,210
May	286,758	27,594,778	408,454	47,571,639	319,035	34,130,321	348,632	33,273,385
Jun	266,337	26,531,429	430,565	49,591,172	320,339	33,596,204	341,628	31,909,214
Fourth Quarter	768,491	80,006,177	1,187,383	135,139,390	1,035,173	105,278,954	0	0
Jul	268,490	27,057,082	427,204	49,495,984	393,022	40,686,546		
Aug	291,045	30,084,415	418,340	47,059,240	348,952	35,681,875		
Sep	208,956	22,864,680	341,839	38,584,166	293,199	28,910,533		
Total for Crop year	3,315,257	326,980,597	4,607,062	545,546,617	4,306,348	462,612,112	3,138,852	310,910,170

Source: Uganda Coffee Development Authority



Appendix: 7 Composition of Imports (million USD)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Animal & Animal Products	18.41	24.10	24.39	21.27	24.92	32.27	41.55
Vegetable Products, Animal, Beverages, Fats & Oil	447.09	413.08	441.54	352.68	452.19	461.13	451.10
Prepared Foodstuff, Beverages & Tobacco	222.42	246.83	203.79	187.76	181.09	200.59	207.49
Mineral Products (excluding Petroleum products)	136.12	147.86	153.94	133.38	129.53	133.30	1074.91
Petroleum Products	1028.07	1089.84	933.03	645.92	693.80	910.69	979.07
Chemical & Related Products	447.77	476.02	530.80	438.46	435.95	549.35	570.73
Plastics, Rubber & Related Products	245.88	252.15	302.06	261.07	278.91	327.76	391.27
Wood & Wood Products	116.73	115.41	114.01	113.27	112.19	142.89	158.52
Textile & Textile Products	132.97	162.43	165.93	148.82	164.60	187.66	230.96
Miscellaneous Manufactured Articles	230.33	226.19	238.63	212.58	232.93	252.93	270.43
Base Metals and their Products	283.97	319.31	345.28	286.68	335.15	399.48	427.23
Machinery Equipments, Vehicles & Accessories	1229.09	1174.89	1232.03	1054.66	900.61	1081.50	1248.99
Arms, Ammunitions & Accessories	0.11	0.04	0.10	0.08	0.10	0.06	0.03
Electricity	6.72	7.86	7.15	6.00	2.77	3.44	5.12
Total	4,545.69	4,656.00	4,692.67	3,862.65	3,944.73	4,683.06	6,057.40

Source: Bank of Uganda

Appendix: 8 Direction Of Formal Trade (Exports, Million USD)

+U10	12/13	13/14	14/15	15/16	16/17	17/18	18/19
European Union	561.33	508.69	502.99	414.29	519.29	569.27	503.96
Austria	0.70	0.81	0.09	0.15	0.06	0.14	0.57
Belgium	36.66	38.67	25.57	13.73	39.97	35.37	64.23
Denmark	1.49	0.57	0.39	0.46	4.93	0.39	1.11
France	12.60	8.86	7.74	2.77	2.40	2.56	15.42
Germany	23.96	34.83	22.07	22.58	10.12	12.77	56.08
Italy	17.50	23.42	25.37	23.95	30.37	41.74	91.67
Netherlands	104.06	85.39	82.95	69.40	82.37	115.95	104.34
Poland	7.23	1.27	1.27	0.19	0.36	0.39	2.90
Portugal	2.51	3.51	4.51	4.57	7.93	10.07	18.03
Spain	8.28	11.44	11.82	12.39	10.14	10.60	23.11
Sweden	0.81	0.19	0.37	0.61	0.10	0.09	3.11
United Kingdom	33.52	25.18	37.00	14.55	16.10	11.71	12.29
Others	314.41	274.55	283.85	248.95	314.42	327.49	111.11
Rest of Europe	57.95	54.15	43.28	51.85	42.15	35.26	175.52
Bulgaria	0.01	0.13	0.27	0.00	0.09	0.20	0.81
Norway	0.56	1.00	2.09	0.64	0.46	1.07	0.27
Switzerland	44.45	43.71	36.59	35.03	33.65	15.53	37.92
Turkey	4.93	5.56	2.21	12.13	6.48	14.88	129.16
Other	5.59	3.75	2.11	4.05	1.46	3.59	7.35

Source: UBOS, Uganda Revenue Authority and Uganda Coffee Development Authority



Appendix: 9 Direction Of Formal Trade (Imports, Million USD)

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Asia	2,240.18	2,612.65	2,703.52	2,541.27	2,396.28	2,146.86	2,390.86	2,718.85
India	840.33	1,230.00	1,281.43	1,091.83	891.89	611.81	653.65	846.05
China	501.11	531.22	551.10	625.90	768.00	758.77	902.11	1,055.62
Japan	257.69	254.38	277.16	288.85	257.49	266.93	288.99	277.86
Malaysia	51.54	40.94	44.55	28.36	31.57	40.11	58.19	64.63
Korea (Rep)	95.80	36.94	47.86	33.95	32.09	29.16	41.32	55.93
Singapore	49.13	81.07	62.80	54.17	38.53	24.40	13.60	44.46
Indonesia	187.99	163.65	186.35	186.09	151.93	215.77	185.76	149.86
Thailand	64.66	60.43	57.74	43.62	34.52	42.75	47.88	59.97
Hongkong	39.15	32.74	33.91	34.62	35.75	14.29	15.07	11.76
Russia	61.76	56.49	56.97	58.53	70.06	46.22	79.82	70.67
Pakistan	53.61	50.36	64.46	54.45	45.94	43.85	71.69	42.93
Taiwan	20.61	27.45	18.88	12.64	12.50	8.48	10.87	14.82
Vietnam	12.23	38.54	8.65	20.43	10.40	35.74	12.68	8.81
Bangladesh	1.62	1.93	1.80	1.74	12.44	3.25	4.16	3.39
Sri Lanka	1.77	1.18	1.22	1.09	1.34	2.61	2.61	4.30
Georgia	0.33	1.42	0.66	0.57	0.06	0.02	0.05	0.20
Phillipines	0.53	0.88	1.01	1.44	0.92	1.63	1.79	3.20
Korea Dem.	0.07	0.64	5.00	1.23	0.52	0.74	0.58	1.08
Other	0.25	2.39	1.95	1.76	0.34	0.35	0.03	3.31
European Union	630.06	542.06	551.68	642.62	484.08	416.96	493.98	659.29
Germany	98.59	110.42	116.63	108.10	94.08	85.00	97.40	124.01
United Kingdom	123.44	98.30	95.03	93.82	69.95	57.57	60.04	75.02
Netherlands	49.80	68.01	59.54	69.52	62.72	45.81	70.90	57.39
Italy	32.28	48.82	37.03	44.64	35.12	26.40	49.93	60.74
France	89.75	58.49	66.02	117.43	37.34	20.79	29.95	45.05
Belgium	54.05	42.78	47.93	40.55	34.32	47.29	49.43	42.25
Sweden	56.32	24.78	22.36	21.49	17.77	14.52	15.94	18.42
Denmark	41.23	18.01	20.91	32.47	20.91	13.88	18.87	127.83
Ireland	15.72	18.17	18.81	22.80	19.75	19.85	21.52	24.06
Spain	12.87	12.98	11.42	20.35	15.19	18.60	18.26	22.12
Finland	4.75	2.02	2.38	6.72	5.08	2.53	2.66	12.52
Austria	6.62	4.61	5.93	5.39	5.63	6.22	6.21	5.42
Hungary	16.48	12.20	8.33	10.56	6.78	5.67	4.79	6.74
Poland	9.15	8.18	15.98	29.12	12.58	19.37	10.79	8.93
Czech Republic	0.92	1.10	1.12	2.74	10.62	19.84	2.20	4.87
Malta	0.02	0.00	0.00	0.00	0.16	0.00	1.33	0.00
Romania	5.94	0.65	0.62	0.63	0.84	0.30	1.74	1.34
Bulgaria	6.06	1.88	0.35	0.32	0.47	0.30	0.54	0.51
Slovakia	0.11	0.47	0.57	0.83	0.39	0.61	1.07	0.56
Luxembourg	0.05	0.65	0.74	1.31	0.41	0.88	0.40	2.97
Cyprus	1.60	2.53	1.76	1.54	1.37	0.89	0.90	0.92
Portugal	0.34	4.34	1.60	0.95	1.60	1.46	5.58	1.73
Greece	0.69	0.76	2.74	5.10	1.25	0.84	6.08	7.09
Lithuania	0.74	1.00	1.01	2.80	13.06	5.22	5.49	1.33
Estonia	0.18	0.38	0.20	1.24	2.64	1.16	0.88	1.08
Other	2.37	0.53	12.66	2.20	14.04	1.97	11.07	6.36
Middle East	848.49	590.95	574.94	546.17	581.55	795.99	1,122.29	1,116.40
United Arab Emirates	359.43	347.05	319.71	281.86	352.06	447.85	672.39	615.59
Kuwait	16.73	12.56	6.14	2.42	0.27	0.59	0.28	0.66
Saudi Arabia	274.62	119.42	119.13	173.63	172.92	280.43	394.84	444.29
Lebanon	4.26	3.69	3.98	3.95	3.33	2.10	2.90	4.84
Bahrain	87.09	75.06	96.97	41.63	10.16	21.93	7.02	3.81
Qatar	4.83	15.16	10.74	16.49	5.70	8.51	13.88	11.54
Israel	7.43	5.56	5.86	6.44	4.78	4.99	4.65	7.64
Iran	5.25	2.84	3.11	3.36	3.19	6.78	11.09	7.78
Syrian Arab Rep.	0.55	0.34	0.20	0.16	0.00	0.02	0.01	0.01
Jordan	2.14	2.62	2.87	2.51	2.68	1.95	1.41	2.13
Iraq	0.05	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Oman	86.10	6.63	6.07	13.70	26.45	20.82	13.82	18.11
Other	0.03	0.02	0.15	0.02	0.00	0.00	0.00	0.00
Comesa	796.72	708.21	729.36	748.96	729.78	811.12	890.36	954.60
Kenya	680.82	591.25	602.60	608.69	600.78	520.57	513.81	720.13
Egypt	44.21	46.36	52.26	51.39	54.03	49.60	81.07	83.11
Swaziland	16.63	16.25	18.32	20.34	18.93	20.11	21.14	21.95
Congo (D.R.C)	25.58	30.09	24.89	31.50	22.79	149.44	168.00	77.99
Mauritius	7.98	7.71	6.24	9.68	6.31	4.11	6.67	9.83
Rwanda	8.94	7.48	12.09	9.52	12.14	10.69	20.63	16.42
Malawi	3.61	0.23	0.35	0.31	0.57	0.34	0.71	0.27
Sudan	4.82	5.91	5.29	2.58	0.06	0.18	0.33	0.05

Burundi	1.76	0.56	1.41	2.28	1.67	43.68	57.38	11.17
Zimbabwe	0.23	0.54	0.30	6.57	1.15	0.21	1.04	0.66
Ethiopia	0.37	0.23	0.14	0.25	0.69	0.13	0.33	0.58
Namibia	0.31	0.15	0.27	0.14	0.05	0.07	0.09	0.09
Zambia	1.27	1.15	4.38	3.15	5.31	3.15	3.32	4.72
Eritrea	0.00	0.08	0.02	0.05	0.00	0.00	0.11	0.00
South Sudan		0.00	0.00	0.76	4.82	7.61	14.71	7.08
Other	0.19	0.23	0.81	1.75	0.48	1.24	1.00	0.55
Rest of Africa	340.65	285.60	302.44	300.96	304.34	375.78	457.24	810.58
South Africa	232.32	227.82	232.83	235.86	216.75	193.45	235.80	319.87
Tanzania	54.82	47.48	55.12	55.11	78.22	170.93	204.00	405.92
Cote D'Ivoire	0.82	0.80	0.91	1.02	1.32	1.50	1.31	1.26
Ghana	2.07	4.40	4.72	2.55	0.40	0.18	0.19	2.18
Liberia	0.24	0.24	2.08	1.04	0.52	0.44	0.26	0.69
Nigeria	1.05	0.52	2.72	0.95	1.18	0.83	0.51	0.44
Benin	0.06	0.01	0.03	0.01	0.00	0.01	0.05	0.05
Gabon	0.22	0.36	0.25	0.12	0.01	0.01	0.01	5.08
Botswana	0.14	0.07	0.05	0.04	0.20	0.18	0.57	0.05
Mali	0.03	0.04	0.01	0.00	0.01	0.01	0.57	20.71
Cameroon	0.27	0.23	0.16	0.12	0.05	0.06	0.02	0.03
Burkina Faso	17.37	0.03	0.00	0.04	0.00	0.00	0.00	42.78
Senegal	0.12	0.05	0.07	0.13	0.11	0.06	0.16	0.36
Niger	0.20	0.13	0.13	0.03	0.05	0.00	0.00	0.00
Sierra Leone	0.00	0.04	0.01	0.03	0.02	0.00	0.04	0.19
Togo	0.12	0.16	0.25	0.22	0.23	0.16	0.29	0.20
Tunisia	30.80	0.76	0.54	0.32	0.06	0.16	0.16	0.11
Other	0.51	2.47	2.55	3.38	5.21	7.79	13.30	10.66
Rest of Europe	91.67	80.14	64.83	75.39	50.02	63.85	86.36	104.72
Ukraine	11.36	19.84	18.80	19.97	18.17	22.42	20.55	17.69
Turkey	54.12	23.38	17.04	19.73	16.19	23.55	25.92	52.40
Switzerland	23.87	33.82	23.97	31.30	12.50	12.23	19.62	24.63
Norway	1.40	2.60	4.23	3.48	2.65	3.56	18.95	2.55
Serbia	0.00	0.03	0.01	0.00	0.07	0.02	0.18	0.36
Croatia	0.00	0.05	0.03	0.04	0.01	0.02	0.33	0.19
Moldova Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.92	0.43	0.76	0.87	0.43	2.06	0.82	6.89
Unclassified	274.23	215.45	146.75	132.65	145.84	157.40	178.09	419.66
USA	114.79	121.16	77.46	73.96	113.77	67.05	85.44	100.84
Brazil	55.68	27.46	12.55	11.18	6.47	23.16	27.35	13.04
Canada	19.49	17.89	16.30	19.06	15.95	16.44	17.02	24.29
Australia	27.64	17.85	16.61	6.07	3.59	10.53	8.62	7.43
Chile	0.08	0.33	0.07	0.09	0.11	0.10	0.12	2.98
Peru	0.00	0.00	0.03	0.02	0.03	0.02	0.01	0.01
Jamaica	0.12	0.06	0.08	0.03	0.01	0.01	0.01	0.01
Colombia	0.50	0.76	1.26	0.51	0.31	0.21	0.61	1.81
Mexico	5.22	0.59	2.97	1.72	1.61	1.32	3.95	5.54
Panama	0.00	0.14	0.05	0.14	0.06	0.01	0.01	0.01
British Virgin Islands	0.00	0.03	0.00	0.06	0.01	0.15	0.00	0.00
Argentina	31.16	19.48	13.14	14.49	0.33	33.87	26.88	39.18
Dominican Rep.	0.16	0.10	0.10	0.16	0.13	0.26	0.04	0.01
New Zealand	1.10	0.46	0.37	0.55	0.53	0.38	0.51	0.61
Uruguay	0.07	1.26	0.02	0.06	0.16	0.19	0.35	0.66
Cuba	0.00	0.00	0.27	0.00	0.03	0.07	0.07	0.07
Liechtenstein	0.04	0.02	0.02	0.01	0.00	0.00	0.00	0.03
Other	18.18	7.86	5.44	4.54	2.74	3.63	7.11	223.15
Total	5,222.0	5,035.1	5,073.5	4,988.0	4,691.9	4,768.0	5,619.2	6,784.1

Source: Bank of Uganda



Appendix: 10 Government Securities Outstanding by Holder (Face Value million UGX, at end of period)

	Mar17	Jun17	Sep17	Dec17	Mar18	Jun18	Sep18	Dec18	Mar19	Jun19
Government Stocks										
Commercial Banks										
Insurance Companies 1/										
Others 2/										
Treasury Bonds	8,192,835.2	8,464,885.7	8,943,305.9	9,133,805.3	9,266,679.4	9,695,252.0	10,146,584.0	10,722,680.6	11,511,095.5	11,881,837.1
Bank of Uganda	243,975.0	19,000.0	19,000.0	187,000.0	-	-	4,564.0	5,818.0	6,663.0	160,408.0
Other Depository Corporations ¹	2,018,569.8	2,216,003.1	2,521,451.9	2,771,469.5	2,645,031.3	2,693,943.5	2,622,920.4	2,906,327.8	3,290,225.3	3,365,430.6
Offshore	965,644.5	1,020,184.7	929,965.8	741,234.7	963,139.5	921,719.5	863,267.2	810,261.6	788,115.1	834,065.5
Others ²	4,964,645.9	5,209,697.9	5,472,888.2	5,434,101.1	5,658,508.6	6,079,589.0	6,655,832.4	7,000,273.2	7,426,092.1	7,521,933.0
Treasury Bills	4,229,127.2	3,600,000.0	3,402,000.0	3,267,000.0	3,212,235.4	3,860,734.2	3,792,127.4	3,984,486.2	4,384,482.8	4,144,602.0
Bank of Uganda	-	-	-	-	-	-	2,328.0	1,438.0	415.0	725.0
Other Depository Corporations ¹	3,478,363.4	3,014,818.1	2,983,633.7	2,830,229.3	2,593,890.1	3,089,335.4	2,998,541.0	3,205,935.3	3,633,376.1	3,338,179.5
Offshore	195,751.2	91,681.4	-	2,187.9	1,087.4	170.1	-	-	20,000.0	10,000.0
Others ²	555,012.6	493,500.5	418,366.3	434,582.8	617,257.9	771,228.7	791,258.4	777,112.9	730,691.7	795,697.5
Total	12,421,962.4	12,064,885.7	12,345,305.9	12,400,805.3	12,478,914.8	13,555,986.2	13,938,711.4	14,707,166.8	15,895,578.3	16,026,439.1
Bank	5,740,908.2	5,249,847.1	5,524,085.6	5,788,698.8	5,238,921.4	5,783,278.9	5,628,353.4	6,119,519.1	6,930,679.4	6,864,743.1
Non-Bank	6,681,054.2	6,801,388.1	6,821,220.3	6,612,106.5	7,239,993.4	7,772,707.3	8,310,358.0	8,587,647.7	8,964,898.9	9,161,696.0

Source: Bank of Uganda



Appendix: 11 Government Securities Outstanding by Holder (Face Value million UGX, at end of period)

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Net Foreign Assets	13,826.48	14,530.88	14,953.48	14,714.60	14,010.79	14,098.12	13,869.86
Central Bank(net)	13,852.40	13,747.64	13,361.85	13,526.44	13,229.35	13,879.91	13,406.51
Of Which: Official Foreign Assets	13,284.22	13,275.16	12,495.93	12,581.35	12,236.31	13,019.06	12,333.43
Other Depository Corporations(net)	-25.91	783.24	1,591.63	1,188.16	781.44	218.21	463.35
Net Domestic Assets (NDA)	7,787.03	6,912.79	7,795.17	7,787.74	9,382.53	8,798.96	10,503.10
Domestic Claims	16,260.35	15,696.50	16,836.07	17,121.78	17,940.43	18,557.32	20,018.27
Claims on Central Government(net)	2,777.95	2,186.83	2,716.40	2,449.30	2,862.15	3,091.09	3,972.36
Claims on Central Government	7,476.41	6,628.77	7,784.80	7,719.46	7,431.53	8,009.15	8,825.23
Less Liabilities to Central Government	4,698.46	4,441.94	5,068.41	5,270.16	4,569.38	4,918.06	4,852.86
Claims on Other Sectors	13,482.40	13,509.67	14,119.68	14,672.48	15,078.29	15,466.23	16,045.91
Other Financial Corporations	27.78	19.51	17.62	32.85	33.72	38.16	41.56
State and Local Government	1.26	1.12	1.07	1.03	0.99	0.97	0.90
Public Non Financial Corporations	40.11	39.34	47.13	57.57	54.16	65.80	102.35
Private Sector	13,413.25	13,449.69	14,053.86	14,581.03	14,989.41	15,361.31	15,901.09
Of which: Loans	13,411.73	13,447.65	14,049.43	14,578.79	14,979.09	15,344.51	15,871.40
Other Items(Net)	-8,473.32	-8,783.71	-9,040.90	-9,334.04	-8,557.90	-9,758.36	-9,515.17
Shares and Other Equity	8,523.52	8,730.15	9,047.38	9,017.22	8,697.22	9,309.41	8,995.39
Consolidation Adjustments	-87.26	-21.78	-56.30	-134.06	-67.27	-91.50	-105.28
Other Items(net)	137.46	-31.79	62.77	-182.76	206.59	-357.46	-414.50
Broad Money-M3	21,613.51	21,443.66	22,748.65	22,502.34	23,393.32	22,897.08	24,372.96
Foreign Currency Deposits	6,064.39	6,160.03	6,780.25	6,568.80	6,758.39	6,455.34	7,128.52
Broad Money-M2	15,549.12	15,283.63	15,968.40	15,933.54	16,634.93	16,441.74	17,244.44
Other Deposits-Local Currency	6,412.86	6,212.25	6,522.71	6,464.24	6,795.03	6,880.57	7,228.67
Narrow Money-M1	9,136.25	9,071.38	9,445.68	9,469.31	9,839.90	9,561.17	10,015.77
Transferable Deposits-Local Currency	5,320.41	5,467.53	5,685.52	5,623.63	5,614.83	5,784.06	6,025.12
Currency Outside Depository Corporations	3,815.84	3,603.85	3,760.16	3,845.67	4,225.07	3,777.11	3,990.64

Notes:

(i) From Feb 2010, the Depository Corporations Survey include data for Credit Institutions and Micro Finance Deposit Taking Institutions.

(ii) From Feb 2010, deposits excluded from broad money comprises Loan Insurance fund/ Compulsory Savings held by individuals at Credit Institutions and MDIs

(iii) From January 2011, NFA of ODCs was revised to correct misreporting of nonresident borrowing wrongly classified as borrowing from residents by ODCs.

Source: Statistics Department, Bank of Uganda



Appendix: 12 Central Bank Survey (billion UGX.)

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Net Foreign Assets	13,852.40	13,747.64	13,361.85	13,526.44	13,229.35	13,879.91	13,406.51
Claims on Non Residents	14,939.03	14,683.54	14,305.57	14,882.09	14,123.57	14,807.48	14,339.26
Of Which: Official Reserve Assets	13,284.22	13,275.16	12,495.93	12,581.35	12,236.31	13,019.06	12,333.43
Less Liabilities to Non Residents	1,086.64	935.90	943.72	1,355.65	894.22	927.57	932.75
Of Which: Short Term Liabilities	0.00	0.01	0.00	0.01	0.00	0.00	0.00
Net Domestic Assets (NDA)	-7,366.37	-7,726.22	-7,145.60	-6,997.27	-5,536.49	-7,524.01	-6,638.29
Domestic Claims	-2,109.02	-2,519.32	-2,352.81	-2,552.45	-2,327.45	-3,108.39	-2,003.08
Net Claims on Central Government	-2,177.39	-2,587.68	-2,419.78	-2,616.66	-2,394.01	-3,176.38	-2,076.61
Claims on Central Government	1,774.48	1,310.62	1,932.52	2,090.24	1,321.62	1,148.40	2,094.44
Of which: Securities Other than Shares	753.28	292.50	972.50	891.00	188.00	158.00	749.53
Loans	1,021.20	1,018.12	960.02	1,199.24	1,133.62	990.40	1,344.92
Less Liabilities to Central Government	3,951.87	3,898.30	4,352.30	4,706.89	3,715.64	4,324.78	4,171.05
Of which: Deposits	3,951.87	3,898.30	4,352.30	4,706.89	3,715.64	4,324.78	4,171.05
Claims on Other Sectors	68.37	68.36	66.97	64.21	66.56	67.99	73.53
Other Financial Corporations	13.50	12.61	12.59	8.34	9.81	8.49	12.00
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	54.87	55.75	54.38	55.87	56.75	59.50	61.53
Of which: Loans	54.87	55.75	54.37	55.87	56.75	59.50	61.50
Claims on Other Depository Corporations	636.82	624.79	636.85	638.21	599.18	597.08	580.66
Of which: Loans	636.82	624.79	636.85	638.21	599.18	597.08	580.66
Other Liabilities to ODCs	2,847.02	2,494.75	1,877.81	1,712.98	957.70	1,637.67	2,443.07
Of which: Repos	564.40	291.64	978.21	891.62	188.21	158.17	593.60
Other Items(Net)	-3,047.16	-3,336.94	-3,551.83	-3,370.05	-2,850.52	-3,375.03	-2,772.80
Shares and Other Equity	3,476.14	3,654.07	3,967.72	3,721.91	3,227.84	3,643.48	3,227.12
Other Items(Net)	428.98	317.13	415.89	351.85	377.32	268.44	454.32
Monetary Base Incl. foreign currency clearing balances	6,486.03	6,021.42	6,216.26	6,529.18	7,692.86	6,355.90	6,768.21
Monetary Base	6,051.67	5,621.89	5,544.84	5,923.10	7,077.78	5,911.67	6,162.20
Currency In Circulation	4,550.81	4,140.00	4,314.74	4,438.27	5,125.79	4,402.01	4,592.31
Liabilities to ODCs	1,500.85	1,481.89	1,230.10	1,484.83	1,952.00	1,509.66	1,569.89
Reserve Deposits	1,500.85	1,481.89	1,230.10	1,484.83	1,952.00	1,509.66	1,569.89
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Clearing Balances	434.36	399.53	671.42	606.08	615.08	444.22	606.01

Note:

- i. DR Allocation was reclassified from Other Items net to liabilities to non residents
- ii. From Feb 2010, PRGF reclassified from short term foreign liabilities and included as part of Government deposits.
- iii. IMF quota, IMF account number I and Securities eliminated from Central Bank Survey for consistency with Bank of Uganda Balance sheet.
- iv. IMF Account number II reclassified to liabilities to non residents from Other items net.
- v. Claims on Other Financial Corporations previously reported in Other Items net due to limited sectorisation reclassified to Claims on Other Sectors.
- vi. Monetary base includes only the shilling reserve and clearing balances of operating Other depository corporations. The original level of Other depository corporations reserve and clearing balances is retained for comparison purposes only.

Source: Statistics Department, Bank of Uganda



Appendix: 13 Other Depository Corporations Survey (UGX billion)

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Net Foreign Assets	-25.91	783.24	1,591.63	1,188.16	781.44	218.21	463.35
Claims on Non Residents	2,270.09	2,568.04	3,442.55	3,114.29	2,910.26	2,498.69	2,838.47
Of Which: Foreign Currency	420.99	350.02	398.00	405.88	444.90	314.65	411.23
Deposits	1,618.35	1,887.79	2,686.97	2,301.64	2,249.84	2,014.90	2,250.85
Loans	229.36	309.00	315.94	354.42	184.10	151.55	157.84
Less Liabilities to Non Residents	2,296.00	1,784.80	1,850.93	1,926.13	2,128.82	2,280.47	2,375.12
Of Which: Deposits	541.90	406.49	494.01	516.18	650.19	655.86	755.44
Loans	1,729.86	1,367.67	1,343.77	1,402.93	1,446.67	1,569.86	1,506.73
Net Domestic Assets (NDA)	17,952.43	17,191.20	17,534.12	17,606.81	18,529.04	19,085.48	20,103.23
Domestic Claims	18,369.36	18,215.82	19,188.88	19,674.23	20,267.89	21,665.72	22,021.35
Net Claims on Central Government	4,955.34	4,774.51	5,136.18	5,065.96	5,256.16	6,267.47	6,048.97
Claims on Central Government	5,701.92	5,318.15	5,852.29	5,629.22	6,109.90	6,860.75	6,730.78
Less Liabilities to Central Government	746.59	543.64	716.11	563.27	853.74	593.28	681.81
Claims on Other Sectors	13,414.03	13,441.30	14,052.70	14,608.27	15,011.72	15,398.24	15,972.37
Other Financial Corporations	14.28	6.90	5.04	24.51	23.91	29.66	29.56
State and Local Government	1.26	1.12	1.07	1.03	0.99	0.97	0.90
Public Non Financial Corporations	40.11	39.34	47.13	57.57	54.16	65.80	102.35
Private Sector	13,358.38	13,393.94	13,999.48	14,525.16	14,932.67	15,301.82	15,839.55
Of which: Loans	13,356.85	13,391.90	13,995.07	14,522.92	14,922.35	15,285.01	15,809.91
Claims on the Central Bank	5,276.29	4,700.38	4,083.81	4,069.00	4,167.37	3,933.62	4,918.78
Currency	734.97	536.15	554.58	592.60	900.71	624.90	601.67
Reserve Deposits	1,991.49	1,965.61	1,942.80	2,061.19	2,639.35	1,986.66	2,202.11
Other Claims	2,549.84	2,198.61	1,586.43	1,415.21	627.31	1,322.06	2,115.00
Liabilities to the Central Bank	483.17	434.62	443.05	444.79	408.33	405.74	384.07
Other Items(Net)	-5,210.04	-5,290.38	-5,295.51	-5,691.63	-5,497.88	-6,108.11	-6,452.83
Shares and Other Equity	5,047.38	5,076.07	5,079.66	5,295.31	5,469.38	5,665.93	5,768.28
Other Items(Net)	-162.67	-214.31	-215.85	-396.32	-28.50	-442.18	-684.55
Deposits Liabilities to the Public	17,926.52	17,974.43	19,125.75	18,794.97	19,310.48	19,303.70	20,566.59
Deposits Included in Broad Money	17,797.67	17,839.82	18,988.49	18,656.67	19,168.25	19,119.98	20,382.32
Foreign Currency Deposits	6,064.39	6,160.03	6,780.25	6,568.80	6,758.39	6,455.34	7,128.52
Local Currency Deposits	11,733.27	11,679.78	12,208.24	12,087.87	12,409.86	12,664.63	13,253.79
Transferable Deposits	5,320.41	5,467.53	5,685.52	5,623.63	5,614.83	5,784.06	6,025.12
Other Deposits	6,412.86	6,212.25	6,522.71	6,464.24	6,795.03	6,880.57	7,228.67
Deposits Excluded from Broad Money	128.85	134.62	137.26	138.30	142.23	183.72	184.27

Note:

- i. From Feb 2010, commercial banks claims on and liabilities to both residents and nonresidents with regard to Shares & other equity, Securities other shares and Financial derivatives are reported separately and not Other items net

Source: Bank of Uganda



Appendix: 14 Foreign Assets and Liabilities (million USD)

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Central Bank											
Claims on Non Residents	3612.31	3647.22	3796.55	4054.76	4109.69	3982.63	3687.44	3893.65	3803.46	3985.72	3880.97
Of Which: Official Reserve Assets	3034.38	3196.21	3366.85	3505.13	3654.45	3600.64	3220.98	3291.70	3295.22	3504.33	3338.09
Liabilities to Non Residents	338.30	308.88	239.73	324.50	298.93	253.84	243.26	354.68	240.81	249.67	252.45
Other Depository Corporations											
Claims on Non Residents	697.98	666.01	594.47	589.62	624.49	696.53	887.36	814.80	783.73	672.57	768.24
Of Which: Foreign Currency	73.75	73.91	89.26	100.19	115.81	94.94	102.59	106.19	119.81	84.69	111.30
Deposits	599.57	569.40	463.22	444.31	445.20	512.03	692.60	602.19	605.88	542.35	609.20
Loans	12.39	12.47	36.17	40.04	63.10	83.81	81.44	92.73	49.58	40.79	42.72
Less Liabilities to Non Residents	615.82	582.00	580.30	653.99	631.62	484.09	477.10	503.94	573.29	613.83	642.83
Of Which: Deposits	170.07	141.88	121.37	158.66	149.08	110.25	127.34	135.05	175.10	176.54	204.46
Loans	441.49	436.98	449.34	484.08	475.88	370.95	346.37	367.05	389.59	422.56	407.80
Domestic (Forex) Liabilities: Foreign Currency Deposits	1580.61	1594.32	1639.63	1633.12	1668.30	1670.79	1747.69	1718.62	1820.03	1737.58	1929.36
Domestic (Forex) assets: lending to private sector	1404.31	1370.50	1367.21	1360.58	1381.36	1355.15	1270.38	1352.88	1358.92	1400.31	1406.14

Source: Bank of Uganda



Appendix: 15 Depository Corporations Survey Key Ratios and Growth Rates

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Ratios to M3										
Foreign Currency Deposits(%)	30.14	29.35	29.35	28.06	28.73	29.81	29.19	28.89	28.19	29.25
Currency Outside Depository(%)	16.40	16.50	16.38	17.65	16.81	16.53	17.09	18.06	16.50	16.37
Shilling Demand deposits(%)	23.88	23.86	24.25	24.62	25.50	24.99	24.99	24.00	25.26	24.72
Shilling time & savings Deposits(%)	29.57	30.29	30.02	29.67	28.97	28.67	28.73	29.05	30.05	29.66
Money Multiplier (M3/Base)	3.81	3.83	3.88	3.57	3.81	4.10	3.80	3.31	3.87	3.96
Money Multiplier (M2/Base)	2.66	2.71	2.74	2.57	2.72	2.88	2.69	2.35	2.78	2.80
M2/M3	0.70	0.71	0.71	0.72	0.71	0.70	0.71	0.71	0.72	0.71
Shilling Time and Savings Deposits/Total Shilling Deposits (%)	55.32	55.93	55.31	54.66	53.19	53.43	53.48	54.76	54.33	54.54
Shilling Time and Savings Deposits/Total Deposits (%)	35.38	36.27	35.90	36.03	34.82	34.35	34.65	35.45	35.99	35.47
Shilling Demand Deposits/Total Shilling Deposits (%)	44.68	44.07	44.69	45.34	46.81	46.57	46.52	45.24	45.67	45.46
Shilling Demand Deposits/Total Deposits (%)	28.57	28.57	29.00	29.89	30.65	29.94	30.14	29.29	30.25	29.56
VULNERABILITY M3/RESERVES	1.65	1.66	1.59	1.63	1.62	1.82	1.79	1.91	1.76	1.98
VULNERABILITY M2/RESERVES	1.16	1.17	1.12	1.17	1.15	1.28	1.27	1.36	1.26	1.40

Source: Bank of Uganda



Appendix: 16 Commercial Bank's Shilling Denominated Loans and Advances to the Private Sector

	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Agriculture	390,639	429,750	480,934	571,773	764,534	972,029
Production	151,280	183,680	225,934	310,125	418,314	443,824
Processing & Marketing(crop finance)	239,359	246,071	255,001	261,648	346,221	528,205
Mining and Quarrying	11,051	31,022	31,579	26,653	34,940	18,861
Manufacturing	411,257	540,853	512,908	560,280	613,669	806,488
Foods, Beverages,Tobacco	222,423	302,514	303,797	269,185	249,230	399,735
Textiles, Appareil and Leather	13,907	13,542	9,385	14,687	8,434	12,187
Wood, Wood Products & Furniture	6,562	9,126	6,198	5,567	6,423	6,114
Paper, Paper Products, Printing & Publishing	17,018	17,103	37,172	28,527	26,876	38,640
Chemicals, Pharmaceuticals, Plastic and Rubber Products	20,117	26,776	25,176	20,384	37,744	61,115
Basic and Fabricated Non-Metal and Metal Products	48,647	60,484	52,863	46,361	45,869	47,949
Building & Construction Materials.	25,042	16,396	25,317	30,736	34,815	49,157
Other Manufacturing Industries	57,542	94,912	53,000	144,832	204,277	191,591
Trade	1,018,779	1,169,735	1,112,039	1,219,679	1,579,960	1,625,739
Wholesale	322,365	544,501	471,108	585,708	729,727	693,388
Retail	583,213	527,855	527,931	484,626	588,002	742,567
Transport and Communication	182,325	186,490	366,210	425,578	444,305	459,924
Electricity & Water	22,872	49,716	66,035	41,492	122,396	135,207
Building, Mortgage, Construction and Real Estate	1,081,954	1,136,238	1,190,810	1,176,323	1,311,073	1,579,826
Business Services	199,701	295,882	247,100	295,092	333,081	408,782
Community, Social & Other Services	229,207	240,030	254,236	247,959	287,476	320,451
Personal Loans and Household Loans	1,441,429	1,517,160	1,656,272	1,970,938	2,249,652	2,431,573
Other Services	72,848	78,322	84,875	58,646	39,057	94,555
	5,062,063	5,675,197	6,003,000	6,594,412	7,780,144	8,853,437

Source: Bank of Uganda

Appendix: 17 Commercial Banks' Forex Denominated Loans and Advances to the Private Sector

	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Agriculture	413,303	546,173	585,208	711,887	765,919	778,615
Production	136,146	218,097	186,724	142,335	158,341	199,905
Processing & Marketing(crop finance)	277,157	328,076	398,484	569,552	607,578	578,710
Mining and Quarrying	11,001	18,659	37,643	46,755	51,693	58,834
Manufacturing	790,179	1,149,527	1,084,182	984,021	1,074,822	1,211,222
Foods, Beverages,Tobacco	212,972	329,967	320,842	234,777	280,109	234,752
Textiles, Apparel and Leather	25,404	56,400	81,764	73,364	67,700	109,155
Wood, Wood Products & Furniture	14,031	18,757	5,493	4,972	13,774	14,779
Paper, Paper Products, Printing & Publishing	78,340	110,823	98,598	89,202	76,892	129,038
Chemicals, Pharmaceuticals, Plastic and Rubber Products	103,650	110,671	115,990	130,018	137,168	281,302
Basic and Fabricated Non-Metal and Metal Products	103,937	178,240	162,586	133,780	121,132	90,242
Building & Construction Materials.	139,878	168,350	130,189	140,096	199,517	190,163
Other Manufacturing Industries	111,967	176,319	168,720	177,811	178,531	161,791
Trade	803,909	890,909	848,779	984,448	883,750	1,087,785
Wholesale	267,440	462,244	419,563	456,316	357,515	376,025
Retail	167,596	196,622	213,135	197,887	242,438	337,911
Transport and Communication	287,650	357,419	411,651	361,530	251,294	178,918
Electricity & Water	84,710	131,814	160,208	183,168	162,069	149,176
Building, Mortgage, Construction and Real Estate	958,784	1,309,671	1,382,535	1,277,057	1,339,653	1,341,353
Business Services	182,684	204,513	161,310	191,590	178,653	242,402
Community, Social & Other Services	67,930	110,967	117,756	130,669	189,828	129,732
Personal Loans and Household Loans	82,503	85,101	81,221	88,378	89,478	86,465
Other Services	38,953	60,127	56,246	23,003	16,951	33,254
Total	3,721,606	4,864,880	4,926,738	4,982,506	5,004,110	5,297,757

Source: Bank of Uganda



Appendix: 18 Commercial Banks' Balance Sheet (UGX. billion)

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Liabilities							
Total Deposits	17,970.9	17,782.1	19,054.2	18,556.5	19,354.0	19,051.8	20,417.0
Private Demand Deposits	5,354.8	5,506.1	5,731.2	5,677.1	5,645.3	5,816.8	6,073.2
Private Time & Savings Deposits	5,740.7	5,527.6	5,801.0	5,691.6	5,995.8	6,060.9	6,400.0
Foreign Exchange deposits	6,048.5	6,143.7	6,750.0	6,542.6	6,726.3	6,432.7	7,102.5
Government Deposits	746.6	524.8	683.8	516.7	839.3	593.3	681.8
Inter bank deposits (excluding own)	80.3	80.0	88.2	128.5	147.3	148.0	159.4
Foreign Liabilities	1,973.0	1,467.0	1,553.9	1,633.1	1,821.6	1,866.9	1,894.6
Borrowing at Bank of Uganda	426.2	375.6	387.9	385.2	345.2	345.2	325.2
Items in Transit	0.0	0.9	1.7	2.7	1.3	9.1	8.3
Capital and Reserves	3,815.0	4,347.6	4,088.4	4,080.1	4,064.3	4,626.6	4,594.4
Other Liabilities	2,654.4	2,344.9	2,599.0	2,916.0	2,852.0	2,991.8	3,319.4
Total	26,839.5	26,318.0	27,685.1	27,573.5	28,438.3	28,891.4	30,558.8
Assets							
Cash held	690.7	494.9	507.4	541.0	852.2	573.9	543.4
Balances with Bank of Uganda	4,540.0	4,162.7	3,526.8	3,475.8	3,266.4	3,306.6	4,314.9
Foreign Assets	2,263.1	2,542.1	3,397.9	3,059.0	2,874.9	2,475.3	2,811.9
Government Securities	5,610.1	5,240.9	5,772.5	5,542.4	6,035.7	6,778.4	6,619.1
Advances and Discounts	12,211.3	12,220.1	12,767.5	13,215.0	13,494.3	13,608.1	14,142.7
Investments in Stocks and Shares	13.7	10.2	20.8	25.8	24.4	24.5	12.4
Other Assets	1,510.6	1,647.1	1,692.1	1,714.4	1,890.4	2,124.6	2,114.3
Total	26,839.5	26,318.0	27,685.1	27,573.5	28,438.3	28,891.4	30,558.8

Source: Bank of Uganda

Appendix: 19 Structure of Interest Rates (annual percentage)

	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank of Uganda									
Ways and Means	10.06	9.25	8.00	8.25	9.22	9.38	10.12	9.40	8.99
Rediscount rate	14.00	14.00	13.50	13.00	13.00	13.00	14.00	14.00	14.00
Bank rate to Commercial Banks									
Central Bank Rate	10.00	10.00	9.50	9.00	9.00	9.00	10.00	10.00	10.00
Treasury Bills									
91 Days	10.06	9.25	8.00	8.25	9.22	9.38	10.12	9.40	8.99
182 Days	10.88	9.10	8.02	8.45	10.16	10.93	11.02	10.14	10.06
273 Days									
364 Days	12.00	9.55	8.28	8.72	11.19	10.95	11.51	11.09	10.26
Commercial Banks (Weighted Average)									
Local Currency									
Deposit Rates	2.48	3.01	2.74	2.89	2.59	2.71	2.69	3.72	4.00
Demand deposits	1.60	1.54	1.48	1.50	1.26	1.39	1.32	2.49	1.31
Savings deposits	2.34	3.55	3.54	3.55	3.51	3.53	3.53	3.88	3.43
Time Deposits	8.86	9.04	8.22	8.82	9.28	9.68	11.21	10.26	9.98
Lending Rates	21.11	20.89	20.28	20.10	17.68	19.56	20.15	19.61	19.02
Foreign Currency									
Deposit Rates	1.63	1.29	1.31	1.23	1.55	1.34	1.45	1.45	1.36
Demand deposits	0.99	0.98	0.98	1.00	1.00	1.08	1.08	1.04	1.02
Savings deposits	1.68	1.63	1.71	1.67	1.83	1.84	1.79	1.80	1.82
Time Deposits	3.54	3.18	2.99	3.41	2.53	2.79	2.59	3.82	3.00
Lending Rates	8.15	7.56	7.57	7.32	8.36	7.99	7.83	7.57	6.43

Source: Bank of Uganda



Appendix: 20 Foreign exchange rates (UGX per USD)

Year/Month	Bureau Weighted Average Buying Rate	Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2010 = 100)	Real Effective Ex- change Rate (REER, 2010 = 100)
Calendar Year Average						
2014	2,592.25	2,597.24	2,594.75	2,600.33	105.25	92.35
2015	3,226.47	3,241.71	3,234.10	3,245.54	121.73	102.90
2016	3,406.55	3,421.89	3,414.22	3,420.45	124.78	102.48
2017	3,596.27	3,642.80	3,619.53	3,611.22	130.88	105.94
2018	3,707.20	3,730.49	3,718.84	3,727.79	132.55	108.20
Fiscal Year Average						
2013/14	2,531.06	2,539.29	2,535.17	2,538.34	104.00	90.59
2014/15	2,815.51	2,825.41	2,820.46	2,823.22	110.82	96.26
2015/16	3,428.44	3,445.55	3,436.99	3,442.96	126.43	104.81
2016/17	3,514.72	3,562.66	3,538.69	3,528.30	127.81	104.03
2017/18	3,643.17	3,663.31	3,653.24	3,658.72	133.54	108.44
2018/19	3,717.28	3,736.90	3,727.09	3,736.82	130.07	105.42
Monthly Average						
2015 Jan	2,847.21	2,856.74	2,851.98	2,860.71	110.59	96.48
Feb	2,860.00	2,868.91	2,864.46	2,868.85	110.44	96.20
Mar	2,937.82	2,952.14	2,944.98	2,951.51	112.63	97.10
Apr	2,983.86	2,994.40	2,989.13	2,995.58	114.11	97.67
May	2,993.23	3,003.10	2,998.17	3,007.60	113.87	97.76
Jun	3,176.29	3,191.05	3,183.67	3,199.90	120.28	103.87
Jul	3,344.66	3,372.42	3,358.54	3,360.09	125.19	107.22
Aug	3,538.27	3,546.54	3,542.41	3,548.25	130.59	110.84
Sep	3,656.18	3,667.86	3,662.02	3,667.50	133.44	111.83
Oct	3,621.00	3,640.49	3,630.75	3,636.02	133.34	110.85
Nov	3,413.26	3,443.78	3,428.52	3,429.00	124.89	103.72
Dec	3,345.80	3,363.06	3,354.60	3,362.49	121.94	101.21
2016 Jan	3,426.09	3,443.56	3,434.82	3,451.21	124.18	103.19
Feb	3,414.59	3,431.04	3,422.82	3,435.11	124.10	103.07
Mar	3,354.37	3,368.22	3,361.30	3,365.50	122.34	100.98
Apr	3,332.43	3,343.46	3,337.94	3,343.57	122.39	101.29
May	3,337.36	3,355.41	3,346.39	3,348.92	122.17	101.35
Jun	3,357.22	3,370.80	3,364.01	3,367.99	122.72	102.20
Jul	3,357.11	3,388.31	3,372.71	3,379.29	122.99	102.59
Aug	3,363.44	3,375.51	3,369.47	3,373.54	123.25	102.30
Sep	3,372.80	3,382.79	3,377.79	3,381.41	123.37	101.75
Oct	3,428.11	3,440.18	3,434.14	3,435.85	124.77	102.45
Nov	3,551.87	3,564.71	3,558.29	3,560.62	127.64	104.69
Dec	3,583.23	3,598.72	3,590.98	3,598.17	127.79	103.91
2017 Jan	3,575.35	3,630.42	3,602.88	3,609.48	128.03	104.87
Feb	3,566.65	3,889.01	3,727.83	3,585.35	127.81	104.38
Mar	3,589.02	3,608.82	3,598.92	3,599.01	128.71	104.87
Apr	3,604.81	3,655.92	3,630.36	3,618.70	129.70	105.61
May	3,601.56	3,623.96	3,612.76	3,623.61	130.20	105.53
Jun	3,582.74	3,593.62	3,588.18	3,591.10	129.49	105.37
Jul	3,585.58	3,593.60	3,589.59	3,601.53	129.98	106.29
Aug	3,595.98	3,612.04	3,604.01	3,606.03	130.96	107.28
Sep	3,584.33	3,593.99	3,589.16	3,599.87	131.05	106.48
Oct	3,625.41	3,639.76	3,632.58	3,637.91	131.55	106.85
Nov	3,629.96	3,639.22	3,634.59	3,638.85	131.40	106.99
Dec	3,613.84	3,633.20	3,623.52	3,623.26	131.48	106.74
2018 Jan	3,632.14	3,645.00	3,638.57	3,640.05	132.98	109.06
Feb	3,621.09	3,642.85	3,631.97	3,637.56	132.98	109.10
Mar	3,643.30	3,661.28	3,652.29	3,660.12	133.66	109.29
Apr	3,687.84	3,700.69	3,694.27	3,697.24	134.63	110.36
May	3,672.79	3,752.88	3,712.84	3,726.84	134.11	109.97
Jun	3,825.76	3,845.15	3,835.46	3,840.48	137.31	112.88
Jul	3,744.89	3,766.63	3,755.76	3,760.44	133.39	109.33
Aug	3,715.38	3,732.80	3,724.09	3,729.53	131.27	106.98
Sep	3,779.16	3,799.28	3,789.22	3,800.68	132.87	107.83
Oct	3,768.59	3,780.07	3,774.33	3,777.98	130.32	105.48
Nov	3,711.76	3,741.70	3,726.73	3,739.77	128.95	104.21
Dec	3,683.69	3,697.54	3,690.62	3,714.13	128.41	103.91
2019 Jan	3,691.42	3,703.72	3,697.57	3,702.43	128.76	103.97
Feb	3,661.04	3,672.66	3,666.85	3,672.89	127.98	103.48
Mar	3,665.20	3,711.62	3,688.41	3,706.19	129.20	104.45
Apr	3,721.78	3,735.39	3,728.58	3,736.98	130.04	105.22
May	3,750.64	3,765.15	3,757.90	3,765.63	130.42	105.61
Jun	3,713.85	3,736.23	3,725.04	3,728.99	129.22	104.59

Source: Bank of Uganda



Appendix: 21 Bureaux and Inter-bank Transactions (million USD)

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
2010/11	1,871.85	1,735.10	6,493.76	6,599.90
2011/12	2,735.49	2,486.76	7,206.12	6,656.53
2012/13	3,878.37	3,704.34	7,870.56	7,191.50
2013/14	3,864.42	3,735.52	8,457.91	7,648.87
2014/15	4,040.46	4,059.80	8,130.50	7,861.87
2015/16	3,476.03	3,542.06	7,012.71	6,286.63
2016/17	3,194.33	3,193.43	7,154.68	6,262.83
2017/18	3,423.93	3,398.71	7,570.61	7,191.60
2016 Jan	286.36	300.02	537.15	497.68
Feb	240.03	247.90	614.78	559.65
Mar	265.11	274.30	530.97	473.36
Apr	265.02	272.41	555.76	464.24
May	278.08	283.89	636.11	558.23
Jun	284.78	290.87	653.20	597.68
Jul	261.94	267.56	528.23	452.32
Aug	269.89	276.02	618.60	480.45
Sep	271.73	270.92	528.71	424.18
Oct	263.35	260.56	578.12	533.40
Nov	279.19	277.73	647.52	637.67
Dec	288.14	287.27	622.37	499.06
Total	3253.62	3309.45	7051.52	6177.93
2017 Jan	282.19	279.27	612.45	543.01
Feb	266.21	264.62	598.30	493.16
Mar	262.47	264.37	618.20	562.29
Apr	238.10	234.79	508.76	473.71
May	264.60	264.38	680.41	618.05
Jun	246.51	245.94	613.02	545.53
Jul	257.40	256.15	743.62	657.26
Aug	286.50	284.04	708.48	649.22
Sep	264.89	266.28	600.58	537.08
Oct	278.29	274.63	625.77	623.64
Nov	272.88	269.88	633.55	557.42
Dec	293.80	299.03	660.80	557.98
Total	3213.84	3203.38	7603.94	6818.34
2018 Jan	297.05	300.95	665.20	660.39
Feb	273.82	277.62	561.29	533.42
Mar	290.71	277.62	574.29	578.13
Apr	269.84	271.90	552.20	518.35
May	321.84	319.32	608.31	616.89
Jun	316.93	301.30	618.25	683.57
Jul	265.68	261.49	741.67	601.03
Aug	276.51	267.80	636.25	595.70
Sep	317.24	294.44	656.25	594.31
Oct	301.61	289.23	703.94	642.21
Nov	304.41	298.54	655.57	609.24
Dec	295.66	287.17	692.94	591.09
Total	3531.29	3447.38	7666.16	7224.32
2019 Jan	302.39	294.00	757.71	600.03
Feb	283.14	281.58	641.35	553.00
Mar	288.31	277.77	659.95	631.29
Apr	267.76	262.08	694.01	648.50
May	305.00	299.04	732.85	698.20
Jun	256.65	254.70	674.18	625.45

Source: Bank of Uganda



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Source: Uganda Bureau of Statistics

