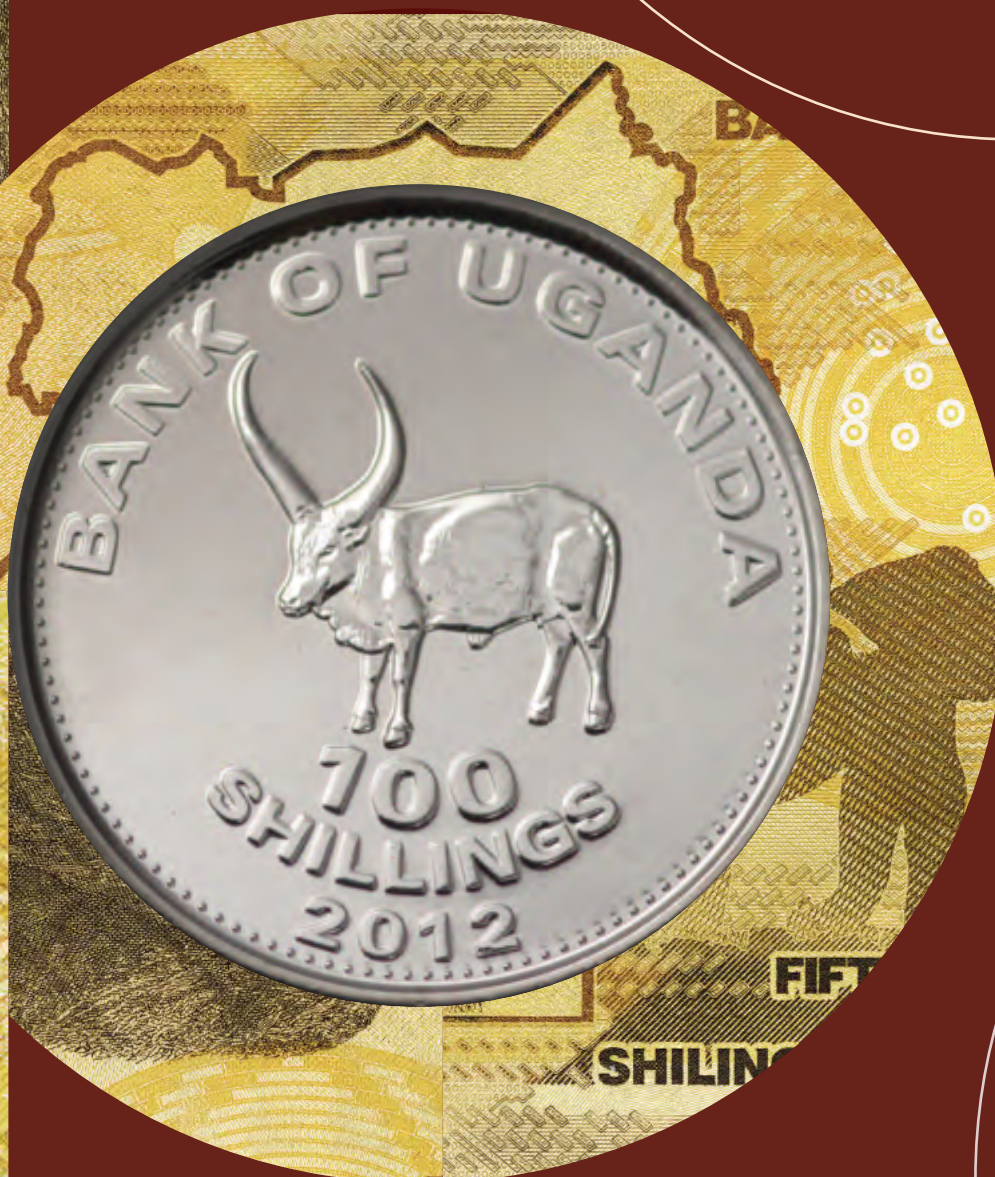




ANNUAL REPORT 2021



MISSION

To Foster Price Stability
and a Sound Financial System



VISION

To be a Centre of Excellence in
Upholding Macroeconomic
Stability



CORE VALUES

Transparency & Accountability
Integrity
Teamwork
Excellence

FORMULATION AND IMPLE-
MENTATION OF MONETARY
POLICY



FINANCIAL SYSTEM
DEVELOPMENT & STABILITY



SUSTAINABLE FINANCIAL
RESOURCE UTILISATION



STRATEGIC FOCUS
AREAS

OPERATIONAL
EXCELLENCE



EXTERNAL STAKEHOLDER
ENGAGEMENT



ORGANISATION PERFORMANCE
MANAGEMENT



BoU Mandate

Issues Ugandan Currency

Bank of Uganda is the only institution allowed to design, print, issue and manage bank notes and coins in Uganda



Manages Uganda's Foreign Reserves

Bank of Uganda manages Uganda's foreign reserves to meet Uganda's international obligations and emergencies



Manages Uganda's Foreign Exchange

Bank of Uganda manages the exchange rate of Ugandan currency against foreign currencies



Advisor to Government

Bank of Uganda advises Government on various economic and financial matters that affect the economy



Formulates and Implements Monetary Policy

Bank of Uganda regulates the supply of and demand for money in the economy to maintain the value of money and to ensure Price Stability



Regulates, Licenses and Supervises Financial Institutions in Uganda

Bank of Uganda supervises operations of financial institutions in accordance with applicable laws and regulations in Uganda to ensure safety of depositors' funds and a sound financial system



Banker to Government

Bank of Uganda provides banking services to Government Ministries, Departments and Agencies



Banker and Lender of Last Resort to Commercial Banks

Bank of Uganda acts as a lender of last resort to enable commercial banks meet their customers' needs



Oversees National Payment and Settlement Systems

Bank of Uganda oversees operations of national payment & settlement systems to ensure fast, secure and reliable transfer of money for trade, business and economic development



Issues Government Securities

Bank of Uganda issues Government Treasury Bills and Treasury Bonds on behalf of Government of Uganda



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BoU maintained an accommodative monetary policy stance to support economic activity amidst a benign inflation outlook.

Governor's foreword

The economic environment in FY 2020/21 has been very challenging occasioned by the COVID-19 pandemic and the associated lockdown measures instituted to contain the spread of the pandemic. Although Uganda gradually eased the lockdown measures during the first half of the financial year, the antecedent global and domestic supply chain disruptions led to a severe contraction in economic activity and a sudden decline in consumer demand. The contact-intensive sectors continued to be affected by social distancing measures and heightened uncertainty.

The manufacturing and service sectors registered growth rates of only 2.1 percent and 2.5 percent, respectively, well below the historical average. The agricultural sector grew by 3.5 percent, which was below the 4.8 percent growth rate registered in the previous year. Consequently, Real Gross Domestic Product (GDP) growth in FY 2020/21 increased only marginally to 3.3 percent from 3.0 percent registered in FY 2019/20.

Inflation remained benign on account of exchange rate stability and the existence of spare capacity in the economy. Annual headline and core inflation averaged 2.5 percent and 3.5 percent, a slight increase from 2.3 percent respectively registered in the previous fiscal year.

The benign inflation environment permitted the pursuance of accommodative monetary policy stance to support economic activity. Indeed, the Central Bank Rate (CBR) was maintained at 7 percent during the first 11 months of the financial year and reduced further to 6.5 percent, the lowest level ever, in June 2021. Notwithstanding the accommodative monetary policy stance, private sector credit growth remained subdued largely on account of risk aversion by lenders and weak credit demand, owing to the relatively murky economic environment conditioned by the COVID-19 pandemic.

Growth in Private Sector Credit declined to 8.1 percent in FY 2020/21 from 11.7 percent in FY 2019/20. Most of the deceleration was on account of shilling denominated lending, which grew by 9.9 percent, lower than the 15.6 percent growth rate registered in FY 2019/20. The growth in private sector credit also remained uneven across major sectors of the economy, with the mining & quarrying and trade sectors registering negative growth rates in the FY 2020/21

The Balance of Payments recorded a surplus of USD 440 million in FY 2020/21, largely underpinned by significant budget support inflows. Although the current account deficit widened to a record high of USD 4,139 million in FY 2020/21, it was more than offset by the financial account inflows, leading to a reserve build-up during the year.

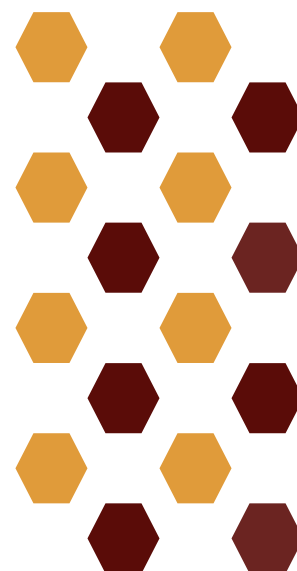
The deterioration of the current account deficit was driven by the widening trade deficit, partly driven by public investments, which boosted imports, while exports remained relatively subdued. In addition, tourism receipts declined on account of the global measures to contain the pandemic.

Foreign Direct Investment inflows, however remained subdued on account of the global economic uncertainty. Net Foreign Direct Investment inflows declined to USD 847 million from USD 967 million in the FY 2019/20. Foreign Direct Investment is however projected to recover on account of the positive developments in the oil sector and in line with the projected recovery of the economy.

Portfolio inflows, which are more vulnerable to refinancing risks were however strong, registering a net inflow of USD 116 million in the FY 2020/21 compared to a net outflow of USD 321 million in FY 2019/20, as offshore investors increased their holdings of domestic debt securities. The stock of foreign exchange reserves as of end-June 2021 amounted to USD 4,214 million, which is equivalent to 5.5 months of import cover.

The banking sector remained sound, with bank liquidity and capital buffers well above the minimum regulatory requirements. The asset quality of the commercial banking system also improved, largely supported by the Credit Relief Measures put in place by BoU to mitigate the adverse economic impact of the pandemic on borrowers and the financial sector. As of June, 2021 the ratio of Non-Performing Loans (NPLs) to total gross loans stood at 4.8 percent compared to 6.0 percent in June 2020.

The Bank of Uganda continued to embrace the opportunities of the changing financial ecosystem in order to enhance financial inclusion and economic transformation. During FY 2020/21, BoU put in place the legal and regulatory framework for the payments system, the National Payment Systems Act (2020), which aims to promote the safety and efficiency of payment systems, with a view to fostering financial inclusion and the stability of the financial system in Uganda. This, effectively closed the lacuna in the regulatory oversight for retail payment systems in Uganda, which had persisted for over 10 years.



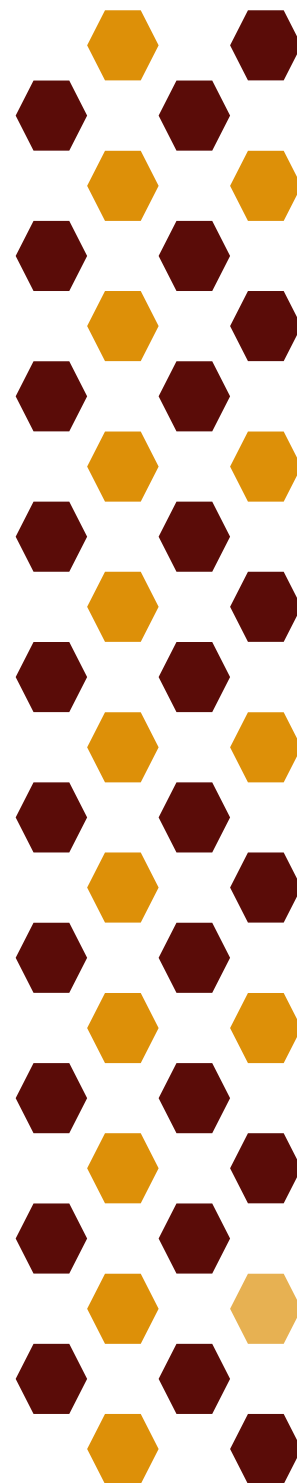
In accordance with the provisions of the National Payment Systems Act (2020), BoU licensed two companies to operate mobile money services in Uganda. Each of the companies received a Payment Systems Operator (large funds transfer) license and a Payment Service Provider (large electronic money issuer) license.

Bank of Uganda will continue to do everything within its mandate to champion a stable and predictable economic environment and financial stability in order to enhance social and economic welfare of the people of Uganda.



Prof. Emmanuel Tumusiime-Mutebile

GOVERNOR



2 FY 2020/21 by the numbers



GDP Growth

3.3 %

June 2020: 3.0%



Headline Inflation

2.5 %

June 2020: 2.3%



Core Inflation

3.5 %

June 2020: 2.3%



Import Cover

5.5 months

June 2020: 5.2 months



Exchange Rate

3,661

June 2020: 3,715



Deficit for the year

UGX 605bn

June 2020: surplus UGX 111bn



Total Assets

UGX 23.6tn

June 2020: UGX 20.1tn



Mobile money transactions

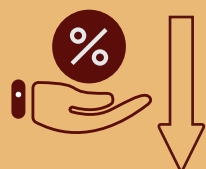
UGX 113.4tn

June 2020: UGX 79.7tn



Legislation

National Payments
Systems Act 2020

**Central Bank Rate****6.5%**

June 2020: 7.0%

**Treasury securities issued****UGX 26.0tn**

June 2020: UGX 18.9tn

**Currency in Circulation****UGX 6.0tn**

June 2020: UGX 5.7tn

**Foreign reserves****USD 4.2bn**

June 2020: USD 3.9bn

**ACF Funds disbursed****UGX 620bn**

June 2020: UGX 520bn

**Employees****1,009**

June 2020: 1,054

3

COVID-19 on the Bank's strategy and operations

In the FY 2020/21, Uganda dealt with a second wave of the COVID-19 pandemic with His Excellency President Yoweri Museveni announcing a series of measures to curb the spread of the coronavirus.

Assessments of the impact of the COVID-19 pandemic on the macro-economy suggest that the effects are varied reflecting geographical differences, vaccination uptake, fiscal and monetary policy interventions, and state of development (advanced versus emerging & developing economies).

The International Monetary Fund (IMF)'s World Economic Outlook (WEO) report for July 2021 suggests that fault lines are evident in the global economic recovery post COVID-19 largely on account of vaccine uptake. Global economic recovery is split into two blocs, i.e., countries looking forward to further normalization of economic activity (mainly Advanced Economies) in the second half of Calendar Year (CY) 2021 and those still in the shadow of resurgent infections and rising COVID-19 death tolls.

3.1 Macro-economic impact and mitigating measures

According to the IMF WEO Report July 2021, the global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The forecasts indicate that the EMDEs are lower than the 2021 forecasts while those of Advanced Economies point to an upward trajectory mainly on account of COVID-19 pandemic developments and changes in policy support. Economies like the United States are planning to roll out additional fiscal support in the 2nd half of CY2021 and the vaccination coverage is increasing.

The recent price increases are partly on account of pandemic related developments and temporary supply-demand mismatches. Indeed, inflation in most countries is expected to bounce back to its pre-pandemic ranges in 2022. Nonetheless, in some EMDEs, inflation might become elevated in part due to high food prices.

The major risks which might dampen the upward trajectory of the global economy include slower-than-anticipated vaccine roll out which would allow the virus to mutate further as well as tightening financial conditions in AEs on account of inflation expectations increasing faster than anticipated thereby negatively impacting EMDEs recovery and global economic growth overall.

Multilateral and national Central Banks action will be needed to diminish divergences and strengthen global prospects as well as manage local inflation prudently, respectively to safeguard the post COVID green shoots of recovery.

On the domestic front, the impact of COVID-19 on economies of developing countries was expected to manifest through impacts on trade, commodity prices, remittances, tourism, and global value chains.

The fiscal deficit is projected to rise to 9.1 percent of GDP in FY2020/21 (relative to a pre-COVID level of 7.1 percent of GDP). The worsening deficit is due to a sharp decline in revenues, driven by the reduction in economic activity, tax payment postponements to support business liquidity and shrinking trade. At the same time, recurrent spending is rising to manage the COVID-19. However, even with the increased fiscal deficits, public debt is sustainable and below the EAC macroeconomic convergence threshold.

The services deficit of the Balance of Payments is expected to improve due to a pick-up in travel (tourism) receipts but could remain below the pre-pandemic in the short to medium term. The global wide vaccinations have enabled advanced economies to relax travel restrictions, which would in turn spur tourism. The increase in travel (tourism) receipts is, however, expected to be moderated by slow vaccinations, re-occurrence of infections and uncertainty about the evolution of new COVID-19 variants.

The implication of all these COVID-19 induced developments is that economic growth for Uganda is

estimated at 3.3 percent for FY2020/2021 rising to 3.5 – 4.5 percent in FY2021/2022 and return to 6-7 percent by 2024/2025. Similarly, the inflation trajectory is likely to be shaped by uncertainties impinging on the upside and the downside but will remain within the medium-term target of 5 percent.

Mitigating measures such as accommodative monetary policy, credit relief measures to be extended on a case-by-case basis after expiration in September 2021, and budgetary support to Micro Small Medium Enterprises (MSMEs) amongst others are expected to minimize the negative impacts of COVID-19.

3.2 Influence of COVID-19 pandemic on strategic performance

Bank of Uganda uses the Balanced Scorecard (BSC) framework for strategy formulation and implementation. Under the BSC framework, the organisation's strategy focuses on four perspectives of financial, customer, internal business processes, and organization capacity.

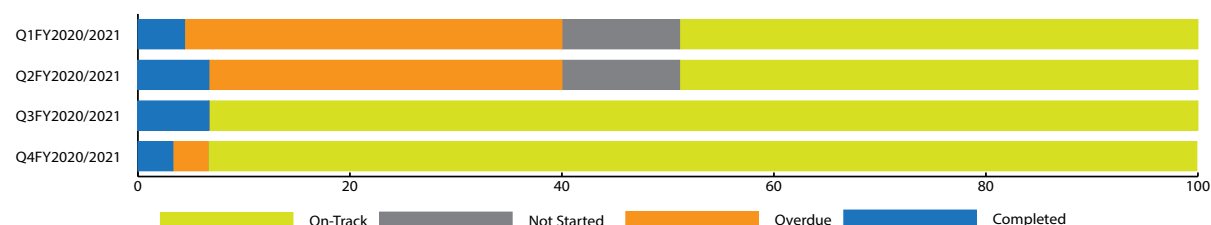
Based on its mission, vision, values, and enablers & challenges, the Bank derived its customer value proposition (CVP). To deliver the CVP, the Bank identified six strategic focus areas, i.e., formulation and implementation of monetary policy; financial system development and stability; sustainable financial resource utilization; operational excellence; external stakeholder engagement; as well as organizational performance management.

These focus areas were the source of the seven strategic objectives (continuous improvement areas) which underpin the BoU Strategic Plan 2017-2022. These include: - Increase stakeholder confidence in the Bank of Uganda; Enhance price stability; Enhance financial system development and stability; Enhance financial performance; Improve efficiency of bank processes; Enhance organizational performance; and Strengthen Strategic partnerships.

Under each strategic objective, there are intended results assessed using Performance measures (with targets and thresholds) to gauge progress towards the organizational goal. The actual activities or projects implemented towards the objective are termed as strategic initiatives.

The advent of COVID-19 in Uganda in March 2020 did not alter the Strategic Plan logic model in the preceding section. Nonetheless, it had an influence on the strategic initiatives. In March/April 2021, the Bank took a decision to reprioritize and rescope the strategic initiatives to mitigate the impact of the COVID-19 pandemic on the implementation of the strategic plan. Out of the 45 strategic initiatives at the start of the FY 2020/21, 30 were reprioritized and re-scoped. Of the remaining 15, some were subsumed into others; incorporated into the business-as-usual stream; and/or deferred. As at June 30, 2021, out of the 30 re-prioritised and re-scoped Strategic Initiatives, 28 were on track, one was completed, and one needed fast tracking to meet its time frames (Figure 1).

Figure 1: Strategic Initiatives Progression Report for FY2020/2021



Source: Bank of Uganda Strategic Plan 2017-2022 Performance Reports

Despite the effects of the COVID-19 pandemic which was first reported in the country in March 2020 (Q3 FY 2019/20) thereby affecting staff working on-site and restricting in-land and cross border travel among other effects, the performance of the Bank has been on an upward trajectory reflecting the efficacy of anti-COVID-19 measures deployed by the Bank. The anti-COVID-19 measures have enabled the Bank to continue delivering the outputs under each strategic initiative.

3.3 Anti COVID-19 measures: safeguarding organisational productivity

Despite challenges posed by the COVID-19 pandemic on the Bank's operations like travel limitations, curfew hours and reduction of number of staff working onsite, the Bank was able to continue delivering its core mandate even during the second national lock down of 42 days effective June 18, 2021; thereby safeguarding organizational productivity.

Guided by the pronouncements of the Head of State and National COVID-19 Task force, the Bank undertook the following measures to safeguard its human resource against COVID-19.

- i. Strict adherence of COVID-19 Standard Operating Procedures (SoPs) such as social distancing (staff working on-site ranged between 10% and 50%); frequent hand washing/sanitizing; consistent wearing of face masks; regular disinfection of office premises and access points; as well as restrictions on local and international travel.
- ii. Rolled out a vaccination campaign of its staff. By September 17, 2021, out of 1009 Bank Staff; 54% had been fully vaccinated with two doses; 81% had so far received only the first dose and 19% were yet to be vaccinated.
- iii. Implementation of the remote working policy. Despite the vaccination numbers, the Bank maintained its shift working approach to ensure business continuity in case of breakthrough cases. To support staff working from home, more laptop computers and MiFis were procured. Furthermore, the Bank reduced working hours from eight per day (8:00am to 5:00pm) to six hours per day (8:00am to 3:00pm) to ensure that all staff adhere to the curfew hours (19:00hours to 05:30hours).
- iv. Activation of Bank Business Continuity Plan to ensure that critical business processes continued despite the pandemic shock and associated effects.
- v. Instituted online meetings (via Microsoft Teams); online trainings; and online Knowledge Sharing Sessions (KSS) to minimize face-to-face engagements.
- vi. Sensitisation campaigns about COVID-19 from national experts which covered latest trends/developments, preventive measures, vaccination and home-based care among others. In addition, a web portal with information was created to keep staff updated about the pandemic.
- vii. Contact tracing by the Bank's clinic. Staff who presented with COVID-19 symptoms were immediately attended to by the Bank's Medical Department and were provided with further guidance. Those with severe symptoms were referred to COVID-19 specialized treatment facilities. In addition, the Medical Department followed up on family and staff contacts of patients and provided guidance, care, and counselling.

Economic developments & prospects

4.1 External economic environment

4.1.1 Global economic activity

Following the contraction in global output in 2020 due to the COVID-19 pandemic and the associated measures to contain its spread, global economic activity started to pick up in the second half of 2020 and the recovery has gained momentum over the first half of 2021. The World Bank in its June 2021 Global Economic Prospects Report projected a pick-up in global output by 5.6 percent in 2021, an upward revision from the January 2021 projections (Table 1).

Nonetheless, the recovery is uneven among countries. In Advanced Economies (AEs), particularly the United States, the recovery is stronger, largely supported by successful vaccination campaigns and significant policy stimulus. Indeed, the AEs are the main driver of the recovery in global growth.

Emerging Markets and Developing Economies (EMDEs), including China, which controlled the spread of the pandemic earlier than most economies are projected to grow by 6 percent in 2021, from a contraction of 1.7 percent in 2020. However, excluding China, EMDEs are projected to grow by a modest 4.4 percent in 2021, from the contraction of 4.3 percent in 2020. Although improvement in external demand and international commodity prices are expected to support growth for EMDEs (excluding China) in 2021, new COVID-19 waves amidst slow vaccination rates and inadequate policy support are anticipated to hold back the pace of the recovery.

Sub-Saharan Africa (SSA) economies are projected to grow by 2.8 percent in 2021, the same level of growth projected in January 2021, but up from the contraction of 2.4 percent in 2020. The pace of growth in 2021 is moderated by low fiscal space to provide fiscal stimulus coupled with challenges in vaccine procurements.

Global output is expected to continue in 2022, however, at a slower pace than in 2021. The outlook is, however, uncertain, with elevated downside risks arising mainly from the emergence of new COVID-19 variants and waves. In addition, the current pick up in global commodity prices and inflation, if sustained, may trigger earlier than anticipated tightening of global financial conditions, if AEs' central banks tighten monetary policy stance, with more adverse effects on highly indebted EMDEs.

Table 1: Inflation in Key Advanced and Emerging Economies: Jan 2020 – June 2021

Real GDP (Percentage Change from Previous Year) ¹						Difference from Jan 2021 Projections (Percentage Points)	
	2019	2020e	2021f	2022f	2023f	2021f	2022f
World	2.5	-3.5	5.6	4.3	3.1	1.5	0.5
Advanced Economies	1.6	-4.7	5.4	4.0	2.2	2.1	0.5
US	2.2	-3.5	6.8	4.2	2.3	3.3	0.9
Euro Area	1.3	-6.6	4.2	4.4	2.4	0.6	0.4
Japan	0.0	-4.7	2.9	2.6	1.0	0.4	0.3
Emerging Market & Developing Economies	3.8	-1.7	6.0	4.7	4.4	0.8	0.4
China	6.0	2.3	8.5	5.4	5.3	0.6	0.2
Russia	2.0	-3.0	3.2	3.2	2.3	0.6	0.2
Brazil	1.4	-4.1	4.5	2.5	2.3	1.5	0.0
India	4.0	-7.3	8.3	7.5	6.5	2.9	2.3
Sub-Saharan Africa	2.5	-2.4	2.8	3.3	3.8	0.0	-0.2
Nigeria	2.2	-1.8	1.8	2.1	2.4	0.7	0.3
South Africa	0.2	-7.0	3.5	2.1	1.5	0.2	0.4
Angola	-0.6	-5.2	0.5	3.3	3.5	-0.4	-0.2
EMDEs excluding China	2.4	-4.3	4.4	4.2	3.7	1.0	0.6
Commodity-exporting EMDEs	1.8	-4.0	3.6	3.3	3.1	0.6	0.0
Commodity-importing EMDEs	4.9	-0.6	7.3	5.4	5.0	1.0	0.6
Low-income Countries	4.3	0.7	2.9	4.7	5.6	-0.5	-0.7
BRICS	4.9	-0.3	7.5	5.2	4.7	1.1	0.6

Source: Global Economic Prospects Report, June 2021

4.2 Global inflation and commodity prices

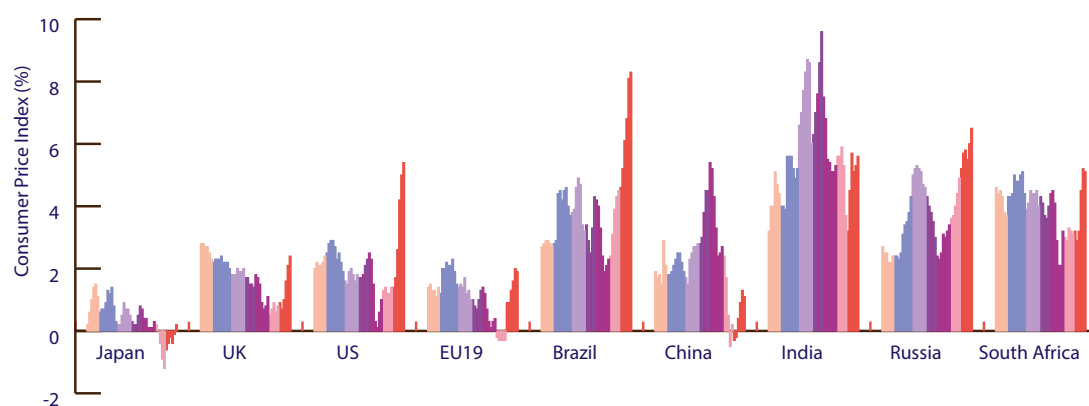
4.2.1 Global inflation

Global inflation picked up fast in the first half of 2021, fanned by the recovery in global commodity prices and strengthening of global economic activity (Figure 2). Annual inflation strongly rebounded among AEs, reaching 5.4 percent in the US in June 2021 from 1.4 percent in January 2021. Inflation increased in the UK and Euro Area over the same period. The increase in inflation in AEs is likely to fan the already moderate increase in inflation in EMDEs.

Despite the pick-up in inflation, AE central banks' forward guidance indicate that policy rates will be kept at the current low levels for the next two years as the pick-up in inflation is driven largely by transitory factors.

In terms of the outlook, the reopening of economies may trigger pent-up demand that may sustain the current inflationary wave. A sustained increase in inflation in AEs may require earlier than planned tightening of monetary policies, which would trigger capital outflows and currency depreciations among EMDEs, thereby compounding the current inflationary pressures and tightening global financial conditions for EMDEs.

Figure 2: Inflation in Key Advanced and Emerging Economies: Jan 2020 – June 2021



Source: OECD

4.2.2 Global commodity prices

Global commodity prices have recovered strongly so far in the first half of 2021, recouping the declines posted in the first half of 2020, when global demand more or less froze following the easing of lockdown measures that were instituted to curb the spread of the virus. Indeed average crude oil prices were estimated to have declined by 32.8 percent to USD 41.3 per barrel in 2020, from USD 61.4 per barrel in 2019.

Supported by improving prospects for global economic activity, stronger oil demand, low global oil inventories and the production cuts by the Organization of Petroleum Exporting Countries (OPEC) and its allies (or OPEC+), crude oil prices have increased strongly and are projected to increase by 50.3 percent in 2021 to an average of USD 62 per barrel in 2021. However, in the near-term, further price increases may be at a slower pace owing to the OPEC+ resolve to ease curbs on oil production starting July 2021.

In 2022, oil prices are projected to remain unchanged from their 2021 levels. The main risk to the outlook for oil prices is the pace at which the OPEC+ unwinds the oil production cuts.

Non-energy commodity prices which rose in 2020 are projected to rise further by around 22.5 percent in 2021, supported mainly by improving global demand and reduction in the supply glut. Prices for base metals are projected to strengthen in 2021 on higher demand from China, while prices for agricultural commodities are forecast to rise due to a drop in oversupply arising from lower production of some key crops. Table 2 shows projections for global commodity prices.

Table 2: Global Commodity Price Projections

Commodity Prices (Percentage Change from previous Year)							Difference from Jan 2021 Projections (Percentage Points)	
	2018	2019	2020e	2021f	2022f	2023f	2021f	2022f
Oil price	29.4	-10.2	-32.8	50.3	0.0	0.9	42.2	-13.6
Non-energy commodity price index	1.7	-4.2	3.0	22.5	-2.5	-2.7	20.1	-3.8

Source: World Bank

Note:

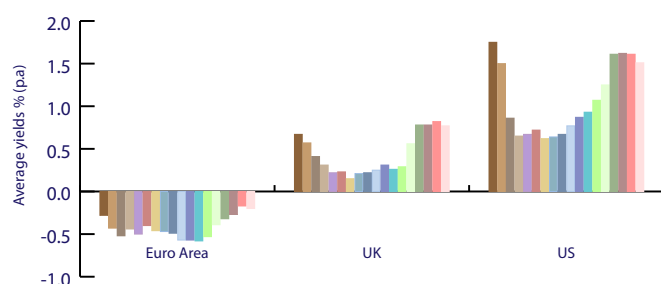
Oil price is the simple average of Brent, Dubai and West Texas Intermediate prices. The non-energy index is the weighted average of 39 commodity prices (7 metals, 5 fertilizers, 27 agricultural commodities). e = estimate; f = forecast.

4.3 Global financial markets

Global financial market activity has strengthened since the second half of 2020, boosted by improving global economic prospects, successful vaccine deployment especially among AEs and large policy stimulus. However, following a pickup in inflation and expectations of a stronger rebound in global economic activity, yields on long term government securities have risen, increasing risks of EMDE financial market sell offs and debt distress. The continued global weakening of the US Dollar (Figure 3) has, however, moderated the EMDEs risks of distress.

Though forward guidance by key AEs central banks show that policy rates will be maintained at current low levels over the next 2 years, there are increasing expectations of earlier than planned monetary policy tightening, especially in the USA due to rising inflationary pressures. The growing expectations for earlier policy tightening could trigger volatility in global financial markets going forward.

Figure 3: 10-year Bond Yields Jan-Jun 2021 and US Dollar Index



Source: Reuters Eikon



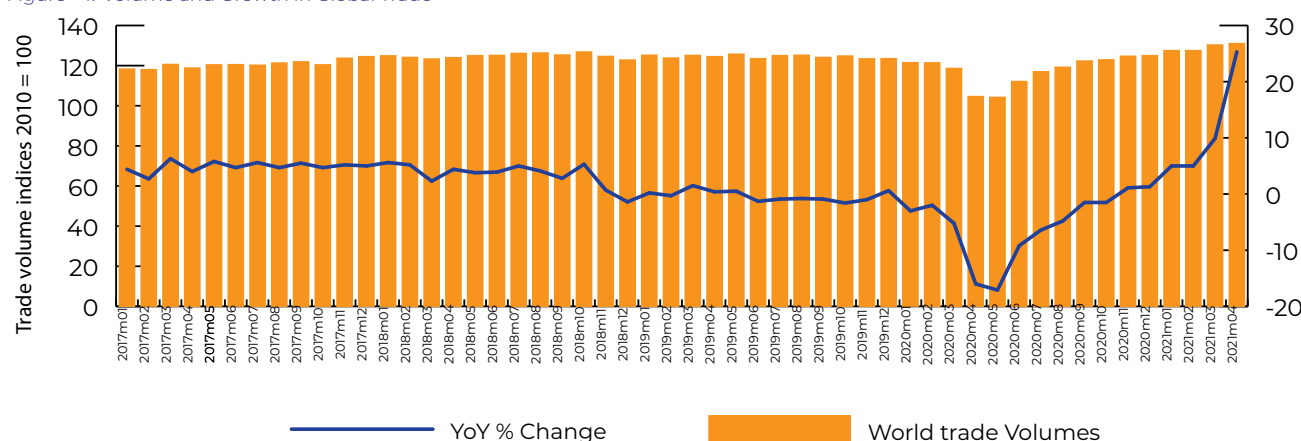
Source: US Federal Reserve

4.4 Global trade

Following some moderation in 2019 partly due to the reintroduction of protectionist measures, world trade growth contracted sharply in 2020 in line with the decline in global economic activity and the COVID-19 pandemic that disrupted global supply chains. Reflecting on the recovery in global economic activity, the World Bank projects global trade to rebound in 2021, with growth of 8.3 percent, a 3.3 percentage point upward revision to the January 2021 forecasts and up from the contraction of 8.3 percent recorded in 2020.

While world trade is forecast to rebound in 2021, the recovery continues to be constrained by supply bottlenecks including high freight costs, diminished shippers capacity and shortages of shipping containers in some countries. Recovery in world trade, although still moderated by the slow restart to tourism and travel services, has been boosted by the rise in trade in services such as telecommunications, spurred by the COVID-19 stay-home measures. World trade is forecast to grow by 6.3 percent in 2022 (Figure 4).

Figure 4: Volume and Growth in Global Trade



Source:OECD

4.5 Implications for the Uganda economy

The projected strengthening of global GDP growth will boost external demand for domestic exports, improve the current account balance and therefore support Uganda's economic growth in 2021 and 2022. However, the slow pace of recovery among Uganda's trading partner economies most of which fall among the EMDEs is expected to taper the pace of domestic economic recovery going forward.

The current pick up in international commodity prices and surge in global inflation, if sustained, is expected to increase imported inflation posing an upside risk to domestic inflation. Higher crude oil prices could also increase domestic pump prices posing an upside risk to domestic inflation. Further, rising crude oil prices imply a higher import bill which would worsen the trade balance with implications for the exchange rate. On the other hand, however, the projected pick up in crude oil prices may speed up Foreign Direct Investment (FDI) inflows towards the oil sector, thereby supporting the exchange rate and bringing closer the date of Uganda's first oil export.

Finally, although global financial market conditions remain largely accommodative, they have tightened since the beginning of 2021, with elevated risk of volatility going forward, occasioned by increasing expectations of early AE policy tightening to reign in the current surge of inflationary pressures. Coupled with currently rising yields on AE government securities, a hike to AE policy rates would trigger sudden capital outflows out of developing countries, including Uganda, which has in the post-pandemic, recorded strong portfolio inflows for investment in treasury securities. Sudden capital outflows would trigger instability in the exchange rate market.

4.6 Domestic economic developments and prospects

4.6.1 Monetary policy and operations

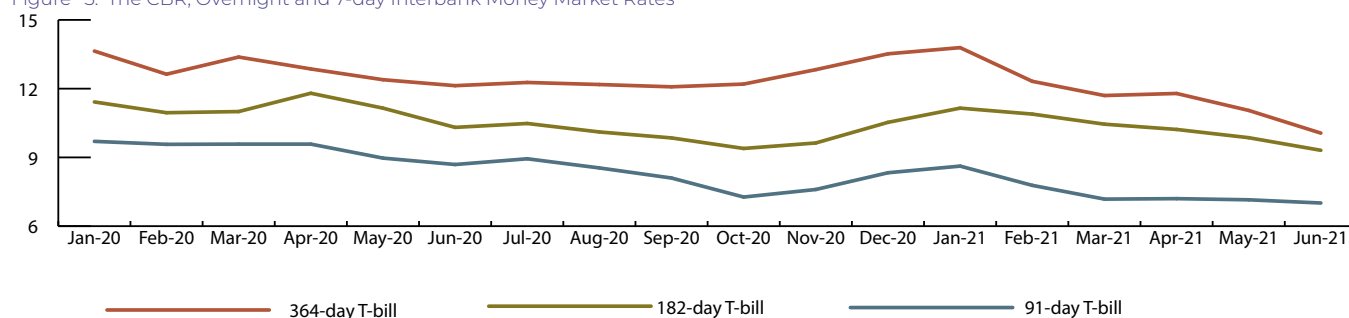
The primary objective of Bank of Uganda's (BoU's) monetary policy is to achieve price stability, defined by a target of average core inflation of 5.0 percent over the medium-term (2-3 years). To achieve the inflation objective, BoU continued to implement the Inflation Targeting monetary policy framework. This is an interest rate-based operational framework where BoU forecasts the future path of inflation and adjusts the policy rate - the Central Bank Rate (CBR) - in response to deviations of inflation forecasts from the target and, observed output growth from potential output growth. In addition, the Bank undertakes open market operations to align money market interest rates with the policy rate. Changes in money market rates influence interest rates at which banks lend out money/pay to depositors, which affect consumption and investment decisions of economic agents and consequently, results into inflation that is sufficient to support growth.

In the FY 2020/21, BoU maintained an accommodative monetary policy stance to support economic activity amidst a benign inflation outlook. BoU eased monetary policy, reducing the CBR from 7 percent during July 2020-May 2021 to 6.5 percent in June 2021. The decision in June 2021 was prefaced on the need to curb the deteriorating macroeconomic conditions due to COVID-19 and to enhance economic recovery.

BoU continued to use Repurchase Agreements (REPOs), reverse REPOs, Deposit auctions and sales of recapitalization securities to align the 7-day interbank money market rate with the CBR. Consequently, interest rates trended in line

with the accommodative monetary policy stance, with the 7-day Weighted Average Interbank (WAI) money market rate reducing to an average of 7.2 percent in the FY 2020/21 down from 9.3 percent in FY 2019/20 (Figure 5).

Figure 5: The CBR, Overnight and 7-day Interbank Money Market Rates



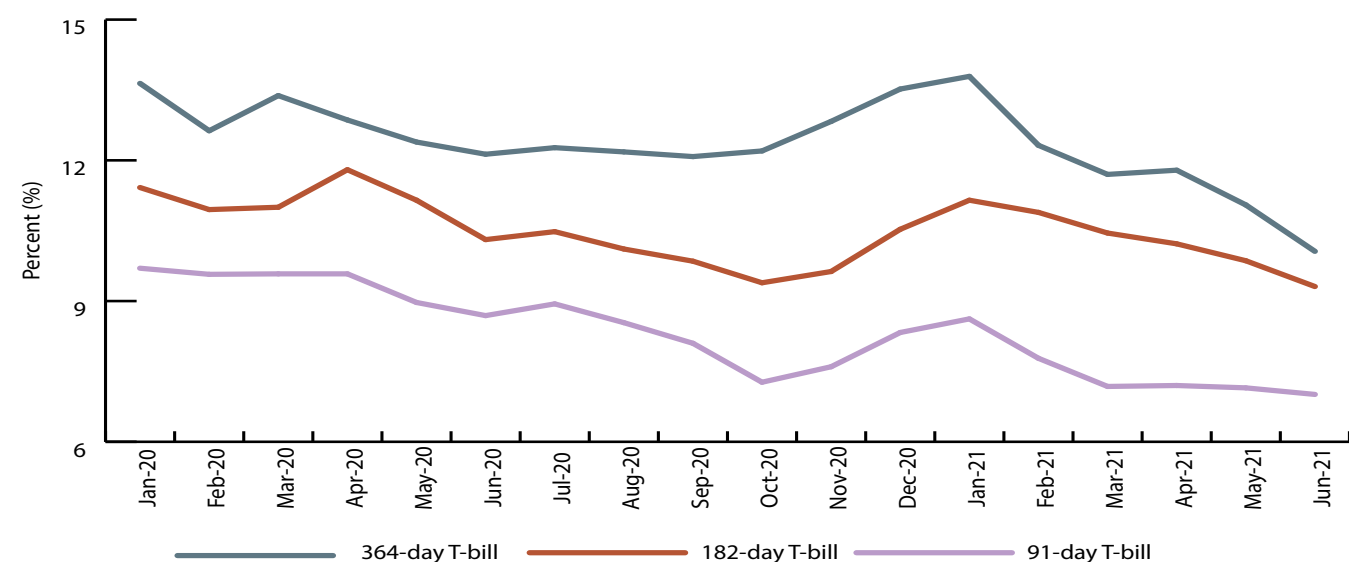
Source: Bank of Uganda

4.7 Interest rates

4.7.1 Yields on treasury bills and bonds

As an agent of Government, BoU issued treasury bills (T-bills) and bonds (T-bonds) in FY 2020/21 in line with the domestic financing needs. The yields on the 91-day, 182-day and 364-day T-bills declined to 7.81 percent, 10.16 percent and 12.15 percent, respectively, down from 9.16 percent, 10.95 percent and 12.24 percent, respectively in FY 2019/20 (Figure 6). The 2-year, 3-year, 5-year, 10-year and 15-year yields were at 13.95 percent, 14.72 percent, 15.69 percent, 15.52 percent and 15.26 percent, from a previous 13.60 percent, 14.92 percent, 15.79 percent, 15.08 percent and 15.25 percent, respectively. The yields remained relatively stable on account of fiscal, monetary and macro prudential policy support measures that uplifted business sentiments following the fall-out from the COVID-19 pandemic.

Figure 6: Yields on Treasury Bills



Source: Bank of Uganda

4.7.2 Lending and deposit rates

During the FY 2020/21, the weighted average lending rate on shilling denominated loans declined to an average of 18.97 percent from 19.26 percent in the previous year. The decline in lending rates is partly attributed to the accommodative monetary policy stance by BoU coupled with extra measures taken by BoU to guard the economy against the adverse effects of the COVID-19 pandemic. BoU instituted a Standing Lending Facility for commercial banks to ease liquidity pressures in the financial system and credit relief measures to borrowers whose loan repayment capacities were impaired by the COVID-19 lock down measures.

The weighted average lending rate on foreign currency denominated loans averaged 5.83 percent in FY 2020/21, from 6.36 percent the previous year and the foreign currency spread averaged 2.50 percent, from 3.73 percent in the previous year. The time deposit rates decreased to 9.41 percent in FY 2020/21 from 9.94 in FY 2019/20. Consequently, the spread between lending and time deposit was 9.56 percent in FY 2020/21, from 9.3 percent in FY 2019/20 (Table 3). The narrowing of the interest rate spreads reflect improved efficiency in the financial sector and if sustained, would enhance the financial sector's intermediation and to economic growth through increased savings and investment.

Table 3: Commercial Banks' Interest Rates

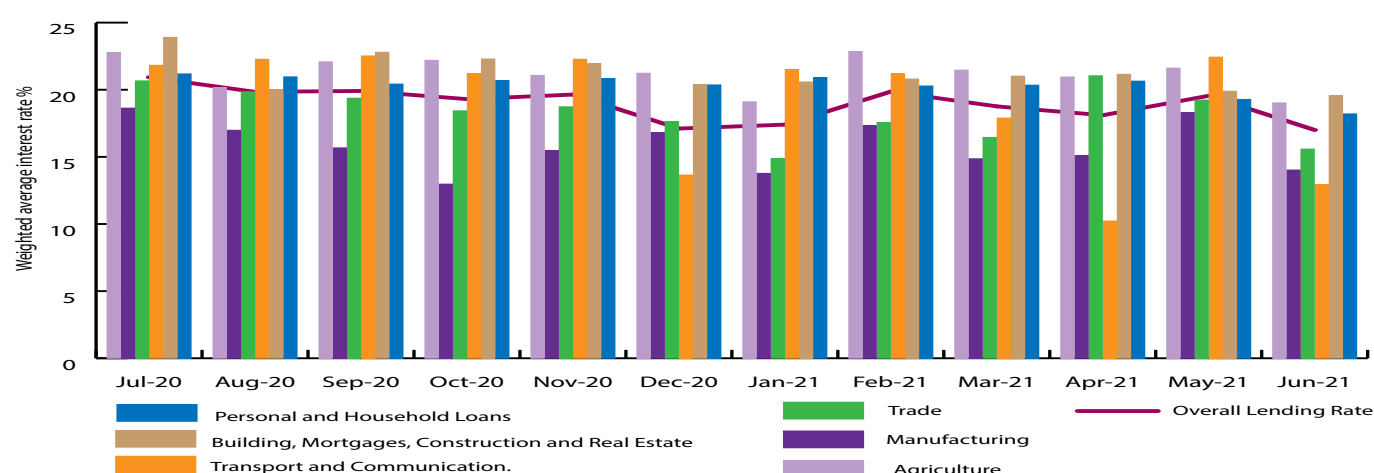
		FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Local currency	Lending (UGX)	23.97	22.59	20.34	19.95	19.26	18.97
	Deposit (WARD)	3.71	3.6	2.86	3.27	2.42	2.35
	Demand	1.58	2	1.51	1.53	1.46	1.55
	Saving	3.46	3.16	3.53	3.58	2.51	2.44
	Time	14.41	11.38	8.86	10.14	9.94	9.41
	Spread	9.56	11.21	11.48	9.8	9.31	9.56
		9.24	8.91	7.68	7.48	6.36	5.85
Foreign currency	Lending (USD)	9.24	8.91	7.68	7.48	6.36	5.85
	Deposit (WARD)	1.31	1.34	1.3	1.41	1.31	1.25
	Demand	0.98	0.98	0.99	1.06	1.01	1.01
	Saving	1.65	1.6	1.69	1.83	1.81	1.78
	Time	3.98	3.52	2.72	3.03	2.64	3.25
	Spread	5.26	5.39	4.96	4.46	3.73	2.6

Source: Bank of Uganda

4.7.3 Lending rates by sector

Financial institutions charge varying lending interest rates to different sectors depending on how risky they perceive them to be. As shown in Figure 7, loans to the agriculture, building, construction and real estate and the personal and household sectors attracted higher average market lending rates.

Figure 7: Interest Rates by Sector



Source: Bank of Uganda

4.8 Banks credit and monetary aggregates

4.8.1 Private sector credit

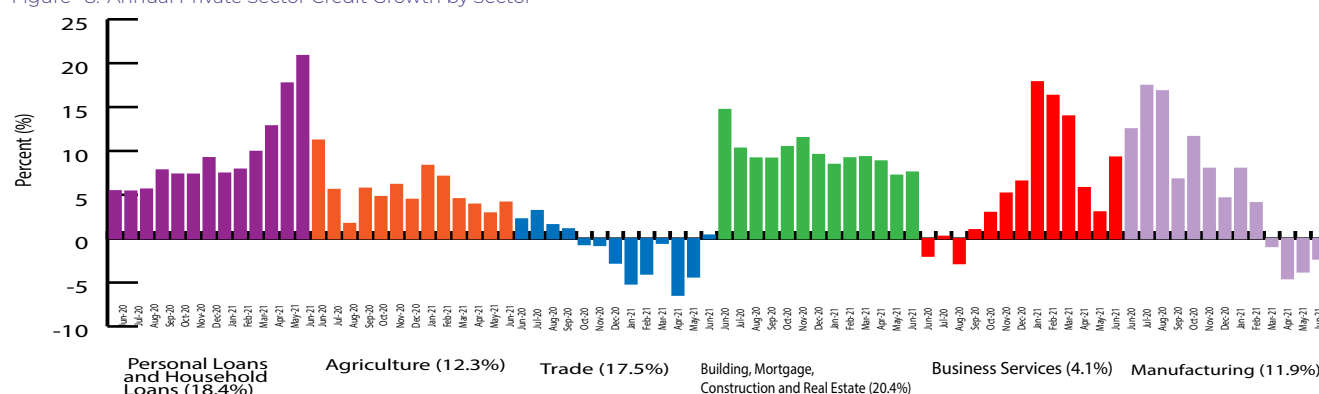
Private Sector Credit (PSC) growth declined to an average annual growth rate of 8.1 percent in FY 2020/21 from 11.7 percent in FY 2019/20. Most of the deceleration in credit growth was on account of shilling denominated lending which grew by 9.9 percent, lower than the 15.6 percent registered in FY 2019/20. Private sector credit growth has been adversely affected by weak credit demand by borrowers and risk aversion by lenders owing to the weak economic

growth. The slow growth was aggravated by business closures due to the lock down measures instituted by the Government to contain the spread of COVID-19. However, average annual growth in foreign currency denominated loans was unchanged at 4.4 percent in FY 2020/21 and FY 2019/20.

The growth in PSC was uneven across major sectors of the economy with some sectors, such as mining and quarrying and trade registering negative growth rates in the FY 2020/21. In addition, credit growth in the business services, manufacturing, agriculture and building-mortgage-construction & real estate declined to 5.5 percent, 6.6 percent, 5.0 percent, 9.2 percent, respectively in the FY 2020/21 from 22.7 percent, 8.5 percent, 17.5 percent and 12.9 percent respectively in the previous year. However, some growth in credit was recorded in the personal & household loans and electricity and water sectors. Figure 8 depicts the PSC growth by sectors in the FY 2020/21.

There was a slight improvement in banks' asset quality largely supported by the credit relief measures put in place by BoU to mitigate the adverse economic impact of COVID-19 on borrowers and the financial sector as a whole. BoU allowed supervised financial institutions to restructure loans of individuals and firms whose repayment capacity had been negatively affected by the lock down measures put in place by the Government to contain the spread of COVID-19. This meant that loans that would otherwise become non-performing were restructured and would remain performing for the duration of the restructuring period. As at end March 2021, loans worth UGX 6.6 trillion or 37.6 percent of total loans by depository corporations had been restructured. Indeed, the ratio of Non-Performing Loans (NPLs) to total gross loans fell slightly to 4.8 percent in June 2021, from 6.0 percent in June 2020.

Figure 8: Annual Private Sector Credit Growth by Sector



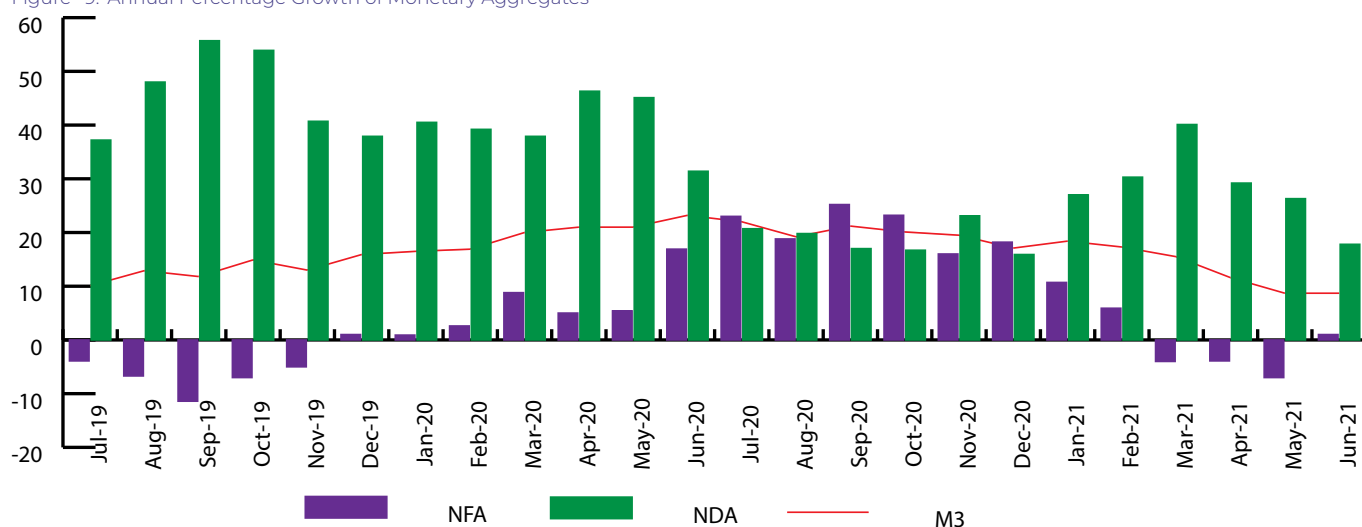
Source: Bank of Uganda

4.8.2 Monetary aggregates

Growth in money supply was buoyant in FY 2020/21. Broad money, M3 which is comprised of foreign currency and domestic currency deposits as well as currency in circulation grew by an average of 16.6 percent in FY 2020/21, higher than the 16.4 percent average registered in FY 2019/20. Growth in broad money was largely driven by shilling deposits that grew by 18.2 percent in FY 2020/21, up from the 17.9 percent in FY 2019/20. Similarly, currency in circulation recorded a higher average annual growth rate of 15.7 percent from 13.8 percent in FY 2019/20. However, foreign currency deposits fell by 1.0 percent to 14.2 percent.

Figure 9 shows that money growth in FY 2020/21 resulted from a growth in Net Foreign Assets (NFA) following increased accumulation of foreign reserves by BoU. In addition, growth in Net Domestic Assets (NDA) was on account of commercial banks lending to the private sector and government through the purchase of treasury securities.

Figure 9: Annual Percentage Growth of Monetary Aggregates



Source: Bank of Uganda

4.9 Domestic inflation

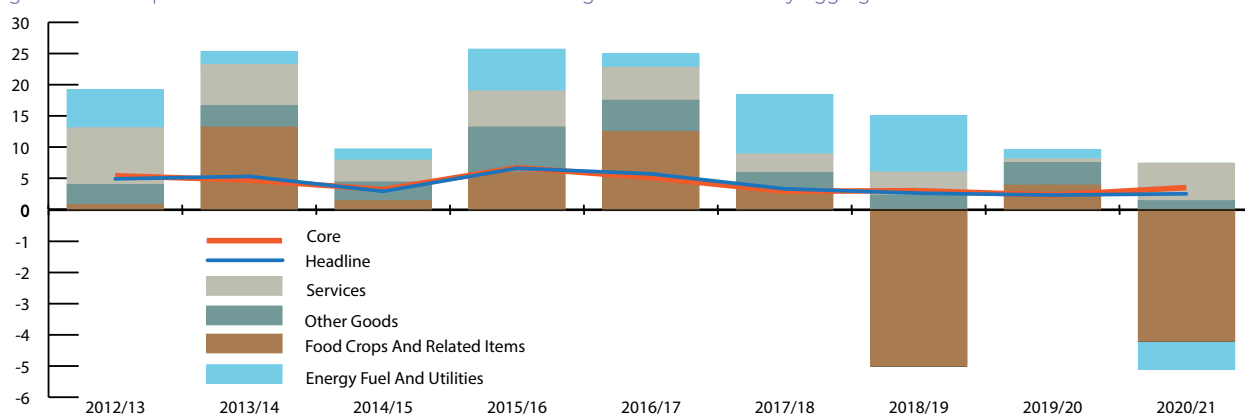
4.9.1 Inflation developments

The Uganda Bureau of Statistics (UBOS) rebased the Consumer Price Index (CPI) from 2009/10 to 2016/17. The rebased series makes use of expenditure groups recalculated using the 2016/17 Uganda National Household Survey (UNHS) and is categorized according to the Classification of Individual Consumption by Purpose (COICOP) standards of 2018. The COICOP of 2018 gives more detail than COICOP of 1999 on which the 2009/10 classification was based. The rebased series also incorporates methodological improvements to ensure accuracy and more representativeness. The new CPI basket comprises of 344 items, up from 274 items in the 2009/10 basket. The new basket became effective in April 2021.

Inflation remained well below the 5 percent target throughout the year, reflecting a combination of low aggregate demand due largely to the effects of COVID-19 on activity and robust supplies of essential commodities. The annual average headline inflation for FY 2020/21 increased slightly to 2.5 percent, up from 2.3 percent in FY 2019/20, largely driven by an increase in the average annual core inflation to 3.5 percent, up from 2.3 percent in the previous year (Figure 10). The increase in average annual core inflation was driven by an increase in services inflation, particularly transportation services, due to the imposition of social distancing measures to curb the spread of COVID-19.

Conversely, food crops and related items inflation decreased to minus 4.2 percent in FY 2020/21, down from 3.9 percent in FY 2019/20. Correspondingly, the annual average Energy, Fuels and Utilities (EFU) inflation decreased to 0.9 percent, down from 1.5 percent.

Figure 10: Developments in Domestic Inflation Annual Percentage Growth of Monetary Aggregates



Source: Uganda Bureau of Statistics

4.9.2 Inflation outlook

Inflation is expected to remain low before gradually returning towards the 5 percent target. However, there are uncertainties surrounding this outlook. On the upside, a faster than anticipated economic recovery in domestic economic activity boosted by the current accommodative monetary policy stance and fiscal stimulus coupled with a sustained increase in global commodity prices and global inflation, large depreciation of the exchange rate and unfavourable weather shocks could put upward pressures on domestic inflation. On the downside, however, inflation could be lower if lock down measures to contain the spread of the COVID-19 amidst low vaccination rates derail the recovery in domestic economic activity. In addition, favourable weather conditions leading to bumper harvests could put downward pressures on domestic inflation.

4.10 Real economic growth

Economic growth remained subdued for the second year in a row, affected by the COVID-19 pandemic and measures undertaken to slowdown its spread (Figure 11). Real Gross Domestic Product (GDP) grew by 3.3 percent in FY 2020/21, slightly higher than the 3.0 percent registered in FY 2019/20. On the demand side of the economy, growth was driven by final consumption expenditure and investment spending, particularly in the transport sector. On the other hand, aggregate demand was hampered by an increase in imports that outstripped the marginal growth in exports.

On the production side, agricultural activities grew by 3.5 percent compared to the growth of 4.8 percent in the previous year. The increase in agricultural output was primarily attributed to the growth in cash crops and livestock sub-sectors output, which registered growths of 6.7 and 7.8 percent, respectively, from 7.6 percent and 7.9 percent in the previous year. There was, however, a decline in fishing activities by 11.1 percent in FY 2020/21, compared to a growth of 0.3 percent in the previous year as production in this sector was affected by over fishing, rising water levels and reduced demand in major export markets due to the pandemic.

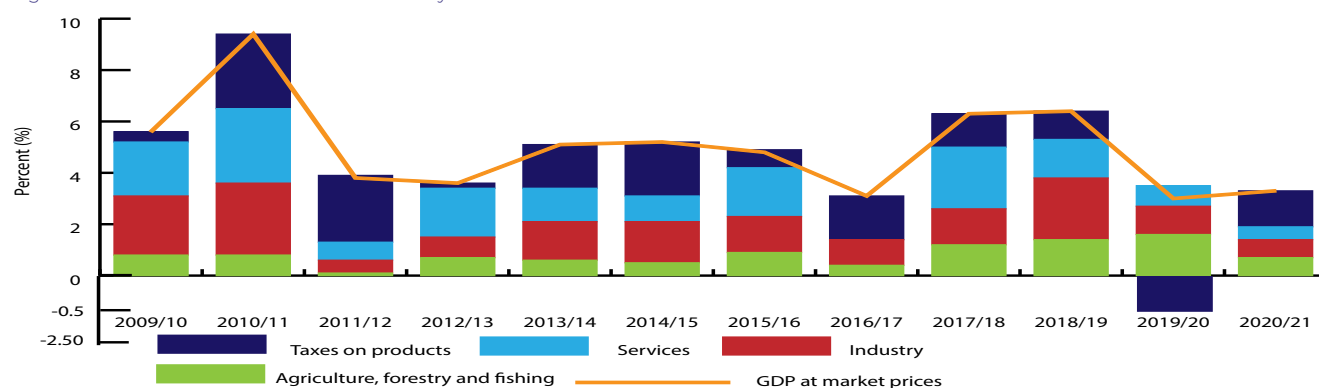
Industry output grew by 3.4 percent, slightly higher than the 3.3 percent growth in FY 2019/20, mainly due to improved manufacturing and water supply. Indeed, manufacturing activities and water supply output grew by 2.1 percent and 4.5 percent, respectively, from previous growth rates of 1.3 percent and 4.1 percent. However, growth in the industry sector was weighed down by the lower growth of the mining & quarrying, electricity supply and construction output, which registered slowdowns in growth of 2.6, 5.5 and 0.8 percentage points, respectively.

The services sector registered a growth of 2.5 percent in FY 2020/21, the same growth rate in the previous year. The gradual growth of the services output was driven by contractions in the trade & repairs, transport & storage, accommodation & food services and arts, entertainment & recreation activities largely on the back of more protracted lock down measures on the services sub-sectors. However, other services sub-sectors which were not affected by lock down measures, such as public administration, human health & social work, financial & insurance and real estate activities registered impressive growth rates.

Real economic growth is expected to rebound, rising to 4.0 – 4.5 percent in FY 2021/22, 5.0 – 6.0 percent in FY 2022/23 and 6.0 - 7.0 percent in the outer years. The recovery in the short term will be supported by monetary and fiscal stimuli, particularly the government's efforts to increase households' incomes and inclusive growth by fostering private sector development supported by the recently approved IMF Extended Credit Facility (ECF). Similarly, growth is expected to pick up in the medium-term, supported by containment of the pandemic through vaccination, recovery in global demand and a rebound in FDI inflows for oil pipeline construction.

There are, however, uncertainties surrounding the outlook. On the downside, risks to the growth outlook emanate from uncertainty surrounding the pandemic, particularly the resurgence of tighter containment measures due to higher positivity rates resulting from the spread of new variants and the slow vaccination rollout.

Figure 11: Contribution to Economic Growth by Sectors



Source: Uganda Bureau of Statistics, UBOS

4.11 Fiscal developments

4.11.1 Government expenditure and revenue

The fiscal stance was expansionary in FY 2020/21, recording a deficit of 9.1 percent compared to 7.1 percent in 2019/20. The implementation of the budget was, however, hindered by lower-than-projected domestic revenue and grants and slow execution of infrastructural projects.

Preliminary fiscal data for FY 2020/21, as shown in Table 4 point to Government revenue (including grants) of UGX 20,268.3 billion, UGX 2,278.1 billion lower than the approved budget. The under performance in government revenue was on account of lower domestic revenue receipts and project support grants, which were UGX 1,994.8 billion and UGX 283.2 billion, respectively, lower than budgeted.

Total government expenditure and net lending in FY 2020/21 was UGX 2,390.2 billion lower than the approved budget, mainly due to the under performance of development expenditure of UGX 2,443.9 billion. The fiscal deficit for FY 2020/21 amounted to UGX 12,193.9 billion, UGX 1,335.8 billion lower than anticipated.

Table 4: Fiscal Performance in FY 2019/20 (UGX Billions)

	Jul-18 to Jun-19	Jul-19 to Jun-20	Jul-20 to Jun-21	Approved Budget Jul-20 to Jun-21	Variation	Annual change (percent)
Revenue & Grants	17,839.3	18,442.2	20,268.3	22,546.4	(2,278.1)	9.9
Revenue	16,637.8	17,285.9	18,651.7	20,646.5	(1,994.8)	7.9
Grants	1,201.6	1,156.4	1,616.7	1,899.9	(283.2)	39.8
Expenditure & Lending	24,267.6	28,392.6	33,797.9	33,110.8	687.1	19.0
Current Expenditure	12,373.6	15,093.2	16,335.7	15,127.4	1,208.3	8.2
Development Expenditure	10,047.1	12,063.8	15,955.3	16,740.8	(785.5)	32.3
Net lending/repayments ¹	1,428.1	831.0	1,121.6	793.0	328.6	35.0
Domestic arrears repayment	418.8	404.7	385.4	449.5	(64.1)	(4.8)
Deficit (excluding grants)	(7,629.8)	(11,106.7)	(15,146.3)	(12,464.3)	(2,682.0)	36.4
Deficit (including grants)	(6,428.2)	(9,950.3)	(13,529.6)	(10,564.4)	(2,965.2)	36.0
Financing (net)	6,428.2	9,950.3	13,529.6	10,564.4	2,965.2	36.0
External Financing (net)	3,680.3	6,194.9	8,908.6	7,485.5	1,423.1	43.8
Domestic Financing (net)	2,464.5	3,878.1	5,003.7	3,078.9	1,924.8	29.0
Errors & Omissions	283.4	(122.7)	(382.7)	0.0		

Source: Ministry of Finance, Planning and Economic Development

Revenue collections for the FY 2020/21 amounted to UGX 17,495.9 billion, with net tax revenue of UGX 16,235.7 billion and Non-Tax Revenue (NTR) of UGX 1,260.2 billion, which were UGX 3,984.0 billion and UGX 330.8 billion, respectively lower than was anticipated in the budget (Table 5). The shortfall in the net URA tax revenues was primarily attributed to the under performance of direct, indirect and international trade taxes. Direct domestic taxes were short by UGX 1,997.2 billion mainly on account of shortfalls in collections of Pay as You Earn (PAYE), Corporate tax and Rental Income tax, reflecting the adverse effects of the COVID-19 pandemic on the economy and a delay in implementing the Rental Income Tax Collection solution.

International trade tax collections were UGX 1,140.5 billion lower than budgeted due to shortfalls of UGX 342.1 billion, UGX 285.7 billion and UGX 218.2 billion in VAT on imports, import duty and petroleum duty, respectively. The under performance of international trade taxes was mainly due to the reduction in the volume of imports arising from global supply chain disruptions due to the COVID-19 pandemic. Similarly, indirect taxes under performed by UGX 948.0 billion primarily due to shortfalls in Value added tax, excise duties on alcohol, rental income tax and lower tax collections from the leisure and hospitality sector.

Table 5: Tax Revenue Performance (UGX Billion)

	July'18- Jun'19	July'19- Jun'20	July'20- May'21	FY 2020/21 Budget	Variation from Target	Annual change FY FY 2019/20 (percent)	Annual change FY FY 2020/21 (percent)
Total Net Tax and Non-Tax Revenue	17,013.5	17,285.9	17,495.9	21,810.7	(4,314.8)	1.6	1.2
Net URA tax revenue (excluding Refunds)	15,967.7	15,912.2	16,235.7	20,219.7	(3,984.0)	(0.3)	2.0
Gross Revenues	17,354.0	17,259.8	17,818.2	22,211.5	(4,393.3)	(0.5)	3.2
Direct Domestic Taxes	5,452.4	5,878.6	5,496.8	7,494.1	(1,997.2)	7.8	(6.5)
Indirect Domestic Taxes	3,890.5	3,874.7	4,080.6	5,028.6	(948.0)	(0.4)	5.3
o/w Mobile money transfers	74.0	79.0	109.0	78.9	30.1	6.8	38.0
o/w Levy on mobile money	157.2	100.6	125.3	108.1	17.2	(36.0)	24.5
o/w Over The Top Tax (OTT)	49.5	59.7	56.1	64.4	(8.3)	20.6	(6.0)
Taxes on international Trade	6,865.0	6,446.6	6,860.9	8,001.3	(1,140.5)	(6.1)	6.4
Stamp duty & Embossing Fees	100.3	87.1	119.7	96.5	23.2	(13.2)	37.4
Non Tax Revenue	1,045.8	1,373.7	1,260.2	1,591.0	(330.8)	31.4	(8.3)
Tax refunds	(340.5)	(374.8)	(322.3)	(400.9)	78.5	10.1	(14.0)

Source: Ministry of Finance, Planning and Economic Development

4.11.2 Domestic and external debt

Provisional total public debt stock (in nomin-al value) as of June 2021 stood at UGX 67,395.9 billion (45.5 percent of GDP), increasing by 17.3 percent in FY 2020/21. The increase was mainly due to a 35.2 percent growth in domestic debt stock. External debt stock also grew by 9.0 percent during the period under review due to increased borrowing from multilateral and bilateral creditors. External debt continued to make up the bulk of the public debt, accounting for 66.2 percent of the total public debt, as shown in Table 6.

Notwithstanding the increase in borrowing, Uganda's debt remains sustainable, with a low risk of default in the medium to long term. There are, however, some vulnerabilities arising from weak exports and low tax revenues reflecting subdued economic activity. Indeed, the ratio of debt service to domestic revenue has steadily increased over the last decade, rising to 25.6 percent in June 2021 from 12.7 percent in June 2010, reflecting higher debt service costs that may crowd out spending to priority sectors of the economy.

Table 6: Indicators of Public Debt Stock

	Jun-17	Jun-18	Jun-19	Jun-20	Prov.Jun-21	Change FY2019/20 percent	Change FY2020/21 percent
Total Gross debt	34,603.9	42,364.4	46,573.1	57,432.2	67,395.9	23.3	17.3
External (UGX. Bn)	22,360.8	28,444.2	31,060.8	39,184.0	42,725.7	26.2	9.0
Domestic (UGX. Bn)	12,243.1	13,920.3	15,512.3	18,248.1	24,670.2	17.6	35.2
External Debt (US\$ Mn)	6,227.1	7,331.8	8,406.6	10,504.8	12,049.9	25.0	14.7
UGX./US\$ eop rate	3,590.9	3,879.5	3,694.8	3,730.1	3,556.7	1.0	(4.6)
as percent of GDP							
Total Gross debt	31.9	35.2	35.3	41.1	45.5	16.6	10.6
External	20.6	23.6	23.5	28.0	28.8	19.3	2.7
Domestic	11.3	11.6	11.7	13.1	16.6	11.2	27.4
GDP (Current Market Prices, UGX. Bn)	108,518.0	120,484.8	132,095.6	139,711.4	148,278.0	5.8	6.1

Source: Bank of Uganda

4.11.3 Treasury bill and bond holdings

The BoU issued Government of Uganda Treasury Bills and Treasury Bonds during the FY 2020/21 for fiscal policy. During the financial year, a total of UGX 14,493.3 Billion was issued, UGX 7,099.9 billion worth of Treasury Bills and UGX 7,393.4 billion of Treasury Bonds. Redemptions of Government securities during the same period were UGX 7,419.6 billion, of which UGX 5,224.7 billion were Treasury Bills and UGX 2,194.9 billion were Treasury Bonds. At the end of the Financial Year, the total stock of Treasury Bills and Treasury Bonds at face value amounted to UGX 6,387.0 billion and UGX 19,651.8 billion, 37.4 percent higher than at the end of June 2020, as shown in Table 7 below. The bulk of these securities were held by commercial banks, pension & provident funds and offshore players, which had 38.0 percent, 33.8 percent and 11.3 percent, respectively.

Table 7: Treasury Securities Outstanding Stock by Holder Category

Holder Category	Jun-20		Jun-21	
	Face Value (bn)	%Face Value	Face Value (bn)	%Face Value
Banks	4,035.1	81%	4,804.2	75%
Pension & Provident Funds	227.8	5%	77.0	1%
Offshore	-	0%	478.9	8%
Bank of Uganda	2.5	0%	1.3	0%
Insurance companies	149.0	3%	133.5	2%
Other financial institutions	187.2	4%	450.0	7%
Retail	137.8	3%	165.3	3%
Other	238.1	5%	276.8	4%
Total Bills	4,977.5	100%	6,387.0	100%
Banks	3,796.9	27%	5,092.1	26%
Pension & Provident Funds	7,261.4	52%	8,734.0	44%
Offshore	1,140.8	8%	2,474.3	13%
Bank of Uganda	6.2	0%	457.8	2%
Insurance companies	267.6	2%	398.6	2%
Other financial institutions	1,153.9	8%	1,585.6	8%
Retail	255.8	2%	608.9	3%
Other	97.2	1%	300.5	2%
Total Bonds	13,979.8	100%	19,651.8	100%
Total Stock	18,957.3		26,038.8	

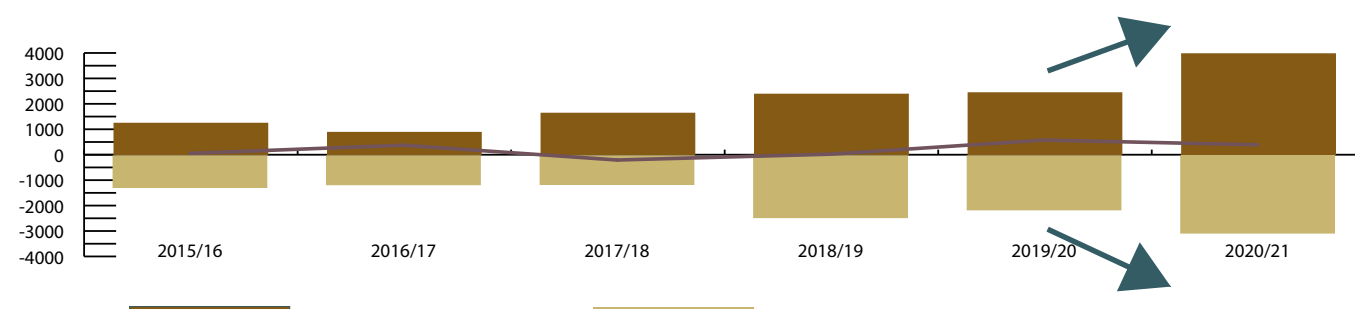
Source: Bank of Uganda

4.12 Balance of payments and exchange rates

4.12.1 Balance of payments

The Balance of Payments (BOP) recorded a surplus of USD 440 million in the FY 2020/21 (Figure 12). The surplus was due to a surge in capital inflows, largely underpinned by significant budget support inflows received during the year, which played a crucial cushioning role in support of external financing amid COVID-19 related shocks.

Figure 12: Balance of Payments (USD Millions)



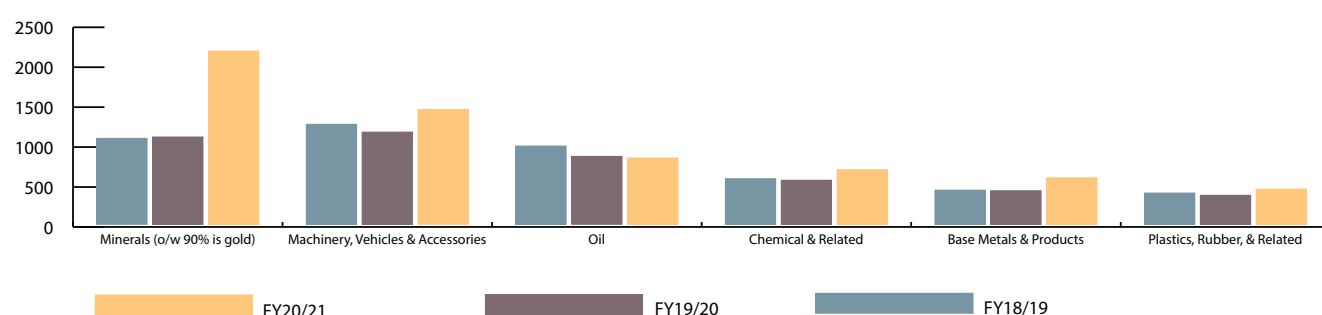
Source: Uganda Bureau of Statistics, UBOS

4.12.2 Current account

The current account deficit widened by 65 percent to a record high of USD 4,139 million during the FY 2020/21. The deterioration of the current account was largely attributed to a 62 percent expansion in the services deficit. In addition, all sub accounts recorded deteriorations year on year.

The merchandise trade balance worsened by 28 percent to a deficit of USD 3,083 million, as both exports and imports expanded, with growth in the import bill outweighing the rise in exports. The import bill increased by USD 2,125 million to USD 8,342 million, driven by a 34 percent increase in private sector imports. The latter is attributed to the increase in both private sector imports for investment and consumption by USD 1,709 million and USD 311 million, respectively. All major commodity categories of imports registered growths compared to the previous year; led by mineral products (o/w 90 percent is gold), machinery & equipment, chemicals & related products, vegetables, plastics, base metals and prepared food stuffs.

Figure 13: Private sector imports for investment (USD Millions)



Source: Uganda Bureau of Statistics, UBOS

Exports expanded, posting a 38 percent growth to USD 5,259 million, largely due to the performance of formal exports. Formal exports increased by USD 1,461 million to USD 4,848 million, as a result of more than 100 percent increase in gold exports. Similarly, higher export earnings were recorded for; coffee beans, tea, cocoa beans, flowers, cement and sugar.

The surge in gold trade during the year under review is attributed to Uganda's improvement in refining capacity, which led to her emergence as a regional gold processing hub. In addition, amidst the pandemic-induced global financial uncertainty, foreign investors embraced gold as a safe asset, reinforced by the increase in its' international price during the year.



In contrast to formal trade, informal cross border trade (ICBT) exports contracted by 0.4 percent to USD 411 million while ICBT imports increased by 1 percent to USD 49 million. The under performance of ICBT is attributed to border closures implemented at the height of the COVID-19 pandemic, which hindered cross-border mobility and therefore adversely impacted ICBT. With the gradual resumption of cross border trading activities and unlocking of the domestic economy during the last half of the FY 2019/20, ICBT started to show signs of recovery, although exports to the region remain below pre-pandemic levels.

The services sector suffered heavily as activity in contact intensive services came to a halt at the onset of the pandemic. The services deficit deteriorated by USD 782 million to USD 2,042 million during the FY 2020/21, as the collapse in external demand amidst travel and transportation restrictions suppressed both export and import of services. Travel receipts, a major component of tourism activities, reduced by 41 percent to a record low of USD 384 million. Notably, the tourism industry was severely affected by the pandemic; even after travel restrictions were relaxed in the third and fourth quarters of the FY 2020/21, recovery in the tourism sector remained sluggish, with the effects persisting up to the end of the year.

The primary income deficit worsened by USD 81 million to USD 706 million from USD 624 million, driven by a 47 percent increase in interest payments on public debt. This outcome was however partially muted by an 11 percent drop in compensation of non-resident employees, as the implemented COVID-19 restrictions created negative spill over effects on income earnings. Several businesses decided to maintain cash buffers by reducing wage payments, while others were forced to operate at limited capacity or ceased operations completely.

The global economic slowdown adversely affected transfer inflows, which contracted by USD 106 million to USD 1,691 million in the FY 2020/21 from USD 1,797 million in FY 2019/20. Although persistent, remittance inflows declined to USD 1,102 million from USD 1,291 million, year-on-year, primarily due to a fall in income from migrant workers, who were more vulnerable to loss of employment and wages during the pandemic-induced economic crisis in host countries.

4.12.3 Financial account

The external balance position was supported by the widened surplus on the financial account, which expanded by 53 percent to USD 3,244 million in the FY 2020/21, relative to the FY 2019/20. The high inflows were largely attributed to increased capital inflows in form of budget support loan disbursements, coupled with a reversal in portfolio investment to net inflows from net outflows, which more than offset the contraction in direct investment inflows received during the year.

Net foreign direct investment or FDI inflows declined, from USD 967 million in the FY 2020/21, down to USD 847 million in the FY 2019/20. The decline in FDI net inflows reflects the subdued investment climate as global investor confidence weakened amid the pandemic. In particular, the drop in FDI inflows was mainly due to USD 102 million contraction in non-residents' equity capital investments to USD 657 million, combined with a USD 18 million drop in non-residents' net investments in debt instruments to USD 190 million.

FDI inflows were restrained as the pandemic led to global economic slowdown and tightening of global financial conditions and as a result, investor confidence weakened and investment decisions were stalled. However, as restrictions were eased towards the last half of the year and monetary policy interventions took effect— alongside subsequent progress in the rollout of vaccines, investor confidence gradually strengthened in line with reduced global economic uncertainty and optimism towards domestic economic recovery post-COVID 19.

Portfolio investment registered net inflows of USD 116 million in the FY 2020/21, a 136 percent reversal from USD 321 million net outflows in the previous year. Offshore investors increased their holdings of domestic debt securities, resulting in a net entry of USD 284 million, representing a five fold turnaround relative to a net exit of USD 44 million in the previous year. This turnaround could be attributed to relatively higher yields on Uganda's debt securities compared to those in global markets.

The "other investment" account posted a 53.7 percent expansion in net inflows to USD 2,262 million in the FY 2020/21 (from net inflows of USD 1,472 million), mainly on account of the increase in foreign borrowing. Specifically, project aid loan disbursements increased by USD 298 million to USD 1,180 million during the year for new and on-going projects. In addition, Uganda continue to receive budget support inflows to buffer its economy from adverse effects of the pandemic, support economic recovery and bolster foreign reserve assets.

There was however, lower other investment outflows or accumulation of foreign assets on account of a decline in residents' net investments in foreign financial assets. In particular, banks posted net withdrawals of currency and deposits amounting to USD 141 million, in contrast with net placements of USD 259 million, year-on-year.

4.12.4 Balance of payments outlook

The near term outlook for the external sector has once again turned grim with large downside risks. It is anticipated that some of the gains observed during the FY 2020/21 may temporarily lose momentum or dissipate as Uganda grapples with the second wave of the pandemic. The second wave of infections has led to the re-imposition of lock down measures to control the spread of the virus, resulting in renewed uncertainty about the pace of domestic recovery despite some optimism provided by the on-going vaccine rollout.

4.13 Exchange rate developments

During the FY under review, the Uganda Shilling remained relatively stable registering gains all year round save for two months earlier in the year when it lost ground by UGX 42.9 on the US dollar as more sectors of the economy opened up. Notably, the air transport sector drove up the demand for foreign exchange when the Entebbe International Airport and all land borders were reopened in October 2020.

Nonetheless, the Shilling soon recovered and has continued on an appreciation trend to date. This trend is attributed to strong inflows from official development assistance, offshore investment, NGOs and export receipts amidst relatively subdued domestic demand. The Shilling has also been supported by the resumption of operations for tourist activity after closure that had lasted more than six months, as part of measures put in place during 2020 against the spread of COVID-19.

Year on Year, the shilling recorded an appreciation of 1.4 percent to an average annual mid-rate of UGX 3,661.06 per USD, compared to an appreciation of 0.59 percent recorded in the previous year.

The trade weighted exchange rate, referred to as the Nominal Effective Exchange Rate (NEER) appreciated by 3.5 percent year-on-year (y-o-y) in May 2021 compared to 2.6 percent in June 2020. The real effective Exchange rate (REER) remained unchanged on an annual basis.

BoU continued with efforts to smoothen volatility in the Interbank Foreign Exchange Market (IFEM) and also carried out purchases for reserve build up. In the financial year, FY 2020/21, BoU purchased a total of USD 723.5 million, of which USD 552 million was for reserve build up. The remaining USD 171.5 million went towards interventions to stem volatility in the IFEM, as well as towards targeted purchases.

BoU maintains its capacity to intervene in the IFEM to address any apparent disruptions in this market or significant misalignment in the value of the Shilling, consistent with the objectives of monetary policy and financial stability.





Financial system stability

5.1 State of supervised financial institutions (SFIs)

5.1.1 Tier 1 – commercial banks

Despite the challenging operating environment due to the pandemic, the commercial banks continued to register growth in assets, with the aggregate banks' total assets increasing by 11.0 percent from UGX 35.8 trillion in June 2020 to UGX 39.8 trillion in June 2021, albeit slower than 18.3 percent growth in the prior period to June 2020. The growth in assets during the year under review was mainly on account of banks' holding of government securities which rose by 32.9 percent (or UGX 2.5 trillion) to UGX 10.2 trillion and gross loans and advances that increased by 7.0 percent (or UGX 1.1 trillion) to UGX 16.6 trillion. On the liabilities side, customer deposits rose by 8.7 percent from UGX 25.5 trillion to UGX 27.7 trillion over the year ended June 2021."

The sector maintained strong capital and liquidity buffers. The aggregate industry total capital-to-risk-weighted assets and core capital-to-risk-weighted assets ratios stood at 23.5 percent and 22.1 percent respectively, as at end of June 2021, well above the respective minimum capital adequacy requirements of 12 percent and 10 percent.

In addition, the banking industry maintained adequate liquidity buffers, with the ratio of liquid assets to deposits standing at 51.5 percent as at end of June 2021, an improvement from 49.1 percent as at end of June 2020, also well above the minimum statutory requirement of 20 percent. The aggregate Liquidity Coverage Ratio (LCR) stood at 243.8 percent, well above the prudential minimum of 100.0 percent."

Overall, asset quality of the commercial banking sector improved over the year ended June 2021, though it should be noted that the BoU credit relief measures have moderated potential deterioration in asset quality. The aggregate commercial banks' ratio of non-performing loans to gross loans reduced from 6.0 percent to 4.8 percent, as the stock of non-performing loans decreased by 14.9 percent to UGX 793.0 billion from UGX 931.8 billion over the year ended June 2021.

During the year under review, BoU designated five (5) banks as domestic systemically important banks (DSIBs). Following the gazettement of the Financial Institutions (Capital Buffers and Leverage Ratio) Regulations 2020, BoU subjects the DSIBs to enhanced regulatory and supervisory requirements. All DSIBs held strong capital and liquidity buffers as at end June-2021 and were profit-making during the year.

5.1.2 Tier 2 – credit institutions

The aggregate credit institutions total assets grew by 18.9 percent (or UGX 182.4 billion) from UGX 963.4 billion as at end of June 2020 to UGX 1,145.8 billion as at end of June 2021. The increase in total assets over the year was mainly on account of net loans and advances and holdings of government securities which rose by 18.8 percent (or UGX 100.4 billion) and 145.3 percent (or UGX 54.2 billion), respectively. Customer deposits grew by 24.7 percent (or UGX 136.3 billion) to UGX 687.0 billion over the year ended June-2021.

Due to the impact of the pandemic, the credit institutions registered an aggregate net-after-tax loss of UGX 13.3 billion for the year ended June 2021, resulting in Return-on-Assets (ROA) and Return-on-equity (ROE) ratios of minus 1.3 percent and minus 7.7 percent, respectively. The credit institutions' aggregate core capital-to-risk-weighted assets and total capital-to-risk-weighted assets ratios stood at 15.6 percent and 16.8 percent, respectively, as at June 30, 2021.

5.1.3 Tier 3 - micro-finance deposit-taking institutions

Total assets held by the micro finance deposit-taking Institutions (MDIs) increased by 5.5 percent (or UGX 37.3 billion) over year to UGX 712.6 billion as at June 30, 2021; largely due to increases in government securities by UGX 16.6 billion and gross loans by UGX 16.0 billion. Total customer deposits increased by 7.4 percent (or UGX 24.1 billion) to UGX 349.2 billion.

The aggregate core capital-to-risk-weighted assets and total capital-to-risk-weighted assets ratios stood at 38.2 percent and 40.9 percent, respectively. However, due to the challenging operating environment, amidst the pandemic, the sector registered an aggregate loss of UGX 8.4 billion, leading to annualized return on assets (ROA) and return on equity (ROE) ratios of -2.3 percent and -7.9 percent, respectively.

5.1.4 Forex bureaus and money remittance companies

At end of June 30, 2021, the forex bureau and money remittance sub-sector comprised of 210 foreign exchange bureaus with a total of 315 outlets, inclusive of 1 Microfinance Deposit-taking institution (PRIDE MDI) licensed to do foreign exchange business under the Foreign Exchange Act, 2004. The money remitters as at the same date were 85 with a total of 263 outlets, inclusive of 3 Microfinance Deposit-taking institutions (PRIDE MDI, FINCA MDI and UGAFODE) licensed to engage in money remittance business under the Foreign Exchange Act, 2004. Thirteen (13) new forex bureaus and 10 (ten) new money remitters were licensed during the year to June 2021 while 10 forex bureaus and 4 money remitters permanently exited the sub-sector.

The total assets increased by 0.1 percent, from UGX 127.5 billion at end June 2020 to UGX 127.7 billion at end June 2021. Total capital and reserves held by the sub-sector as at end June 2021 stood at UGX 79.8 billion, up from UGX 78.8 billion held as at end June 2020. Profitability of the sub-sector decreased by 31.3 percent or UGX 3.8 billion from UGX 12.2 billion registered in the year ending June 2020 to UGX 8.4 billion for the year ending June 2021. On the other hand, total sales of foreign currency amounted to UGX 13.0 trillion during the year while net money remittance inflows for the year amounted to USD 413.9 million.

The total value of the investment portfolio for the Money Remittance Fund stood at UGX 9.7 billion as at end June 2021, an increase of UGX 0.9 billion from UGX 8.8 billion as at end June 2020. The Fund's average quarterly return for the period ended June 2021 was 3.01 percent, mainly driven by positive performance on the fixed income and money market assets.

Once again, the government of Uganda measures to curb the spread of COVID-19, notably the lockdown of business activity in the central business district of Kampala, significantly affected the operations of the sub-sector and several institutions remained closed given their location in shopping malls and arcades.

5.1.5 Credit reference bureaus

TIER 1 PERFORMANCE HIGHLIGHTS

CAPITAL ADEQUACY REQUIREMENTS:

- Core capital-to-risk-weighted assets:
June 2021: 21.4% Minimum: 10%

LIQUIDITY COVERAGE RATIO:

- June 2021: 243.8% Minimum: 100%

NON-PERFORMING LOANS

- June 2021: 4.8% June 2020: 6%

Customer Deposits: June 2021: UGX 27.7 Trn June 2020: UGX 25.5 Trn

TIER 2 HIGHLIGHTS

CAPITAL ADEQUACY REQUIREMENTS:

- Core capital-to-risk-weighted assets:
June 2021: 15.6% Minimum: 10%

ROA: -1.3% ROE: -7.7%

Customer Deposits: June 2021: UGX 687 Bn June 2020: UGX 551 Bn

TIER 3 HIGHLIGHTS

CAPITAL ADEQUACY REQUIREMENTS:

- Core capital-to-risk-weighted assets:
June 2021: 38.2% Minimum: 15%

ROA: -2.3% ROE: -7.9%

Customer Deposits: June 2021: UGX 349.2 Bn June 2020: UGX 325.1 Bn

During the year ended June 2021, a total of 213,613 financial cards were issued to borrowers, increasing the cumulative number of cards issued from 1,868,421 as at end June 2020 to 2,082,034 by end June 2021. The number of branches of participating institutions installed on the Credit Reference Bureau system increased from 593 to 603 over the year ended June 2021. The total number of credit enquiries made to the CRBs increased by 0.73 percent from 899,491 for the year ended June 2020 to 906,101 for the year ended June 2021.

5.2 Supervision of banking institutions

During the year, on-site examinations of supervised financial institutions (SFIs) continued, with BoU adapting to remote on-site examinations to minimize potential exposure and spread of COVID-19. The examination processes were completed online and virtual meetings held with the Board and Management of SFIs. This approach enabled full implementation and timely completion of the Work Plan without compromising on the quality of examinations.

Due to the disruption to SFIs' business strategies and processes and heightened risk exposure occasioned by the pandemic, in July 2020, BoU issued Guidelines for SFIs to Enhance Risk Management Frameworks in view of the impact of the COVID-19 pandemic. The guidelines cover additional areas of supervisory concern for the SFIs to address, specifically regarding Board and Senior Management oversight, Risk Management, Business Continuity Planning, stress testing and capital adequacy and recovery planning. The disruption to SFIs' business processes underscore the importance of strong corporate governance practices, strategic leadership and prudent risk identification and management. BoU drafted new guidelines on Corporate Governance intended to enhance the corporate governance framework and practices across the SFIs. The draft guidelines were shared with SFIs for comments and will be issued to the sector in due course.



In line with the Basel Core Principle 13 on Home-host relationships and collaboration, BoU participated in virtual supervisory colleges organized by the home supervisors of three subsidiaries of foreign banks in Uganda. This provided insights on common concerns, including the impact of COVID 19, on the risk profile of those banking groups.

During the year to June 2021, BoU conducted public awareness campaigns about the BoU credit relief measures programs, to enhance borrowers' understanding and use of the credit relief from their respective SFIs. Furthermore, BoU together with a consultant, M/S Nomad Advertising Limited, has developed public awareness material and strategy in a bid to rid the Forex Bureau and Money Remittance sector of illegal forex dealers and money transfer activities. After the public awareness on illegal forex dealing and money transfer activities, enforcement initiatives will proceed.

5.3 Regulatory developments

Basel II implementation:

BoU embarked on implementing the Basel II accord in January 2021 and is on course to complete full transition from Basel I to Basel II in January 2022. Implementation of Basel II will enhance SFIs' credit and operational risk management, Internal Capital Assessment Program (ICAAP), Stress Testing and most importantly align Uganda's regulatory framework to international standards.

The financial institutions (capital buffers and leverage ratio) regulations 2020:

These were gazetted in December 2020. The regulations introduced the Basel III capital buffer requirements, including the buffer for systemically important banks and implementation will enhance financial system stability.

The draft financial institutions (liquidity) regulations, 2021:

Amendment of the Liquidity Regulations is proceeding on schedule and they will be forwarded to the First Parliamentary Counsel for gazetting before end of 2021. The updated Regulations will require financial institutions to enhance their liquidity risk management, as recommended by the Basel III framework, including prescribing the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratios (NSFR) as prudential regulations, alignment with Basel II rules including requirement for a liquidity contingency plan and liquidity stress testing. Furthermore, the updated Regulation will recognize the BoU deposit auction facility (DEPO) as a liquid asset that counts for financial institutions' regulatory liquidity requirement and thus improve its marketability.

Microfinance Deposit-taking Institutions Act, 2003:

The draft Cabinet Memorandum for the Microfinance Deposit-Taking Institutions (Amendment) Bill, 2021 and its Regulatory Impact Assessment (RIA) report are under review by the office of the Minister of Finance, Planning and Economic Development and will be tabled at the next convenient Cabinet meeting for approval and noting respectively.

Amendment of the Foreign Exchange Act, 2004 and the foreign exchange (forex bureaus and money remittance) regulations, 2006:

In September 2020, the Bank of Uganda received the Foreign Exchange (Amendment) Bill 2020 for scrutiny and comment. The Bill was reviewed, and it was found that it incorporated all the proposed amendments. The Governor therefore requested Ministry of Finance Planning and Economic Development to take appropriate steps to have the bill enacted into law. Issuance of the amended Foreign Exchange (Forex Bureaus and Money Remittance) Regulations will be done after the enactment of the Foreign Exchange (Amendment) Bill.

Regulations for the supervision of Tier 4 microfinance institutions (Large SACCOs):

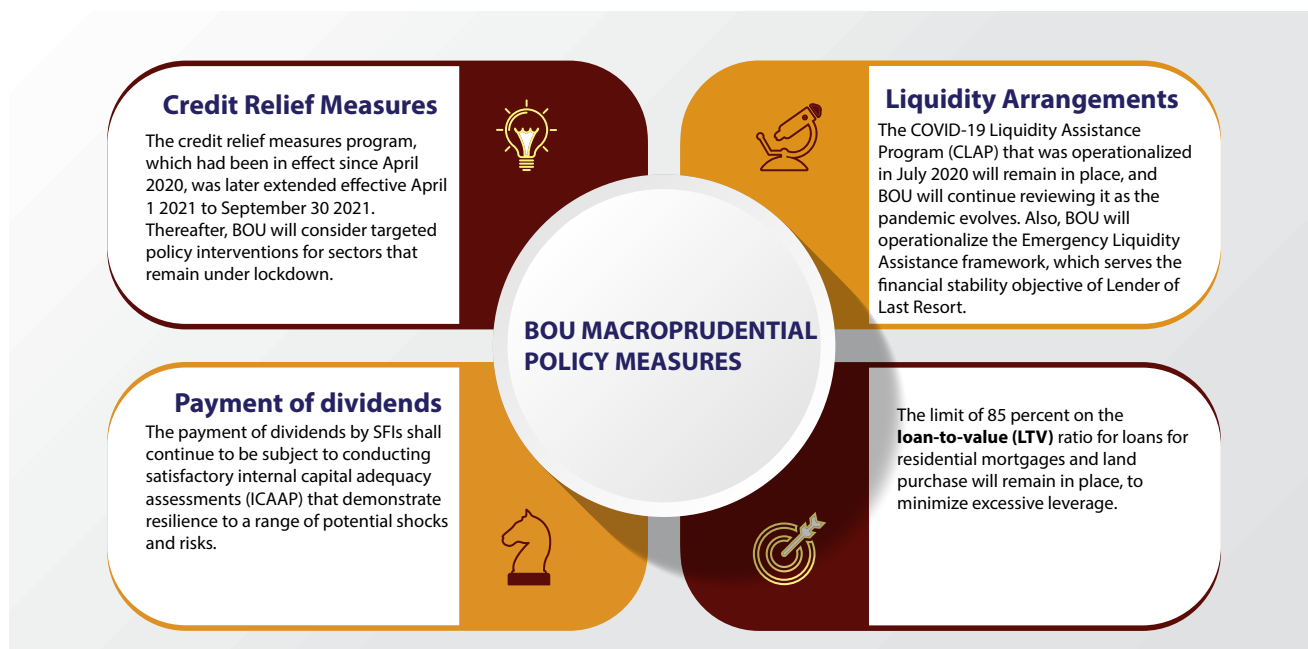
The Microfinance Deposit-Taking Institutions (Registered Societies) Regulations, 2020 are with First Parliamentary Council for gazetting.

Crisis management arrangements:

During the year, BoU continued to coordinate with other domestic financial sector regulators, under the Financial Sector Stability Forum (FSSF), to assess emerging risks and enhance Uganda's financial stability framework. The FSSF was formed to enhance collaboration and coordination of Uganda's financial sector policy and the membership includes Ministry of Finance, Planning and Economic Development, Bank of Uganda, Insurance Regulatory Authority, Capital Markets Authority, Ugandan Retirement Benefits Regulatory Authority, the Uganda Deposit Protection Fund and the Uganda Microfinance Regulatory Authority. During the year, BoU, with the other FSSF members, embarked on developing a national crisis management plan, supported by the Toronto Center.

5.4 Financial stability assessment

In order to address systemic risks posed by the COVID-19 pandemic, BoU implemented the following macro prudential policy measures as at June 30, 2021:



Overall, the banking sector remains resilient to the COVID-19 pandemic and most banks have strong capital and liquidity buffers to absorb the shock. Near-term risks to financial stability remain elevated but have been relatively contained by BoU policy action. The operating environment for the banking sector is likely to remain challenging until economic recovery is stronger. The main downside risks to banking sector stability include; uncertainty about the path of economic recovery, with the disruptive resurgence of the pandemic which is expected to increase credit risk, the potential rise in non-performing loans as the credit relief program expires in September 2021 and the potential reversal of capital flows, as advanced economies normalize their monetary policy which may adversely affect market risk. In this regard, BoU has continued to engage SFIs in order to ensure that they pro actively recognize the 'true' risk exposure on their balance sheet and build the necessary resilience.



State of payment systems in Uganda



6.1 Performance of the various payment system streams

The year ended June 30, 2021 continued to witness growth in non-cash transactions over the various digital payment channels that included; EFTs, RTGS and Mobile Money.

This was partially because of the COVID-19 pandemic that directed most of the traffic to the digital platforms.

6.1.1 The Kampala Automated Clearing House (KACH) system

The KACH is the clearing House where payment orders namely; customer cheques and ETFs are exchanged and processed electronically between banks. The cheques are processed after undergoing truncation and digitization. The KACH operated satisfactorily with 99 percent system availability, well above the 95 percent target.

i. Cheques

The cheque currencies that were handled by KACH were namely; UGX, USD, Euro, GBP and KES. However, their values and volumes continued to decline during the year under review by 7.70 percent and 9.84 percent respectively.

ii. EFTs

Table 8: Value and volume of EFTs and cheques

	2021		2020	
	EFTs	Cheques	EFTs	Cheques
Value (UGX Trillions)	36.81	6.35	31.7	6.88
Volume (Millions)	10.86	1.1	10.4	1.22

Source : Bank of Uganda

During the year under review, the value and volumes of EFTs increased by 16.15 percent and 4.42 percent respectively. Details are indicated in Table 8.

6.1.2 RTGS/UNISS performance

The Uganda National Inter-bank Settlement System (UNISS) is The Real Time Gross Settlement (RTGS) system for Uganda. ITL is an Inter-bank Large Value Transfer System that facilitates the safe and efficient transfer of large and time critical payments between participants. In addition to the participating banks, the RTGS continued to settle transactions from Interswitch and ABC banking platform. The RTGS operated satisfactorily with system availability at 100 percent well above the 95

percent target. The Uganda shilling (UGX) remained the most transacted currency while the rest of the currencies remained insignificant. The value of the UGX transactions processed increased by 32.92 percent to UGX478.95 trillion during the current year compared to UGX367.1 trillion processed in the previous year.

6.1.3 East African Payment System (EAPS) performance

East African Payment System (EAPS) is an initiative of the East African Central Banks and is linked to the RTGS of the EAC member countries. EAPS is a multi-currency system in which payments are effected using any of the currencies of the EAC Partner States. EAPS makes cross border payments easier and facilitates safe and efficient transfer of monetary value within the region. Currently Uganda, Kenya, Rwanda and Tanzania are on EAPS. The EAPS module allows payments to be made in the respective regional currencies. In 2020/21, EAPS processed a total of 22,735 transactions of which 87.16 percent were UGX, 7.44 percent were KES and 4.79 percent were Tanzania Shillings and RWF accounted for only 0.61 percent.

6.1.4 Regional Payment and Settlement System (REPSS) for COMESA

REPSS is an electronic platform that facilitates cross-border payments within the COMESA region. REPSS enables settlement banks in COMESA participating countries to send and receive payments within the COMESA region. Currently the systems allow settlement of payment instructions denominated in USD and EURO. REPSS was set up to facilitate regional intra-trade where traders could pay and receive payments for goods and services. In 2020/21, USD transactions continued to dominate the currencies that were processed. A total of 537 transactions valued at USD18.9m were processed during the year under review.

6.1.5 Mobile money transactions

The value of Mobile Money transactions increased by 42.26 percent to UGX 113.38 trillion from UGX 79.7 trillion, while the volume of transactions increased by 0.73 billion from 3.16 billion to 3.89 billion. The upward trend can be attributed to the increased usage of the mobile money digital platform to mitigate the COVID-19 risks associated with handling of paper money.

Relatedly, the number of active mobile money users increased by 21.03 percent to 21.18 million during the year under review when compared to 17.5 million recorded during the year 2020.

6.2 National Payment and MMSPs related regulatory developments

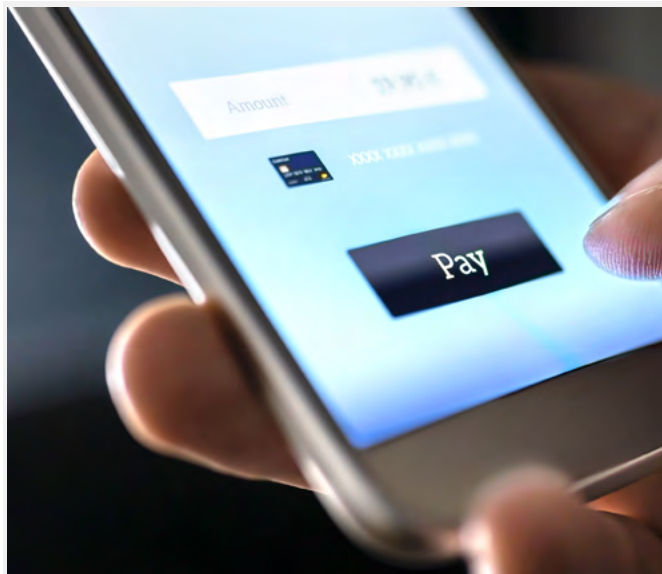
The National Payments Systems (NPS) Act, 2020



The National Payment Systems (NPS) Act, 2020 was gazetted on September 04, 2020. The Act gives BoU the mandate to regulate and supervise payment systems and payment service providers in order to ensure their safety and efficiency

6.2.1 The National Payments Systems Implementing Regulations

On March 5, 2021, three regulations namely; the NPS Regulations, 2021, NPS (Agent) Regulations, 2021 and the NPS (Sandbox) Regulations, 2021 were gazetted.



6.2.2 Publication of the oversight framework

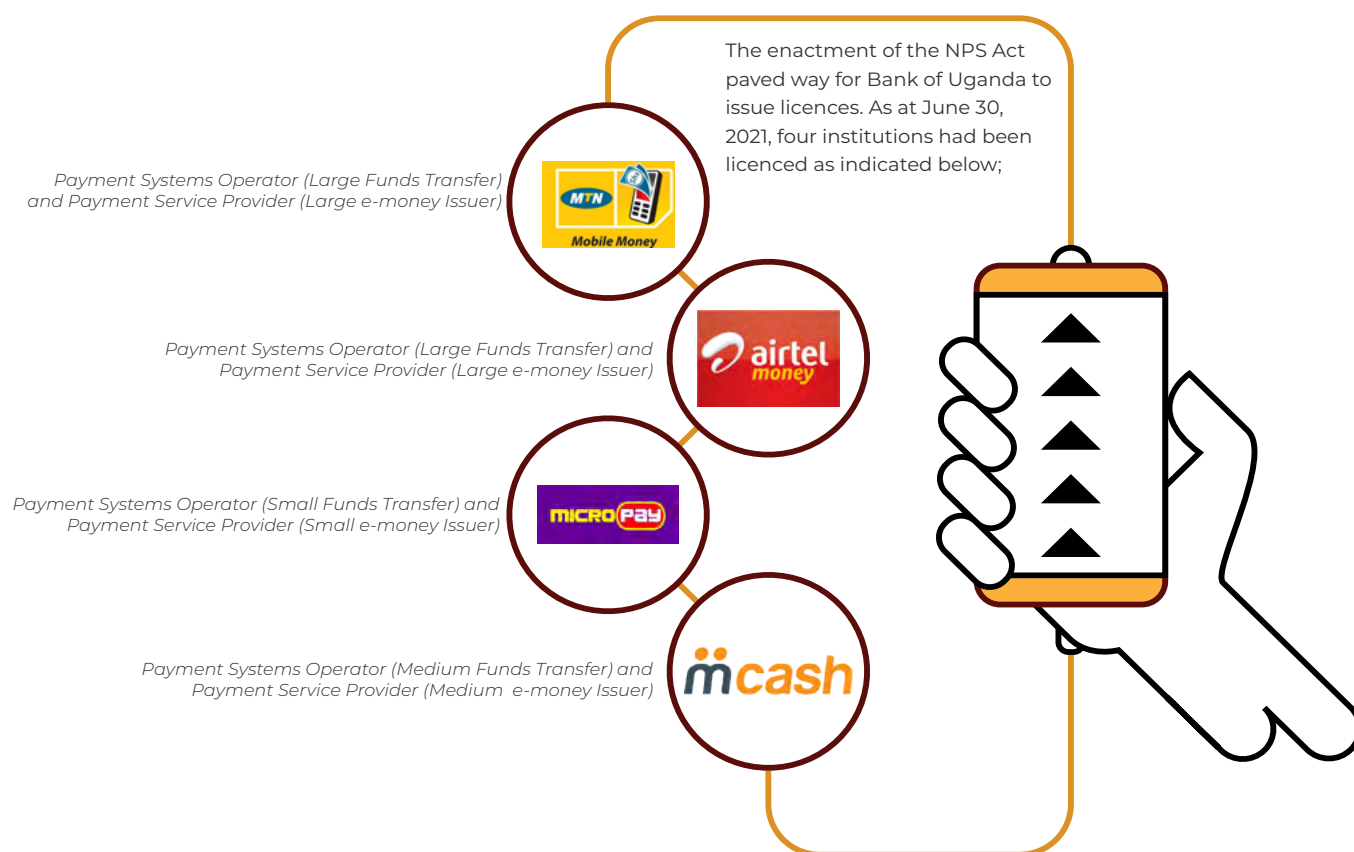
In accordance with the Bank for International Settlements (BIS) Principles for Financial Markets Infrastructure and the BIS General Principles for Cooperative Oversight on Transparency, Bank of Uganda published the Oversight Framework. The framework lays out BOU's approach to regulatory oversight for payment systems, including the oversight objectives, scope of the oversight activity and the methodology.

6.2.3 Establishment of a regulatory sandbox framework

Pursuant to Section 16 of the National Payment Systems Act, 2020, BoU developed a Regulatory Sandbox Framework to prescribe the minimum requirements for operating under the Sandbox without first obtaining a licence under the Act. Under the Regulatory Sandbox arrangement, a person may obtain limited access to the payments ecosystem to test innovative financial products or services in a controlled environment with regulatory oversight, subject to appropriate conditions and safeguards. Resultantly, BoU granted approval to M/s Wave Transfer Limited to operate under the Regulatory Sandbox. Wave Transfer Limited was granted approval to test its innovative product in payments using the Quick Response (QR) technology.

6.2.4 Licensing of Payment Systems Operators (PSOs) and Service Providers (PSPs)

Payment System Operators are institutions that operate payment infrastructure and related technology used to transfer monetary value, including aggregators, clearing and settlement systems, central counter parties, card schemes among others. The PSOs provide the systems on which payment services are delivered. Payment Service Providers on the other hand are institutions that enable cash deposits or withdrawals, execution of payment transactions, issuance & acquisition of payment instruments & any other service incidental to the transfer of funds. For example electronic money issuers or mobile money service providers.



6.3 Financial inclusion achievements

6.3.1 National Financial Inclusion Strategy (NFIS) 2017-2022 accomplishments

As at June 30, 2021, there were 20 financial institutions on the Agent Banking shared platform operating agents with a total of 11,262 compared to 17 financial institutions at end June 2020 with 7,592 agents deployed across the country.

Secondly, the electronic Know Your Customer (e-KYC) for financial institutions to verify National Identification cards was put in place. Thirdly, the Uganda Microfinance Regulatory Authority to regulate SACCOs, non-deposit microfinance institutions, money lenders and VSLAs was operationalized. Fourthly, the Security Interest in Movable Property Registry System (SIMPRS) by Uganda Registration Services Bureau was established following the enactment of Security Interest in Movable Property Act of 2019. Finally, the Strategy for Financial Literacy 2019-2024 was finalized.

6.3.2 Accomplished financial literacy initiatives

The vision of the Strategy for Financial Literacy in Uganda (2019-2024) is "Ugandans have the knowledge, skills and confidence to manage money well". The Strategy for Financial Literacy in Uganda focuses on following five priority groups: i) Youth, ii) Women, iii) Workplace iv) Rural Outreach, v) Special Interest Groups (Children below 15 years old, People with Disabilities and Forcibly Displaced Persons/Refugees)



The implementation of the strategy, however, was greatly hampered by government restrictions on physical public engagements due to COVID-19 pandemic. Nevertheless, BoU in collaboration with stakeholders continued to implement different financial literacy activities during the year. Some of the activities included:

- i. Financial Literacy Training of Trainers (ToTs) Program: Bank of Uganda conducted one Financial Literacy ToTs.
- ii. Financial Literacy Training: BoU adopted a financial literacy approach using radio talk shows to provide financial literacy training in the districts of Arua, Gulu, Kampala, Hoima, Soroti and Jinja. The talk shows also incorporated aspects of electronic payments and digital financial literacy.
- iii. World Savings Day: The world Savings Day 2020 was commemorated on 31st October 2020 through publication of messages under the “Save and Be Safe” theme in major media.



Currency operations & management

Despite the COVID-19 pandemic and the related challenges, the Bank continued to achieve its core mandate of issuing legal tender in the appropriate denomination mix. The value of Currency in Circulation (CIC) grew by UGX 320.58 billion or 5.62 percent from UGX 5.71 trillion in the FY 2019/20 to UGX 6.03 trillion in FY 2020/21.

Table 9: Value of currency in circulation

Year End	Banknotes (UGX)	Coins (UGX)	Total (UGX)	Growth (%)
Jun-18	4,156,175,010,000	167,056,173,236	4,323,231,183,236	-
Jun-19	4,419,030,010,000	177,086,073,236	4,596,116,083,236	6.31
Jun-20	5,516,635,010,000	188,583,723,236	5,705,218,733,236	24.13
Jun-21	5,832,365,010,000	193,433,623,236	6,025,798,633,236	5.62

Source: Bank of Uganda

7.1 Currency withdrawals and deposits

Withdrawals of banknotes and coins by commercial banks decreased by UGX 545.18 billion or 5.83 percent from UGX 9.34 trillion to UGX 8.79 trillion, reflecting the reduced demand for money caused by the slow-down in economic activity during the pandemic. Deposits grew slightly by UGX 243.34 billion or 2.95 percent from UGX 8.24 trillion in FY 2019/20 to UGX 8.48 trillion in FY 2020/21.

Table 10: Currency withdraws and deposits

Financial Year	Withdrawals				Deposits			
	Bank notes (UGX'000')	Coins (UGX'000')	Total (UGX'000')	Growth (%)	Bank notes (UGX'000')	Coins (UGX'000')	Total (UGX'000')	Growth (%)
2017/18	7,757,723,435	11,337,318	7,769,060,753	-	7,317,537,000	3,465,265	7,321,002,265	-
2018/19	8,763,915,000	11,770,502	8,775,685,502	12.69	8,501,060,000	1,740,602	8,502,800,602	16.14
2019/20	9,333,216,000	11,592,700	9,344,808,700	6.49	8,235,611,000	95,050	8,235,706,050	-3.14
2020/21	8,793,236,000	6,394,800	8,799,630,800	-5.83	8,477,506,000	1,544,900	8,479,050,900	2.95

Source: Bank of Uganda

7.2 Currency processing

The value of banknotes processed increased by UGX 1.26 trillion or 16.24 percent from UGX 7.73 trillion processed during the FY 2019/20 to UGX 8.99 trillion in FY 2020/21. As a result, the value of re-issue banknotes increased by UGX 703.76 billion or 12.25 percent. The improvement in processing is attributed to the increase of staff involved in currency processing resulting from the easing of the lock down measures in the second quarter of FY 2020/21.

Table 11: Impact of currency processing

Financial Year	Value of banknotes processed (UGX)	Growth (%)	Value of Re-Issue output (UGX)	Growth (%)
2017/18	7,250,947,435,000	-	5,319,803,435,000	-
2018/19	8,320,044,000,000	14.74	5,922,560,000,000	11.33
2019/20	7,731,346,000,000	-7.08	5,744,647,000,000	-3.00
2020/21	8,986,725,000,000	16.24	6,448,407,000,000	12.25

Source: Bank of Uganda

7.3 Cost of currency

The actual cost of printing currency reduced by UGX 45.52 billion or 23.58 percent from UGX 193.02 billion spent in FY 2019/20 to UGX 147.51 billion in FY 2020/21. The reduction is attributed to;

- Improvement in processing of re-issue banknotes in the FY 2020/21 compared to the previous FY 2019/20 where the Bank was unable to process any notes in the last quarter due to the lock down, resulting in issuance of largely new banknotes.

- ii. Adoption of the new guideline for currency issuance of 80 (reissue) to 20 (new) from 70 to 30 which was implemented during the last quarter of FY 2020/21. The overall result for the Bank for the month of June 2021 was 75 percent (reissue) to 25 percent (new) which is still reasonable.
- iii. General decline in total demand for money in the economy.

Table 12: Comparative cost of currency

Financial Year	Issuance Cost	Growth (%)	Value of Re-Issue output (UGX)	Growth (%)
2019/20	182,304,331,548	10,719,208,746	193,023,540,294	-
2020/21	141,345,554,223	6,162,536,803	147,508,091,026	-23.58

Source: Bank of Uganda



Reserve management & financial markets operations



As at 30 June 2021, the foreign exchange reserves stood at USD 4,214 million (equivalent to 5.48 months of import cover), compared to the previous financial year close of USD 3,920 million (5.2 months of import cover)

8.1 Foreign exchange reserves and investment management operations

The Central Bank continued to manage foreign exchange reserves in line with the investment objectives of: capital preservation, liquidity and reasonable returns, consistent with acceptable risk.

The level of foreign exchange reserves grew during the year, closing the period at USD4,214.1 million, equivalent to 5.48 months of import cover. This was a notable increase of 7.51 percent from the close of June 2020 level of USD 3,919.8 million (5.2 months of import cover). This increase in foreign reserves was brought about by receipt of grants, loans and project related funds, purchases from the domestic market as well as returns from investment related assets.

Return on foreign assets experienced a slump, from 2.6 percent as at end June 2020, to 0.6 percent at close of June 2021. During the period, maturing investments were reinvested at lower rates due to the generally low interest rate environment driven by the prolonged expansionary monetary policy stance of the major central banks globally. The COVID-19 pandemic continued to exert pressure on economic growth causing global central banks to inject various forms of stimulus packages including policy rate cuts/holding, credit/liquidity support, household cheques and bond buying programs, among others.

Sustained use of these tools and gradual recovery from the pandemic has seen a pick-up in inflation majorly in the U.S, U.K and Eurozone. If this rise in inflation is sustainable and not transitory, Central Banks will most likely act by tapering their asset purchases and increasing interest rates gradually. However, most Central Bank monetary policy committees are hesitant to take any action at the moment as it could erode any growth achieved so far and consequently, the rates are likely to stay at current levels until the second half of 2022.

Reserve management key achievements



The Strategic Asset Allocation (SAA) was reviewed and updated using the Asset Allocation Work Bench tool provided by the World Bank Treasury. The framework helps to balance BOU's risk and return expectations by realigning the investment holdings with the return objectives, risk tolerance and investment horizon



The investment guidelines of the money markets portfolio were consolidated and approved by the Foreign Reserves Management Policy Committee (FERMPC). The document provides clear guidance on all the parameters and risk limits required to manage the internally managed money markets portfolio

8.2 Domestic market developments

During the financial year, the Bank pursued and implemented a number of initiatives aimed at further developing the domestic financial market. This included the following notable developments:

a. Primary dealer reforms

Seven (7) banks were appointed Primary Dealer (PD) banks and obtained exclusive competitive bidding access to the primary market for Government securities. As market makers, the PD banks then on-sell the securities in the secondary market. Following commencement, Uganda is now amongst a handful of African countries with a true Primary Dealership system that is aligned to international best practice. During the financial year 2020/21, the turnover ratio in the secondary market jumped to 127.71 percent (1.27 times the outstanding stock of government securities) compared to 50.38 percent in the previous year.

b. Benchmark bonds

By the end of the financial year 2020/21, the number of benchmark bonds had been lowered to 28 bonds compared to 31 by the end of the previous year. Concentrating government security bond issuance into fewer bonds increases liquidity, lowers transaction costs and attracts offshore investors.

c. The deposit auction facility

Following amendments, the Bank began issuing Deposit Auction Instruments (DEPOs) at market determined rates thereby making them tradable instruments in the secondary market. The adjustment also meant that DEPOs were thereafter considered as High-Quality Liquid Assets (HQLA) in calculation of the Liquidity Coverage Ratio for the commercial banks which further enhanced their relative attractiveness.

d. Global Master Repurchase Agreement (GMRA)

Following completion of GMRA and all its related annexes, commercial banks commenced the use of the horizontal repos. The horizontal repo market provides an opportunity for commercial banks to borrow from each other in the interbank market using Government securities as collateral to meet daily liquidity obligations. This is expected to reduce interest rates in the interbank money market.

Strategic partnerships

i. East African Community (EAC)

On the 26th February, 2021, the East African Community Council of Ministers designated 1st July, 2021 as the date for the coming into force of the East African Monetary Institute (EAMI), the precursor to the East African Central Bank. The operationalisation of the EAMI effectively sets the EAC on a journey towards a single currency by 2024 as envisaged in the East African Monetary Union Protocol. The Council at its 40th meeting further directed the EAC Secretariat to convene a Meeting of the Sectoral Council of Finance and Economic Affairs to develop an institutional structure for the EAMI by 30th September, 2021.

On February 27, 2021, the East African Community Heads of States held the 21st Ordinary Summit of the EAC via video conference where the deliberations involved including French as a language of the community in addition to English and Swahili. The Summit considered a report on the accelerated integration of the Republic of South Sudan as well as the Democratic Republic of Congo (DRC) into the EAC and directed that the verification exercise for the admission of the Federal Republic of Somalia be expedited. The Summit recalled its previous discussions on the EU-EAC economic partnership agreement and recognised that not all partner states were in a position to sign, ratify and implement the agreement. The Summit also recognised the importance of some partner states to move forward. The Summit concluded that partner states that wish to do so should be able to commence engagements with the EU with a view to starting the EU-EAC-EPA implementation under the principle of variable geometry.

ii. International Growth Centre (IGC)

During the year, the BoU together with the IGC organized a high-level seminar under the theme “Why are lending rates high in Uganda?” The seminar was presented via a hybrid model combining in-person and virtual presentations and was attended by several experts in the field. The seminar discussed issues surrounding how interest rate spreads and lending rates in Uganda compared to other African countries as well as the factors that determine interest rate spreads. The deliberations from the conference recommended several policy actions including a need to increase effective competition in the banking sector, a reduction of risks and costs of lending, further regulation to limit non-performing loans and expand sources of funding for businesses.

iii. African Continental Free Trade Area (AfCFTA)

The Bank continued to work with the Ministry of Trade Industry and Cooperatives towards the implementation stage of the African AfCFTA which begun in January 2021. Without doubt the COVID-19 pandemic that has ravaged the global economy has complicated the full realization of the AfCFTA. In January 2021, Uganda joined four other states with in Eastern Africa (EAC, Ethiopia & Djibouti) in the process of reducing their tariffs starting with a linear reduction on 90 percent of tariff lines.

Within the EAC, only three of the six members namely Uganda, Rwanda and Kenya have so far ratified the AfCFTA. The EAC is a customs union and, consequently, has established a common external tariff (CET), whose integrity shall be put to test if the ratification of the AfCFTA by the other three member states is not done soon. The East African Community Council of Ministers urged the Republic of Burundi, the Republic of South Sudan and the United Republic of Tanzania to ratify the African Continental Free Trade Area Agreement (AfCFTA) by June 30, 2021. As at January 21, 2021, 36 African countries, including Kenya, Rwanda and Uganda, had ratified the AfCFTA Agreement.

iv. Association of African Central Banks (AACB)

The Bureau of the AACB held 2 virtual meetings during November 2020 and January 2021. During these meetings, the Bureau took note of the results achieved in the implementation of the African Monetary Cooperation Programme (AMCP) that includes the harmonization of monetary policy frameworks across the region. Specifically, Uganda has achieved 3 out of the 4 primary items listed in the convergence criteria. The BoU shall continue to improve its monetary and supervision frameworks in line with the time lines spelled out in the convergence criteria of the programme.





Funds administered by BoU

10.1 Agricultural Credit Facility

The Agricultural Credit Facility (ACF) is a risk sharing public-private partnership between the Government of Uganda (GoU) and the Participating Financial Institutions (PFIs) that include commercial banks, Uganda Development Bank Ltd (UDBL), credit institutions (CIs) and micro deposit taking institutions (MDIs). During its eleven years of existence, the ACF has targeted agricultural projects with the end goal of commercialization, modernization and value addition of raw outputs in the agricultural ecosystem. Since its inception, GoU has remitted UGX 188.78 billion to the ACF to cover disbursements and PFIs have matched the GoU contribution in line with the Memorandum of Agreement (MoA) 2018. The commercial banks and UDBL contribute 50 percent to each loan on-lent to a farmer or an agro-processor while credit institutions and micro deposit-taking institutions contribute 30 percent of the loan value.

10.1.1 Performance of ACF

As of June 30, 2021, BoU had received cumulative loan applications totalling 1,463 with a total loan value of UGX 988 billion up from UGX 910 billion of June 2020. The cumulative disbursements amounted to UGX 620.04 billion up from UGX 520.42 billion of June 2020 [an increase of UGX 99.62 billion or 19.14 percent]. This was extended to 1,194 eligible projects (including large aggregators running out growers' schemes that benefit thousands of small holder farmers) across the country. The GoU cumulative contribution amounted to UGX 314.79 billion.

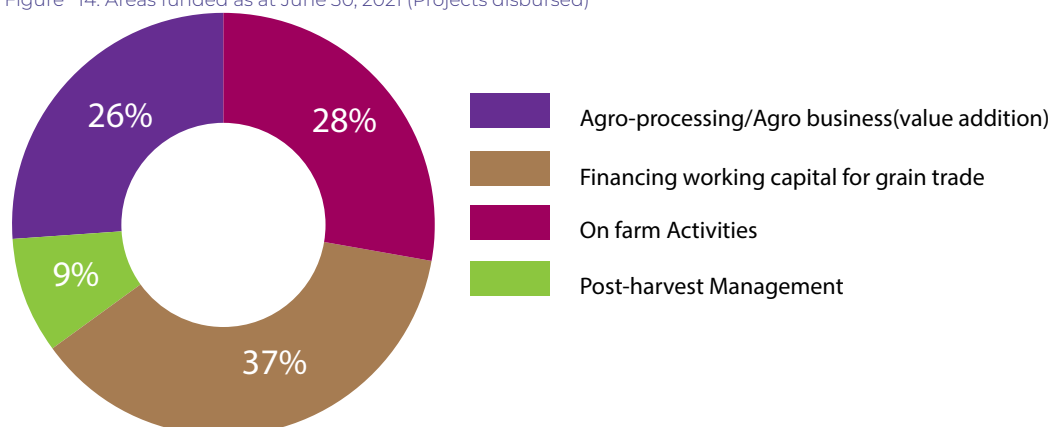
Cumulative loan repayments stood at UGX 163.27 billion (51.9 percent) of the GoU contribution to the PFIs with an outstanding loan portfolio of UGX 151.52 billion.

The cost of funds for the ACF loans remained steady at a maximum Interest rate of 12 percent per annum (or 1% per month) and 15% for the Grain facility. Loan durations ranged between 6 months to 8 years, while grace period was up to 3 years per sub-loan to an eligible borrower. The Grain facility Loan period remained at 2 years with no grace period.

10.1.2 Investments financed

The scheme has continued to finance several projects under various agricultural value chains to include on-farm activities, which comprise farm improvement projects such as the construction of structures that include valley dams, hatcheries, greenhouses with irrigation systems and excavation of fishponds, among others as well as purchase of machinery/equipment including tractors that facilitate enhanced farm production. Other categories of activities funded include financing working capital for grain trade, livestock, post-harvest management such as warehouses, silos and agro-processing, which involve value addition. Details provided in Figure 14 below.

Figure 14: Areas funded as at June 30, 2021 (Projects disbursed)



Source: Bank of Uganda

10.1.3 Block allocation- financing micro, small & medium enterprises engaged in agriculture

Block Allocation under the ACF was first introduced under ACF Addendum III for the period July 2011-February 2013. However, this did not take off as expected as the PFIs were not interested in lending to the SMEs due to the following reasons:

- Most PFIs were risk averse in lending to the small-scale farmers dealing in agricultural activities due to the inherent risks associated with Agricultural lending.
- The PFIs that ventured into lending to the SMEs complained of the high costs incurred in the loan process right from the loan appraisal, pre-financing visits to the client's projects to loan monitoring of these SMEs yet the loan limits were low.
- Most of the PFIs did not consider it feasible to lend below UGX 10 million under the ACF.
- Small Scale farmers did not possess adequate collateral to support their credit, and
- Small Scale farmers did not possess adequate financial records to back their quest for credit.

As the ACF Scheme gained momentum, the demand for it to accommodate the small-scale farmers increased especially due to in part their key role in the economic development of the country as regards providing employment to most of the population and food security right from household level, and the popular public perception that ACF was meant for only large-scale operators among other reasons. It was realized that SMEs engaged in agricultural related activities comprised of approximately 85% of the population employed in the country (World Bank Report, 2011).

The re-introduction of block allocation in 2018, allowed the PFIs to consider extending loans of up to UGX 20 million to farmers with alternative collateral arrangements such as chattel mortgages, cashflow based financing, character-based loans, among others. This is intended to unlock credit to the micro and smallholder farmers who are unable to access funding due to the stringent traditional collateral requirements by the PFIs.

Out of UGX 620.04 billion disbursed under the ACF as at June 30, 2021, UGX 4.92 billion was extended to 314 smallholder farmers under block allocation. The loans were mainly advanced through Post Bank Uganda Limited, dfcu Bank Limited, Centenary Bank Uganda Limited and Pride Microfinance Limited. Financing for farmers in this category has been extended to four main enterprises: cattle restocking for dairy and beef production, poultry farming, agricultural inputs, and farm infrastructure as well as grain trade.

Table 13: Value of areas funded under the block allocation

Enterprise funded	Number	Total loan UGX)	Gou Contribution (UGX)	Percentage
Cattle restocking for beef/diary production	133	2,066,000,000	1,153,100,000	42
Poultry farming	26	429,600,000	291,800,000	9
Agro-inputs and farm improvements	108	1,683,900,000	1,076,650,000	34
Grain Trade	47	739,500,000	369,750,000	15
Total	314	4,919,000,000	2,891,300,000	100

Source: Bank of Uganda

10.1.4 ACF Non-performing loans (NPLs)

As at June 30, 2021, the NPLs stood at UGX 5.5 billion with a non-performing asset (NPA) ratio of 1.8 percent (June 2020: 2.21 percent) compared to the overall ratio of 5.4 percent for the commercial banks during the period.

10.1.5 Performance of the ACF during the COVID-19 Pandemic (March 2020 to June 2021)

In the 15 months ending June 30, 2021 during the COVID-19 pandemic, the scheme registered 11.78 percent increase in the loan book, to UGX 164.8 billion as of June 30, 2021 from 147.3 billion as of March 31, 2020. On the other hand, Agricultural financing by supervised financial institutions (SFIs) declined by 41.3 percent in the period between April 2020 and June 2021 from UGX 2.26 trillion as of March 2020 to UGX 1.32 trillion cumulatively. This suggests that under the risk sharing mechanism, the ACF provides a cushion for the PFIs to extend credit to the agriculture sector amidst

the pandemic. Despite this performance, some projects have been affected and a total of 97 loans with outstanding CoU contribution of UGX 31.6 billion were restructured as of June 30, 2021 resulting from the reduction in business activity due to the pandemic and lockdown measures instituted on several businesses including agribusinesses.

10.1.6 Major achievements registered by the ACF

ACF has registered major achievements such as; providing affordable credit to farmers, enhancement of financial inclusion through the block allocation arrangement, enhancing value of the agricultural products through value addition leading to better prices for farmers hence improving house hold incomes. The risk sharing mechanism has Increased the level of confidence in agricultural finance by PFIs resulting into increased lending to the agricultural sector.

MSME Maize Project



10.2 Petroleum revenue investment reserve

10.2.1 Petroleum revenue management

The Public Finance Management Act (PFMA), 2015 (Part VIII) prescribes the management of Petroleum Revenue aimed at facilitating efficient management of Uganda's Petroleum Resources for the benefit of both current and future generations. It stipulates the Collection, Deposit, Management, Investment and Expenditure of Revenue which accrues to Government from the exploitation of the Petroleum Reserves. It also assigns mandates and specifies responsibilities of each of the parties involved in the management of the petroleum revenue.

10.2.2 Petroleum Fund (PF)

The PFMA established the Petroleum Fund (PF) as an integral element in the management of the Petroleum Revenue. It holds all Petroleum Revenue through a segregated arrangement distinct from the Consolidated Fund (CF), thus separating the Petroleum Revenue from any other Government Revenues and Reserves. In order to ensure transparency and accountability in the management of the PF, the Uganda Revenue Authority (URA) is responsible for collecting and receiving all Petroleum Revenues which accrue to Government and depositing this Revenue into the PF.

Withdrawals from the PF are only made under authority granted by an Appropriation Act and a warrant of the Auditor General to the CF, to support the annual budget and to the Petroleum Revenue Investment Reserve (PRIR) for investments.

The Ministry of Finance, Planning and Economic Development (MoFPED) maintains two accounts for the PF (UGX and USD) at BoU. For better transparency and management, a USD account is held at the Federal Reserve Bank, New York, US to receive and hold all USD petroleum related revenue mirroring the one at BoU.

The MoFPED is responsible for the overall management of the PF and oversees the transfer into and the disbursements from the PF.

10.2.3 PF Cashflows for FY 2020/21

As at July 01, 2020, the opening balance on the PF was USD 6.42 million and UGX 63.82 billion. During the year, the inflows were USD 24.45 million and UGX 55.23 billion. In the National Budget for the FY 2020/21, Parliament did not appropriate any money from the PF. The closing balance in the Petroleum Fund as of June 30, 2021, was therefore USD 30.88 million and UGX 119.05 billion.

During the year, the Tullow Oil (U) Ltd completed the sale of its assets in Uganda to Total E&P. The completion of the sale resulted in a Capital Gains Tax and Stamp Duty payments of USD 14.6 million and USD 8.6 million respectively. These two amounts account for the biggest proportion of the funds received on the PF USD account. The table below shows a summary of the transactions in the Petroleum Fund during the year ended 30 June 2021.

Table 14: Summary of inflows and outflows on the Petroleum Fund for FY 2020/21

	USD	UGX
Opening Balance as at 01 July 2020	6,424,710	63,821,170,702
Add: Revenue Receipts*	24,450,813	-
Transfers from Consolidated Fund**	-	55,231,040,418
Less: Withdrawals		
Charges	-48	-
Closing Balance as at 30 June 2021	30,875,475	119,052,211,120

Source: Bank of Uganda

* Comprises of Non-Tax Revenue from Petroleum-related activities such as surface rental fees, Data access fees, training fees and License fees.

** Comprises of Tax Revenue from Petroleum-related activities such as Income Tax, WHT from exclusive suppliers in the Petroleum Sector etc transferred to the Petroleum Fund.

10.2.4 Petroleum Revenue Investment Reserve (PRIR)

The BoU is responsible for the operational management of the PRIR within a framework of a written agreement between the Minister MoFPED and the Governor Bank of Uganda. This operational management comprises of investment of the Petroleum Revenue appropriated by Parliament for investment in accordance with the Petroleum Revenue Investment policy issued by the Minister of Finance, Planning and Economic Development.

There has been no appropriation of funds to the Petroleum Revenue Investment Reserve for investment since the establishment of the Petroleum Fund. In addition, the Petroleum Revenue Investment policy has not been issued and the written agreement between the Minister and the Governor has not yet been signed.

10.2.5 Developments in FY 2020/21

The BoU participated in the East African Crude Oil Pipeline (EACOP) negotiations and Refinery Project negotiations which culminated in the sign-off of the Host Government Agreement, Shareholders Agreement and the Tariff and Transportation Agreement between the Government of Uganda and the EACOP Company. These were the final agreements needed for the commencement of the pipeline project to enable exploitation of crude oil by the international oil companies.

The BoU also participated in the Multi-Stakeholder Group of the Extractive Industries Transparency Initiative (MSG-EITI), a group established by the Government to prepare the application for Uganda to join the Extractive Industries Transparency Initiative. During the year, Uganda's application was successful and was subsequently admitted to the EITI in August 2020.

10.2.6 Expectations for FY 2021/22

In the Government Budget for the FY 2021/22, UGX 200 billion was appropriated from the Petroleum Fund to the Consolidated Fund. The BoU is expected to invest the balance of funds in the Petroleum Fund after appropriation by Parliament in accordance with the provisions of the PFMA. In light of this, the BoU anticipates;

- i. The sign-off of the operational management agreement between the Minister and the Governor,
- ii. The issuance of the Petroleum Revenue Investment Policy by the Minister,
- iii. The annual cash flow plan of Government to facilitate the investment if any of the appropriated funds to the CF.

Other expectations;

- i. The negotiations for the Refinery project are expected to commence in the FY 2021/22.
- ii. The second licensing round for new exploration in the Albertine Graben which was announced in May 2019 is expected to be concluded during the year. We expect this conclusion to increase the level of activity in the sector and hopefully additional commercial discoveries and revenues.
- iii. The Regulatory Impact Assessment for the Petroleum Revenue Investment policy commenced during the year. The completion of this process will pave the way for conclusion of the Petroleum Revenue Investment Policy and its subsequent issuance.

The BoU will continue with its participation in the MSG-EITI which currently is charged with overseeing the implementation of EITI in Uganda.



Organisational capacity & excellence

11.1 Managing the Bank

Successful management of the Bank depends on its ability to attract, motivate, develop and retain engaged diverse talent. During the FY 2020/21, the Bank continued to focus its efforts on a culture of performance to achieve its strategic objectives and mandate.

2020/21 Key performance highlights

- > Board approved amendments to the recruitment policy
- > Completed Internal recruitment to fill 10 senior management positions that had fallen vacant.
- > External recruitment of 5 staff was completed

11.2 Work approaches during the pandemic

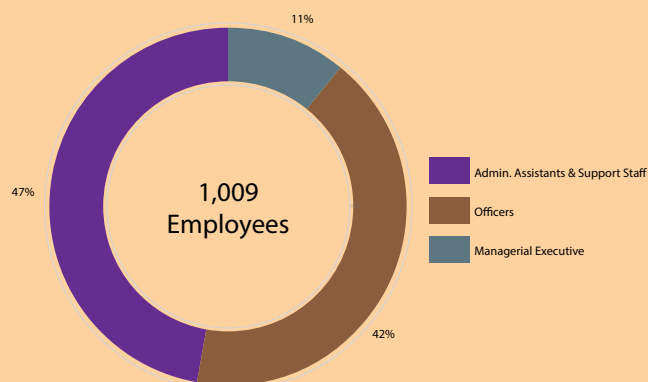
During the period, normal operations were negatively affected by restrictions posed by the COVID-19 pandemic, leading to scaling down of the workforce onsite, disruption in work schedules, training schedules and conventional learning, among others. To address the challenges, the Bank has reviewed its work approaches to ensure business continuity and achievement of its strategic objectives and mandate.

2020/21 Key performance highlights

- > The Bank instituted a coronavirus pandemic response team (CPRT) to deliberate on actions for business continuity and management of information flow.
- > Developed and implemented a Remote working policy to guide staff who are working from home or elsewhere, due to COVID-19 SOPs.
- > The Bank encouraged virtual learning as an alternative training methodology in the delivery of capacity building programmes. The training programmes that were undertaken online, were effectively executed. Other initiatives include revamping the Bank's training centre through the acquisition of modern digital tools, learning technologies and the implementation of e-learning.
- > Management continued to hold employee engagement programs to give employees an opportunity to deliberate on the various issues that affect them.

The Bank is an equal opportunity employer and employs more than 1,000 employees at its headquarters in Kampala and eight other branches in the towns of Jinja, Mbale, Gulu, Arua, Fort Portal, Kabale, Mbarara and Masaka and one currency technical centre in Lira.

Composition of Bank staff by role



Composition of Bank staff by gender

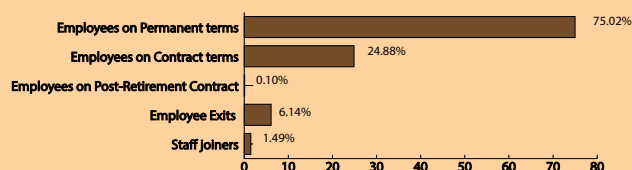


49%



51%

Employment categories



11.3 Investing in resilience

To drive performance and achievement of the Bank's Strategic Plan 2017- 2022, the Bank has invested in a number of initiatives and has continued to prioritize key strategic training areas for capacity building.

The identified strategic priority areas include programmes in; fraud detection, IT systems audit, regulation of Tier-4 institutions, cloud computing, e-payments, cyber security management, economic modelling, economic policy research and analysis.

2020/21 Key performance highlights

- > Constituted the BOU Innovation Hub to steer innovations and enable the Bank respond to dynamic challenges.
- > A total of 220 employees were trained. Of these, 112 were trained in skills development courses, while 108 were trained in strategic priority areas.
- > The Bank's employee performance and reward management policy was holistically reviewed thus enabling:
 - i. Revised employee performance planning periods and performance assessment tools (appraisal and performance improvement) to enhance clarity, objectivity and ultimately performance.
 - ii. Streamlining performance-based criteria which is aligned to corporate performance.
 - iii. Introduction of rewards that promote healthy competition and a strong performance culture.
 - iv. Introduction of the 360 Degree Feedback System which promotes self-awareness and personal development.
- > Introduced a performance measure in the Executive Directors' scorecards to assess funds absorption rates of capital projects in their respective dockets.

11.4 Information technology

The Bank endeavours 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 practice. In the FY 2020/21, the Bank undertook the following IT initiatives to facilitate the delivery of its mandate.

11.4.1 Business process improvements & automation

Under its Universal Confirmations initiative, SWIFT made it mandatory for financial institutions to provide confirmations on the status of incoming payment instructions. This is intended to enable financial institutions to improve the customer experience and to facilitate trade by streamlining the processing of payments. Accordingly, the Bank successfully upgraded its SWIFT infrastructure, as well as the Real Time Gross Settlement System (RTGS) and the BoU Banking System, in order to comply with SWIFT requirements.

The implementation of the Bank's Data Warehouse initiative progressed to the testing phase. When completed, this will be the foundation of the Bank's efforts to improve decision making through the timely access to quality data.

Following the implementation of its IT Service Management solution, the Bank automated several IT Service management processes to improve efficiency in IT service delivery.

11.4.2 IT infrastructure

In the Financial Year, the target of the strategic initiative to consolidate the Bank's IT server infrastructure was achieved. Physical servers were migrated to Microsoft Windows and Linux virtualized server platforms, which will enable stable and efficient IT service to support the operations of the Bank.

The Branch network was upgraded to meet the increased digital traffic between Branches and the Headquarters. This is intended to improve service delivery to commercial banks at the BoU Branches.

The Bank established and operationalized the Remote Access Policy to enable the Bank's workforce to work remotely. Working practices have been adapted and to date, a third of the Bank's workforce has been enabled to work remotely. This has enabled the Bank to maintain an engaged and resourceful workforce despite the challenges brought about by the COVID-19 pandemic. Efforts continue to make remote working a routine practice for the majority of staff.

The Bank continues to effect improvements to other aspects of its IT infrastructure in response to business requirements and performance, capacity and maintenance drivers.

11.4.3 Cyber security

During the year, the Bank achieved compliance with the SWIFT Customer Security Program (CSP 2019). This Program is intended to establish baseline information security standards at all financial institutions that use SWIFT, thereby reducing the risks associated with the processing of electronic payments over the SWIFT platform.

A project to improve the Bank's ability to withstand new categories of information security threats was completed. Other projects intended to improve other aspects of the cyber-security posture of the Bank were initiated and are expected to complete in FY 2021/22.

11.5 Corporate image and reputation

11.5.1 Implementation of the communications strategy FY 2020/21 – FY 2024/25:

Following the review, consideration and approval of the Communications Strategy and Policy FY 2020/21 - FY 2024/25 by the Board of Directors (BoD) in February 2021, the Communications Department set up a task force to fast-track the implementation of the two documents. Amongst the major assignments accomplished by the task force was development of Guidance Notes for operationalization of the Strategy and Policy for the Bank's Committees and other Entities.

In addition to the Guidance Notes, the implementation had numerous tasks planned namely, communications strategy sensitization sessions for BoU staff in each department and branch (35 sessions in total); six bi-monthly Knowledge Sharing Sessions (KSS) per year; development of a crisis communications plan to be incorporated in the enterprise wide crisis management plan; development of financial stability communications plan to be incorporated in the framework for the resolution of DSIBs and other SFIs; as well as stakeholder engagements (media sensitization workshops, MPs' workshop, financial stability & monetary policy fora and business community seminars etc.). Other activities included museum visits; town hall meetings for the general public; layering & translating of messages; organogram review; online quarterly internal magazine; publications arising from reports; training of staff; and brand audit amongst others.

*Strategic Initiative: 'Increase stakeholder confidence
in Bank of Uganda'*



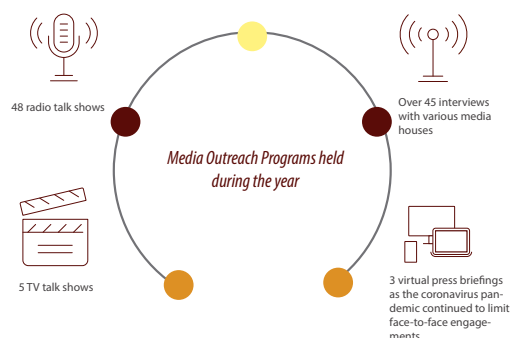
11.5.2 Stakeholder engagements

11.5.2.1 Media outreach programmes

In the FY 2020/21, the Bank maintained its multi-media campaigns approach to reach out to the external stakeholders on newsworthy issues related to Monetary Policy; developments in the domestic financial markets; credit relief measures to mitigate the impact of COVID-19 containment measures; exports performance, currency handling and safety features; performance of supervised financial institutions, payment systems; and the financial sector covering areas of consumer empowerment and protection and the Agricultural Credit Facility (ACF), among others.

Bank of Uganda also conducted several stakeholder engagements as part of the initiatives to create awareness on the provisions of the NPS Act, 2020 and the implementing Regulations. The activities included radio talk shows and engagements with Uganda Bankers Association, Supervised Financial Institutions, Mobile Network Operators and Fintechs where challenges, opportunities and initiatives to promote e-payments were discussed.

Given that radio has the widest audience reach, the Bank continued to prioritize this channel in the period under review. Talk shows were undertaken on radios in Kampala and up-country, other channels of communication included television talk shows, as well as augmenting the online channels with videos and infographics. The use of videos and infographics enabled the Bank to further simplify its messages for the various audiences. The Bank also held virtual Q&A sessions with the media on topics that included; Monetary Policy Committee (MPC) decisions, the National Budget and developments in the payments systems, including digitization initiatives by BoU.



11.5.2.2 Financial Consumer Empowerment Mechanism (FCEM)

a. Introduction

The Bank of Uganda established a Financial Consumer Empowerment Mechanism (FCEM) aimed at streamlining the information inquiries and complaints handling in the financial system in line with the National Financial Inclusion Strategy (NFIS) 2017-2022, Bank of Uganda Strategic Plan 2017-2022 and Financial Consumer Protection Guidelines 2011.

The key Objective of FCEM is to increase external stakeholder confidence in BoU through information inquiries and complaints resolution coordination. It empowers a financial consumer by:

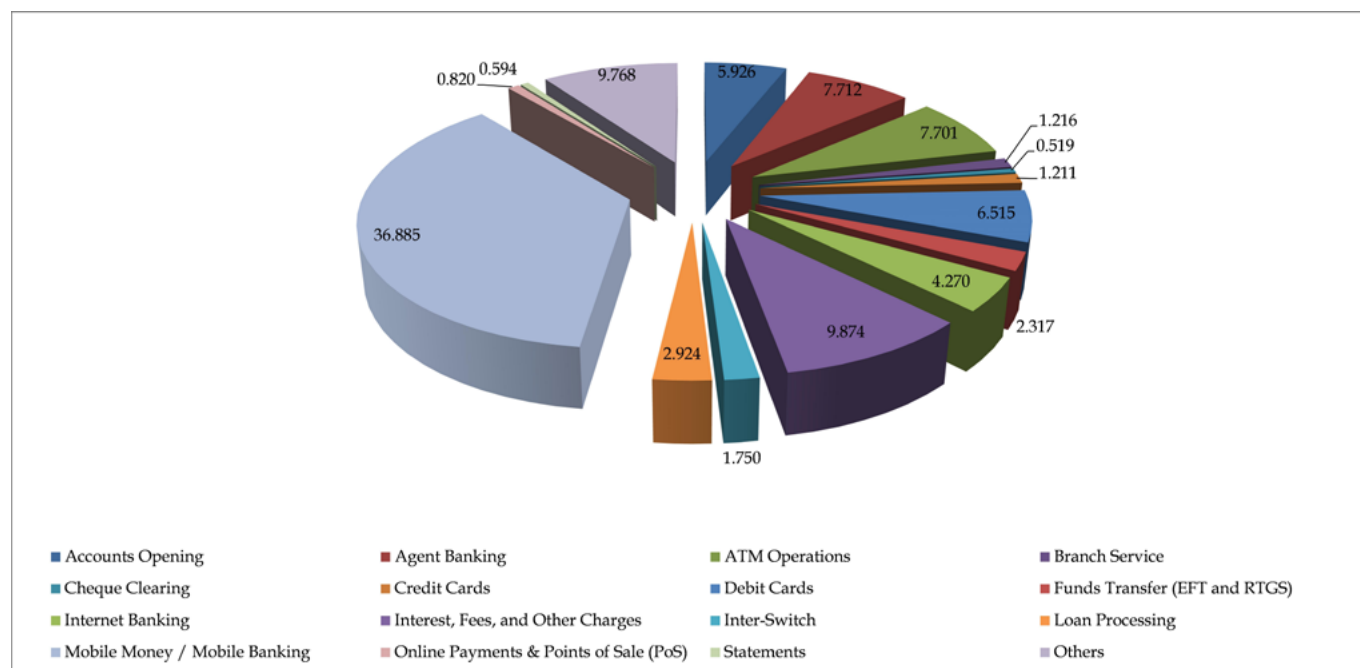
- Creating an enabling environment and defining safety nets where financial consumer rights are recognized and protected.
- Enforcing consumer protection regulations and standards of conduct by SFIs through an assessment of compliance with Financial Consumer Protection Guidelines (FCPGs) in order to achieve a culture of fair dealings and responsible business practices embedded in an SFI's operations.
- Delivering financial empowerment/education messages through use of teachable moments in the resolution of complaints aimed at improving the manner consumers interact with SFIs as well as overall financial behaviour.
- Institutionalizing redress mechanism where financial consumers have avenues for effective and efficient redress when they feel they are unjustly treated.

11.5.2.3 Complaints resolution at 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 260,299 complaints were received by SFIs by December 2020 compared with 392,764 complaints in December 2019 and 367,194 complaints in December 2018. The decline in number of complaints in 2020 recorded at 33.73 percent contrasts with a rise of 6.96 percent registered in December 2019, partly reflecting the effects of COVID-19 on financial services usage.

The highest number of complaints in the calendar year ended December 2020 was registered in the “Mobile Money / Mobile Banking” (36.88 percent) followed by “Interest, Fees and Other Charges” (9.87 percent) and “Others” (9.76 percent) categories (See Figure 15 for details). This is similar to the complaints landscape in December 2019 where “Mobile Money / Mobile Banking” (30.35 percent) as well as “Others” (24.72 percent) categories had the highest number of complaints registered. The decline in “Others” category is partly a reflection of the continuing revision of the bi-annual complaints submission form. The continuing revision of the bi-annual complaints submission form is intended to allow SFIs to unpack the complaints about products, services and / or incidents which were being bundled under the “Others” category. The 2020 complaints submission form had 16 categorizations compared to 15 and 10 classifications in December 2019 and December 2018 submission forms, respectively.

Figure 15: Complaints received by SFIs in Calendar Year 2020



Source: Bank of Uganda Complaints Database (Bi-annual complaints submissions by SFIs)

When a financial consumer is not satisfied with the manner in which a complaint has been resolved and / or 14 calendar days have elapsed without adequate communication from the SFI, the financial consumer may lodge their complaint with the regulator (Bank of Uganda). In this regard, a total of 341 complaints, information requests and inquiries were received by Bank of Uganda by December 2020 compared to 493 and 229 in December 2019 and December 2018, respectively. Table 15 provides a detailed breakdown.

Table 15: Breakdown of Information requests, Inquiries and Complaints received by BoU in 2018/19, 2019/20 and 2020/21

Category	FY 2020/2021 July 2020 – June 2021			FY 2019/2020 July 2019 – June 2020			FY 2018/2019 July 2018 – June 2019		
	Received	Resolved	Pending	Received	Resolved	Pending	Received	Resolved	Pending
Information requests & Inquiries	132	129	3	235	223	12	107	107	0
Complaints	209	193	16	258	187	71	122	72	50
Total	341	322	19	493	410	83	229	179	50

Source: Bank of Uganda FCEM Complaints Database

11.5.2.4 Knowledge Sharing Sessions (KSS) and Internal Communications

The Bank promoted the spirit of knowledge sharing in order to ensure that staff were empowered with necessary information. The knowledge shared was mainly about the Bank's regulatory oversight role considering the amended National Payment Systems (NPS) Act, 2020 and the COVID-19 pandemic. The methodology used was Knowledge Sharing Sessions (KSS) and during the FY 2020/21, five (5) virtual bank-wide knowledge sharing sessions were carried out via Microsoft Teams.

11.5.2.5 Public education, outreach and awareness campaigns

a. Public education engagements

The Central Bank regularly engages the public through various means including exhibitions / expos; dissemination of publications; and other stakeholder engagements.

b. Exhibitions

For the Financial Year 2020/21, in a bid to contain and limit staff exposure to the COVID-19 pandemic, Management suspended the Bank's participation in exhibitions, expos and public gatherings. To this end, BoU employed several no/limited contact interventions to ensure that the Bank's message would still reach its stakeholders.

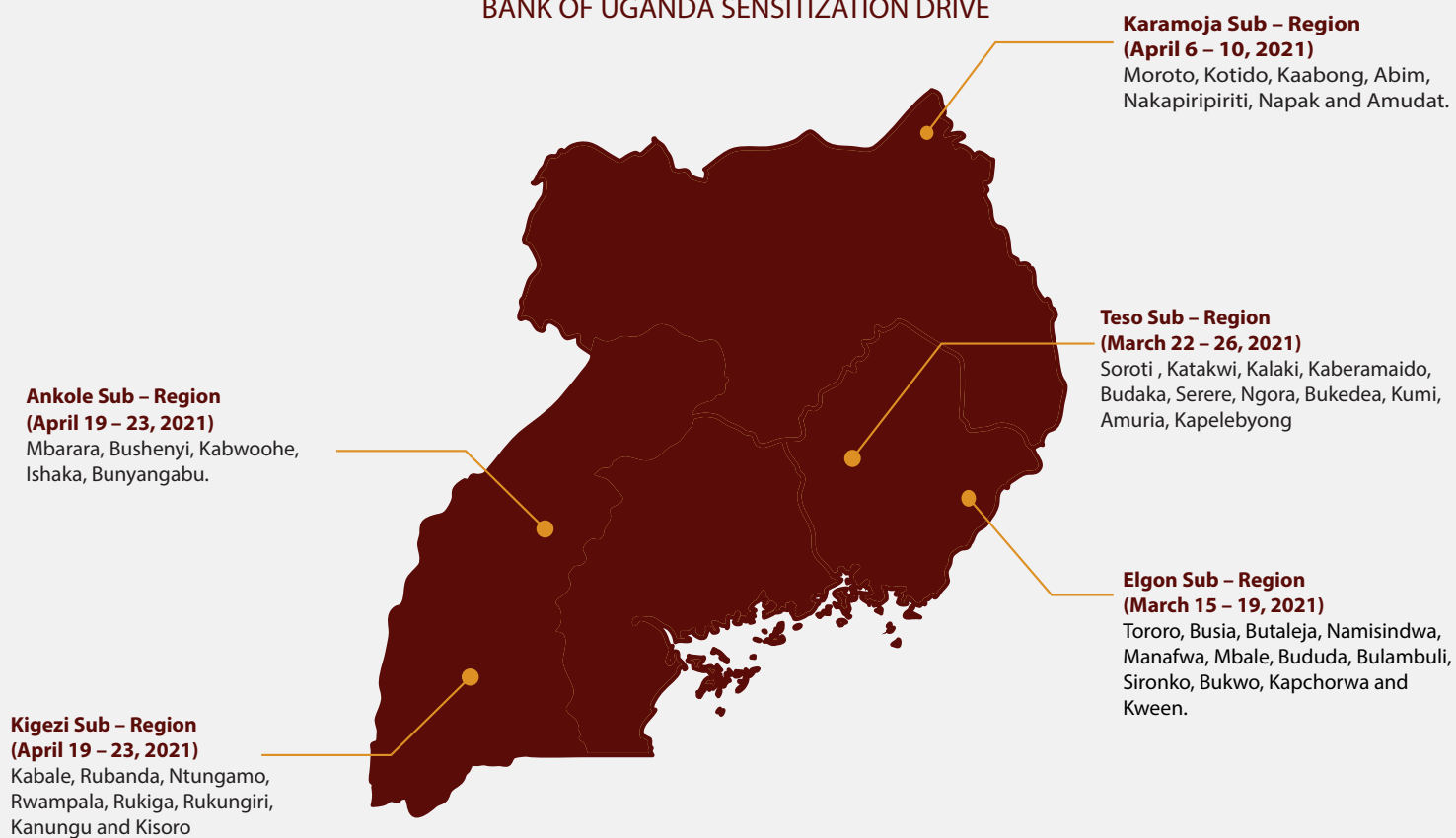
c. Development, production and publishing of public awareness and education materials

Following the development of various public education materials in the FY 2019/20 such as comic books, brochures and posters, BoU focused on the effective dissemination of the aforementioned materials. BoU disseminated various messages through the available social media platforms, website and the traditional media. The messages explained key areas of the Central Bank's operations and actions in regards to decisions in financial institutions supervision, regulation and resolution. These included - financial consumer rights and obligations; Agricultural Credit Facility and how to access it; investment in Government securities; handling of Bank notes and coins; monetary policy; as well as requirements for the redemption of damaged bank notes and coins.

The BoU Handbook on the Mandate, Roles and Functions of the Bank has also been completed, awaiting printing and dissemination.

BoU embarked on a mass public education material drive that saw the Bank deliver over 10,000 comic books, 15,000 brochures and posters to various regions in the country. This sensitization drive covered the following districts and areas;

BANK OF UGANDA SENSITIZATION DRIVE



Source: Bank of Uganda

11.6 Corporate social responsibility

11.6.1 Bank of Uganda outreach programmes

Bank of Uganda under the theme “Maternal & Child Health Care for a Healthy Society” supported Ayivuni Health Centre III in Arua district and Nakaloke Health centre III in Mbale district. The donation comprised of medical equipment and various works like renovation of the maternity wards, water and solar systems, building of a walkway and patient’s shade.

a. Ayivuni Health Centre III

Bank of Uganda, on October 8, 2020 handed over the medical equipment and renovated facilities to the Arua district leadership in a colourful ceremony comprising of officials from Arua district, Bank of Uganda, Ayivuni Health centre personnel and other invited guests. The ceremony was officiated by Ms. Judy Obitre-Gama, a Board member.

The Bank contributed to the renovation of the Maternity Ward, construction of the Patient’s waiting shed, solar and water harvesting system as well as medical equipment and supplies to the health facility.



Group photo of Arua district leadership and Bank of Uganda staff



Tour of the newly equipped Labor suite in the maternity ward

Unveiling of the waiting shed housing the Expanded Programme on Immunisation (EPI) Department.



b. Nakaloke Health Centre III

On November 27, 2020, upon completion of the renovation works, the Bank handed over the medical equipment and renovated facilities to the Mbale District leadership officials in a ceremony comprising of officials from Mbale district, Bank of Uganda, Nakaloke Health centre personnel and other invited guests. The ceremony was officiated by the Deputy Governor, Mr. Micheal Atingi- Ego.

The Bank contributed to the renovation of the maternity ward, construction of patient's walkway, solar and water harvesting system as well as medical equipment and supplies to the health facility.



Presentation of a gift of appreciation by the health centre to the Bank



Unveiling of the newly renovated Nakaloke Centre III by the Deputy Governor



Inspection of the water points supplied by the new water system donated by the Bank

The image features the Bank of Uganda Coat of Arms, a golden emblem set against a dark, textured background. The central shield is divided into three sections, each containing a stylized tree. Below the shield is a pair of scales of justice. The shield is flanked by two golden antelope figures. Above the shield is a crest featuring a bird. The entire emblem is encircled by a ribbon with the text "BANK OF UGANDA".

Corporate governance

12.1 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. Article 162 of the Constitution and Section 4 of the Bank of Uganda Act (Chapter 51, Laws of Uganda) spell out the Bank's functions. The Bank's mission is to foster price stability and a sound financial system.

12.2 Corporate governance statement

The Bank's corporate governance framework encompasses the Board, Board Committees and the Executive Committee of Management. The values of Transparency and Accountability, Integrity, Teamwork and Excellence shape the Bank's culture.

The Bank seeks to deliver its mandate through a five-year Strategic Plan [2017-2022] by focusing its establishment and operations towards enhancing external stakeholder confidence, financial performance, financial system stability, price stability, organisational performance, strategic partnerships and the efficiency of processes.

The Bank voluntarily adheres to best practice on disclosures covering: 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 Directors and Board performance assessment.

The five committees of the Board are: Audit and Governance Committee of the Board (AGCB), Financial Stability Committee of the Board (FSCB), Strategy and Finance Committee of the Board (SFCB), Capital Projects Committee of the Board (CPCB) and the Human Resource and Remuneration Committee of the Board (HRRCB).

12.3 The Board of Directors

12.3.1 Roles and responsibilities

The Board of Directors ('the Board') is ultimately responsible for the performance of the Bank. It has a fiduciary duty to act in the best interest of its stakeholders through overseeing the Management's stewardship over public resources and commitment to serving the public interest. The Board exercises all the powers of the Bank in conformity with 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 Government and stakeholders. In pursuit of their remit, the members of the Board comply with relevant laws, regulations and codes of best practice and exercise integrity and sound judgement while upholding the principles of transparency and accountability.

The Governor and Deputy Governor are responsible for the routine operations of the Bank. The Governor chairs all four apex Management Committees, namely the Executive Committee (EXCOM), the Monetary Policy Committee (MPC), the Financial Stability Committee (FSC) and the Foreign Exchange Reserves Management Policy Committee (FERMPC). The Deputy Governor is the Alternate Chairman of the above committees. More details are provided in the section on Management Committees in 12.13.

12.4 Composition of the Board of Directors

The Board of Directors is comprised of seven (7) directors namely: the Governor, who is the Chairman of the Board; the Deputy Governor who is the Deputy Chairman; and five non-executive Directors (NEDs).

The Governor, Deputy Governor and Directors of the Board are all appointed by the President with the approval of Parliament and each serves 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.

12.5 Secretary to the Board

The Bank/Board Secretary provides secretarial services, co-ordinates policymaking with policy implementation and advises the Board on legal and corporate governance matters in liaison with the Legal Counsel. The Secretary ensures timely and accurate information flow to the Board, Board Committees and Management Committees. The Bank Secretariat is accessible to all members of the Board and Management. The Bank Secretary during FY 2020/21 is Mrs. Susan Kanyemibwa (LLB, LLM, MBA, FCIS)

12.6 The functions and duties of the Board

12.6.1 Statutory obligations of the Board

Article 162 of the Constitution of the Republic of Uganda, 1995 provides for the functions of the Bank of Uganda, whose authority is vested 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.
-

12.7 Board of Directors



▶ **Prof. E. Tumusiime-Mutebile**

GOVERNOR

Appointed: 2001 and re-appointed in 2006, 2011, 2016 and 2021

Board meetings attendance: **8/11**
Board committee Meetings: **N/A**

Chairman of the Board
Trustee of the BoU Defined Benefits Scheme



▶ **Mr. Michael Atingi-Ego**

DEPUTY GOVERNOR

Appointed: April 23, 2020
Board meetings attendance: **16/16**
Board committee Meetings: **15/18**

Deputy Chairman of the Board
Member of CPCB, FSCB, HRRCB and SFCB
Trustee of the BoU Defined Benefits Scheme
Trustee of the BoU Defined Contributions Scheme



▶ **Ms. Judy Obitre-Gama**

NON EXECUTIVE DIRECTOR

Appointed: 2012 and re-appointed in 2018
Board meetings attendance: **16/17**
Board committee Meetings: **24/24**

Chairperson of HRRCB
Member of CPCB, AGCB and FSCB
Chairperson Board of Trustees BoU Defined Benefits Scheme



▶ **Mr. Keith Muhakanizi**

NON EXECUTIVE DIRECTOR

Appointed: 2016
Term expired: July 18, 2021
Board meetings attendance: **4/17**
Board committee Meetings: **5/14**

Member of SFCB and AGCB



▶ **Mrs. Josephine Okui Ossiya**

NON EXECUTIVE DIRECTOR

Appointed: 2018
Board meetings attendance: **15/17**
Board committee Meetings: **26/27**

Chairperson of SFCB
Member of CPCB, HRRCB, AGCB and FSCB
Trustee of the BoU Defined Benefits Scheme



▶ **Mr. James Kahoza**

NON EXECUTIVE DIRECTOR

Appointed: 2012 and re-appointed in 2018
Board meetings attendance: **16/17**
Board committee Meetings: **27/27**

Chairperson of AGCB
Member of CPCB, FSCB, HRRCB and SFCB



▶ **Mr. William Kalema (PhD)**

NON EXECUTIVE DIRECTOR

Appointed: 2012 and re-appointed in 2018
Board meetings attendance: **12/17**
Board committee Meetings: **27/27**

Chairperson of FSCB and CPCB
Member of SFCB, HRRCB and AGCB

12.8 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 central 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.

12.9 Meetings of the Board

BOARD MEMBER	BOARD [17]	SFCB [7]	AGCB [7]	HRRCB [6]	CPCB [3]	FSCB [4]
1. Prof. Emmanuel Tumusiime-Mutebile	8/11	N/A	N/A	N/A	N/A	N/A
2. Mr. Michael Atingi-Ego	16/16	7/7	2/2*	4/6	2/3	N/A
3. Mr. James Kahoza	16/17	7/7	7/7	6/6	3/3	4/4
4. Mr. William Kalema [PhD]	12/17	6/7	5/7	4/6	3/3	4/4
5. Ms. Judy Obitre-Gama	16/17	4/4*	7/7	6/6	3/3	4/4
6. Mr. Keith Muhakanizi	4/17	2/7	3/7	N/A	N/A	N/A
7. Ms. Josephine Okui Ossiya	15/17	7/7	7/7	6/6	2/3	4/4

Source: Bank of Uganda

* Not a member but attended the meetings by invitation

12.10 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. The Board Committees make recommendations to the Board.

A Non-Executive Director chairs each Committee and the Bank Secretary is Secretary to all Committees. All Committees meet quarterly and convene Ad hoc or special meetings as necessary. The membership of Board Committees is the Deputy Governor and four NEDS except for the Audit and Governance Committee of the Board (AGCB) that has all five NEDS and the Chief Internal Auditor in attendance. The Deputy Governor is not a member of the AGCB but attends meetings only on invitation.

- i. The Human Resources and Remuneration Committee of the Board (HRRCB) considers human resource related policies and other staff matters.
- ii. The Strategy and Finance Committee of the Board (SFCB) ensures that the financial resources of the Bank are appropriately deployed to meet its strategic priorities. It also provides oversight of the strategy, risk and IT governance.
- iii. The Capital Projects Committee of the Board (CPCB) provides oversight of the acquisition, utilisation and monitoring of the Bank's capital projects. These include Information Technology (IT), plant, machinery, construction and significant maintenance works, among others.
- iv. The Audit and Governance Committee of the Board (AGCB) provides assurance to the Board on the effective utilisation of resources, internal controls and risk management.
- v. The Financial Stability Committee of the Board (FSCB) provides oversight of the supervision and regulation of the financial sector and where necessary advisory support for the wider financial sector.

12.11 Remuneration of Non-Executive Directors

During the period July 2020 to June 2021, 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.

12.12 Assessment of Board performance

Board performance assessment is intended to assess Board effectiveness and identify areas for improvement. The Board Performance Assessment exercise for the financial year 2020/21 is underway.

12.13 Bank management committees

The Board of Directors delegates the day-to-day operations of the Bank to Management. The Management is headed by the Governor, supported by the Deputy Governor and the Executive 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 policy, technical and administrative issues and rely on specialised input from the Bank's Directorates and Departments.

12.13.1 Apex committees of management

The Governor chairs all the Management Committees below with the Deputy Governor as Alternate Chair.

- i. The Monetary Policy Committee (MPC) ensures prudent development and implementation of policies that foster price and financial stability. It has one sub-committee, the Financial Markets Operations Sub-Committee (FMOS) which is chaired by the Deputy Governor. The FMOS meets daily to implement monetary policy actions in line with the policies, guidelines and decisions made by the Monetary Policy Committee.
- ii. The Financial Stability Committee (FSC) formulates policies for financial stability and prudential regulation and makes decisions related to crisis resolution of financial institutions. The FSC has one sub-committee, the Supervision and Regulation Sub-Committee.
- iii. The Executive Committee (EXCOM) is the apex Management Committee. Its membership is the Governor, Deputy Governor and all Executive Directors. The EXCOM has eight sub-committees responsible for Human Resources Management, Strategy & Finance, Risk Management, Effective Information Management, Financial Markets Development, Currency matters, Funds Management and Payment Systems Policy.
- iv. The Foreign Exchange and Reserves Management Committee (FERMPC) provides strategic guidance and monitoring of foreign exchange reserves operations based on BoU's strategic objectives and policies. The FERMPC has one sub-committee, the Investment Sub-Committee chaired by the Executive Director Finance.

12.13.2 Other committees of management

These include the Management Disciplinary Committee (MDC), the Corporate Social Responsibility Committee (CSR), a committee to consider staff requests for building loans and the Senior Management Committee (SMC).

12.14 Statutory committee: The 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 (CC). The CC is responsible for the conduct of procurement and disposal of goods, works and services within the provisions of the law and procedure.

12.15 The medical board

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

12.16 Obituary

Regrettably, two Ex-Board Members passed on towards the end of the FY 2020/21. Mr. Ibrahim Kironde Kabanda passed away on May 19, 2021 and was laid to rest in Kyabaadaza village, Mpigi District. He served on the Bank of Uganda Board for one term from November 11, 2012 to November 10, 2017. Hon. Manzi Tumubweinee passed away on June 12, 2021 and was laid to rest in Kigare village, Kamwezi, Rukiga District. Hon. Tumubweinee served on the Bank of Uganda Board from June 5, 2007 to June 4, 2012.

12.17 Executive Management



Mr. Adam Mugume (PhD)
Executive Director Research



Mrs. Susan Kanyemibwa
Bank Secretary



Mr. Richard Byarugaba
Executive Director Finance



Mr. David L. Kalyango
Chief Internal Auditor



Mrs. Joyce Okello
Personal Assistant to Governor



Mr. Richard Mayebo
Executive Director Information
Technology



Mr. Solomon Oketcho
Executive Director Risk & Strategy
Management



Mr. Charles Abuka (PhD)
Executive Director Operations



Mr. Tumubweinee Twinemanzi (PhD)
Executive Director Supervision



Mr. Philip Wabulya
Executive Director Petroleum
Investment Fund



Mr. John Chemonges
Executive Director Administration



Mr. Jacob Opolot (PhD)
Economic Advisor to Governor



12.18 Risk management

12.18.1 Financial risk

Financial risk in the Bank mainly originates from the holding and management of foreign exchange reserve which account for a larger proportion of the balance sheet assets. The Bank's foreign exchange reserves are managed in line with the objectives of capital preservation, liquidity and reasonable and consistent returns as stipulated in the Bank's Investment policy and Risk Management framework. The foreign reserves are invested overseas and therefore impacted by the global financial markets developments.

During the year, adverse developments due to the impact of lock down by several countries occasioned by COVID-19 pandemic increased risks in the global financial markets, leading to fears of credit rating downgrades for countries, counterparties and financial instruments. However, towards the end of the financial year, lockdowns were being eased in most developed economies, except Japan, which led to most equity markets ending on a high as a sign of relief. The relief enthusiasm was however limited by the rising inflationary pressures, due to the remaining pandemic-related supply constraints and uneven economic recoveries. The long term interest rates stayed contained as central banks emphasized that the inflation spike would prove temporary. The financial market developments exposed the Bank to credit, market and liquidity risks as explained below;

12.18.2 Credit risk

In this context, credit risk refers to the risk that a country or counterparty fails to meet its contractual obligations. During the year, credit risk exposure was regularly monitored and evaluated to ensure compliance with the investment policy and Risk management framework. The Bank is inherently exposed to, sovereign, counterparty default and concentration risks. During the year, Sovereign Risks were minimised by maintaining investments in highly rated G20 countries with only limited exposure in approved emerging market countries with minimum credit rating of A3. On the other hand, Counterparty Default Risk was maintained within acceptable limit. BoU is a highly risk-averse institution and the Board approved a carefully identified range of highly rated counterparty banks among which investments are allocated. In addition, developments that affect credit conditions are monitored on daily basis to ensure compliance to acceptable credit rating and identify any early warning signals that could affect the rating.



The Bank of Uganda's minimum credit rating for counterparty banks was also maintained at a minimum of A3 (Moody's rating Agency), which is a high investment grade rating. Counterparty concentration risk was minimised by adherence to the exposure risk limit for each counterparty bank that is monitored on a daily basis. As at end of the financial year, credit exposure to counterparties was well diversified among approved highly rated top global commercial banks.

12.18.3 Market risk

This is the risk of fluctuation in value of financial instruments due to changes in their market prices from time to time. It mainly includes foreign exchange risk and interest rate risk. Foreign Exchange risk over the year was managed by minimizing exposures to non- USD currencies. The portfolio was largely invested in the base currency in line with the Bank's Strategic Asset Allocation. However, the Bank was exposed to interest rate risk, largely due to global financial developments that are exogenous to the Bank. Interest risk exposures arise from the Bank's investments in different instruments that are affected by changes in the major global central banks' policy rates, particularly the US Fed, Bank of England and European Central Bank. During the period, these central banks maintained very low policy rates which exposed BoU to reinvestment risk, the risk that maturing investments had to be reinvested at lower interest rates. The Bank mitigated reinvestment risk by adhering to the Strategic and tactical asset allocation strategies, however, the residual risk still remained significant and affected the Bank's revenue target.

12.18.4 Liquidity risk

The Bank's liquidity refers to availability of cash and near cash instruments available to meet the Bank and government's foreign exchange obligations such as external debt servicing, payments for imports of goods/services and intervention in the foreign exchange market. Liquidity risk in this case refers to the unavailability of foreign exchange to meet the payment requirements mentioned. During the Financial year, total reserves were sufficient to cover 5.48 Months of import cover which was well within the 3-6 months range recommended by the International Monetary fund.

12.18.5 Operational risk

Operational risk is inherent in every aspect of the Bank's business and as such, management of operational risk is an integral 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, 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 form the corporate risk profile for the Bank.

The Bank has in place strong internal control systems and robust Business Continuity (BCP) measures to ensure resilience of the time Critical Business Processes. During the financial year, the Bank updated its BCP to reflect changes in the operational environment following the impact of the COVID-19 pandemic on Bank operations. The update of the BCP ensured that there are designed continuity strategies for all time critical business operations including a newly adopted Remote Working Policy. The Bank further undertook a Business Impact Analysis (BIA) project in a bid to identify business processes from end-to-end, determine dependencies that exist between the processes, the minimum resources required to resume each critical process and establish the maximum length of time each process can be down. The BIA initiative is in line with the Bank's strategic objective of "Improve Efficiency of Bank Processes". The BIA project is expected to be concluded in December 2021 from which the Bank's BCP will be updated in line with the BIA report as adopted by Management.

The Bank also embarked on the process of adopting the ISO 27000 Information Security family of standards consistent with the strategic initiative "Review and Implement the Cyber Security Role". In addition, adoption of the ISO 27000 family of standards is in compliance with the National Information Security Policy (NISP) issued by the National Information Technology authority (NITA-U). An exercise to assess the operational environment of the Bank was conducted during the financial year and an implementation plan was drawn to guide the effort towards achieving Organizational certification in the standard including adoption of an Information Security Management System (ISMS). The report from this exercise was presented and adopted by EXCOM and Management is currently in the process of implementing the recommendations from the report.

During the financial year, sensitization of staff on risk management continued at departmental and management level at all Bank premises, this is aimed at inculcating a healthy corporate risk culture and value system.

The Bank will continue to benchmark with regional and other Central Banks to further improve the Operational Risk Management regime.

12.18.6 Compliance risk

The Bank has a compliance universe of mainly written policies, procedures and controls established to detect and prevent non-compliance. The Bank's Board of Directors provide oversight regarding compliance management system.

During the period under review, the Bank established compliance risk plans for various Departments to enable it to meet its compliance obligations under all applicable laws, regulations, best practices and standards. In addition compliance reviews and monitoring in various departments were conducted to verify that their operations are in agreement with all the applicable laws, regulations, best practices & standards and departmental policies & procedures. In performing the activities of the Bank, various laws and regulations having the impact on the Bank's operations were observed.

The Bank continually seeks to enhance the effectiveness of its internal control environment and improve its procedures and processes to revised regulatory requirements and to close compliance gaps identified by its internal assurance functions and its external auditors and stakeholders.

In regard to the COVID-19 pandemic, the Bank fully complied with all Presidential directives (especially in regard to the numbers working on/off-site); and, consequently introduced a remote-working policy to offer guidance on working from home. Furthermore, there was a Bank-wide Occupational Health & Safety Assessment to verify the Bank's compliance to the Occupational Health & Safety Act, 2006 and its Health & Safety Policy in light of the COVID-19 pandemic.

12.19 Internal audit operations

The Bank of Uganda Internal Audit Directorate provides assurance to the Board and Management through risk-based audit reviews in line with the Annual Work plan approved by the Audit and Governance Committee of the Board (AGCB).

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

An update on the status of the audit plan, implementation of audit recommendations and key findings were provided to the AGCB, including changes to the Audit Plan in light of the continued impact of the COVID-19 pandemic. T

The AGCB approved the revised and updated Audit Charter and Internal Audit manual to guide the activities of the AGCB and the Internal Audit Directorate. The Directorate carried out an internal quality self-assessment to ascertain the level of compliance to the International Professional Practices Framework. Furthermore, the Audit Directorate is implementing recommendations of the IMF Safeguards Assessment report as part of the transparency reporting mechanism with key external stakeholders.

Despite the challenges of COVID-19, the Directorate continued to engage with stakeholders through awareness sessions and improved the conduct of exit meetings. This has enhanced value addition and effective follow-up of audit recommendations.

The impact of the COVID-19 pandemic on the operations of the Bank and consequently internal audit operations is likely to be sustained. This necessitates agility and flexibility of the Internal Audit function and will as such require a reprioritization of Internal Audit roles such as increased emphasis on forward-looking advisory and consulting on risks that need to be taken into account by the Bank while at the same time aiming to preserve independence.

In the year ahead, monitoring changes in the internal control environment that have arisen from crisis operations as a consequence of the COVID-19 pandemic and related restrictions will be a key focus area for the Internal Audit Directorate. In addition, audit representation at the crisis response level shall be pursued to provide timely risk advice on human resources, operations, procurement, financial management, technology and security.

A photograph of two men in an office environment. The man on the left is seated, wearing a blue and white checkered shirt and a light blue surgical mask. The man on the right is standing, wearing a light blue button-down shirt, a dark tie with small white dots, glasses, and a white surgical mask. They are both looking at a laptop screen. The background shows a desk with a pen holder containing several orange pencils and a small framed picture on the wall.

Financial results for the financial year 2020/21

13.1 Introduction

Bank of Uganda encountered a reduction in income for the year on account of significant drop in the return on foreign assets by 77 percent from 2.6 percent to 0.6 percent contributing to a drop in total revenue by 22 percent compared to the previous financial year.

On the expenditure front, the Bank spent significantly lower than the previous financial year majorly because of the limited economic activity that resulted in lower monetary policy implementation costs and currency costs.

The performance of the Bank for FY 2020/21 is analysed below in line with its Core functions as spelt out in the Bank of Uganda Act, Section 4 and outlined as:

- 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 agent in financial matters for Government.

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.

13.2 Statement of profit or loss and other comprehensive income

Table 16: Total operating income

Details	30-Jun-2021	30-Jun-2020	Change
	UGX (m)	UGX (m)	%
Operating Income	529,179	678,745	(22)
Expenditure	(571,430)	(665,862)	14
Net operating income before forex (losses)/ gains and OCI	(42,251)	12,883	(428)
Other comprehensive income	(5,256)	26,235	(120)
Distributable profit	(47,507)	39,118	(221)
Foreign exchange (loss)/ gain	(557,633)	72,479	(869)
Total comprehensive income	(605,140)	111,597	(642)

Source: Bank of Uganda

13.2.1 Income

The Bank realized total operating income of UGX 529,179 million in FY 2020/21 compared to UGX 678,745 million of FY 2019/20. The decrease in total operating income is attributed to a decrease in interest income by 9 percent from UGX 423,566 million to UGX 386,218 million. Additionally, the Bank incurred a significant decrease of 44 percent in non-interest income to UGX 142,961 million in FY 2020/21 from UGX 255,179 million in FY 2019/20.

Table 17: Total operating income

	30-Jun-2021	30-Jun-2020	Change
	UGX (m)	UGX (m)	%
Interest income	386,218	423,566	(9)
Net non interest and other income	142,961	255,179	(44)
Total operating income	529,179	678,745	(22)

Source: Bank of Uganda

A detailed discussion of income is presented below: -

13.2.1.1 Interest Income

During the year ended 30 June 2021, the Bank posted interest income of UGX 386,218 million, a 9 percent decrease from UGX 423,566 million of FY 2019/20. The decrease is explained below:

i. Interest income on money market deposits

During FY 2020/21, the U.S. dollar appreciated against major currencies including the euro driven primarily by expectations for stronger U.S. economic growth along with generally higher bond yields in the U.S. compared to other developed nations. This resulted into lower rates offered in the money markets portfolio.

ii. Interest income on US treasury bills

During the year, the yield on the benchmark 10-year Treasury yield fell to its lowest level of 1.330 percent signaling a slow economic recovery in the United States.

In terms of monetary policy, the Fed left interest rates unchanged (0 percent-0.25 percent) and signalled that they would continue emergency asset purchases until the economy reaches full employment and inflation rises above 2 percent.

The Bank therefore realised UGX 6,688 million (USD 1.9 million) in income from USD denominated Treasury Bills compared to UGX 32,588 million (USD 8.7 million) earned in FY 2019/20.

iii. Interest income on loans and advances to commercial banks

The interest income on loans and advances to commercial banks reduced to UGX 3,279 million in FY 2020/21 compared to UGX 20,285 million in FY 2019/20. The income for the previous year was majorly attributed to the repayments relating to the dfcu Bank Ltd loan that was fully settled in FY 2019/20.

iv. Interest income on repurchase agreements

During the year, the cost of borrowing U.S. 10-year Treasuries in the overnight repurchase or repo market was quite low and, in several instances, went deeply negative, as investors sought to short the notes, causing market stress. Negative rates in the repo market, which is important to the financial system, with trillions of dollars in short-term loans traded daily, partly reflected uncertainty about how long the U.S. Federal Reserve will keep its loose monetary policy.

The negative cost-to-borrow came as investors were shorting the notes on assumption that U.S. Treasury yields would continue to rise, on expectations of increased issuance to finance the U.S. stimulus package and on optimism on prospects of a recovery as the country emerges from the coronavirus pandemic.

Therefore, there was a significant reduction in the interest income from USD Repos from UGX 4,455 million in the previous financial year to UGX 10 million.

13.2.1.2 Non-interest and other income

The Bank realized UGX 142,961 million in FY 2020/21 compared to UGX 255,179 million of FY 2019/20. This decrease was majorly attributed to the decrease in the net gains from financial assets at FVTPL by 87 percent from UGX 168,396 million in FY 2019/20 to UGX 22,238 million in FY 2020/21. The return on foreign assets experienced a major slump, from 2.6 percent as at end June 2020, to 0.6 percent at close of June 2021. This was majorly because, maturing investments were reinvested at lower rates due to the generally low interest rate environment driven by the prolonged easing monetary policy stance of the major central banks globally. The COVID-19 pandemic continued to exert pressure on economic growth causing global central banks to inject various stimulus packages including policy rate cuts/holding, credit/liquidity support, household cheques and bond buying programs, among others. Furthermore, there was a significant appreciation in the exchange rate from UGX 3,729.75 as at June 2020 to UGX 3,556.71 at the 30 June 2021.

The short-term rates remained low, the long-term rates were rising as investors priced in increased inflation. This resulted in mark to market losses for the fixed income fund managers who were exposed to the longer tenor.

Additionally, the Bank realised a 55 percent reduction in other income from UGX 19,884 million to UGX 8,974 million. The table below shows the movement in non-interest income.

Table 18: Non interest and other income

	30-Jun-2021	30-Jun-2020	Change
	UGX (m)	UGX (m)	%
Profit on domestic foreign exchange trade	76,800	52,024	48
Fees and commissions	32,737	30,426	8
Net gains on financial assets at FVTPL	22,238	168,396	(87)
Gains/(losses) arising from derecognition of financial assets measured at AC or FVOCI	2,212	(15,551)	(114)
Other income	8,974	19,884	(55)
	142,961	255,179	(44)

Source: Bank of Uganda

13.2.2 Operating expenditure

The total expenditure outturn (including Interest expense) in FY 2020/21 decreased by 14 percent to UGX 571,430 million compared to UGX 665,862 million in FY 2019/20. The analysis of expenditure is shown in the tables below.

Table 19: Expenditure according to cost heads of the Bank

	30-Jun-2021	30-Jun-2020	Change
	UGX (m)	UGX (m)	%
Currency costs	156,293	199,306	22
Employee benefits	193,174	194,615	1
Interest expense	128,358	182,037	29
General and administration costs	53,857	64,568	17
Financial and professional charges	22,440	21,693	(3)
Depreciation	22,265	23,428	5
Amortisation	4,461	3,975	(12)
Credit loss release on financial assets	(9,418)	(23,760)	(60)
Total recurrent expenditure	571,430	665,862	14

Source: Bank of Uganda

Table 20: Expenditure according to core mandates of the Bank

	30-Jun-2021	30-Jun-2020	Change
	UGX(m)	UGX(m)	%
Monetary policy implementation	195,707	230,195	15
Supervision, regulation and financial stability	27,375	40,859	33
Currency, banking & payment systems	236,100	260,676	9
Reserve management	23,284	28,415	18
Governance and policy	45,877	55,265	17
Business resilience and infrastructure	43,087	50,452	15
Total recurrent expenditure	571,430	665,862	14

Source: Bank of Uganda

13.2.2.1 Implementing monetary policy

During the FY 2020/21, inflation remained subdued, well below the 5 percent target, reflecting a combination of low aggregate demand largely due to the effects of COVID-19 on activity and robust supplies of essential commodities.

In FY 2020/21, BoU maintained an accommodative monetary policy stance to support economic activity amidst a benign inflation outlook. BoU eased monetary policy, reducing the CBR from 7 percent in the period from July 2020 to 6.5 percent in June 2021. The decision in June 2021 was prefaced on the need to curb the deteriorating macroeconomic conditions due to COVID-19 pandemic and to enhance economic recovery.

Uganda's exchange rate against the US dollar is market determined and therefore is vulnerable to both external and domestic shocks. During the FY 2020/21, the Uganda Shilling remained relatively stable recording an appreciation of 1.4 percent to an average annual mid-rate of UGX 3,661.06 per USD, compared to the 0.59 percent recorded in the previous year.

BoU continued to use Repurchase Agreements (REPOs) and Deposit Auctions to align the 7-day interbank money market rate with the CBR. Consequently, interest rates trended in line with the accommodative monetary policy stance, with the 7-day Weighted Average Interbank (WAI) money market rate reducing to an average of 7.3 percent down from 9.27 percent in FY 2019/20.

The net outstanding stock of REPOs and deposit auctions as at June 2021 was UGX 1,418,344 million and UGX 1,148,369 million respectively.

Expenditure towards the monetary policy objective amounted to UGX 195,707 million during the year compared to UGX 230,195 million in FY 2019/20.

Monetary policy costs were significantly lower in the FY 2020/21 compared to the previous financial year due to the reduction in CBR from an average CBR of 8.92 percent in the FY 2019/20 to an average of 6.96 percent in the FY 2020/21. It should be noted that deposit auctions and repo instruments are priced with reference to the CBR.

13.2.2.2 Regulation, supervision and financial stability

During the year FY 2020/21, on-site examinations of supervised financial institutions (SFIs) continued, with BoU adapting to remote on-site examinations to minimize potential exposure and spread of COVID-19. The examination processes were completed online and virtual meetings held with the Board and Management of SFIs. This approach enabled full implementation and timely completion of the Work Plan without compromising on the quality of examinations.

In FY 2020/21, the shilling denominated lending rates declined to an average of 18.97 percent from 19.26 percent in the previous year. The decline in lending rates is partly attributed to the accommodative monetary policy stance by BoU in addition to the extra measures taken by BoU to guard the economy against the adverse effects of the COVID-19 pandemic. BoU instituted a Standing Lending Facility for commercial banks to ease liquidity pressures in the financial system and credit relief measures to borrowers whose loan repayment capacities may have been impaired by the COVID-19 lock down measures.

Overall, the banking sector remains resilient to the COVID-19 pandemic and most banks have strong capital and liquidity buffers to absorb the shock. Near-term risks to financial stability remain elevated but have been relatively contained by BoU policy action. The operating environment for the banking sector is likely to remain challenging until economic recovery is stronger.

During the year the Bank spent UGX 27,375 million on this mandate compared to UGX 40,859 million of 2019/20.

13.2.2.3 Currency, banking and payment services

Despite the COVID-19 pandemic and the related challenges, the Bank continued to achieve its core mandate of issuing legal tender in the appropriate denomination mix. The value of Currency in Circulation (CIC) grew by UGX 320,580 million or 5.62 percent from UGX 5,705,219 million in the FY 2019/20 to UGX 6,025,799 million in FY 2020/21.

The National Payment Systems (NPS) Act, 2020 was gazetted on September 04, 2020. The Act gives BoU the mandate to regulate and supervise payment systems and payment service providers in order to ensure their safety and efficiency.

During the financial year, the country experienced continued growth in non-cash transactions over the various digital payment channels that included EFTs, RTGS and Mobile Money. This was partially because of the COVID-19 pandemic that directed most of the traffic to the digital platforms and subsequently reduced demand by the public for currency notes as many opted for digital payments and mobile money transactions during the Government instituted partial lockdowns. Total expenditure towards this objective therefore reduced to UGX 236,100 million compared to UGX 260,676 million of FY 2019/20.

13.2.2.4 Reserve management and financial markets operations

Bank of Uganda reserves are divided into two portfolios: the internally managed and externally managed portfolios. The internally managed portfolio comprises the U.S fixed income portfolio (with duration of 0-3) years and the

money market portfolio, while the externally managed portfolio is invested in 1-5 years fixed income instruments.

Return on foreign assets experienced a huge slump, from 2.6 percent as at end June 2020, to 0.6 percent at close of June 2021. During the period, maturing investments were reinvested at lower rates due to the generally low interest rate environment driven by the prolonged easing monetary policy stance of the major central banks globally. The COVID 19 pandemic continued to exert pressure on economic growth causing global central banks to inject various stimulus packages including policy rate cuts/holding, credit/liquidity support, household cheques and bond buying programs, among others

BoU continued with efforts to smoothen volatility in the Interbank Foreign Exchange Market (IFEM) and carried out purchases for reserve build up. In the financial year, FY 2020/21, BoU purchased a total of USD 723.5 million, of which USD 552 million was for reserve build up. The remaining USD 171.5 million went towards interventions to stem volatility in the IFEM.

BoU maintained its capacity to intervene in the IFEM to address any apparent disruptions in this market or significant misalignment in the value of the Shilling, consistent with the objectives of monetary policy and financial stability.

The Bank spent UGX 23,284 million to cater for reserve management fees and the related costs compared to UGX 28,415 million of FY 2019/20. Over 85 percent of this expenditure was spent on External Fund Managers, Custodial fees, providers of trading systems and Rating Agencies.

13.2.2.5 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:

- i. Maintained a satisfactory system of internal controls for the achievement of Bank objectives.
- ii. Continued to build and maintain good relationships with both external and internal stakeholders through town hall meetings, workshops for selected groups, monetary policy communication, dissemination of reports, internal newsletters and press briefings.
- iii. The Bank 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.
- iv. Extended support to various communities in the areas of institutional capacity building, education, health and social development as part of its CSR activities.

As a result of these activities, the Bank incurred a cost of UGX 45,877 million compared to UGX 55,265 million of FY 2019/20.

13.2.2.6 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.

Following the implementation of its IT Service Management solution, the Bank automated several IT Service management processes to improve efficiency in IT service delivery.

The Bank incurred license fees on software, maintenance fees and amortisation to support several 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 43,087 million was utilized by the end of the year as compared to UGX 50,452 million in FY 2019/20.

13.2.3 Income and expenditure trends

On the expenditure front, the Bank spent significantly lower than the previous financial year majorly because of the lower monetary policy implementation costs and currency costs.

The income for the Bank continued to be negatively affected by the low interest rate environment across the globe.

Table 5 below shows the analysis of the income and expenditure trends over the last five years.

Table 21: Income and expenditure trends over a period of 5 years

	30-Jun-2021	30-Jun-2020	30-Jun-2019	30-Jun-2018	30-Jun-2017
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Interest income	386,218	423,566	223,433	133,256	83,288
Interest expense	(128,358)	(182,037)	(127,835)	(211,466)	(107,602)
Net interest income	257,860	241,529	95,598	(78,210)	(24,314)
Net non interest and other income	142,961	255,179	271,190	97,531	70,259
Credit loss release/(expense) on financial assets	9,418	23,760	(37,786)	(38,093)	(197,887)
Net operating income/(loss) before foreign exchange gains/(losses)	410,239	520,468	329,002	(18,772)	(151,942)
Net foreign exchange gains/(losses)	(557,633)	72,479	(663,797)	878,340	462,396
Net operating income/(loss)	(147,394)	592,947	(334,795)	859,568	310,454
Employee benefits	(193,174)	(194,615)	(173,535)	(173,485)	(168,252)
General & administration costs	(53,857)	(64,568)	(108,856)	(68,331)	(65,580)
Currency costs	(156,293)	(199,306)	(198,274)	(155,129)	(132,686)
Financial and professional charges	(22,440)	(21,693)	(22,645)	(18,149)	(17,039)
Depreciation	(22,265)	(23,428)	(14,855)	(16,303)	(19,127)
Amortization	(4,461)	(3,975)	(2,623)	(4,058)	(3,750)
Total expenses	(452,490)	(507,585)	(520,788)	(435,455)	(406,434)
Net surplus/(deficit)	(599,884)	85,362	(855,583)	424,113	(95,980)
Other comprehensive income for the year	(5,256)	26,235	(3,647)	47,769	23,424
Total comprehensive income for the year	(605,140)	111,597	(859,230)	471,882	(72,556)

Source: Bank of Uganda

13.3 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, 2021. A detailed discussion of assets and liabilities is presented below:

13.3.1 Assets

Total assets grew by 17 percent to UGX 23,591,362 million up from UGX 20,172,374 million reported as at June 30, 2020. Foreign assets accounted for 75 percent while domestic assets accounted for 25 percent of the total assets at the end of June 2021.

	30-Jun-2021	30-Jun-2020	Change
	UGX (m)	UGX (m)	%
Assets	23,591,362	20,172,374	17
Liabilities	20,297,397	16,754,970	21
Shareholders funds	3,293,965	3,417,404	(4)

13.3.1.1 Foreign assets

Foreign assets increased by 4 percent to UGX 17,699,506 million compared to UGX 16,945,610 million as at June 30, 2020. This was due to the net inflows from donor and project funds.

13.3.1.2 Domestic assets

The domestic assets increased by 82 percent to UGX 5,891,857 million as at June 30, 2021 from UGX 3,226,764 million as at June 30, 2020. The increase was mainly on account of the following:

- i. Recapitalization securities received from Government of Uganda amounting to UGX 481,701 million.
- ii. Principal and interest on treasury securities of UGX 3,032,781 million issued by the Government as part of fiscal policy implementation that had been paid by the Bank and had not yet been reimbursed by Government as at June 30, 2021.

13.3.2 Liabilities

Total liabilities increased by 21 percent to UGX 20,297,397 million as at June 30, 2021 from UGX 16,754,970 million as of 30 June 2020, with the biggest portion of his amount being domestic liabilities accounting for 90 percent.

13.3.2.1 Foreign liabilities

Foreign liabilities are composed of IMF obligations amounting to SDR 173 million and the IMF Rapid Credit Facility of SDR 250 million obtained in June 2020.

13.3.2.2 Domestic liabilities

Domestic liabilities increased by 25 percent to UGX 18,139,967 million during the year from UGX 14,536,359 million the previous financial year. The increase was mainly on account of increase in Government Deposits and Repurchase Agreements.

13.3.3 Shareholders' funds

The Bank's net worth decreased by 4 percent to UGX 3,293,965 million from UGX 3,417,404 million at the end of June 2020. The Bank was recapitalized to the tune of UGX 481 billion in August 2020. The total comprehensive loss for the year ended June 30, 2021 was UGX 605,140 million.

Directors' report

The Directors are pleased to present their report for the year ended June 30, 2021. 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.

14.1 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 system. 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.

14.2 Operating financial results

The Directors present the financial statements for the year ended June 30, 2021 as set out on page 102 to page 185 of this report. The Bank registered an operating deficit of UGX 599,884 million (2020: surplus of UGX 85,362 million).

14.3 Dividend

Due to the operating deficit recorded during the year and the current effects of the COVID-19 Pandemic on the Bank's operations, the Directors do not recommend payment of a dividend to the Government for the year ended June 30, 2021 (June 30, 2020: Nil).

14.4 Directors

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

Executive Directors

Emmanuel Tumusiime-Mutebile (Prof.)	Chairman
Michael Atingi-Ego	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. None of the Executive Directors had loans with the Bank. However, loans may be granted as part of the entitlements of the Directors as outlined in the terms and conditions of service. The loans are therefore recovered from emoluments in accordance with the Bank's policy.

14.5 Auditor

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, 2021, M/s KPMG, Certified Public Accountants, were re-appointed to conduct the external audit exercise on behalf of the Auditor General.

14.6 Impact of COVID-19

The Bank has assessed the impact of COVID-19 on its operations and found no significant impact to the continuity of its operations. Refer to note 4.8 that describes the impact of the COVID-19 pandemic to the Bank.

14.7 Events after the reporting period

Events material to the understanding of these financial statements that occurred between the financial year end and the date of this report have been disclosed in note 51.

14.8 Approval of the financial statements

The financial statements were approved and authorised for issue at a meeting of the Board of Directors held on September 23, 2021

A handwritten signature in black ink, consisting of a series of loops and strokes, positioned above the printed name Susan Kanyemibwa.

Susan Kanyemibwa

Bank Secretary

September 23, 2021



BANK OF UGANDA

Seated (L-R): Mr. Michael Atingi-Ego (Deputy Governor), Prof. Emmanuel Tumusiime-Mutebile (Governor/Chairman), Mr. Keith Muhakanizi (Director)

Standing (L-R): Dr. William S. Kalema (Director), Ms. Judy Obitre-Gama (Director), Ms. Susan Kanyemibwa (Board Secretary), Mrs. Josephine Okui Ossiya (Director), Mr. James Kahoza (Director)

Statement of Directors' responsibilities

The Bank's Directors are responsible for the preparation of financial statements that give a true and fair view of Bank of Uganda comprising the statement of financial position as at June 30, 2021 and the statement of profit or loss and other 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 in the manner required by 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.

15.1 Approval of the financial statements

The financial statements of Bank of Uganda which appear on page 94 to page 94 were approved and authorised for issue by the Board of Directors on September 23, 2021.



Chairman



Director



Director

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 102 to page 185, which comprise the statement of financial position as at June 30, 2021, the statement 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 to the financial statements, including a summary of 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 June 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the 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 *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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 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.

The key audit matter

IFRS 9 Financial Instruments-Expected credit losses

The disclosures associated with the expected credit losses on financial instruments are set out in the financial statements in the following notes:

- Note 3.4.1
- Note 3.4.2
- Note 3.4.3
- Note 3.4.4
- Note 3.4.5
- Note 3.4.6
- Note 3.4.7
- Note 3.4.8
- Note 3.4.9
- Note 3.4.10
- Note 3.4.11
- Note 4.2
- Note 14

- Note 21
- Note 25
- Notes 29, 30, 31 and 32

The key audit matter	How the matter was addressed in the audit
<p>As described in the notes to the financial statements, the expected credit losses ("ECL") have been determined in accordance with IFRS 9 Financial Instruments.</p> <p>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.</p> <p>Additionally, uncertainties brought by COVID-19 could potentially lead to delays by Government to refund/repay amounts due to the Bank. As a result, the directors applied significant judgements in determining ECL for these balances, which includes determining probability of default, loss given default and exposure at default.</p> <p>The Government capital account included in the loans, advances and drawdowns to Government increased by UGX 1,597,495 million representing 111% from UGX 1,435,286 million as at June 30, 2020 to UGX 3,032,781 million as at June 30, 2021. The increase relates to matured government securities paid by Bank of Uganda but had not been reimbursed by the Government as at June 30, 2021.</p> <p>Key areas of judgment include among others;</p> <ul style="list-style-type: none"> – 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. 	<p>I performed the following audit procedures in this area:</p> <ul style="list-style-type: none"> – Inspected the Bank's IFRS 9 Policy to obtain an end to end understanding of the credit provisioning policy. – Assessed the design and implementation and tested the operating effectiveness of relevant control over the over inputs and assumptions to the model in comparison with the various sources. The control was deemed to be effective. – Assessed key areas of estimation uncertainty as follows: <ul style="list-style-type: none"> • Assessed the probability of default by agreeing the PD elements for various financial instruments to source documentation like Moody's ratings. • Tested assumptions around loss given default by agreeing to the source documentation like to the Basel II/III specification percentages for foreign/ reserve assets and reperformance for other financial instruments. • Assessed the reasonableness of exposure at default assumptions by comparing the model balances to the amounts recorded in the Bank's financial statements. • 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 by challenging the assumptions, inspecting the calculation and tracing a sample back to source data. – Evaluated the accuracy and completeness of the disclosures in the financial statements in accordance with the requirements of IFRS 7 <i>Financial Instruments: Disclosures</i>.

Legal provisions

The disclosures associated with litigations are set out in the financial statements under note 43 and 47.1.

The key audit matter	How the matter was addressed in my audit
<p>Bank of Uganda, pursuant to section 87 (3), 88 (1) (a) & (b) of the Financial Institutions Act, 2004 (as amended in 2016) took over management of Crane Bank Limited on October 20, 2016 and subsequently on January 24, 2017, moved Crane Bank Limited from statutory management into receivership.</p> <p>On June 30, 2017, Crane Bank Limited (In Receivership) filed Civil Suit No. 493 of 2017 in the High Court against the former major shareholder and Meera Investments Limited claiming for USD 93,820,172 and UGX 52,083,953,995 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.</p> <p>The respondents filed a Miscellaneous Application No.320 of 2019 seeking dismissal of Civil Suit No. 493 of 2017. On August 26, 2019, Court ruled on Miscellaneous Application No.320 of 2019 in favour of respondents dismissing suit No.493 of 2017.</p> <p>The Bank appealed in Civil Appeal Nos.252 of 2019 and 7 of 2020 respectively in both the Court of Appeal and Supreme Court respectively against the rulings of Miscellaneous Application No. 320 of 2019 and Civil Appeal No. 252 respectively. The Court of</p>	<p>I performed the following audit procedures in this area:</p> <ul style="list-style-type: none"> – made inquiries with the Directors and management of the Bank in regard to the status of Crane Bank Limited legal cases. – inspected documents including Board and Management minutes to identify any potential claims against the Bank related to Crane Bank Limited and to assess the financial implications. – obtained independent confirmations from external legal counsel representatives of the Bank on the status of litigations. – evaluated the completeness and accuracy of the presentation and disclosures of the Crane Bank Limited contingent liabilities and legal matters in the financial statements in accordance with the requirements of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.

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Appeal upheld the ruling of the High Court. The Bank sought leave to amend the memorandum and record of appeal by substitution of Crane Bank Limited (In Receivership) with Crane Bank Limited (In Liquidation) in Civil Appeal No.2 of 2021 which was dismissed on August 12, 2021.

The Bank withdrew Civil Appeal No. 7 of 2020 on the September 15, 2021 and on September 16, 2021, Crane Bank Limited (In Liquidation) filed Civil Suit No. 595 of 2021 in the High Court against the former major shareholder and Meera Investments Limited claiming for USD 93,820,172 and UGX 60,360,953,995 as compensation for breach of fiduciary duty. Crane Bank Limited (In Liquidation) 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 assessment of the possible outcome of the appeal and the amount of any resulting potential obligations, if any, involves significant judgement by the directors.

Due to the significant estimation, uncertainty and judgements by directors in respect of the costs and potential obligations arising from the matters discussed above as well as judgement in determination of contingent liability disclosures, I considered this to be a key audit matter.

Capitalisation

The disclosures associated with Capitalisation are set out in the financial statements under note 7.

The key audit matter	How the matter was addressed in my audit
<p>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.</p> <p>As at June 30, 2021, the core capital of the Bank was below the minimum required capital by UGX 1,612 million (2020: UGX 453,331 million).</p> <p>The key expense line items which resulted in the erosion of the Bank's capital are monetary and currency costs. During the year, the Bank incurred monetary costs of UGX 127,675 million (2020: UGX 176,816 million) and currency costs of UGX 156,290 million (2020: UGX 199,306 million). The monetary costs are incurred when the Bank is managing the financial stability of the economy using deposit auctions and vertical repos issues.</p> <p>Further uncertainties arising from Government's increased borrowing as a response to Covid-19 may lead to increase in expenditure and as a result more monetary policy related costs to be incurred by the Bank in order to maintain the set targets of financial stability in the economy.</p> <p>The costs of implementation of monetary policy that have caused erosion of the Bank's core capital are currently fully borne by the Bank.</p> <p>I considered this to be a key audit matter because of the significance of the matter and the possible impact of the non-compliance.</p>	<p>I performed the following audit procedures in this area:</p> <ul style="list-style-type: none"> – inspected the Bank's requests for capitalisation in line with the Bank of Uganda Act, 2000, section 14 (3). – inquired from the management and Directors regarding the steps taken towards recapitalisation in the year under audit. – obtained approval documentation for issuance of recapitalisation securities during the year amounting to UGX 481.7 billion. – assessed the disclosures for the capital of the Bank in the financial statements for completeness and accuracy. – recomputed monetary and currency costs incurred during the year.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Bank of Uganda Annual report 2021, but does not include the financial statements and my auditor's 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.

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 of financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Bank of Uganda Act 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.

Auditor's 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 auditor's 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.

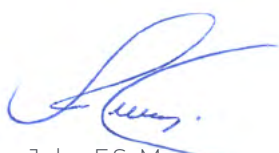
As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 auditor's 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 auditor's 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 auditor's 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 29, 2021

Financial statements

17.1 Statement of profit or loss and other comprehensive income

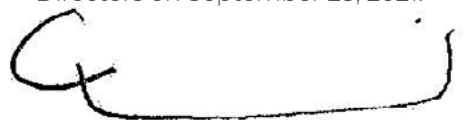
For the year ended		30-Jun-2021	30-Jun-2020
	Note	UGX (m)	UGX (m)
Operating income			
Interest income	8	386,218	423,566
Interest expense	8	(128,358)	(182,037)
Net interest expense		257,860	241,529
Profit on domestic foreign exchange trade	9	76,800	52,024
Fees and commissions	10	32,737	30,426
Net gains on financial assets at fair value through profit or loss	11	22,238	168,396
Gains/(losses) arising from derecognition of financial assets measured at amortised cost or FVOCI	12	2,212	(15,551)
Other income	13	8,974	19,884
Net non interest and other income		142,961	255,179
Expected credit loss release on financial assets	14	9,418	23,760
Net operating income before foreign exchange (losses)/gains		410,239	520,468
Net foreign exchange (losses)/gains	15	(557,633)	72,479
Net operating (loss)/income		(147,394)	592,947
Expenses			
Employee benefits	16	(193,174)	(194,615)
General and administration costs	17	(53,857)	(64,568)
Currency costs	18	(156,293)	(199,306)
Financial and professional charges	19	(22,440)	(21,693)
Depreciation	34	(22,265)	(23,428)
Amortization	35	(4,461)	(3,975)
Total expenses		(452,490)	(507,585)
Net (surplus)/deficit	20	(599,884)	85,362
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net change in fair value for debt instruments at fair value through OCI	23	(11,145)	16,716
Net change in impairment for debt instruments at fair value through OCI		(4)	(44)
Net amount reclassified to profit or loss for debt instruments at fair value through OCI	23	(6,564)	(283)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial (losses)/gains on defined benefit pension plan	33	(4,058)	6,968
Net change in fair value for equity instruments at fair value through OCI		26,102	941
Unrealised foreign exchange gains on equity instruments at fair value through OCI		(9,587)	1,937
Other comprehensive expense for the year		(5,256)	26,235
Total comprehensive expense for the year		(605,140)	111,597

The notes on page 108 to page 185 are an integral part of these financial statements.

17.2 Statement of financial position

As at				30-Jun-2021	30-Jun-2020	
			Note	UGX (m)	UGX (m)	
Assets	Foreign assets	Cash and cash equivalents	21	2,875,387	3,831,558	
		Financial assets at fair value through profit or loss	22	4,151,811	4,380,180	
		Debt instruments at fair value through other comprehensive income	23	1,162,889	1,216,573	
		Equity instruments at fair value through other comprehensive income	24	227,227	206,333	
		Debt instruments at amortised cost	25	9,010,943	7,069,645	
		Derivative financial instruments	26	49,363	15,754	
		Assets held with International Monetary Fund	27	221,885	225,567	
		Total foreign assets		17,699,505	16,945,610	
	Domestic assets	Investments in government securities	29	494,677	-	
		Loans, advances and drawdowns to government	30	4,449,212	2,416,849	
		Loans and advances to staff	32	134,547	115,320	
		Retirement benefits plan	33	54,387	43,523	
		Property, plant and equipment	34	340,811	348,833	
		Intangible assets	35	18,327	21,967	
		Other assets	36	399,896	280,272	
		Total domestic assets		5,891,857	3,226,764	
Total assets				23,591,362	20,172,374	
Liabilities	Foreign liabilities	IMF obligations	27	878,258	890,729	
		IMF Rapid Credit Facility	28	1,267,299	1,286,911	
		Other foreign liabilities	37	416	416	
		Derivative financial instruments	26	11,457	40,555	
	Total foreign liabilities		2,157,430	2,218,611		
	Domestic liabilities	Currency in circulation	38	6,016,965	5,697,351	
		Government deposits	39	5,910,736	3,456,221	
		Commercial and Central Banks' deposits	40	3,478,240	3,144,565	
		Repurchase agreements with commercial banks	41	2,566,714	2,113,955	
		Lease liabilities	42	122	676	
		Other liabilities	43	167,190	123,591	
		Total domestic liabilities		18,139,967	14,536,359	
	Total liabilities				20,297,397	16,754,970
	Equity	Issued capital	44	20,000	20,000	
		BoU recapitalisation funds	45	1,641,718	1,160,017	
		Reserves	46	1,632,247	2,237,387	
Total equity				3,293,965	3,417,404	
Total liabilities & equity				23,591,362	20,172,374	

The financial statements on page 102 to page 185 were approved and authorised for issue by the Board of Directors on September 23, 2021.



Chairman



Director



Director

The notes on page 108 to page 185 are an integral part of these financial statements.

17.3 Statement of changes in equity

For the year ended 30 June 2021

	Issued capital	BoU recapitalisation	Translation reserve	Asset revaluation reserve	Fair value reserve	Revenue reserve	Actuarial reserve	General reserve	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
At 01 July 2019	20,000	960,017	3,485,715	168,377	111,639	(2,031,007)	(8,212)	399,277	3,105,806
Surplus for the year	-	-	-	-	-	85,362	-	-	85,362
Other comprehensive income									
Net change in fair value for debt instruments at FVOCI	-	-	-	-	16,716	-	-	-	16,716
Net change in impairment for debt instruments at FVOCI	-	-	-	-	(44)	-	-	-	(44)
Net amount reclassified to profit or loss for debt instruments at FVOCI	-	-	-	-	(283)	-	-	-	(283)
Actuarial gains on defined benefit pension plan	-	-	-	-	-	-	6,968	-	6,968
Net change in fair value of equity instruments at FVOCI	-	-	-	-	941	-	-	-	941
Unrealised foreign exchange gains on equity instruments at FVOCI	-	-	-	-	1,937	-	-	-	1,937
Total comprehensive income	-	-	-	-	19,267	-	6,968	-	26,235
Revaluation surplus release	-	-	-	(5,498)	-	5,498	-	-	-
BoU recapitalisation securities	-	200,000	-	-	-	-	-	-	200,000
Foreign exchange gains	-	-	72,479	-	-	(72,479)	-	-	-
At 30 June 2020	20,000	1,160,017	3,558,194	162,879	130,906	(2,012,625)	(1,244)	399,277	3,417,404
At 01 July 2020	20,000	1,160,017	3,558,194	162,879	130,906	(2,012,625)	(1,244)	399,277	3,417,404
Deficit for the year	-	-	-	-	-	(599,884)	-	-	(599,884)
Other comprehensive income									
Net change in fair value for debt instruments at FVOCI	-	-	-	-	(11,145)	-	-	-	(11,145)
Net change in impairment for debt instruments at FVOCI	-	-	-	-	(4)	-	-	-	(4)
Net amount reclassified to profit or loss for debt instruments at FVOCI	-	-	-	-	(6,564)	-	-	-	(6,564)
Actuarial losses on defined benefit pension plan	-	-	-	-	-	-	(4,058)	-	(4,058)
Net change in fair value of equity instruments at FVOCI	-	-	-	-	26,102	-	-	-	26,102
Unrealised foreign exchange losses on equity instruments at FVOCI	-	-	-	-	(9,587)	-	-	-	(9,587)
Total comprehensive income	-	-	-	-	(1,198)	-	(4,058)	-	(5,256)
Revaluation surplus release	-	-	-	(12,269)	-	12,269	-	-	-
BoU recapitalisation securities	-	481,701	-	-	-	-	-	-	481,701
Foreign exchange losses	-	-	(557,633)	-	-	557,633	-	-	-
At 30 June 2021	20,000	1,641,718	3,000,561	150,610	129,708	(2,042,607)	(5,302)	399,277	3,293,965

The notes on page 108 to page 185 are an integral part of these financial statements.

17.4 Statement of cash flows

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

For the year ended			30-Jun-2021	30-Jun-2020
	Note		UGX (m)	UGX (m)
Cash flows from operating activities:				
Net (deficit)/surplus for the year	20		(599,884)	85,362
Amortisation	35		4,461	3,975
Depreciation	34		22,265	23,428
Finance cost on lease liability	19		30	40
Gain on remeasurement of leases	13		(54)	-
Dividends from AFREXIM Bank	13		(4,617)	(4,207)
Profit/(loss) on sale of PPE	17		112	(127)
Gain on sale of Intangibles			117	950
Credit expense on financial assets	14		(9,418)	(23,760)
Defined benefit plan gains charged to profit or loss			2,973	6,408
			(584,015)	92,069
Foreign assets				
Decrease/(increase) in financial assets at fair value through profit or loss			228,369	(195,647)
Decrease/(increase) in debt instruments at fair value through other comprehensive income			35,975	(38,042)
Increase in equity instruments at fair value through other comprehensive income			(4,379)	(4,208)
(Increase)/decrease in debt instruments at amortised cost			(1,942,145)	83,789
Increase in derivative financial instruments			(33,609)	(4,694)
Decrease in assets held with International Monetary Fund			3,683	5,013
Increase in total foreign assets			(1,712,106)	(153,789)
Domestic assets				
(Increase)/decrease in investments in government securities			(494,770)	156,526
Increase in loans, advances and drawdowns to government			(2,032,664)	(1,439,889)
Decrease in loans and advances to commercial banks			10,899	27,887
Increase in loans and advances to staff			(19,257)	(5,756)
(Increase)/decrease in other assets			(119,624)	44,189
Increase in total domestic assets			(2,655,416)	(1,217,043)
Increase in total assets			(4,367,522)	(1,370,832)
Foreign liabilities				
(Decrease)/increase in IMF obligations			(12,471)	1,830
(Decrease)/increase in IMF Rapid Credit Facility			(19,612)	1,286,911
(Decrease)/increase in derivative financial instruments			(29,098)	7,829
(Decrease)/increase in total foreign liabilities			(61,181)	1,296,570
Domestic liabilities				
Increase in currency in circulation			319,614	1,105,041
Increase in government deposits			2,454,515	280,920
Increase in commercial and Central Banks' deposits			333,675	910,379
Increase in repurchase agreements with commercial banks			452,759	1,357
Increase/(decrease) in other liabilities			43,599	(56,459)
Increase in total domestic liabilities			3,604,162	2,241,238
Increase in total liabilities			3,542,981	3,537,808
Net cash (used in)/from operations			(1,408,556)	2,259,045
Bank contribution to BoU defined benefit plan	33		(17,895)	(16,154)
Payment of interest on lease liability	42		(30)	(40)
Net cash (used in)/from operating activities			(1,426,481)	2,242,891
Cash flows from investing activities:				
Proceeds from sale of property, plant and equipment			1,687	650
Purchase of property, plant and equipment	34		(16,203)	(13,931)
Purchase of software	35		(938)	(4,888)
Dividends from AFREXIM Bank			4,617	4,207
Net cash used in investing activities			(10,837)	(13,962)
Cash flows from financing activities:				
BoU recapitalisation	45		481,701	200,000
Principal payment of leases	42		(339)	(256)
Net cash from financing activities			481,362	199,744
(Decrease)/increase in cash and cash equivalents			(955,956)	2,428,633
Add: Cash and cash equivalents at the beginning of the year			3,832,261	1,403,628
Cash and cash equivalents at 30 June	21		2,876,305	3,832,261

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

The notes on page 108 to page 185 are an integral part of these financial statements.

Notes to the financial statements

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, 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, 2000.

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 FVOCI;
- 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 issued but not adopted during the year

The following amended standards are effective from July 1, 2020 but they do not have a material effect on the Bank's financial statements.

Standard/Interpretation		Date issued by IASB	Effective date periods beginning on or after
Conceptual Framework amendments	Amendments to References to Conceptual Framework in IFRS Standards	March-2018	January 01, 2020
IFRS 3 amendment	Definition of a Business	October-2018	January 01, 2020
IAS 1 and 8	Amendments to the definition of Material	October-2018	January 01, 2020
IFRS 9, IAS 39 and IFRS 7	Amendments to interest rate benchmark reform	August-2019	January 01, 2020
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	September-2016	January 01, 2020
Amendment to IFRS 16	COVID-19-Related Rent Concessions	May-2020	June 01, 2020

3.1.2 New standards, amendments and interpretations issued not yet effective

A number of new standards and amendments to standards are effective for FY 2020/21 and earlier application is permitted; however, the Bank has not early adopted the new and amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Bank's financial statements.

Description	Effective date
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 01, 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 01, 2022
Reference to Conceptual Framework (Amendments to IFRS 3)	January 01, 2022
IFRS 17 Insurance Contracts and Amendments to IFRS 17	January 01, 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 01, 2023
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	January 01, 2023
Definition of Accounting Estimate (Amendments to IAS 8)	January 01, 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

3.2 Foreign currency translation

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 and interest expense

3.3.1 Interest income and expenses

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

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 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 includes ledger fees and commission on letters of credit opened on behalf of Government. Other fees include currency processing, Real Time Gross Settlement (RTGS), Central Securities Depository (CSD) and Clearing house fees.

3.3.5 Net gain on financial assets at fair value through profit or loss

Net gain on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not qualifying for hedge accounting relationships, financial assets at FVTPL. The line item includes fair value changes, interest and foreign exchange differences.

3.3.6 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.

3.3.7 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. 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 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.

3.4.2 Classification and measurement of financial instruments

i. Financial assets

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. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are never bifurcated. Instead the whole hybrid is assessed for classification.

IFRS 9 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:

- 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
- 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).

a. 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.

b. 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.

c. Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters through the external fund managers enters into derivative transactions with various counterparties. These include interest rate swaps, futures and forward foreign exchange contracts.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Fully collateralised derivatives that are settled net in cash on a regular basis through the respective clearing houses are only recognised to the extent of the overnight outstanding balance.

The notional amount and fair value of such derivatives are disclosed separately in Note 26. Changes in the fair value of derivatives are included in net gains on financial assets measured at fair value through profit or loss.

3.4.3 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.

3.4.4 Impairment of financial assets

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

- cash and cash equivalents
- debt instruments at fair value through other comprehensive income
- debt instruments at amortised cost
- assets held with IMF
- investments in Government securities
- loans, advances and draw downs to Government;
- loans and advances to commercial banks; and
- loans and advances to staff.

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.

3.4.5 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.

3.4.6 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 a credit loss release.

3.4.7 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 counter party 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.

3.4.8 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 counter party 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.

3.4.9 Derecognition of financial assets

i. 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 POCI.

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 counter party;
- 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.

ii. 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.

3.4.10 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.

3.4.11 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).

3.4.12 Financial liabilities

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.

3.4.13 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.

3.4.14 Reclassification of financial assets and liabilities

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.

3.4.15 Derecognition of liabilities

i. 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.

ii. 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.

The following tables provides a reconciliation between line items in the statement of financial position and categories of financial instruments

At 30 June 2021	Note	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	Total carrying amount
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	21	-	-	-	-	2,875,387	2,875,387
Financial assets at FVTPL	22	2,874,602	1,277,209	-	-	-	4,151,811
Debt instruments at fair value through OCI	23	-	-	1,162,889	-	-	1,162,889
Equity instruments at fair value through OCI	24	-	-	-	227,227	-	227,227
Debt instruments at amortised cost	25	-	-	-	-	9,010,943	9,010,943
Derivative financial instruments	26	49,363	-	-	-	-	49,363
Assets held with IMF	27	-	-	-	-	221,885	221,885
Investments in government securities	29	-	-	-	-	494,677	494,677
Loans, advances and drawdowns to government	30	-	-	-	-	4,449,212	4,449,212
Loans and advances to staff	32	-	-	-	-	134,547	134,547
Other assets	36	-	-	-	-	1,737	1,737
Total financial assets		2,923,965	1,277,209	1,162,889	227,227	17,188,388	22,779,678
IMF obligations	27	-	-	-	-	878,258	878,258
IMF Rapid Credit Facility	28	-	-	-	-	1,267,299	1,267,299
Other foreign liabilities	37	-	-	-	-	416	416
Derivative financial instruments	25	11,457	-	-	-	-	11,457
Government deposits	39	-	-	-	-	5,910,736	5,910,736
Commercial & Central bank's deposits	40	-	-	-	-	3,478,240	3,478,240
Repurchase agreements with commercial Banks	41	-	-	-	-	2,566,714	2,566,714
Other liabilities	43	-	-	-	-	167,190	167,190
Total financial liabilities		11,457	-	-	-	14,268,853	14,280,310

At 30 June 2020	Note	Mandatorily at FVTPL	Designated as at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	Total carrying amount
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	21	-	-	-	-	3,831,558	3,831,558
Financial assets at FVTPL	22	3,041,652	1,338,528	-	-	-	4,380,180
Debt instruments at fair value through OCI	23	-	-	1,216,573	-	-	1,216,573
Equity instruments at fair value through OCI	24	-	-	-	206,333	-	206,333
Debt instruments at amortised cost	25	-	-	-	-	7,069,645	7,069,645
Derivative financial instruments	26	15,754	-	-	-	-	15,754
Assets held with IMF	27	-	-	-	-	225,567	225,567
Loans, advances and drawdowns to government	30	-	-	-	-	2,416,849	2,416,849
Loans and advances to staff	32	-	-	-	-	115,320	115,320
Other assets	36	-	-	-	-	31	31
Total financial assets		3,057,406	1,338,528	1,216,573	206,333	13,658,970	19,477,810
IMF obligations	27	-	-	-	-	890,729	890,729
IMF Rapid Credit Facility	28	-	-	-	-	1,286,911	1,286,911
Other foreign liabilities	37	-	-	-	-	416	416
Derivative financial instruments	26	40,555	-	-	-	-	40,555
Government deposits	39	-	-	-	-	3,456,221	3,456,221
Commercial & Central bank's deposits	40	-	-	-	-	3,144,565	3,144,565
Repurchase agreements with commercial Banks	41	-	-	-	-	2,113,955	2,113,955
Other liabilities	43	-	-	-	-	123,591	123,591
Total financial liabilities		40,555	-	-	-	11,016,388	11,056,943

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

Land and 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%

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Major Category	Minor Category	Useful Life (Yrs.)	Depreciation Rate	Salvage Value
Furniture	Beds	5	20%	2.00%
	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%
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%
	Leasehold land	over the lease term	N/A	N/A
	Freehold 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.

3.11 Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to the premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses Central Bank rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise mainly fixed quarterly payments.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities separately in the statement of financial position.

3.12 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%

3.13 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.

3.14 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. Currency costs are recognised in the profit or loss using the FIFO (First in First out) method.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

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.

3.19 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.

3.20 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 counter party 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.

3.21 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.

3.21.1 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 January 1, 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.

3.21.2 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 January 1, 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.

3.21.3 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.

3.21.4 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 counter party 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 counter party 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

i. 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

ii. 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.

i. 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						

ii. 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.

iii. 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:

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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.

iv. 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

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:

i. 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.

ii. Investments in Government securities and loans to Government

- Adverse Geo-political events]

iii. Loans and advances to commercial banks

- 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.

iv. Loans and advances to staff

- 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

i. 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.

ii. 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 June 30, 2021 for the years 2019 to 2026, to reflect the investment environment that has a material impact in BOU's foreign asset ECLs.

Table 22: Global economic scenarios

	2019	2020	2021	2022	2023	2024	2025	2026
Global Real GDP growth								
Downside	2.47	2.5	2.55	2.61	2.67	2.73	2.8	2.87
Baseline	2.56	2.59	2.64	2.69	2.75	2.82	2.88	2.95
Upside	2.64	2.67	2.72	2.78	2.84	2.9	2.97	3.04
Global Inflation rate, average consumer prices								
Downside	3.17	(3.15)	5.49	4.05	3.42	3.63	3.62	3.34
Baseline	3.98	(2.33)	6.30	4.86	4.23	4.44	4.44	4.15
Upside	4.8	(1.52)	7.12	5.68	5.05	5.26	5.25	4.97

Computed using WEO data

Table 23: Domestic economic scenarios

	2019	2020	2021	2022	2023	2024	2025	2026
Domestic Real GDP growth								
Downside	1.6	2.52	3.89	4.23	3.42	3.66	3.73	3.7
Baseline	2.87	3.79	5.16	5.5	4.69	4.93	5.00	4.97
Upside	4.05	4.97	6.34	6.68	5.87	6.11	6.18	6.15
Domestic Inflation rate, average consumer prices								
Downside	6.86	(3.28)	5.17	3.81	4.32	5.32	5.83	5.19
Baseline	8.04	(2.10)	6.35	4.99	5.5	6.5	7.01	6.37
Upside	9.22	(0.92)	7.53	6.17	6.68	7.68	8.19	7.55

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.

i. 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 counter party 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.

ii. 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%.

iii. 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.

iv. 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 OCI	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	1,162,889	-	-	-	1,162,889	1,216,573	-	-	-	1,216,573
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	-	-	-	-	-	-	-	-
Total gross carrying amount	1,162,889	-	-	-	1,162,889	1,216,573	-	-	-	1,216,573

An analysis of changes in the fair value 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)
Fair value as at 1 July 2019	1,162,098	-	-	-	1,162,098
New assets originated or purchased	590,944	-	-	-	590,944
Assets derecognised or matured (excluding write offs)	(553,730)	-	-	-	(553,730)
Changes in fair value	6,211	-	-	-	6,211
Foreign exchange adjustments	11,050	-	-	-	11,050
At 30 June 2020	1,216,573	-	-	-	1,216,573
As at 01 July 2020	1,216,573	-	-	-	1,216,573
New assets originated or purchased	416,334	-	-	-	416,334
Assets derecognised or matured (excluding write offs)	(396,623)	-	-	-	(396,623)
Changes in fair value	(17,720)	-	-	-	(17,720)
Foreign exchange adjustments	(55,675)	-	-	-	(55,675)
At 30 June 2021	1,162,889	-	-	-	1,162,889

	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 2019	152	-	-	-	152
New assets originated or purchased	52	-	-	-	52
Assets derecognised or matured (excluding write offs)	(70)	-	-	-	(70)
Net remeasurement of loss allowance	(26)	-	-	-	(26)
At 30 June 2020	108	-	-	-	108
ECLs as at 1 July 2020	108	-	-	-	108
New assets originated or purchased	35	-	-	-	35
Assets derecognised or matured (excluding write offs)	(36)	-	-	-	(36)
Net remeasurement of loss allowance	(3)	-	-	-	(3)
At 30 June 2021	104	-	-	-	104

The above loss allowance is not recognized in the statement of financial position because the carrying amount of debt instruments at FVOCI is their fair value.

Cash and cash equivalents	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	2,876,305	-	-	-	2,876,305	3,832,261	-	-	-	3,832,261
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	-	-	-	-	-	-	-	-
Total gross carrying amount	2,876,305	-	-	-	2,876,305	3,832,261	-	-	-	3,832,261
ECL allowance	(918)	-	-	-	(918)	(703)	-	-	-	(703)
Carrying amount	2,875,387	-	-	-	2,875,387	3,831,558	-	-	-	3,831,558

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 2019	1,403,628	-	-	-	1,403,628
New assets originated or purchased	3,832,261	-	-	-	3,832,261
Assets derecognised or matured (excluding write offs)	(1,403,628)	-	-	-	(1,403,628)
At 30 June 2020	3,832,261	-	-	-	3,832,261
As at 01 July 2020	3,832,261	-	-	-	3,832,261
New assets originated or purchased	2,876,305	-	-	-	2,876,305
Assets derecognised or matured (excluding write offs)	(3,832,261)	-	-	-	(3,832,261)
At 30 June 2021	2,876,305	-	-	-	2,876,305

	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 2019	974	-	-	-	974
New assets originated or purchased	703	-	-	-	703
Assets derecognised or matured (excluding write offs)	(974)	-	-	-	(974)
Net remeasurement of loss allowance	-	-	-	-	-
At 30 June 2020	703	-	-	-	703
ECLs as at 1 July 2020	703	-	-	-	703
New assets originated or purchased	918	-	-	-	918
Assets derecognised or matured (excluding write offs)	(703)	-	-	-	(703)
At 30 June 2021	918	-	-	-	918

Debt instruments at amortised cost	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	9,014,574	-	-	-	9,014,574	7,072,430	-	-	-	7,072,430
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	-	-	-	-	-	-	-	-
Total gross carrying amount	9,014,574	-	-	-	9,014,574	7,072,430	-	-	-	7,072,430
ECL allowance	(3,631)	-	-	-	(3,631)	(2,785)	-	-	-	(2,785)
Carrying amount	9,010,943	-	-	-	9,010,943	7,069,645	-	-	-	7,069,645

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 2019	7,156,219	-	-	-	7,156,219
New assets originated or purchased	7,072,430	-	-	-	7,072,430
Assets derecognised or matured (excluding write offs)	(7,156,219)	-	-	-	(7,156,219)
At 30 June 2020	7,072,430	-	-	-	7,072,430
As at 01 July 2020	7,072,430	-	-	-	7,072,430
New assets originated or purchased	9,014,574	-	-	-	9,014,574
Assets derecognised or matured (excluding write offs)	(7,072,430)	-	-	-	(7,072,430)
At 30 June 2021	9,014,574	-	-	-	9,014,574

	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 2019	2,680	-	-	-	2,680
New assets originated or purchased	2,785	-	-	-	2,785
Assets derecognised or matured (excluding write offs)	(2,680)	-	-	-	(2,680)
At 30 June 2020	2,785	-	-	-	2,785
ECLs as at 1 July 2020	2,785	-	-	-	2,785
New assets originated or purchased	3,631	-	-	-	3,631
Assets derecognised or matured (excluding write offs)	(2,785)	-	-	-	(2,785)
At 30 June 2021	3,631	-	-	-	3,631

Assets held with IMF	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	221,915	-	-	-	221,915	225,597	-	-	-	225,597
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	-	-	-	-	-	-	-	-
Total gross carrying amount	221,915	-	-	-	221,915	225,597	-	-	-	225,597
ECL allowance	(30)	-	-	-	(30)	(30)	-	-	-	(30)
Carrying amount	221,885	-	-	-	221,885	225,567	-	-	-	225,567

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 2019	230,611	-	-	-	230,611
New assets originated or purchased	1,773	-	-	-	1,773
Assets derecognised or matured (excluding write offs)	(7,192)	-	-	-	(7,192)
Foreign exchange adjustments	405	-	-	-	405
At 30 June 2020	225,597	-	-	-	225,597
As at 01 July 2020	225,597	-	-	-	225,597
New assets originated or purchased	194	-	-	-	194
Assets derecognised or matured (excluding write offs)	(734)	-	-	-	(734)
Foreign exchange adjustments	(3,142)	-	-	-	(3,142)
At 30 June 2021	221,915	-	-	-	221,915

	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 2019	31	-	-	-	31
Foreign exchange adjustments	(1)	-	-	-	(1)
At 30 June 2020	30	-	-	-	30
ECLs as at 1 July 2020	30	-	-	-	30
Net remeasurement of loss allowance	-	-	-	-	-
At 30 June 2021	30	-	-	-	30

	Year ended 30 June 2021				Total
Investments in Government securities	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	UGX (m)
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade					
Grade 1: Strong	494,770	-	-	-	494,770
Grade 2: Watch	-	-	-	-	-
Grade 3: Default	-	-	-	-	-
Total gross carrying amount	494,770	-	-	-	494,770
ECL allowance	(93)	-	-	-	(93)
Carrying amount	494,677	-	-	-	494,677

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 2019	156,499	-	-	-	156,499
New assets originated or purchased	-	-	-	-	-
Assets derecognised or matured (excluding write offs)	(156,499)	-	-	-	(156,499)
At 30 June 2020	-	-	-	-	-
As at 01 July 2020	-	-	-	-	-
New assets originated or purchased	494,770	-	-	-	494,770
At 30 June 2021	494,770	-	-	-	494,770

	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 2019	-	-	-	-	-
New assets originated or purchased	27	-	-	-	27
Assets derecognised or matured (excluding write offs)	(27)	-	-	-	(27)
At 30 June 2020	-	-	-	-	-
ECLs as at 1 July 2020	-	-	-	-	-
New assets originated or purchased	93	-	-	-	93
At 30 June 2021	93	-	-	-	93

Loans, advances and drawdowns to Government	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	4,449,781	-	-	-	4,449,781	2,417,118	-	-	-	2,417,118
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	140,487	-	140,487	-	-	140,487	-	140,487
Total gross carrying amount	4,449,781	-	140,487	-	4,590,268	2,417,118	-	140,487	-	2,557,605
ECL allowance	(569)	-	(140,487)	-	(141,056)	(269)	-	(140,487)	-	(140,756)
Carrying amount	4,449,212	-	-	-	4,449,212	2,416,849	-	-	-	2,416,849

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 2019	940,475	36,754	140,487	-	1,117,716
Transfer to stage 1	36,754	(36,754)	-	-	-
New assets originated or purchased	2,417,118	-	-	-	2,417,118
Assets derecognised or matured (excluding write offs)	(977,229)	-	-	-	(977,229)
At 30 June 2020	2,417,118	-	140,487	-	2,557,605
As at 01 July 2020	2,417,118	-	140,487	-	2,557,605
New assets originated or purchased	11,536,300	-	-	-	11,536,300
Assets derecognised or matured (excluding write offs)	(9,503,637)	-	-	-	(9,503,637)
At 30 June 2021	4,449,781	-	140,487	-	4,590,268

	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 2019	70	36,754	140,487	-	177,311
New assets originated or purchased	269	-	-	-	269
Assets derecognised or matured (excluding write offs)	(70)	(36,754)	-	-	(36,824)
At 30 June 2020	269	-	140,487	-	140,756
ECLs as at 1 July 2020	269	-	140,487	-	140,756
New assets originated or purchased	570	-	-	-	570
Assets derecognised or matured (excluding write offs)	(270)	-	-	-	(270)
At 30 June 2021	569	-	140,487	-	141,056

Loans and advances to commercial banks	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1-12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	-	-	-	-	-	-	-	-	-	-
Grade 2: Watch	-	-	-	-	-	-	-	-	-	-
Grade 3: Default	-	-	219,912	-	219,912	-	-	230,810	-	230,810
Total gross carrying amount	-	-	219,912	-	219,912	-	-	230,810	-	230,810
ECL allowance	-	-	(219,912)	-	(219,912)	-	-	(230,810)	-	(230,810)
Carrying amount	-	-	-	-	-	-	-	-	-	-

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 2019	40,791	-	217,906	-	258,697
New assets originated or purchased	-	-	10,514	-	10,514
Assets derecognised or matured (excluding write offs)	(60,000)	-	-	-	(60,000)
Unwind of discount (recognised in interest income)	19,209	-	-	-	19,209
Foreign exchange adjustments	-	-	2,390	-	2,390
At 30 June 2020	-	-	-	-	230,810
As at 01 July 2020	-	-	230,810	-	230,810
New assets originated or purchased	-	-	818	-	818
Foreign exchange adjustments	-	-	(11,716)	-	(11,716)
At 30 June 2021	-	-	219,912	-	219,912

	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 2019	-	-	217,906	-	217,906
New assets originated or purchased	-	-	10,514	-	10,514
Payments and assets derecognised or matured (excluding write offs)	-	-	-	-	-
Foreign exchange adjustments	-	-	2,390	-	2,390
At 30 June 2020	-	-	230,810	-	230,810
ECLs as at 1 July 2020	-	-	230,810	-	230,810
New assets originated or purchased	-	-	818	-	818
Assets derecognised or matured (excluding write offs)	-	-	-	-	-
Foreign exchange adjustments	-	-	(11,716)	-	(11,716)
At 30 June 2021	-	-	219,912	-	219,912

Loans and advances to staff	Year ended 30 June 2021					Year ended 30 June 2020				
	Stage 1-12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	POCI	Total	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)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade										
Grade 1: Strong	131,920	-	-	-	131,920	113,553	-	-	-	113,553
Grade 2: Watch	-	2,270	-	-	2,270	-	1,617	-	-	1,617
Grade 3: Default	-	-	1,324	-	1,324	-	-	1,087	-	1,087
Total gross carrying amount	131,920	2,270	1,324	-	135,514	113,553	1,617	1,087	-	116,257
ECL allowance	(106)	(27)	(834)	-	(967)	(96)	(19)	(822)	-	(937)
Carrying amount	131,814	2,243	490	-	134,547	113,457	1,598	265	-	115,320

An analysis of changes in the gross carrying amount 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)
Gross carrying amount as at 1 July 2019	108,582	1,071	850	-	110,503
New assets originated or purchased	38,247	-	-	-	38,247
Payments and assets derecognised (excluding write offs)	(32,366)	-	-	-	(32,366)
Transfer to Stage 1	(1,220)	1,030	190	-	-
Transfer to Stage 2	290	(290)	-	-	-
Transfer to Stage 3	12	(68)	56	-	-
Recoveries	-	(127)	-	-	(127)
At 30 June 2020	113,545	1,616	1,096	-	116,257
As at 01 July 2020	113,545	1,616	1,096	-	116,257
New assets originated or purchased	66,365	-	-	-	66,365
Payments and assets derecognised (excluding write offs)	(45,639)	(460)	-	-	(46,099)
Transfers to Stage 2	(1,122)	1,178	(56)	-	-
Transfers to Stage 3	(1,229)	(13)	1,242	-	-
Recoveries	-	(50)	(959)	-	(1,009)
At 30 June 2021	131,920	2,271	1,323	-	135,514

	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 2019	74	14	720	-	808
New assets originated or purchased	8	34	95	-	137
Transfers to Stage 2	3	(24)	21	-	-
Transfers to Stage 3	12	-	(12)	-	-
Recoveries	-	(5)	(3)	-	-
At 30 June 2020	97	19	821	-	937
ECLs as at 1 July 2020	97	19	821	-	937
New assets originated or purchased	14	-	-	-	14
Payments and assets derecognised (excluding write offs)	(8)	-	-	-	(8)
Net remeasurement of loss allowance	5	(1)	114	-	118
Transfers to Stage 2	-	48	(48)	-	-
Transfers to Stage 3	(1)	-	1	-	-
Recoveries	(2)	(38)	(54)	-	(94)
At 30 June 2021	105	28	834	-	967

4.2.14 Credit risk exposure

i. Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of June 30, 2021 and June 30, 2020 are presented in Table 24 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 24: Credit risk exposure by credit ratings FY 2020/21

		30-Jun-2021	30-Jun-2020
		UGX (m)	UGX (m)
Cash and cash equivalents	Foreign currency held in banking	9,225	7,795
	Central Banks	2,401,650	3,449,574
	Multinational Institution	1,408	1,463
	A2	84,465	105,433
	A3	344,255	242,610
	Ba2	34,384	24,618
	NR	-	65
Financial assets at FVTPL	A1	851,700	844,958
	A2	172,999	137,291
	A3	34,997	76,019
	Aa1	184,105	221,608
	Aa2	480,841	568,400
	Aa3	412,510	333,523
	Aaa	2,014,660	2,198,381
Debt instruments at fair value through OCI	Aa1	46,575	-
	Aaa	936,762	956,476
	Multinational Institution	179,552	260,097
Equity instruments at fair value through OCI	Multinational Institution	227,227	206,333
Debt instruments at amortised cost	A1	3,436,236	2,690,414
	A2	971,172	865,973
	Aa2	1,423,456	19,957
	Aa3	-	741,320
	Aaa	2,313,786	2,073,420
	Baa1	866,293	678,561
Derivative financial instruments		49,363	15,754
Assets held with IMF	Multinational Institution	221,885	225,567
Investments in government securities		494,677	-
Loans, advances and drawdowns to government		4,449,212	2,416,849
Loans and advances to staff		134,547	115,320
Other assets		1,737	31
Total		22,779,679	19,477,810

ii. Credit risk exposure by sector

The sectorial classification of the Bank's credit exposure as of June 30, 2021 is as follows:

Table 25: Credit risk exposure by sector FY 2020/21

Details	Foreign Country Treasury	Supranational Institutions	Foreign Companies	Foreign Financial Institutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	2,401,650	1,408	-	463,104	-	-	9,225	2,875,387
Financial assets at FVTPL	2,089,987	-	695,491	134,422	1,231,912	-	-1	4,151,811
Debt instruments at FVOCI	852,410	196,986	-	-	113,493	-	-	1,162,889
Equity instruments at FVOCI	-	227,227	-	-	-	-	-	227,227
Debt instruments at amortised cost	1,690,470	1,489,609	-	5,830,864	-	-	-	9,010,943
Derivative financial instruments	-	-	-	49,363	-	-	-	49,363
Assets held with IMF	-	221,885	-	-	-	-	-	221,885
Investments in Government Securities	-	-	-	-	-	494,677	-	494,677
Loans, advances and drawdowns to Government	-	-	-	-	-	4,449,212	-	4,449,212
Loans and advances to staff	-	-	-	-	-	-	134,547	134,547
Other assets	-	-	-	-	-	-	1,737	1,737
Total Assets	7,034,517	2,137,115	695,491	6,477,753	1,345,405	4,943,889	145,508	22,779,678

The sectorial classification of the Bank's credit exposure as of June 30, 2020 is as follows:

Table 26: Credit risk exposure by sector FY 2019/20

Details	Foreign Country Treasury	Supra-national Institutions	Foreign Companies	Foreign Financial Institutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	3,449,574	1,463	-	372,726	-	-	7,795	3,831,558
Financial assets at FVTPL	1,698,201	-	859,986	18,506	1,803,487	-	-	4,380,180
Debt instruments at FVOCI	894,742	174,794	-	-	147,037	-	-	1,216,573
Equity instruments at FVOCI	-	206,333	-	-	-	-	-	206,333
Debt instruments at amortised cost	2,075,620	696,318	-	4,297,707	-	-	-	7,069,645
Derivative financial instruments	-	-	-	15,754	-	-	-	15,754
Assets held with IMF	-	225,567	-	-	-	-	-	225,567
Loans, advances and drawdowns to Government	-	-	-	-	-	2,416,849	-	2,416,849
Loans and advances to staff	-	-	-	-	-	-	115,320	115,320
Other assets	-	-	-	-	-	-	31	31
Total Assets	8,118,137	1,304,475	859,986	4,704,693	1,950,524	2,416,849	123,146	19,477,810

iii. Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liability of the Bank as of June 30, 2021 is as follows:

Table 27: Credit risk exposure by geographical location FY 2020/21

Details	Uganda	USA	UK	Eurozone	Other European Countries	Other Countries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	9,225	1,814,816	280,526	669,513	1,408	99,899	2,875,387
Financial assets at FVTPL	-	1,334,793	150,844	932,982	122,623	1,610,569	4,151,811
Debt instruments at FVOCI	-	886,319	20,737	42,748	10,895	202,190	1,162,889
Equity instruments at FVOCI	-	-	-	-	1,722	225,505	227,227
Debt instruments at amortized cost	-	1,690,470	2,853,841	1,456,130	623,316	2,387,186	9,010,943
Derivative financial instruments	-	-	49,363	-	-	-	49,363
Assets held with IMF	-	221,885	-	-	-	-	221,885
Investments in Government securities	494,677	-	-	-	-	-	494,677
Loans, advances and drawdowns to Government	4,449,212	-	-	-	-	-	4,449,212
Loans and advances to staff	134,547	-	-	-	-	-	134,547
Other assets	1,737	-	-	-	-	-	1,737
Total Assets	5,089,398	5,948,283	3,355,311	3,101,373	759,964	4,525,349	22,779,678

Table 28: Credit risk exposure by geographical location FY 2019/20

Details	Uganda	USA	UK	Eurozone	Other European Countries	Other Countries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	7,795	2,851,417	236,340	639,595	1,463	94,948	3,831,558
Financial assets at FVTPL	-	1,534,074	68,427	1,019,372	207,204	1,551,103	4,380,180
Debt instruments at FVOCI	-	909,761	35,167	99,078	11,548	161,019	1,216,573
Equity instruments at FVOCI	-	-	-	-	1,860	204,473	206,333
Debt instruments at amortized cost	-	2,055,662	3,293,580	819,556	17,757	883,090	7,069,645
Derivative financial instruments	-	-	15,754	-	-	-	15,754
Assets held with IMF	-	225,567	-	-	-	-	225,567
Loans, advances and drawdowns to Government	2,416,849	-	-	-	-	-	2,416,849
Loans and advances to staff	115,320	-	-	-	-	-	115,320
Other assets	31	-	-	-	-	-	31
Total Assets	2,539,995	7,576,481	3,649,268	2,577,601	239,832	2,894,633	19,477,810

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 29 and Table 30 below. The analysis is based on undiscounted amounts:

Table 29: Liquidity profile 2020/21

			30-Jun-2021	On demand	<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	2,875,387	2,875,387	-	-	-	-
		Financial assets at fair value through profit or loss	4,151,811	-	-	788,433	2,391,301	972,077
		Debt instruments at fair value through OCI	1,162,889	-	-	418,891	743,998	-
		Equity instruments at fair value through OCI	227,227	-	-	-	-	227,227
		Debt instruments at amortised cost	9,010,943	-	-	9,010,943	-	-
		Derivative financial instruments	49,363	-	49,363	-	-	-
		Assets held with International Monetary Fund	221,885	-	-	-	-	221,885
	Total foreign assets		17,699,505	2,875,387	49,363	10,218,267	3,135,299	1,421,189
	Domestic assets	Investments in government securities	494,677	-	-	-	494,677	-
		Loans, advances and drawdowns to government	4,449,212	-	4,449,212	-	-	-
		Loans and advances to staff	134,547	-	-	6,257	37,566	90,724
		Other assets	1,727	-	1,727	-	-	-
	Total domestic assets		5,080,163	-	4,450,939	6,257	532,243	90,724
Total assets			22,779,668	2,875,387	4,500,302	10,224,524	3,667,542	1,511,913
Liabilities	Foreign liabilities	IMF obligations	878,258	-	-	-	878,258	-
		IMF Rapid Credit Facility	1,267,299	-	-	-	-	1,267,299
		Other foreign liabilities	416	-	416	-	-	-
		Derivative financial instruments	11,457	-	11,457	-	-	-
	Total foreign liabilities		2,157,430	-	11,873	-	878,258	1,267,299
	Domestic liabilities	Government deposits	5,910,736	-	5,910,736	-	-	-
		Commercial and Central Banks' deposits	3,478,240	-	3,478,240	-	-	-
		Repurchase agreements with commercial banks	2,566,714	-	2,566,774	-	-	-
		Lease liabilities	122	-	122	-	-	-
		Other liabilities	167,190	-	167,190	-	-	-
	Total domestic liabilities		12,123,002	-	12,123,062	-	-	-
Total liabilities			14,280,432	-	12,134,935	-	878,258	1,267,299
	Net liquidity gap		8,499,236	2,875,387	(7,634,633)	10,224,524	2,789,284	244,614

Table 30: Liquidity profile 2019/20

			30-Jun-2020	On demand	<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	3,831,558	3,831,558	-	-	-	-
		Financial assets at fair value through profit or loss	4,380,180	-	-	557,721	2,683,101	1,139,358
		Debt instruments at fair value through OCI	1,216,573	-	-	335,123	881,450	-
		Equity instruments at fair value through OCI	206,333	-	-	-	-	206,333
		Debt instruments at amortised cost	7,069,645	-	-	7,069,645	-	-
		Derivative financial instruments	15,754	-	15,754	-	-	-
		Assets held with International Monetary Fund	225,567	-	-	-	-	225,567
	Total foreign assets		16,945,610	3,831,558	15,754	7,962,489	3,564,551	1,571,258
	Domestic assets	Loans, advances and drawdowns to government	2,416,849	-	2,416,849	-	-	-
		Loans and advances to staff	115,320	-	-	2,691	38,992	73,637
		Other assets	31	-	31	-	-	-
	Total domestic assets		2,532,200	-	2,416,880	2,691	38,992	73,637
Total assets			19,477,810	3,831,558	2,432,634	7,965,180	3,603,543	1,644,895
Liabilities	Foreign liabilities	IMF obligations	890,729	-	-	-	890,729	-
		IMF Rapid Credit Facility	1,286,911	-	-	-	-	1,286,911
		Other foreign liabilities	416	-	416	-	-	-
		Derivative financial instruments	40,555	-	40,555	-	-	-
	Total foreign liabilities		2,218,611	-	40,971	-	890,729	1,286,911
	Domestic liabilities	Government deposits	3,456,221	-	3,456,221	-	-	-
		Commercial and Central Banks' deposits	3,144,565	-	3,144,565	-	-	-
		Repurchase agreements with commercial banks	2,113,955	-	2,114,015	-	-	-
		Lease liabilities	729	-	-	310	419	-
		Other liabilities	123,591	-	123,591	-	-	-
	Total domestic liabilities		8,839,061	-	8,838,392	310	419	-
Total liabilities			11,057,672	-	8,879,363	310	891,148	1,286,911
	Net liquidity gap		8,420,138	3,831,558	(6,446,729)	7,964,870	2,712,395	357,984

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 31: Interest risk analysis 2020/21

			30-Jun-2021	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	2,875,387	2,867,592	-	-	7,795	
		Financial assets at fair value through profit or loss	4,151,811	-	788,433	3,363,378	-	
		Debt instruments at fair value through OCI	1,162,889	-	418,891	743,998	-	
		Equity instruments at fair value through OCI	227,227	-	-	-	227,227	
		Debt instruments at amortised cost	9,010,943	-	9,010,943	-	-	
		Derivative financial instruments	49,363	49,363	-	-	-	
		Assets held with International Monetary Fund	221,885	-	-	221,885	-	
		Total foreign assets	17,699,505	2,916,955	10,218,267	4,329,261	235,022	
	Domestic assets	Investments in government securities	494,677	-	-	494,677	-	
		Loans, advances and drawdowns to government	4,449,212	-	2,416,849	-	-	
		Loans and advances to staff	134,547	-	6,257	37,566	90,724	
		Other assets	1,727	-	-	-	1,727	
			Total domestic assets	5,080,163	-	2,423,106	532,243	92,451
			Total assets	22,779,668	2,916,955	12,641,373	4,861,504	327,473
		Liabilities	Foreign liabilities	IMF obligations	878,258	-	-	878,258
	IMF Rapid Credit Facility			1,267,299	-	-	-	1,267,299
Other foreign liabilities	416			-	-	-	416	
Derivative financial instruments	11,457			-	-	-	11,457	
	Total foreign liabilities		2,157,430	-	-	878,258	1,279,172	
Domestic liabilities	Government deposits		5,910,736	-	-	-	5,910,736	
	Commercial and Central Banks' deposits		3,478,240	-	-	-	3,478,240	
	Repurchase agreements with commercial banks		2,566,714	2,566,714	-	-	-	
	Other liabilities		167,190	-	-	-	167,190	
			Total domestic liabilities	12,122,880	2,566,714	-	-	9,556,166
		Total liabilities	14,280,310	2,566,714	-	878,258	10,835,338	
On balance Sheet interest Sensitivity Gap			8,499,358	350,241	12,641,373	3,983,246	(10,507,865)	

Table 32: Interest risk analysis 2019/20

			30-Jun-2020	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	3,831,558	3,823,763	-	-	7,795
		Financial assets at fair value through profit or loss	4,380,180	-	557,721	3,822,459	-
		Debt instruments at fair value through OCI	1,216,573	-	335,123	881,450	-
		Equity instruments at fair value through OCI	206,333	-	-	-	206,333
		Debt instruments at amortised cost	7,069,645	-	7,069,645	-	-
		Derivative financial instruments	15,754	15,754	-	-	-
		Assets held with International Monetary Fund	225,567	-	-	225,567	-
		Total foreign assets	16,945,610	3,839,517	7,962,489	4,929,476	214,128
Domestic assets	Loans, advances and drawdowns to government	2,416,849	-	2,416,849	-	-	
	Loans and advances to staff	115,320	-	2,691	38,992	73,637	
	Other assets	31	-	-	-	31	
		Total domestic assets	2,532,200	-	2,419,540	38,992	73,668
Total assets		19,477,810	3,839,517	10,382,029	4,968,468	287,796	
Liabilities	Foreign liabilities	IMF obligations	890,729	-	-	890,729	-
		IMF Rapid Credit Facility	1,286,911	-	-	-	1,286,911
		Other foreign liabilities	416	-	-	-	416
		Derivative financial instruments	40,555	-	-	-	40,555
		Total foreign liabilities	2,218,611	-	-	890,729	1,327,882
	Domestic liabilities	Government deposits	3,456,221	-	-	-	3,456,221
		Commercial and Central Banks' deposits	3,144,565	-	-	-	3,144,565
		Repurchase agreements with commercial banks	2,113,955	2,113,955	-	-	-
Other liabilities		123,591	-	-	-	123,591	
	Total domestic liabilities	8,838,332	2,113,955	-	-	6,724,377	
Total liabilities		11,056,943	2,113,955	-	890,729	8,052,259	
On balance Sheet interest Sensitivity Gap		8,420,867	1,725,562	10,382,029	4,077,739	(7,764,463)	

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 33: Interest risk sensitivity analysis FY 2020/21

			30-Jun-2021		
			CARRYING AMOUNTS	0.5% Increase	0.5% decrease
			UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	2,867,592	14,338	(14,338)
		Financial assets at fair value through profit or loss	4,151,811	20,759	(20,759)
		Debt instruments at fair value through OCI	1,162,889	5,814	(5,814)
		Debt instruments at amortised cost	9,010,943	45,055	(45,055)
		Assets held with International Monetary Fund	221,885	1,109	(1,109)
		Total foreign assets	17,415,120	87,076	(87,076)
	Domestic assets	Investments in government securities	494,677	2,473	(2,473)
		Loans, advances and drawdowns to government	4,449,212	22,246	(22,246)
		Loans and advances to staff	43,823	219	(219)
			Total domestic assets	4,987,712	24,939
Total assets		22,402,832	112,014	(112,014)	
Liabilities	Foreign liabilities	IMF obligations	878,258	4,391	(4,391)
		Total foreign liabilities	878,258	4,391	(4,391)
	Domestic liabilities	Repurchase agreements with commercial banks	2,566,714	12,834	(12,834)
		Total domestic liabilities	2,566,714	12,834	(12,834)
	Total liabilities		3,444,972	17,225	(17,225)
		Net interest increase/(decrease)	18,957,860	94,789	(94,789)
		Impact on profit	18,957,860	94,789	(94,789)

Table 34: Interest risk sensitivity analysis FY 2019/20

			30-Jun-2020		
			Carrying amounts	0.5% Increase	0.5% decrease
			UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	3,823,763	19,119	(19,119)
		Financial assets at fair value through profit or loss	4,380,180	21,901	(21,901)
		Debt instruments at fair value through OCI	1,216,573	6,083	(6,083)
		Debt instruments at amortised cost	7,069,645	35,348	(35,348)
		Assets held with International Monetary Fund	225,567	1,128	(1,128)
	Total foreign assets		16,715,728	83,579	(83,579)
		Loans and advances to staff	41,683	208	(208)
Total domestic assets		2,458,532	12,293	(12,293)	
Total assets		19,174,260	95,871	(95,871)	
Liabilities	Foreign liabilities	IMF obligations	890,729	4,454	(4,454)
		Total foreign liabilities	890,729	4,454	(4,454)
	Domestic liabilities	Repurchase agreements with commercial banks	2,113,955	10,570	(10,570)
		Total domestic liabilities	2,113,955	10,570	(10,570)
		Total liabilities	3,004,684	15,023	(15,023)
	Net interest increase/(decrease)		16,169,576	80,848	(80,848)
	Impact on profit		16,169,576	80,848	(80,848)

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 35: Currency risk profile 2020/21

			TOTAL	USD	GBP	EURO	OTHER
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	2,875,387	1,944,220	30,092	812,337	88,738
		Financial assets at fair value through profit or loss	4,151,811	4,151,811	-	-	-
		Debt instruments at fair value through OCI	1,162,889	1,162,889	-	-	-
		Equity instruments at fair value through OCI	227,227	225,505	-	1,722	-
		Debt instruments at amortised cost	9,010,943	8,486,297	-	524,722	-
		Derivative financial instruments	49,363	49,363	-	-	-
		Assets held with International Monetary Fund	221,885	-	-	-	221,885
		Total foreign assets	17,699,505	16,020,085	30,092	1,338,781	310,623
Total assets		17,699,505	16,020,085	30,092	1,338,781	310,623	
Liabilities	Foreign liabilities	IMF obligations	878,258	-	-	-	878,258
		IMF Rapid Credit Facility	1,267,299	-	-	-	1,267,299
		Derivative financial instruments	11,457	11,457	-	-	-
		Total foreign liabilities	2,157,014	11,457	-	-	2,145,557
	Domestic liabilities	Government deposits	1,471,134	1,271,788	535	198,811	-
		Commercial and Central Banks' deposits	1,323,310	1,157,239	36,590	115,598	13,883
		Total domestic liabilities	2,794,444	2,429,027	37,125	314,409	13,883
	Total liabilities		4,951,458	2,440,484	37,125	314,409	2,159,440
Net currency position		12,748,047	13,579,601	(7,033)	1,024,372	(1,848,817)	

Table 36: Currency risk profile 2019/20

			TOTAL	USD	GBP	EURO	OTHER
			UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets	Foreign assets	Cash and cash equivalents	3,831,558	2,979,257	23,363	737,100	91,838
		Financial assets at fair value through profit or loss	4,380,180	4,380,180	-	-	-
		Debt instruments at fair value through OCI	1,216,573	1,216,573	-	-	-
		Equity instruments at fair value through OCI	206,333	204,473	-	1,860	-
		Debt instruments at amortised cost	7,069,645	6,744,010	-	325,635	-
		Derivative financial instruments	15,754	15,754	-	-	-
		Assets held with International Monetary Fund	225,567	-	-	-	225,567
		Total foreign assets	16,945,610	15,540,247	23,363	1,064,595	317,405
Total assets		16,945,610	15,540,247	23,363	1,064,595	317,405	
Liabilities	Foreign liabilities	IMF obligations	890,729	-	-	-	890,729
		IMF Rapid Credit Facility	1,286,911	1,286,911	-	-	-
		Derivative financial instruments	40,555	40,555	-	-	-
		Total foreign liabilities	2,218,195	1,327,466	-	-	890,729
	Domestic liabilities	Government deposits	1,519,856	1,375,230	744	143,882	-
		Commercial and Central Banks' deposits	868,784	735,690	30,667	91,748	10,679
		Total domestic liabilities	2,388,640	2,110,920	31,411	235,630	10,679
	Total liabilities		4,606,835	3,438,386	31,411	235,630	901,408
Net currency position		12,338,775	12,101,861	(8,048)	828,965	(584,003)	

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 37: Currency Risk Sensitivity analysis FY 2020/21

		Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities		2021	UGX (m)	UGX (m)
USD	+15/(15)		2,036,940	(2,036,940)
GBP	+15/(15)		(1,054)	1,054
Euro	+15/(15)		153,656	(153,656)
Others	+15/(15)		(277,323)	277,323
		-	1,912,220	(1,912,220)

Table 38: Currency Risk Sensitivity analysis FY 2019/20

		Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities		2020	UGX (m)	UGX (m)
USD	+15/(15)		1,815,279	(1,815,279)
GBP	+15/(15)		(1,207)	1,207
Euro	+15/(15)		124,345	(124,345)
Others	+15/(15)		(87,600)	87,600
		-	1,850,817	(1,850,817)

4.8 Impact of COVID-19 on the Bank's operations

4.8.1 Background

Following the devastating economic crisis caused by the COVID-19 Pandemic, the global economy appears to be emerging from one of its deepest recessions and beginning a subdued recovery. Global output for 2021 is projected to be stronger, supported by the vaccine-powered strengthening of activity coupled with policy support in some large economies.

The IMF in its World Economic Outlook (WEO) for January 2021 revised global growth forecasts for 2021 upwards by 0.3 percentage points to 5.5 percent. However, the strength of the recovery is expected to vary across countries

depending on the severity of the pandemic and the level of disruption to individual economies, access to vaccines as well as size and effectiveness of policy support to alleviate the damage caused by the health crisis. Indeed, the recovery is expected to be faster in Advanced Economies (AEs) and Emerging Market Economies (EMEs) than in Sub-Saharan Africa (SSA), which has had less policy flexibility in responding to the crisis.

On the domestic front, since the beginning of the FY 2020/21, the economic upturn is proceeding at an uneven pace as social distancing measures continue to weigh heavily on certain activities in the service sector, particularly education, hospitality and tourism. The most recent data from the Uganda Bureau of Statistics (UBOS) shows that the economy contracted by 2.2 percent in Q1 of FY 2020/21 compared to a growth of 8.7 percent in the same period of the previous year.

Amidst this uncertain environment, Bank of Uganda continued to execute its mandate as spelt out in Section 4 of the Bank of Uganda Act 2000. Below is an analysis of the impact of COVID-19 on the Bank's key mandates and operations.

4.8.2 Monetary policy implementation

In the conduct of monetary policy, Bank of Uganda incurs costs from the issuance of repos and undertaking deposit auctions which are the main tools for liquidity sterilization.

To enhance economic growth and improve the deteriorating macroeconomic conditions due to COVID-19, Bank of Uganda eased monetary policy which with increased government expenditure led to a significant injection of liquidity in FY 2020/21.

Moreover, the structural liquidity previously managed with REPOs, Deposit Auctions as well as the sale of recapitalization securities will be reinjected in the system as these instruments mature within FY 2021/22. To manage the excess liquidity, Bank of Uganda will issue more Repos and Deposit auctions and incur costs of approximately UGX 345.2 billion, higher than UGX 128.4 billion in FY 2020/21 based on the following main assumptions:

- i. CBR of 6.5 percent at which REPOs are issued,
- ii. Deposit auction rate of 7.2 percent, and
- iii. Excess liquidity of UGX 5.0 trillion.

4.8.3 Financial stability assessment

Overall, the banking sector remains resilient to the COVID-19 pandemic and most banks have strong capital and liquidity buffers to absorb the shock. Near-term risks to financial stability remain elevated but have been relatively contained by BOU policy action.

Liquidity risk has moderated supported by BoU's policy measures, increase in holdings of Government securities (liquid assets) amidst aversion to lending, continued growth in retail deposits, and lower cost of wholesale funding.

Credit risk remains elevated but was relatively contained by the BoU Credit Relief Measures (CRM) which were introduced in April 2020 and later extended to September 30, 2021 and have effectively alleviated the initial impact of the pandemic on borrowers and SFIs and the pass through to loan quality and capital. Between April 2020 and June 2021, 40 percent of the banking industry total loans benefited from credit relief.

The outlook is for the operating environment of the banking sector to remain challenging until economic recovery is stronger. The main downside risks to banking sector capital and liquidity include; uncertainty about the path of economic recovery with the disruptive resurgence of the pandemic, which is expected to increase credit risk, the potential rise in non-performing loans as the credit relief program expires in September 2021, and the potential reversal of capital flows as advanced economies normalize their monetary policy which may adversely affect market risk.

More specifically, the credit relief program will end on September 30, 2021, at which point it will have been in place for 18 months. A key policy question concerns the impact that the additional waves of the pandemic as well as the end of the CRM Program will have on loan quality and capital, once borrowers exit credit relief.

To identify the potential impact of the said risks, the Bank performed a stress test which assessed the impact of a downgrade of all past due CRM loans as at June 2021 to lower NPL classification, combined with 25 percent of the

CRM loans that are not past due deteriorating to NPL status ('Substandard') by December 2021.

The stress test results indicated that the aggregate NPL ratio may increase from 5.1 percent to 12.5 percent under this severe scenario by December 2021. On aggregate SFIs including the Domestic Systemically Important Banks have adequate capital buffers to absorb the likely increase in NPLs. However, a few SFIs may face liquidity challenges if loan repayments reduce and a few sectors remain under prolonged lockdown. In this regard, BOU has continued to engage SFIs to ensure that they proactively recognize the 'true' risk exposure on their balance sheet and build the necessary resilience.

To address the evolving systemic risks posed by the pandemic the following BoU macroprudential policy measures remain in place:

a. Credit Relief Measures

The Credit Relief Measures (CRM) shall expire on September 30, 2021, but BOU shall put in place policy interventions on a case-by-case basis for those sectors that remain under lockdown.

b. Liquidity Policy Support

The COVID-19 Liquidity Assistance Program (CLAP) that was operationalized in July 2020 will remain in place to support banks that may face liquidity stress, and BoU will continue reviewing it as the pandemic evolves. Also, BoU will operationalize the Emergency Liquidity Assistance Framework, which serves the financial stability objective of Lender of Last Resort.

c. Payment of dividends

The payment of dividends by SFIs shall continue to be subject to conducting satisfactory Internal Capital Adequacy Assessments (ICAAP) that demonstrate resilience to a range of potential shocks and risks.

d. loan-to-value (LTV) ratio

The limit of 85 percent on the loan-to-value (LTV) ratio for loans for residential mortgages and land purchase will remain in place, to minimize excessive leverage.

There remains considerable uncertainty regarding the outlook of the pandemic and the projection for growth. BoU stands ready to take further appropriate policy measures in order to safeguard financial sector stability.

4.8.4 Reserve management

During the FY 2020/21, BOU's return on foreign assets fell to 0.6 per cent, from 2.6 per cent at the end of June 2020, as new and maturing investments were placed at lower rates brought about by the continued easing stance of global central banks which pinned interest rates near zero for most markets and negative in the Eurozone.

In the second quarter of 2021, sustained stimulus effects and gradual recovery from the pandemic saw a pick-up in inflation. This has led to discussions on tapering of asset purchases and gradual increase of interest rates by the major central banks. While this may further affect performance of the reserves negatively as asset prices fall, BOU's Strategic Asset Allocation is under review to ensure that the reserves portfolio is positioned to minimize impact of expected rate hikes and to take advantage of the higher yields where possible.

4.8.5 Currency operations

The Bank expects the currency issue costs to increase by 10 percent (UGX 16 billion) to UGX 172 billion in FY 2021/22. Of this, 6 percent is due to the projected increase in demand and a likely increase in currency in circulation during the period to June 2022. The remainder considers the possible impact of a possible 3rd wave of COVID-19 on cash processing for recirculation which could have an upward bearing on the cost of currency.

4.8.6 Expected credit losses on financial assets

The Bank has carried out an assessment of the impact of COVID-19 on the expected credit losses on financial assets as required by IFRS 9.

i. Investments in term deposits with foreign counter parties

The global financial system has emerged from an initial period of extreme stress, in large part due to governments' efforts to stimulate the economy, central banks' speed at addressing market disruptions, and the resilience of financial institutions.

In terms of BoU's assessment of the impact of COVID-19 on the Investments in term deposits with foreign counter parties a minimal impact is still expected on Bank of Uganda as most of the financial assets are either high quality government instruments or deposits with highly rated commercial banks.

ii. **Advances due from ex-staff**

As was the case in the previous year to address the impact of COVID-19 on performance of ex-staff loans, the Bank has maintained the probability at 1 in FY 2020/21.

iii. **Loans, advances and drawdowns to Government**

The assessment revealed no impact of COVID-19 on loans, advances and drawdowns to Government.

Considering the assumptions made on the Bank's foreign assets based on the Bank's counterparties' credit rating (outlook) and local assets including the probability of default on ex-staff loans, the related ECL would amount to UGX 6.31 billion, which is 0.035% of the Bank's total financial assets.

4.9 Going concern

Bank of Uganda is a creation of the Constitution of the Republic of Uganda (Article 161). The Bank of Uganda Act provides the basis upon which the Bank executes its core mandate. Therefore the going concern of the Bank is assessed and determined to be appropriate. The Directors are confident that the Bank has all the resources and mandate to continue in existence into the foreseeable future.

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:

i. **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.

ii. **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.

iii. 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.

iv. 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.

v. Legal provisions, contingent assets and liabilities

Significant judgment and estimation is made by the Directors in determining the Bank's litigation provisions and contingent disclosures. Key assumptions are made with respect to the likelihood and magnitude of any potential outflow of resources. The provisions and contingencies are further disclosed in Notes 43 and 47.

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

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.

Exposure at Default (EAD): This is generally the sum of the principal and interest of the assets with the counterparties. These assets are usually short and medium term in nature.

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 33).

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 3.10.

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 34).

5.2.5 Litigation costs

The Bank is involved in several court cases. In cases where the judgements have not been delivered or have not been made in the Bank's favor, the Bank in consultation with the external lawyers estimates the likely costs that

the Bank might incur subject to any appeal process. The estimation of costs is performed in line with Advocates Remuneration and Taxation of Costs Rules for cases in the High Court of Uganda, Court of Appeal Rules for cases in the Court of Appeal and Supreme Court Rules for cases in the Supreme Court.

The rules specify a minimum fee although increases in the costs can be justified based on complexity, importance and nature of the subject matter. The final costs are however determined by the Courts of Law on a case by case basis. Details are provided under Note 43.

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	6
• Derivative financial instruments	26
• Investments	22, 23, 24 and 25
• Property, plant and equipment under revaluation model	34

6.1.1 Financial assets and financial liabilities

i. Financial assets

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Financial instruments at FVTPL:		
Financial assets at fair value through profit or loss	4,151,811	4,380,180
Derivative financial instruments	49,363	15,754
Financial instruments at fair value through OCI:		
Debt instruments at fair value through other comprehensive income	1,162,889	1,216,573
Equity instruments at fair value through other comprehensive income	227,227	206,333
Financial instruments at amortised cost:		
Debt instruments at amortised cost	9,010,943	7,069,645
Cash and cash equivalents	2,875,387	3,831,558
Assets held with International Monetary Fund	221,885	225,567
Investments in government securities	494,677	-
Loans, advances and drawdowns to government	4,449,212	2,416,849
Loans and advances to commercial banks	-	-
Loans and advances to staff	134,547	115,320
Other assets	1,737	31

ii. Financial liabilities

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Financial instruments at FVTPL:		
Derivative financial instruments	11,457	40,555
Other liabilities at amortised cost:		
IMF obligations	878,258	890,729
Government deposits	5,910,736	3,456,221
Commercial bank deposits	3,478,240	3,144,565
Other liabilities	167,190	123,591
Repurchase agreements with commercial banks	2,566,714	2,113,955

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 34.

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 counter party and the Bank's own non-performance risk.

Fair value hierarchy as at June 30, 2021 and Fair value hierarchy as at June 30, 2020 show an analysis of assets and liabilities recorded at fair value by level of their fair value hierarchy:

Table 39: Fair value hierarchy as at June 30, 2021

	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	-	4,151,811	-
Debt instruments at fair value through other comprehensive income	-	1,162,889	-
Equity instruments at fair value through other comprehensive income	-	227,227	-
Derivative financial instruments	-	49,363	-
Furniture	-	-	2,889
Equipment	-	-	8,948
Vehicles	-	-	17,328
Computers	-	-	6,453
Plant and Machinery	-	-	60,088
Land	-	-	37,986
Buildings	-	-	142,043
Liabilities measured at fair value value			
Derivative financial instruments	-	11,457	-

Table 40: Fair value hierarchy as at June 30, 2020

	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	-	4,380,180	-
Debt instruments at fair value through other comprehensive income	-	1,216,573	-
Equity instruments at fair value through other comprehensive income	-	206,333	-
Derivative financial instruments	-	15,754	-
Furniture	-	-	2,850
Equipment	-	-	11,357
Vehicles	-	-	14,831
Computers	-	-	8,767
Plant and Machinery	-	-	66,312
Freehold land	-	-	45,539
Buildings	-	-	153,655
Leasehold land	-	-	-
Liabilities measured at fair value value			
Derivative financial instruments	-	40,555	-

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 objective of the Bank's capital management is 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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Revenue reserves	(2,042,607)	(2,012,625)
General reserves	399,277	399,277
Share capital	20,000	20,000
BoU recapitalization	1,641,718	1,160,017
Core capital	18,388	(433,331)
Revaluation reserve	150,610	162,879
Fair value- FVOCI	129,708	130,906
Actuarial losses	(5,302)	(1,244)
Translation reserve	3,000,561	3,558,194
Cumulative shareholder's funds	3,293,965	3,417,404

During the year, the Bank was further recapitalised with Treasury Securities worth UGX 481,701 million bringing the total of recapitalisation securities held by the Bank to UGX 1,641,718 million in line with the Bank of Uganda Act as at June 30, 2021.

As shown in the table above, the Bank's core capital stood at a surplus of UGX 18,388 million. As a result, the Bank's minimum required capital of UGX 20,000 million was short by UGX 1,612 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 Net interest income

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Interest income		
Cash and cash equivalents	10	4,455
Debt instruments at fair value through other comprehensive income	16,730	26,053
Debt instruments at amortised cost	64,428	144,393
Assets held with IMF	169	1,779
Investments in government securities	77,733	33,352
Loans, advances and drawdowns to government*	212,923	182,211
Loans and advances to commercial banks	3,279	20,285
Loans and advances to staff**	10,946	11,038
Total interest income	386,218	423,566
Interest expense***		
IMF SDR allocations	(683)	(5,221)
Deposit auctions	(55,587)	(47,979)
Vertical repos	(72,088)	(128,837)
Total interest expense	(128,358)	(182,037)
Net interest income	257,860	241,529

* This relates to income earned on short term advances to the Government and Government overdrawn accounts (see Notes 29 and 30).

** Included in interest income on staff loans is UGX 8,543 million (June 30, 2020: UGX 8,873 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.

9 Profit on domestic foreign exchange trade

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Foreign currency dealings	76,800	52,024
	76,800	52,024

The above represents income earned on sale or purchase of foreign exchange to or from GoU, counterparties and commercial banks.

10 Fees and commissions

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Commissions- letters of credit	5,837	4,825
Commissions- foreign currency operations	536	525
Commissions- other funds	1	3
Currency processing fees	6,331	6,267
RTGS processing fees	3,817	3,586
Clearing house fees	360	376
CSD maintenance & support fees	762	771
Ledger fees	15,093	14,073
	32,737	30,426

Commissions- letters of credit, commissions- foreign currency operations, ledger fees and commissions- DFD are charged to Government whereas, currency processing fees, RTGS processing fees, clearing house fees and CSD maintenance & support fees are charged to banks.

11 Net gains on financial assets at fair value through profit or loss

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Net income from financial instruments mandatorily measured at FVTPL	16,603	125,107
Net income from financial instruments designated at FVTPL	5,635	43,289
	22,238	168,396

12 Gains/ (losses) arising from derecognition of financial assets measured at amortised cost or FVOCI

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Gains on derecognition of fair value through OCI investments	2,212	903
Losses on derecognition of financial instruments at amortised cost	-	(16,454)
	2,212	(15,551)

13 Other income

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Dividends on equity securities measured at FVOCI	4,617	4,207
Gain on disposal of property, plant and equipment	-	127
Licence and cheque fees	1,441	1,159
Sale of currency	42	5
Rental income	-	54
Real time gross and national interbank settlement systems	-	34
Loss on remeasurement of leases	54	-
Fines and penalties	377	273
Write back of amounts previously written off	906	11,356
Other income	1,537	2,669
	8,974	19,884

14 Expected credit loss release on financial assets

The table below shows the ECL charges on financial instrument recorded in the income statement:

Expected credit loss release on financial assets for the year ended 30 June 2021	Stage 1& 2 allowance	Stage 3 allowance	Releases	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	(215)	-	-	(215)
Debt instruments at FVOCI	-	-	4	4
Debt instruments at amortised cost	(847)	-	-	(847)
Assets held with IMF	1	-	-	1
Investments in government securities	(93)	-	-	(93)
Loans, advances and drawdowns to government	(301)	-	-	(301)
Loans and advances to commercial banks	-	-	10,899	10,899
Loans and advances to staff	(16)	(14)	-	(30)
	(1,471)	(14)	10,903	9,418

Expected credit loss release on financial assets for the year ended 30 June 2020	Stage 1& 2 allowance	Stage 3 allowance	Releases	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	-	-	271	271
Debt instruments at FVOCI	-	-	44	44
Debt instruments at amortised cost	(105)	-	-	(105)
Assets held with IMF	-	-	1	1
Investments in government securities	-	-	27	27
Loans, advances and drawdowns to government	-	-	36,555	36,555
Loans and advances to commercial banks	-	(12,904)	-	(12,904)
Loans and advances to staff	(226)	(5)	102	(129)
	(331)	(12,909)	37,000	23,760

15 Net foreign exchange (losses)/ gains

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Foreign exchange (losses)/gains	(557,633)	72,479
	(557,633)	72,479

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-2021	30-Jun-2020
US Dollars	3,557	3,730
Euro	4,244	4,179
GBP	4,938	4,595
SDR	5,075	5,147

16 Employee benefits

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Salaries,wages and allowances	157,360	154,646
NSSF- contribution and provision	11,243	10,603
Defined contribution scheme pension contributions	5,112	6,209
Defined benefit plan costs/(gains) (Note 33) *	2,973	6,408
Gratuity	104	165
Death in service insurance	925	850
Staff welfare including medical	13,965	11,922
Projects and training	1,492	3,812
	193,174	194,615

- * The defined benefit plan costs/(gains) relate to current service and interest cost on the plan in accordance with IAS 19.

The average number of employees during the year was 1,009 (2020: 1,054) as shown below:

	30-Jun-2021	30-Jun-2020
	No of Staff	No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	12	12
Directors	31	31
Other	964	1,009
	1,009	1,054

17 General and administration costs

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Loss on disposal of property, plant and equipment	112	-
Business process enhancement	3,517	8,919
Communication expenses	7,875	8,170
Water and electricity	2,608	2,876
Ground rates and buildings insurance	824	860
Repairs and maintainance - premises and equipment	4,605	5,608
Motor vehicle expenses	3,803	3,929
Travel costs	3,889	5,702
Corporate contributions	3,337	4,043
Publicity and public awareness costs	4,995	4,238
Printing and stationery	1,657	1,990
Inspection costs	252	1,168
General and administration costs	804	507
Furniture and equipment repairs	807	1,902
Office expenses-uniforms	181	27
J Mubiru memorial lecture	-	3
Directors' fees and emoluments	1,498	1,671
Software license and maintenance	13,093	12,955
	53,857	64,568

18 Currency costs

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Notes printing	141,345	182,304
Coins minting	6,162	10,719
Stock movement	1,078	1,003
Currency accessories	760	502
Currency machine maintenance	5,841	3,886
Bullion van maintenance	513	412
Other currency costs	594	480
	156,293	199,306

19 Financial and professional charges

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Consultancy costs	2,272	1,753
Litigation fees and legal damages	1,074	1,032
Staff loans fair valuation*	8,543	8,873
Reserve management fees and other charges	9,988	9,503
Valuers' fees	11	14
Interest expense on lease liability	30	40
Retainer fees	71	71
Audit fees	451	383
Other professional fees	-	24
	22,440	21,693

*This relates to notional interest arising out of staff loans fair valuation in accordance with IFRS 13.

20 Net (deficit)/ surplus for the year

The net (deficit)/ surplus for the year has been stated after charging/(crediting):

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Audit fees (note 19)	451	383
Other professional fees (note 19)	-	24
Directors' emoluments	1,200	997
Directors' fees	298	674
Depreciation (note 34)	22,265	23,428
Amortisation (note 35)	4,461	3,975
Staff costs (note 16)	193,174	194,615
Litigation fees & legal damages	1,074	1,032
Other income (note 13)	(1,537)	(2,669)

21 Cash and cash equivalents

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Foreign currency held in banking	9,225	7,795
Cash with foreign financial institutions	1,366,502	1,143,988
Repurchase agreements	1,500,578	2,680,478
	2,876,305	3,832,261
Less: Allowance for ECL	(918)	(703)
	2,875,387	3,831,558

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 and the Global Custodian. Repurchase agreements relate to overnight lending to the New York Federal Reserve Bank.

22 Financial assets at fair value through profit or loss

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Financial assets mandatorily measured at FVTPL	2,874,602	3,041,652
Financial assets designated at FVTPL	1,277,209	1,338,528
	4,151,811	4,380,180

22.1 Financial assets - mandatorily measured at FVTPL

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	121,199	111,013
Maturing between 1-5 years	1,624,111	1,650,824
Maturing after 5 years	641,580	692,557
	2,386,890	2,454,394
Debt securities issued by banks		
Maturing within 1 year	90,810	68,422
Maturing between 1-5 years	230,939	338,699
Maturing after 5 years	80,664	70,629
	402,413	477,750
Asset backed securities		
Maturing between 1-5 years	8,974	4,138
Maturing after 5 years	76,325	105,370
	85,299	109,508
Total	2,874,602	3,041,652

22.2 Financial assets designated at FVTPL

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	267,274	290,716
Maturing between 1-5 years	452,838	575,505
Maturing after 5 years	117,639	181,072
	837,751	1,047,293
Debt securities issued by banks		
Maturing within 1 year	309,150	87,570
Maturing between 1-5 years	70,894	110,716
Maturing after 5 years	42,235	64,882
	422,279	263,168
Asset backed securities		
Maturing between 1-5 years	3,545	3,219
Maturing after 5 years	13,634	24,848
	17,179	28,067
Total	1,277,209	1,338,528

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.

23 Debt instruments at fair value through other comprehensive income

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Government debt securities		
Maturing within 1 year	350,637	232,078
Maturing between 1-5 years	575,229	741,014
	925,866	973,092
Other debt securities		
Maturing within 1 year	68,254	103,045
Maturing between 1-5 years	168,769	140,436
	237,023	243,481
Total	1,162,889	1,216,573

The Bank invests in Treasury bonds issued by the US Government Treasury, Inter-American Development Bank (IADB), European Bank for Reconstruction & Development (EBRD), Province of Ontario, Kommuninvest, African Development Bank (AfDB), European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW), Japan Bank for International Cooperation (JBIC), International Bank for Reconstruction and Development (IBRD) and Asia Development Bank (ADB).

The table below shows the movement in debt instruments through other comprehensive income.

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
At 1 July	1,216,573	1,162,098
Additions	416,334	584,565
Sells/ maturities	(396,624)	(557,594)
Foreign exchange (losses)/gains	(55,685)	11,071
Net change in fair value	(11,145)	16,716
Reclassified to profit or loss	(6,564)	(283)
At 30 June	1,162,889	1,216,573

24 Equity instruments at fair value through other comprehensive income

The Bank has designated its equity investments as investments at FVOCI on the basis that these are not held for trading. Investments include shares in Afrexim Bank and SWIFT.

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Afrexim shares	225,505	204,473
SWIFT shares	1,722	1,860
	227,227	206,333

In FY 2020/21, the Bank received dividends of USD 1,266,483.36 (2020: USD 1,143,131) 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 26,103 million (2020: UGX 941 million) and foreign exchange losses of UGX 9,587 million (2020: gains of UGX 1,937 million) that are recognised in other comprehensive income.

24.1 Afrexim Bank shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares. As at June 30, 2021, the Bank held 2,551 Class A shares (2020: 2,489 Class A shares) at a total cost USD 26,637,366 (2020: USD 25,375,144). In accordance with IFRS 13, the shares were valued at a price of USD 24,845 (2020: USD 22,016) per share resulting in a fair value gain which has been recognised in other comprehensive income.

24.2 Swift shares

As set in SWIFT By-laws, SWIFT shares must be re-allocated at least every three years. The present re-allocation was based on the financial contribution to SWIFT for network-based services in 2020. The re-allocation resulted in the number of shares held by BoU reducing by 11 from 78 to 67 shares as at 30 June 2021.

As at June 30, 2021, the Bank held 67 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a value of Euro 405,685 (2020: 78 shares valued at Euro 444,990). The SWIFT is a cooperative society owned by its member financial institutions.

25 Debt instruments at amortised cost

The Bank debt instruments at amortized cost include term deposits with external financial institutions and US Treasury bills.

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Term deposits with external financial institutions		
Maturing within 1 year	7,323,952	5,016,583
	7,323,952	5,016,583
Less: Allowance for ECL	(3,479)	(2,601)
	7,320,473	5,013,982
US Treasury bills		
Maturing within 1 year	1,690,622	2,055,847
	1,690,622	2,055,847
Less: Allowance for ECL	(152)	(184)
	1,690,470	2,055,663
Total	9,010,943	7,069,645

26 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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Assets		
Forward foreign exchange contracts	44,558	13,600
Interest rate swaps	4,805	2,154
	49,363	15,754
Liabilities		
Forward foreign exchange contracts	6,514	36,618
Interest rate swaps	4,943	3,937
	11,457	40,555
Notional amounts		
Forward foreign exchange contracts	3,454,735	3,730,880
Interest rate swaps	522,322	197,546
Futures	1,740,391	1,584,954

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.

26.1 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.

26.2 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.

27 Assets held and obligations with International Monetary Fund (IMF)

		30-Jun-2021	30-Jun-2021	30-Jun-2020	30-Jun-2020
		UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets	IMF SDR holdings	221,915	44	225,597	44
	Less: Allowance for ECLs	(30)	-	(30)	-
		221,885	44	225,567	44
Liabilities	IMF account no. 2	33	1	29	1
	IMF SDR allocation	878,225	173	890,700	173
		878,258	174	890,729	174

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 44 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.

27.1 Other IMF accounts not recognised

		30-Jun-2021	30-Jun-2021	30-Jun-2020	30-Jun-2020
		UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets	IMF Quota	1,832,822	361	1,852,288	361
		1,832,822	361	1,852,288	361
Liabilities	IMF account no. 1	1,727,661	339	1,746,010	339
	IMF Securities	105,161	22	106,278	22
		1,832,822	361	1,852,288	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 account no. 1 and securities account which are the responsibility of Government of Uganda (fiscal agent) and as such are not accounted for in the financial statements of the Bank.

27.2 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, 2021.

- i. Membership status: Joined September 27, 1963
- ii. General resources account

	SDR Million	% Quota
Quota	361.00	100.00
IMF's Holdings of Currency (holdings rate)	361.01	100.00

- iii. SDR department

	SDR Million	% Allocation
Net cumulative allocation	173.06	100.00
Holdings	43.73	25.27

- iv. Outstanding purchases and loans

	SDR Million	%Quota
RCF Loans	361.00	100.00
ECF Arrangements	180.50	50.00

- v. Latest financial commitments
Arrangements

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Jun 28, 2021	Jun 27, 2024	722.00	180.50
ECF 1/	Sep 13, 2002	Jan 31, 2006	13.50	13.50
ECF 1/	Nov 10, 1997	Mar 31, 2001	100.43	100.43

- ^{1/} Formerly PRGF
Outright Loans

Type	Date of Commitment	Date Drawn	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	May 6, 2020	Jun 25, 2020	361.00	361.00

^{1/} Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e. Board approval date

- vi. Overdue obligations and projected payments to fund^{2/}

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2021	2022	2023	2024	2025
Principal	-	-	-	-	36.1
Charges/Interest	0.03	0.07	0.07	0.07	0.07
Total	0.03	0.07	0.07	0.07	36.17

^{2/} When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

vii. Implementation of the HIPC initiative

	Original Framework	Enhanced Framework	Total
I. Commitment of HIPC assistance			
Decision point date	Apr 1997	Feb 2000	
Assistance committed			
by all creditors (USD Million) ^{1/}	347.00	656.00	
Of which: IMF assistance (USD 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/}	-	2.06	2.06
Total disbursements	51.51	70.16	121.67

^{1/} 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 can not be added.

^{2/} 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.

viii. Implementation of Multilateral Debt Relief Initiative (MDRI)

I. MDRI-eligible debt (SDR Mill)*		87.73
Financed by: MDRI Trust		75.85
Remaining HIPC resources		11.88
II. Debt Relief by Facility (SDR Million)		
	Eligible Debt	
	Delivery Date	GRA PRGT
	January 2006	N/A 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.

ix. 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.

28 IMF Rapid Credit Facility

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Maturing after five years	1,267,299	1,286,911
	1,267,299	1,286,911

Reconciliation of the movement in the IMF Rapid Credit Facility

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
As at 01 July	1,286,911	-
Funds received - IMF	-	1,286,911
Translation differences	(19,612)	-
As at 30 June	1,267,299	1,286,911

On May 6, 2020, the International Monetary Fund (IMF) approved a request from the Ministry of Finance, Planning and Economic Development for emergency funding under the Rapid Credit Facility (RCF).

The Rapid Credit Facility is equivalent to SDR 361 million which is Uganda's 100 percent of the IMF quota. The loan was disbursed from the PRG Trust and terms and conditions are those set forth in the Instrument to establish the PRG Trust (Decision No. 8759 (87/176), adopted December 18, 1987 as amended).

The loan disbursed on June 25, 2020 (IMF) through the Bank of Uganda amounted to USD 498,723,488.91 (SDR 361 million). The loan is interest free and has a grace period of five years. The loan will be repaid half yearly in 10 equal installments of SDR 36.1 million commencing December 25, 2025 and the last installment will be paid on June 25, 2030.

According to the Memorandum of Understanding Bank of Uganda and the Ministry of Finance, Planning and Economic Development, BoU was allocated SDR 249.73 million (USD 345 million) to cater for Balance of Payments. The funds are held as part of international reserves while Government of Uganda was allocated SDR 111.27 million (USD 153.72 million) for budget support.

Each party will be responsible for servicing and repayment of the respective funds as received. However, the Bank is responsible for informing the Ministry of Finance, Planning and Economic Development about any repayment due to the IMF, including the currency position and making payments to the IMF in accordance with the repayment schedule and procedures of the IMF.

29 Investments in government securities

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
BoU recapitalization securities	494,770	-
Less: Allowance for ECL	(93)	-
At 30 June	494,677	-

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.

30 Loans, advances and drawdowns to Government

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Letters of comfort*	140,487	140,487
Charges to Government and Ledger fees receivable	-	3,832
Government capital account**	3,032,781	1,435,286
Treasury bills for repos (zero coupon)***	1,417,000	978,000
	4,590,268	2,557,605
Less: Allowance for ECL	(141,056)	(140,756)
	4,449,212	2,416,849

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 and the Public Finance Management Act 2015.

- * 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, 2021, 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 June 30, 2021.
- *** 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 the 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 41).

31 Loans and advances to commercial banks

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
As at 1 July	230,810	258,697
Additions	818	10,792
Receipts	-	(278)
Foreign exchange movements	(11,716)	2,390
Fair value amortization dfcu loan	-	19,209
Proceeds from dfcu loan repayment	-	(60,000)
As at 30 June	219,912	230,810
Less: Allowance for ECL	(219,912)	(230,810)
	-	-

Bank of Uganda intervened in the affairs of former Crane Bank Ltd under the Financial Institutions Act 2004 in FY 2016/17. As at 30 June 2021, Bank of Uganda had incurred net costs of UGX 219,912 million after offsetting funds due from dfcu Bank Ltd of UGX 200 billion. As at 30 June 2021, dfcu Bank Ltd, had fully settled its obligations and the net amounts due from Crane Bank Limited in liquidation had been fully provided for in accordance with IFRS 9.

32 Loans and advances to staff

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Staff loans, advances and imprest to staff	23,352	33,659
Staff building loans	52,320	32,853
Staff loans, advances at amortised cost	75,672	66,512
Deferred staff cost	59,842	49,745
Staff loans, advances at cost	135,514	116,257
Less: Allowance for ECL	(967)	(937)
	134,547	115,320

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.

33 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 (DBS).

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 $1/60 \times$ average salary for service prior to June 30, 2013 $\times$ Service Period less the value of NSSF Contribution balances. For service after June 30, 2013, the benefit is determined as $1/65 \times$ average salary for service after June 30, 2013 $\times$ Service Period. This Amendment took effect from July 1, 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, 2021.

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 15,106 million in contribution to its defined benefits plan in the FY 2021/22.

The amounts recognised in the statement of financial position are as follows:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Fair value of plan assets	567,412	485,795
Present value of defined benefit obligations	(513,025)	(442,272)
Net asset at the end of the year	54,387	43,523

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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Current service cost net of employees' contributions	10,200	10,484
Interest cost on net benefit obligation	(7,434)	(4,564)
Adjustment for prior year values	207	488
Total included in staff costs	2,973	6,408

The amounts recognised under other comprehensive income are as follows:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Net actuarial (losses)/gains and experience adjustments arising from demographic assumptions	(9,080)	31,273
Net actuarial losses and experience adjustments arising from financial assumptions	249	12,389
Actual return less interest cost on plan assets	4,773	(36,694)
Total included in other comprehensive income	(4,058)	6,968

A reconciliation of the net benefit asset is as shown below:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Net asset at start of the year	43,523	26,809
Net expense recognised in profit or loss	(2,973)	(6,408)
Actuarial (loss)/gain recognised in OCI	(4,058)	6,968
Employer contributions	17,895	16,154
Net asset at end of the year	54,387	43,523

The major categories of the fair value of the Scheme's Plan assets are as follows:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Assets		
Cash and bank	456	777
Investment securities at amortised cost	59,423	95,500
Debt instruments at fair value through OCI	390,062	281,145
Equity instruments at fair value through OCI	93,667	84,120
Investment Property	27,694	27,680
Accounts receivable	525	604
Rental tax credit	93	50
Total assets	571,920	489,876
Net current liabilities	(4,508)	(4,081)
Net assets	567,412	485,795

The principal actuarial assumptions in real terms are as follows:

	30-Jun-2021	30-Jun-2020
Discount rate	15.25%	15.50%
Expected return on plan assets	15.25%	15.50%
Future salary increase	14.25%	14.50%
Future pension increase	13.25%	13.50%

The discount rate used is 15.25 percent per annum. The discount rate is based on the 10 and 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 2020/21 assumptions.

As at June 30, 2021, the weighted average duration of the defined benefit obligation is 12.4 years. (June 30, 2020: 13.9 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 Increased by 1%	Scenario - 3 Salary Rate Increased by 1%	Scenario - 4 Pension Increase Rate Increased by 1%	Scenario - 5 Discount Rate Decreased by 1%	Scenario - 6 Salary Rate Decreased by 1%	Scenario - 7 Pension Increase Rate Decreased by 1%
Discount Rate	15.25%	16.25%	15.25%	15.25%	14.25%	15.25%	15.25%
Salary Rate	14.25%	14.25%	15.25%	14.25%	14.25%	13.25%	14.25%
Pension Increase Rate	13.25%	13.25%	13.25%	14.25%	13.25%	13.25%	12.25%
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Net asset at start of year	43,523	43,523	43,523	43,523	43,523	43,523	43,523
Net expense recognised in profit or loss	(2,973)	(2,973)	(2,973)	(2,973)	(2,973)	(2,973)	(2,973)
Net expense recognised in the other comprehensive income	(4,058)	67,783	(33,572)	(61,510)	(93,661)	21,995	45,445
Employer contributions	17,895	17,895	17,895	17,895	17,895	17,895	17,895
Net (liability)/ asset at end of year	54,387	126,228	24,873	(3,065)	(35,216)	80,440	103,890

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
Time to Maturity of membership	UGX (m)
<1 year	28,183
1-5 years	88,604
>5 years	199,700
Pensioners and Deferreds	196,538

34 Property, plant & equipment

	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 2019	45,539	157,205	74,394	4,155	14,544	12,918	29,231	2,632	340,618
Recognition of right of use assets on initial application of IFRS 16	53,181	932	-	-	-	-	-	-	54,113
Adjusted balance as at 01 July 2019	98,720	158,137	74,394	4,155	14,544	12,918	29,231	2,632	394,731
Additions	-	74	349	803	5,254	2,222	2,604	2,625	13,931
Reclassification	-	779	15	-	1,102	-	-	(1,896)	-
Disposals/ write offs	-	-	(127)	(42)	(117)	(549)	(1,525)	(15)	(2,375)
Reclassification (to)/ from intangibles	-	-	(31)	-	-	25	-	(1,198)	(1,204)
As at 30 June 2020	98,720	158,990	74,600	4,916	20,783	14,616	30,310	2,148	405,083
As at 01 July 2020	98,720	158,990	74,600	4,916	20,783	14,616	30,310	2,148	405,083
Additions	135	1,236	1,307	745	2,895	1,106	516	8,389	16,329
Reclassification	-	-	8,811	2	(710)	216	-	(8,319)	-
Remeasurement of leases	-	(287)	-	-	-	-	-	-	(287)
Disposals/ write offs	(6,896)	(364)	(168)	(117)	(614)	(438)	(1,674)	(640)	(10,911)
As at 30 June 2021	91,959	159,575	84,550	5,546	22,354	15,500	29,152	1,578	410,214
Depreciation									
As at 01 July 2019	-	3,550	8,082	1,305	3,187	4,151	14,400	-	34,675
Charge for the year	5,877	3,942	4,949	752	2,294	2,740	2,874	-	23,428
Disposals/ write offs	-	-	(21)	(28)	(48)	(353)	(1,403)	-	(1,853)
As at 30 June 2020	5,877	7,492	13,010	2,029	5,433	6,538	15,871	-	56,250
As at 01 July 2020	5,877	7,492	13,010	2,029	5,433	6,538	15,871	-	56,250
Charge for the year	3,537	4,051	5,230	807	2,814	3,067	2,759	-	22,265
Reclassification	-	-	166	-	(166)	-	-	-	-
Disposals/ write offs	(6,896)	(135)	(31)	(100)	(315)	(367)	(1,268)	-	(9,112)
As at 30 June 2021	2,518	11,408	18,375	2,736	7,766	9,238	17,362	-	69,403
Net Carrying Amount									
As at 30 June 2021	89,441	148,167	66,175	2,810	14,588	6,262	11,790	1,578	340,811
As at 30 June 2020	92,843	151,498	61,590	2,887	15,350	8,078	14,439	2,148	348,833

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.

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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Free hold and leasehold land (cost)	31,689	31,554
Net Carrying Amount	31,689	31,554

Buildings (cost)	116,947	116,094
Accumulated depreciation and impairment	(50,300)	(30,180)
Net Carrying Amount	66,647	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 2018						
Cost	64,197	4,419	17,042	9,943	31,229	126,830
Accumulated depreciation	(34,862)	(1,756)	(5,566)	(5,062)	(11,450)	(58,696)
Net carrying amount 30 June 2019	29,335	2,663	11,476	4,881	19,779	68,134
Accumulated depreciation	(11,540)	(982)	(2,337)	(128)	(5,725)	(20,712)
Net carrying amount 30 June 2020	17,795	1,681	9,139	4,753	14,054	47,422
Accumulated depreciation	(11,540)	(982)	(2,337)	(128)	(5,725)	(20,712)
Net carrying amount 30 June 2021	6,255	699	6,802	4,625	8,329	26,710

The Bank revalues its land and buildings, equipment, furniture, computers, vehicles, plant and machinery every after 5 years. As at June 30, 2021 the carrying book amounts approximate fair value.

Items disposed comprised of plant and machinery, furniture, equipment, vehicles and computer equipment. All gains/ (losses) on disposal of assets are recognized in profit or loss.

35 Intangible assets

		Software	Work- In-Prog-ress	Totals
		UGX (m)	UGX (m)	UGX (m)
Cost or Valuation	As at 1 July 2019	58,922	1,249	60,171
	Additions	2,248	2,640	4,888
	Reclassification	305	(305)	-
	Reclassification from Property Plant & Equipment	-	1,204	1,204
	Write off	(59)	(891)	(950)
	As at 30 June 2020	61,416	3,897	65,313
	As at 1 July 2020	61,416	3,897	65,313
	Additions	150	788	938
	Reclassification	2,544	(2,544)	-
	Write off	(9)	(108)	(117)
	As at 30 June 2021	64,101	2,033	66,134
Amortisation	As at 1 July 2019	39,371	-	39,371
	Charge for the year	3,975	-	3,975
	As at 30 June 2020	43,346	-	43,346
	As at 1 July 2020	43,346	-	43,346
	Charge for the year	4,461	-	4,461
	As at 30 June 2021	47,807	-	47,807
Net Carrying Amount	As at 30 June 2021	16,294	2,033	18,327
	As at 30 June 2020	18,070	3,897	21,967

Work in progress relates to IT systems that are under development and yet to be put in use.

36 Other assets

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Consumable store stock	2,639	3,676
Prepayments & accrued income	100	-
Uninvested pension fund cash	132	309
Deferred currency costs *	395,288	276,256
Sundry debtors	1,737	31
	399,896	280,272

- 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.

37 Other foreign liabilities

	30-Jun-2021	30-Jun-2020
	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.

38 Currency in circulation

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Notes	5,860,436	5,545,106
Coins	165,363	160,113
Cash held in banking	(8,711)	(7,745)
Office imprest	(123)	(123)
	6,016,965	5,697,351

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at June 30, 2021 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

39 Government deposits

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Petroleum Fund	228,867	87,786
Government deposit letters of credit accounts	433,518	283,170
Government ministries accounts	173,510	73,530
Government projects accounts	2,071,252	1,970,542
Government of Uganda managed funds through ACF*	38,093	15,036
Government of Uganda managed funds others	225	718
Government capital accounts	1,417,000	978,000
Uganda consolidated fund	1,370,733	18,767
Items in transit	177,089	28,672
EFT cash suspense accounts	449	-
	5,910,736	3,456,221

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, 2021. 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 38,093 million (June 30, 2020: UGX 15,036 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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Agricultural Credit Facility (ACF) Capital	141,064	119,114
ACF marketing	332	133
Less:		
ACF Loans to commercial banks	(103,303)	(104,211)
Net balance on ACF capital	38,093	15,036

As at June 30, 2021 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 1,641,718 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.

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
BoU recapitalisation securities	1,641,718	1,160,017
BoU recapitalisation receivable account	(1,641,718)	(1,160,017)
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-2021	30-Jun-2020
	UGX (m)	UGX (m)
Government deposits	5,910,736	3,456,221
Government loans, drawdowns and advances (see note 30)	(4,449,212)	(2,416,849)
Net Uganda Consolidated Fund position	1,461,524	1,039,372

40 Commercial and Central Banks' deposits

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Current accounts by commercial and central banks	3,455,995	3,122,039
Cash recovered from closed commercial banks	337	337
Collection from closed banks' loans	21,908	22,189
	3,478,240	3,144,565

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 25 licensed commercial banks in Uganda. The Bank does not pay interest on these account balances.

41 Repurchase agreements with commercial banks

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Repos collection account	2,566,714	2,113,955
	2,566,714	2,113,955

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.

42 Leases

42.1 Leases as a leasee

The Bank leases land and residential premises. The leases typically run for one to ninety nine years, with an option to renew the lease after that date. For some leases, payments are periodically re-negotiated to reflect market rates.

Information about leases for which the Bank is a leasee is presented below:

i. Right-of-use assets

Right of use assets relate to leased land and residential premises that are presented within property, plant and equipment (note 34)

	Land	Residential premises
	UGX (m)	UGX (m)
Balance as at 1 July 2019	53,181	932
Depreciation charge for the year	(5,877)	(272)
Balance as at 30 June 2020	47,304	660
Additions	135	125
Depreciation charge for the year	(3,537)	(376)
Remeasurement of leases	-	(287)
Balance as at 30 June 2021	43,902	122

ii. Amounts recognised in profit or loss

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Interest on lease liabilities	30	40
Depreciation charge on right-of-use assets	3,913	6,149

iii. Lease liabilities

	Lease liabilities
	UGX (m)
Recognition on initial application at 1 July 2019	932
Interest on lease liabilities	40
Payment of leases	(296)
At 30 June 2020	676
Additions	126
Payment of leases	(369)
Interest on lease liabilities	30
Remeasurement of leases	(341)
At 30 June 2021	122

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iv. Amounts recognised in statement of cashflows

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Lease interest expense paid	30	40
Lease payments -Principal	339	256
Total cash out flow for leases	369	296

v. Extension options

As at June 30, 2021, the Bank exercised the option of exiting all the leases for branch managers and as such a reassessment on both the lease asset and liability has been performed. The leases for Bank owned properties were not affected.

43 Other liabilities

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Uninvested pension fund cash	52	-
Deposit Protection Fund	120	1,288
Accounts payable	18,686	14,202
Provisions	63,367	61,596
Other creditors	84,799	46,499
Money remittance institutions	166	6
	167,190	123,591

The movement in the provisions is shown below:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
At 1 July	61,596	59,765
Additions	2,048	10,570
Write backs	-	(8,595)
Payments	(277)	(144)
At 30 June	63,367	61,596

During the year, the Bank was a litigant and claimant in several cases which arise from normal day to day operations. The Directors and management believe that the Bank has strong ground for success in a majority of the cases and are confident they should get a swing in their favor and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

The Directors have assessed all the cases outstanding as at June 30, 2021 and where considered necessary based on the merits of each case, appropriate provisions have been booked in these financial statements. In arriving at the appropriate provisions, the Directors make judgments over the likely outcome of each case and an estimate of the related costs based on legal advice. The additions relate to incremental provisions on existing cases, new cases and legal costs. The payments relate to cases discharged during the year and legal fees paid.

44 Authorised and Issued share capital

	30-Jun-2021	30-Jun-2020
	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, 2021, UGX 20 billion was issued and fully paid. There were no movements during the year.

45 BoU recapitalisation funds

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
At 1 July	1,160,017	960,017
Addition	481,701	200,000
At 30 June	1,641,718	1,160,017

During the FY 2020/21, BoU was further recapitalised with securities worth UGX 481,701 million bringing the total to UGX 1,164,718 million worth of securities issued by Government of Uganda, in accordance with the Bank of Uganda Act section 14 (4).

46 Reserves

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Asset revaluation reserve	150,610	162,879
Revenue reserve	(2,042,607)	(2,012,625)
General reserve	399,277	399,277
Actuarial reserves	(5,302)	(1,244)
Fair value gains on FVOCI financial instruments	129,708	130,906
Unrealised translation reserve	3,000,561	3,558,194
	1,632,247	2,237,387

The movements in the reserves above are shown in the statement of changes in equity.

46.1 Asset revaluation reserve

The Bank maintains assets revaluation reserve to account for fixed assets revaluation surpluses or deficits. To ensure compliance with requirement of International Accounting Standard (IAS 16), Property, Plant and Equipment if an asset-carrying amount increases as a result of revaluation, the increase is credited directly to other comprehensive income. However, this amount is not available for distribution. Accordingly, it is retained in the asset revaluation reserve. If an asset's carrying amount decreases on account of revaluation, the decrease is recognised in profit or loss to the extent that it exceeds credit balance existing in the asset revaluation reserve in respect of that asset. As at June 30, 2021, the reserve had a balance of UGX 150,610 million (2020: UGX 162,879 million).

46.2 Revenue reserve

The Bank maintains the revenue reserve to account for the deficit or surplus that is realized during the financial year. The Bank can make transfers of realized foreign exchange gains from the revenue reserve to the general reserve. As at June 30, 2021, the reserve had a deficit of UGX 2,042,607 million (2020: UGX 2,012,625 million).

46.3 General reserve

In accordance with Section 15 (1) of the Bank of Uganda Act, 2000, the Bank is required to maintain a General Reserve Fund. The amount maintained in this account relates to appropriation of distributable profits determined by virtue of Section 16 (3) of the aforesaid Act. The Bank can make transfers of realized foreign exchange gains from the revenue reserve to the general reserve. As at June 30, 2021, the reserve had a balance of UGX 399,277 million (2020: UGX 399,277 million).

46.4 Actuarial reserve

This reserve was established in June 2018 in order to accommodate re-measurements arising from change in actuarial assumptions to ensure compliance with International Accounting Standard (IAS 19 as revised in 2011)-Employee Benefits. During the year ended June 30, 2021 an actuarial loss of UGX 4,058 million (2020: gain of UGX 6,968 million gain) was recorded following a change of actuarial assumptions. As at June 30, 2021, the reserve had a loss balance of UGX 5,302 million (2020: UGX 1,244 million).

46.5 Fair value gains on FVOCI financial instruments reserve

The Bank maintains the fair value gains on FVOCI financial instruments reserve to account for unrealised gains and losses arising from changes in fair value of financial instruments measured at fair value. As at June 30, 2021, the reserve had a balance of UGX 129,708 million (2020: UGX 130,906 million).

46.6 Unrealised translation reserve

As per Section 16 (2) of the Bank of Uganda Act, 2000, in determining the profits and loss at the end of each financial year, the accounts shall clearly distinguish profits or loss arising from the normal operations of the bank and those resulting from profits or loss from exchange fluctuation. Therefore, in accordance with Section 16 (2) of the Bank of Uganda Act, 2000, unrealised gains or losses on foreign exchange are transferred to this reserve account. In accounting for unrealised gains or losses the Bank complies with the requirements of both IFRS and the Bank of Uganda Act (2000). Pursuant to the requirements of the International Accounting Standard (IAS – 21) the Effects of Changes in Foreign Exchange Rates, all realised and unrealised foreign exchange valuations are taken to the profit or loss. However, on realization the realized foreign exchange gains are transferred to the General Reserve. As at 30 June 2021, the reserve had a total balance of UGX 3,000,561 million (2020: UGX 3,558,194 million).

The distributable (deficit)/ surplus is arrived at as follows:

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Total comprehensive income for the year	(605,140)	111,597
Foreign exchange and fair value gains	557,633	(72,479)
(Deficit)/surplus sharing with Government	(47,507)	39,118

The distributable (deficit)/ surplus refers to the net surplus/ (deficit) for the Bank excluding foreign exchange fluctuations as per Section 16(2) of the Bank of Uganda Act. Due to the Bank's negative core capital position as at June 30, 2021 and the current and future effects of the COVID-19 Pandemic on the Bank's operations, the Directors do not recommend payment of a dividend to the Government for the year ended June 30, 2021 (June 30, 2020: Nil).

47 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.

47.1 Legal proceedings

47.1.1 Crane Bank Limited (In Liquidation)

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 in accordance with 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 filed a Civil Appeal No. 252 of 2019 against the ruling of Miscellaneous Application No. 320 of 2019.

On June 23, 2020, the Court of Appeal ruled on Civil Appeal No. 252 of 2019 upholding the ruling and orders of Miscellaneous Application No. 320 and dismissed the appeal with costs. Crane Bank Limited (In receivership) appealed against the Court of Appeal's decision by filing Civil Appeal No.7 of 2020 in the Supreme Court. Crane Bank Limited (In receivership) also filed Supreme Court Miscellaneous Application Nos.32 and 33 of 2020 against Sudhir Ruparelia and Uganda Registration Services Bureau for temporary and interim injunctions respectively against the 1st respondent, to prevent him from claiming, taking control, repossessing in any way interfering with management of the applicant or of the receiver and secondly, to refrain the 1st respondent from registering any resolutions with URSB concerning the applicant, pending hearing and determination of the Appeal. The application for interim injunction was dismissed with costs on November 9, 2020.

On November 15, 2020, Bank of Uganda issued a public notice in the Sunday Vision newspaper to the effect that it had placed Crane Bank Limited under liquidation and ordered the winding up of its affairs. The 1st respondent in turn filed Supreme Court Miscellaneous Application Nos. 39 and 40 against Crane Bank Limited (In Receivership) and Bank of Uganda seeking interim and temporary injunctions respectively to stop Bank of Uganda from placing/continuing with the liquidation process. The interim injunction application was dismissed on December 22, 2020.

Crane Bank Limited (In Liquidation) in Civil Application No. 02 of 2021 sought leave to amend the memorandum and record of appeal by substitution of Crane Bank Limited (In Receivership) with Crane Bank Limited (In Liquidation). This application was dismissed with costs to the respondents on August 12, 2021.

On September 15, 2021, Crane Bank Limited (In Receivership) withdrew Civil Appeal No. 7 of 2020 and agreed to pay the costs of the appeal and in the courts to the Respondents. On September 16, 2021, Crane Bank Limited (in Liquidation) filed Civil Suit No. 595 of 2021 in the High Court against the former major shareholder and Meera Investments Limited claiming for USD 93,820,172 and UGX 60,361 million as compensation for breach of fiduciary duty. Crane Bank Limited (in liquidation) 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 Directors believe that the suit is strong and will be determined in the favour of Crane Bank Limited (In Liquidation). The necessary costs in discharging the Court of Appeal have been recorded in these financial statements.

47.2 Defined Benefits Scheme

At its 351st meeting held on December 17, 2020, the Board of Directors resolved to convert the Bank of Uganda Defined Benefits Scheme and transfer member benefits to the Bank of Uganda Defined Contribution Scheme with a conversion date of June 30, 2020. The process of conversion is subject to regulatory approvals and other internal milestones. Any substantive activities related to the process can only commence after the necessary approvals have been obtained. As at June 30, 2021, none of the approvals had been obtained. Therefore, no provision has been made in the financial statements towards this matter.

47.3 Litigations

The Bank is also a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 4,535 million (2020: UGX 3,830 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.

47.4 Capital commitments

As at June 30, 2021, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 11,375 million compared to UGX 17,736 million as at June 30, 2020.

47.5 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.

47.6 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, 2021, the total outstanding letters of credit on behalf of Government amounted to UGX 433,518 million (2020: UGX 283,170 million).

48 Effective interest rates on financial assets and liabilities

The effective interest rates of the principal financial assets and liabilities as at June 30, 2021 and June 30, 2020 were in the following ranges.

		30-Jun-2021	30-Jun-2020
		%	%
Assets	Cash and cash equivalents	0.01	0.01
	Financial assets at fair value through profit or loss	0.01	0.04
	Debt instruments at fair value through other comprehensive income	0.01	0.02
	Debt instruments at amortised cost	0.01	0.02
	Assets held with IMF	0.00	0.01
	Investments in government securities	0.14	0.14
	Loans, advances and drawdowns to government	0.08	0.09
	Loans and advances to commercial banks	0.20	0.20
	Loans and advances to staff	0.10	0.06
Liabilities	IMF Obligations	0.01	0.01
	Repos	0.08	0.09

49 Current and non-current assets and liabilities

Table 41 and Table 42 below show the current and non-current assets and liabilities as at June 30, 2021 and June 30, 2020 respectively.

Table 41: Current and non-current assets and liabilities as at June 30, 2021

					(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	2,875,387	21	2,875,387	-	
		Financial assets at fair value through profit or loss	4,151,811	22	788,433	3,363,378	
		Debt instruments at fair value through OCI	1,162,889	23	418,891	743,998	
		Equity instruments at fair value through OCI	227,227	24	-	227,227	
		Debt instruments at amortised cost	9,010,943	25	9,010,943	-	
		Derivative financial instruments	49,363	26	49,363	-	
		Assets held with International Monetary Fund	221,885	27	-	221,885	
		Total foreign assets	17,699,505		13,143,017	4,556,488	
	Domestic assets	Loans, advances and drawdowns to government	4,449,212	30	4,449,212	-	
		Loans and advances to staff	134,547	32	29,764	104,783	
		Retirement benefits plan	54,387	33	-	54,387	
		Property, plant and equipment	340,811	34	-	340,811	
		Intangible assets	18,327	35	-	18,327	
		Other assets	399,896	36	399,896	-	
Total domestic assets		5,891,857		4,878,872	1,012,985		
Total assets			23,591,362		18,021,889	5,569,473	
Liabilities	Foreign liabilities	IMF obligations	878,258	27	14,029	864,229	
		IMF Rapid Credit Facility	1,267,299	28	-	1,267,299	
		Other foreign liabilities	416	37	416	-	
		Derivative financial instruments	11,457	26	11,457	-	
		Total foreign liabilities	2,157,430		25,902	2,131,528	
	Domestic liabilities	Currency in circulation	6,016,965	38	-	6,016,965	
		Government deposits	5,910,736	39	5,910,736	-	
		Commercial and Central Banks' deposits	3,478,240	40	3,478,240	-	
		Repurchase agreements with commercial banks	2,566,714	41	2,566,714	-	
		Lease liabilities	122	42	(329)	451	
		Other liabilities	167,190	43	167,190	-	
		Total domestic liabilities	18,139,967		12,122,551	6,017,416	
	Total Liabilities			20,297,397		12,148,453	8,148,944

Table 42: Current and non-current assets and liabilities as at June 30, 2020

			(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	3,831,558	21	3,831,558	-
		Financial assets at fair value through profit or loss	4,380,180	22	557,721	3,822,459
		Debt instruments at fair value through OCI	1,216,573	23	335,123	881,450
		Equity instruments at fair value through OCI	206,333	24	-	206,333
		Debt instruments at amortised cost	7,069,645	25	7,069,645	-
		Derivative financial instruments	15,754	26	15,754	-
		Assets held with International Monetary Fund	225,567	27	-	225,567
		Total foreign assets	16,945,610		11,809,801	5,135,809
	Domestic assets	Investments in government securities	-	29	-	-
		Loans, advances and drawdowns to government	2,416,849	30	2,416,849	-
		Loans and advances to staff	115,320	32	107,747	7,573
		Retirement benefits plan	43,523	33	-	43,523
		Property, plant and equipment	348,833	34	-	348,833
		Intangible assets	21,967	35	-	21,967
		Other assets	280,272	36	-	280,272
		Total domestic assets	3,226,764		2,524,596	702,168
Total assets		20,172,374		14,334,397	5,837,977	
Liabilities	Foreign liabilities	IMF obligations	890,729	27	29	890,700
		Other foreign liabilities	416	37	416	-
		Derivative financial instruments	40,555	26	40,555	-
	Total foreign liabilities	931,700		41,000	890,700	
	Domestic liabilities	Currency in circulation	5,697,351	38	-	5,697,351
		Government deposits	3,456,221	39	3,456,221	-
		Commercial and Central Banks' deposits	3,144,565	40	3,144,565	-
		Repurchase agreements with commercial banks	2,113,955	41	2,113,955	-
		Other liabilities	123,591	43	123,591	-
	Total domestic liabilities	14,535,683		8,838,332	5,697,351	
Total Liabilities		15,467,383		8,879,332	6,588,051	

50 Related party transactions

The Bank's related parties include Government of Uganda as the ultimate shareholder of the Bank and directors.

50.1 Loans to executive directors

The Bank extended loans to the Executive Directors on the Board. The outstanding amounts of the loans were nil as at June 30, 2021 (June 30, 2020: UGX 59 million). The interest recognised during the year was nil (2020: UGX 0.4 million) and the total repayments during the year were UGX 59 million (2020: UGX 166 million).

50.2 Loans to executive management

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
At 1 July	3,395	3,699
Advanced during the year	1,901	372
Repayments	(900)	(676)
At 30 June	4,396	3,395

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 87 million (2020: UGX 76 million) on loans advanced to Executive Management. The loans and advances to Executive Management were not impaired as at June 30, 2021.

50.3 Directors' emoluments

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Directors' fees and emoluments	1,489	1,671
Other governance costs	-	-
Governor and Deputy Governor (short term employee benefits)	1,922	1,697
Governor and Deputy Governor (post employment pension benefits)	650	506
	4,061	3,874

50.4 Compensation of executive management

	30-Jun-2021	30-Jun-2020
	UGX (m)	UGX (m)
Short-term employee benefits	5,353	5,280
Post-employment benefits	886	814
	6,239	6,094

50.5 Government of Uganda

Transactions entered into with the Government include;

- Banking Services (clearing and settlement, confirmations and verification of guarantees and letters of credit etc) for Government and related agencies.
- Management of issue and redemption of securities at a commission.
- The Bank advanced Government of Uganda UGX 2,100 billion under the PFM Act. This advance was fully repaid as at June 30, 2021. Included in the interest income is UGX 99 billion relating to this advance.
- The Bank leases land from government related bodies (see note 42).

The Bank earns commissions and service fees on various transactions with Government. Details of fees and commissions on GoU transactions and balances with Government of Uganda are included in Notes 10 and 40 respectively.

51 Events after the reporting period

At the date of finalisation of these financial statements, there were no material events that occurred subsequent to the statement of financial position date that required adjustments to the financial statements.

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Appendix 1 Macroeconomic Indicators

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Real Sector											
GDP at Market Prices (current prices), UGX billion	64,760	69,825	74,924	82,771	91,582	100,549	108,518	120,485	132,096	139,711	148,278
GDP at Market Prices (constant 2016/17 prices), UGX billion	84,445	87,686	90,831	95,469	100,422	105,223	108,518	115,359	122,791	126,431	130,546
Real GDP growth (Annual Change %)	9.4%	3.8%	3.6%	5.1%	5.2%	4.8%	3.1%	6.3%	6.4%	3.0%	3.3%
GDP per capita (current prices), UGX	2,078,099	2,176,155	2,268,442	2,435,150	2,619,314	2,781,010	2,907,889	3,127,428	3,321,330	3,403,147	3,499,698
GDP per capita (constant 2016/17 prices), UGX	2,709,800	2,732,794	2,750,046	2,808,724	2,872,139	2,910,301	2,907,889	2,994,376	3,087,383	3,079,649	3,081,172
GDP per capita growth rate (%)	6.2	0.8	0.6	2.1	2.3	1.3	-0.1	3.0	3.1	-0.3	0.0
Prices											
Annual Headline Inflation, (%)											
End of Period (Base 2009/10)	15.7	14.8	5.3	2.6	4.9	5.9	6.3	2.1	3.4	4.1	
Period Average (Base 2009/10)	6.3	20.8	4.8	5.3	2.9	6.6	5.7	3.4	3.1	3.0	
End of Period (Base 2016/17)									2.2	3.4	2.0
Period Average (Base 2016/17)									2.6	2.3	2.5
Exchange Rate (UGX/USD)											
End of Period (e.o.p)	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	3,730.1	3,556.7
Period Average (p.a.)	2,323.4	2,559.1	2,588.9	2,538.3	2,823.2	3,443.0	3,528.3	3,658.7	3,736.8	3,714.6	3,661.1
Interest Rates(% p.a., e.o.p)											
Central Bank Rate		19.0	11.0	11.0	13.0	15.0	10.0	9.0	10.0	7.0	6.5
Rediscount Rate	15.7	24.0	14.0	14.0	16.0	19.0	14.0	13.0	14.0	11.0	9.5
Lending Rate	19.9	27.0	22.7	21.6	22.3	23.5	21.1	17.7	19.0	19.3	17.0
91 - day Treasury Bill Discount Rate	12.7	18.6	10.1	9.6	13.8	15.2	10.7	9.8	9.5	8.7	6.7
Financial Sector											
Money Supply, M3 (UGX billion)	10,542.4	11,343.8	12,210.7	14,307.4	16,520.5	17,786.0	20,171.3	22,750.0	24,412.4	30,068.8	32,696.2
Money Supply, M2 (UGX billion)	8,056.4	7,768.4	9,095.7	10,360.6	11,239.2	12,314.2	14,250.8	15,969.7	17,279.0	21,575.0	23,754.9
Currency in Circulation (UGX billion)	2,189.8	2,204.5	2,452.9	2,746.1	3,231.6	3,391.6	3,865.8	4,314.7	4,592.3	5,697.4	6,072.2
Base Money (UGX billion)	2,892.6	2,848.9	3,317.6	3,760.0	4,295.0	4,929.4	5,265.4	5,544.8	6,162.2	7,937.1	8,183.0
M2 growth (% p.a.)	23.9	-3.6	17.1	13.9	8.5	9.6	15.7	12.1	8.2	24.9	10.1
M3 growth (% p.a.)	25.7	7.6	7.6	17.2	15.5	7.7	13.4	12.8	7.3	23.2	8.7
CIC/M2A (%)	27.2	28.4	27.0	26.5	28.8	27.5	27.1	27.0	26.6	26.4	25.6
M2A Velocity ^a	8.0	9.0	8.2	8.0	8.1	8.2	7.6	7.5	7.6	6.5	6.2
M3 Velocity ^a	6.1	6.2	6.1	5.8	5.5	5.7	5.4	5.3	5.4	4.6	4.5
Private Sector Credit (UGX billion)	6,739.7	7,615.0	8,200.4	9,439.5	11,338.4	11,977.9	12,678.7	14,049.4	15,930.2	17,326.4	18,713.0
Lending ratio (Loans/Deposits)	74.8	76.6	77.4	74.5	77.4	75.5	71.9	70.2	73.8	66.0	65.1
External Sector											
Exports, USD millions	2,297.8	2,667.4	3.0	2,706.3	2,738.4	2,687.8	3,274.1	3,531.3	3,962.4	3,799.8	5,259.1
q/w Coffee	371.0	444.2	422.7	404.0	400.5	352.0	490.5	492.5	416.2	497.4	554.9
Imports (goods), USD millions	4,671.1	5,241.5	5,035.1	5,073.5	4,988.0	4,691.9	4,768.0	5,617.6	6,828.3	6,217.0	8,342.4
Current account balance (USD million)	-1,732.6	-2,030.9	-1,510.5	-2,039.0	-1,860.6	-1,356.8	-1,028.6	-1,736.8	-2,479.2	-2,504.1	-4,139.1
Current account balance (excluding grants, USD million)	-2,118.0	-2,431.7	-1,846.2	-2,237.4	-2,050.2	-1,552.8	-1,166.8	-1,844.7	-2,614.8	-2,628.9	-4,315.2
Overall Balance, USD million	606.0	-746.6	-338.0	-378.5	349.6	-101.5	-421.2	160.7	-68.7	-623.1	-438.4
Debt Service ratio, incl IMF as a percentage of exports of goods & services	2.7	2.4	2.3	2.9	3.2	3.1	3.6	5.9	5.6	5.7	7.0
Total External Reserves (USD million)	2,044.0	2,643.8	2,929.3	3,390.2	2,895.3	2,962.1	3,385.6	3,134.5	3,209.3	3,864.5	4,139.7
Reserve cover (months of future imports of goods & services)	3.2	4.3	4.7	5.3	5.0	5.5	5.6	4.2	4.2	4.7	4.7
Macro-economic Linkages											
M1/GDP (%)	7.3	6.4	7.0	7.4	7.4	7.2	7.5	7.8	7.6	9.1	9.3
M2A/GDP (%)	12.5	11.2	12.2	12.6	12.4	12.4	13.1	13.3	13.1	15.4	16.0
Private sector credit/GDP (%)	10.5	11.0	11.0	11.5	12.5	12.0	11.7	11.7	12.1	12.4	12.6
Exports to GDP (%)	8.3	9.8	0.0	9.7	8.4	9.2	10.6	10.7	11.2	10.1	13.0
Imports to GDP (%)	16.9	19.4	17.6	18.3	15.4	16.1	15.5	17.1	19.3	16.5	20.6
Current A/C balance as a percentage of GDP	-6.3	-7.5	-5.3	-7.3	-5.7	-4.6	-3.3	-5.3	-7.0	-6.7	-10.2
Current A/C balance (excluding grants) as a percentage of GDP	-7.7	-9.0	-6.4	-8.1	-6.3	-5.3	-3.8	-5.6	-7.4	-7.0	-10.7
Fiscal Deficit (Excluding Grants) to GDP (%)	-4.3%	-4.1%	-4.7%	-5.1%	-6.2%	6.3%	4.9%	5.6%	6.3%	8.0%	10.4%

Source: Bank of Uganda

Notes:

^a M2A 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

Appendix 2 Gross Domestic Product by economic activity at current prices (UGX billion)

Industry	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Agriculture, Forestry and fishing	18,584	18,806	19,513	20,580	21,556	22,785	25,457	28,013	30,309	33,418	35,144
Cash crops	1,418	1,696	1,694	1,682	1,820	2,120	2,552	2,705	2,609	2,740	2,879
Food crops	10,537	10,253	10,194	10,797	11,276	11,563	13,395	14,969	15,191	16,177	17,011
Livestock	2,300	2,409	2,530	2,671	2,830	2,989	3,309	3,876	4,490	5,268	5,836
Agriculture Support Services	14	10	12	12	17	15	16	14	18	19	20
Forestry	2,505	2,571	3,178	3,406	3,520	3,862	4,003	4,562	5,046	5,751	6,136
Fishing	1,987	2,037	1,896	1,976	2,035	2,235	2,182	1,888	2,954	3,462	3,262
Industry	16,543	17,570	18,331	20,729	24,069	26,310	28,248	31,610	35,169	37,037	40,655
Mining & quarrying	497	444	550	614	856	1,081	1,337	1,536	2,273	2,283	3,404
Manufacturing	12,360	13,036	12,399	12,940	16,126	16,319	16,845	19,012	20,430	22,064	24,300
Electricity	700	807	975	1,012	1,130	1,222	1,379	1,546	1,742	1,948	2,056
Water	1,261	1,421	1,605	1,815	2,043	2,308	2,578	2,886	2,985	3,119	3,251
Construction	3,028	3,270	3,551	4,497	4,673	5,380	6,109	6,630	7,739	7,623	7,643
Services	26,974	29,202	32,461	36,076	39,627	44,676	47,182	52,217	56,796	59,837	61,604
Trade and Repairs	7,891	8,013	8,460	8,150	8,673	9,287	9,832	10,925	11,418	11,756	11,470
Transport and Storage	1,776	2,062	2,268	2,551	2,897	3,389	3,621	4,111	4,518	4,792	4,739
Accommodation and Food Service Activities	1,445	1,726	1,907	2,255	2,235	2,498	3,212	3,669	3,827	3,645	3,541
Information and Communication	707	993	1,382	1,812	1,748	2,275	2,130	1,965	2,399	2,555	2,704
Financial and Insurance Activities	1,175	1,153	1,347	1,871	2,301	2,764	2,871	3,066	3,457	3,816	4,067
Real Estate Activities	3,573	3,897	4,277	4,831	5,480	6,168	6,515	7,424	8,293	8,907	9,270
Professional, Scientific and Technical Activities	3,481	2,980	3,008	3,059	2,726	2,709	2,330	2,596	2,747	2,902	2,936
Administrative and Support Service Activities	1,757	1,634	1,284	1,499	2,361	1,752	1,901	2,012	2,382	2,577	2,766
Public Administration	1,274	1,175	1,178	1,192	1,837	2,159	2,678	3,049	3,254	3,865	4,455
Education	2,553	2,954	3,454	3,766	4,167	4,847	4,777	5,290	5,806	5,767	5,571
Human Health and Social Work Activities	2,018	2,215	2,399	2,656	2,953	3,156	3,310	3,985	4,325	4,496	5,055
Arts, Entertainment and Recreation	93	108	102	116	129	116	131	214	249	251	230
Other Service Activities	1,251	1,450	1,603	1,964	2,286	2,728	2,984	2,959	3,119	3,455	3,694
Activities of Households as Employers	649	672	700	734	776	829	891	952	1,003	1,053	1,105
Adjustments	3,456	4,598	4,659	5,379	6,495	6,778	7,631	8,645	9,822	9,418	10,876
Taxes on products	3,456	4,598	4,659	5,379	6,495	6,778	7,631	8,645	9,822	9,418	10,876
Total GDP at market Prices	64,760	69,825	74,924	82,771	91,582	100,549	108,518	120,485	132,096	139,711	148,278
Per capita GDP (UGX)	2,078,099	2,176,155	2,268,442	2,435,150	2,619,314	2,781,010	2,907,889	3,127,428	3,321,330	3,403,147	3,499,698

Source: Uganda Bureau of Statistics

Appendix 3 Balance of Payments (USD million)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
A. Current Account Balance (A1+A2+A3)	-276.19	-853.52	-1210.49	-1497.18	-1732.58	-2,030.93	-1,510.48	-2,038.99	-1,860.61	-1,356.81	-1,028.57	-1,736.79	-2,479.18	-2,504.14	-4,139.11
A1. Goods Account (Trade Balance)	-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	-2,086.30	-2,865.91	-2,477.24	-3,083.31
a) Total Exports (fob)	1,473.82	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	3,531.26	3,962.41	3,799.80	5,259.12
Coffee	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	497.41	554.89
b) Total Imports (fob)	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	5,677.57	6,828.32	6,277.04	8,342.44
Government Imports	93.88	176.56	308.59	433.19	559.95	483.43	438.11	360.98	223.83	61.60	477.87	594.82	706.63	405.08	510.61
Project imports	42.28	95.20	189.54	175.93	173.01	303.93	358.62	300.55	194.12	566.51	391.65	587.88	634.62	388.25	499.76
Non-Project imports	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	16.83	10.85
Private Sector Imports	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	4,962.14	4,627.34	5,452.70
Oil imports	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	979.75	850.51	830.34
Non Oil Imports	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	3,772.57	3,982.39	3,776.83	4,622.36
A2. Services and Primary Income	-433.34	-690.43	-699.51	-815.21	-949.54	-871.34	-860.46	-876.17	-955.82	-767.19	-995.18	-1,225.33	-1,361.93	-1,884.02	-2,747.34
Services Account (net)	-214.90	-439.91	-403.06	-487.34	-677.99	-412.11	-342.62	-269.44	-466.13	-255.11	-271.47	-298.88	-445.99	-1,259.63	-2,041.62
Inflows	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	1,691.52	2,022.67	2,459.65	1,675.91	1,375.56
Outflows	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	1,962.99	2,321.55	2,905.64	2,935.53	3,477.18
Primary Income Account (net)	-218.44	-250.52	-296.45	-327.87	-311.55	-459.22	-517.84	-406.73	-489.69	-512.08	-723.71	-926.44	-915.94	-624.39	-705.72
Inflows	87.93	115.70	94.33	45.05	35.10	51.14	33.28	6.48	24.65	41.45	22.47	48.21	45.61	46.61	46.33
Outflows	306.37	366.22	390.78	372.93	346.66	510.36	551.12	413.21	514.33	553.53	746.17	974.66	961.55	671.00	752.05
A3. Secondary Income (Net Current transfers)	1,778.49	1,274.33	1,334.84	1,177.57	1,590.32	1,414.45	1,472.94	1,204.36	1,344.85	1,414.45	1,460.50	1,574.84	1,748.66	1,797.12	1,691.55
Inflows	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	1,651.74	1,770.44	1,955.68	1,995.43	1,786.34
Government Inflows	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	139.99	196.27
Grant Disbursements	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	139.99	196.27
Budget Support	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	17.27	22.70
Project Aid	103.35	146.81	134.71	197.16	160.18	176.28	264.49	115.31	90.73	100.82	82.75	54.54	63.36	61.15	104.35
HIPC Assistance	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	46.35	49.03
Other transfers	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	15.22	20.19
Private Transfers	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	1,638.98	1,805.25	1,855.44	1,590.07
Remittances	325.11	546.36	897.30	777.47	751.39	791.97	975.99	889.68	916.48	953.58	1,163.88	1,252.40	1,369.05	1,291.65	1,102.03
Other (NGOs, IAA, Insurance, etc)	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	563.80	488.04
Outflows	146.30	245.86	419.15	360.54	257.97	207.96	159.28	194.14	186.25	147.52	191.24	195.60	207.02	198.31	94.80
B. Capital Account	3,428.10	0.00	0.00	0.00	0.00	776.01	22.74	91.05	99.08	119.81	150.53	105.38	98.73	68.31	770.59
C. Financial Account, excluding financing items	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	-1,242.88	-1,133.60	-1,123.74	-2,427.54	-2,121.83	-3,035.89
Direct Investment	-718.28	-760.58	-770.79	-659.69	-706.40	-1,243.87	-939.86	-1,087.38	-884.60	-681.39	-713.90	-928.71	-1,277.11	-967.49	-847.44
Portfolio Investment	-718.28	-760.58	-770.79	-659.69	-706.40	-1,243.87	-939.86	-1,087.38	-884.60	-681.39	-713.90	-928.71	-1,277.11	-967.49	-847.44
Financial Derivatives	-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	-3.42	-18.45
Other Investments	3,220.45	-297.86	-411.76	-887.45	-95.29	-577.50	-591.98	-611.30	-252.92	-704.95	-595.35	-525.40	-1,373.37	-1,472.28	-2,053.86
Assets	270.52	-18.87	175.64	85.84	345.32	145.49	129.19	-145.45	277.07	96.31	208.53	553.37	-65.52	448.02	-59.16
Liabilities	-3,009.93	-279.00	-587.40	-973.29	-440.60	-722.99	-721.17	-465.85	-529.99	-801.27	-803.87	-1,078.77	-1,307.85	-1,920.31	-1,994.70
D. Errors and Omissions	-24.00	268.50	-27.37	216.23	325.58	661.52	329.70	601.43	465.08	95.56	165.69	346.99	20.65	936.09	1,371.07
E. Overall Balance (A+B+C+D)	-703.85	-562.37	83.63	-229.58	605.96	-746.55	-338.05	-378.49	-349.63	-101.45	-421.25	-160.68	-68.74	-623.08	-438.44
F. Reserves and related items	703.85	562.37	-83.63	-229.58	-605.96	746.55	338.05	378.49	-349.63	101.45	421.25	-160.68	68.74	623.08	438.44
Reserve Assets	682.48	538.30	-99.20	216.97	-609.56	741.09	332.29	372.04	-354.64	98.76	419.03	-163.87	65.49	619.99	437.13
Use of IMF Credit (Net)	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	0.00	0.00
Purchases	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	0.00
Repurchases	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	0.00	0.00
Exceptional Financing	-21.37	-24.07	-15.56	-12.61	-3.60	-3.57	-3.91	-4.61	-3.25	-1.86	-2.22	-3.19	-3.26	-3.10	-1.31
Memorandum items															
Exchange Rate (UGX per USD, end of period)	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	3,730.1	3,566.7
Average exchange rate (UGX per 1 USD)	1,780.0	1,696.5	1,930.0	2,028.9	2,323.4	2,599.1	2,591.1	2,538.3	2,823.2	3,443.0	3,528.3	3,658.7	3,736.8	3,714.6	3,661.1
Total Goods and Non-Factor Service exports	2,086.0	2,755.7	3,345.7	3,470.4	3,828.6	4,698.3	4,950.4	4,908.6	4,921.1	4,672.5	4,965.6	5,553.9	6,422.1	5,475.7	6,634.7
Nominal GDP at Market prices (UGX billion)	21,877.0	24,497.0	34,504.0	40,946.0	47,078.0	59,420.0	63,905.0	70,457.8	77,845.2	84,807.0	108,518.0	119,906.7	128,499.0	138,840.8	150,255.1
GDP at Market prices (USD million)	11,902.8	14,440.1	17,877.4	20,181.6	20,262.3	23,788.9	24,663.1	27,757.4	27,573.2	24,661.1	30,756.5	32,772.8	34,387.2	37,377.1	41,036.0
Exports as a % of GDP	12.4	14.4	12.4	11.5	11.3	11.5	11.8	9.7	9.9	10.9	10.6	10.8	11.5	10.2	12.8
Imports as a % of GDP	21.0	24.3	22.7	20.4	23.1	22.6	20.4	18.3	18.1	19.0	15.5	17.1	19.9	16.6	20.3
Current Account Balance (excluding Grants)	-815.8	-1,280.1	-1,615.5	-1,928.2	-2,118.0	-2,431.7	-1,846.2	-2,237.4	-2,050.2	-1,552.8	-1,166.8	-1,844.7	-2,614.8	-2,628.9	-4,375.2
Current Account Balance as a percentage of GDP	-2.3	-5.9	-6.8	-7.4	-8.6	-8.7	-6.1	-7.3	-6.7	-5.5	-3.3	-5.3	-7.2	-6.7	-10.1
Current Account Balance (excluding Grants) as a % of GDP	-6.9	-8.9	-9.0	-9.6	-10.5	-10.5	-7.5	-8.1	-7.4	-6.3	-3.8	-5.6	-7.6	-7.0	-10.5
BOP overall balance as a percentage of GDP	-5.9	-3.9	0.5	-1.1	3.0	-3.2	-1.4	-1.4	1.3	-0.4	-1.4	0.5	-0.2	-1.7	-1.1
Total external Debt Stock (end of period)	1,466.8	1,687.0	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	8,400,		

Appendix 4 International Investment Position: External Assets and Liabilities

End of period (million USD)	2013	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018	2019	2019	2020	2020
	June	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec
Assets	4,550.06	4,929.01	4,863.66	4,937.47	5,015.17	5,173.80	5,405.79	5,762.21	6,207.96	6,179.13	6,228.65	6,434.06	6,762.00	7,756.99	8,111.33
Direct investment abroad	76.95	66.86	80.37	80.37	80.65	80.66	80.81	80.96	81.12	81.28	81.44	81.61	81.77	81.94	82.10
Equity and investment fund shares	76.10	53.49	53.78	53.78	54.07	54.07	54.22	54.37	54.53	54.69	54.86	55.02	55.19	55.35	55.52
Debt instruments	0.86	13.37	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59	26.59
Portfolio investment	86.70	296.43	360.63	500.10	525.48	626.47	647.88	746.83	867.75	1,000.52	1,032.97	1,165.04	1,389.31	1,457.49	1,555.29
Equity and investment fund shares	20.28	38.70	59.74	175.47	170.92	219.98	208.15	236.15	266.46	297.77	263.29	289.73	336.83	339.79	388.21
Debt securities	66.42	257.72	300.90	324.63	354.56	406.50	439.73	510.69	601.29	702.74	769.68	875.31	1,052.48	1,117.70	1,167.07
Bonds and notes	66.42	257.72	300.90	324.63	354.56	406.50	439.73	510.69	601.29	702.74	769.68	875.31	1,052.48	1,117.70	1,167.07
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	0.00
Financial derivatives	0.00	1.71	0.61	3.48	0.15	0.62	0.62	0.00	0.06	0.13	0.00	0.14	0.60	0.38	0.01
Other investment	1,474.69	1,171.12	1,187.78	1,470.12	1,589.06	1,541.58	1,680.61	1,588.97	1,645.65	2,013.08	1,944.43	1,977.93	2,104.42	2,352.66	2,640.27
Loans	49.99	52.59	40.02	36.89	40.43	14.80	12.39	36.37	63.10	81.44	49.58	42.72	53.92	45.15	36.33
Currency and deposits	1,424.70	1,118.53	1,147.76	1,433.23	1,548.63	1,526.78	1,668.22	1,552.59	1,582.55	1,931.64	1,894.85	1,935.21	2,050.50	2,307.51	2,603.94
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	0.00
Reserve assets	2,911.72	3,392.89	3,234.27	2,883.41	2,819.84	2,924.47	2,995.88	3,345.45	3,613.38	3,084.13	3,169.80	3,209.35	3,185.91	3,864.52	3,833.65
Liabilities	14,604.71	16,637.28	17,083.06	17,587.13	18,459.02	19,356.21	19,831.56	20,248.95	21,284.99	22,217.31	23,279.41	24,653.75	25,601.94	27,589.85	30,144.85
Direct investment in reporting economy	8,222.92	9,300.20	9,829.49	10,198.31	10,567.14	10,879.99	11,192.84	11,594.19	11,995.55	12,523.22	13,050.90	13,740.67	14,309.78	14,708.49	15,132.37
Equity and investment fund shares	6,580.10	7,374.91	7,745.63	8,021.59	8,297.54	8,495.41	8,693.27	9,047.47	9,401.66	9,756.41	10,111.16	10,629.73	11,066.12	11,389.20	11,717.93
Debt instruments	1,642.82	1,925.29	2,083.86	2,176.72	2,269.59	2,384.58	2,499.57	2,546.73	2,593.89	2,766.81	2,939.74	3,110.94	3,243.67	3,319.28	3,414.45
Portfolio investment	414.83	740.60	754.80	668.65	734.02	953.35	994.00	350.93	244.17	276.64	257.34	269.59	336.53	343.60	511.77
Equity and investment fund shares	235.23	320.32	334.05	346.37	413.03	624.84	583.84	41.29	39.66	39.01	39.14	38.43	38.77	37.77	38.50
Debt instruments	179.60	420.28	420.75	322.28	320.99	328.51	410.16	309.63	204.51	237.63	218.20	231.16	297.76	305.83	473.27
Bonds and notes	146.55	322.61	321.64	210.49	230.32	297.99	345.13	284.10	203.91	237.58	218.20	228.45	297.76	305.83	464.25
Money-market instruments	33.04	97.67	99.12	111.79	90.67	30.52	65.03	25.53	0.60	0.04	0.00	2.71	0.00	0.00	9.03
Financial derivatives	0.12	0.32	1.00	0.17	1.92	1.99	1.96	0.31	1.96	0.12	0.31	0.99	0.90	5.10	1.77
Other investment	5,966.84	6,596.15	6,497.77	6,720.01	7,155.94	7,520.88	7,642.75	8,303.52	9,043.30	9,417.34	9,970.86	10,642.51	10,954.72	12,532.67	14,498.94
Trade credits	90.80	72.67	62.76	68.02	71.00	76.86	80.17	83.18	83.31	84.55	85.80	88.35	89.66	92.33	93.66
Loans	5,393.61	5,967.49	5,871.50	6,054.16	6,465.67	6,844.89	6,987.40	7,683.46	8,389.18	8,785.05	9,290.64	9,931.00	10,274.46	11,846.14	13,787.81
Currency and deposits	50.49	114.75	138.52	182.21	208.05	185.20	170.07	122.04	149.08	127.34	175.10	202.49	170.46	173.33	184.42
Other liabilities	431.94	441.25	424.99	415.62	411.23	413.93	405.12	414.84	421.74	420.39	419.32	420.66	420.15	420.87	433.04
International Investment Position, net	-10,054.65	-11,708.28	-12,219.40	-12,649.66	-13,443.85	-14,182.42	-14,425.77	-14,486.74	-15,077.03	-16,038.18	-17,050.77	-18,219.69	-18,839.94	-19,832.86	-22,033.52

Source: Bank of Uganda

Appendix 5 Composition of Exports (Value in USD million)

		2004/05	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1. Coffee	Value	144.53	444.21	422.69	404.00	400.49	352.03	490.51	492.47	416.19	497.41	554.89
	Volume, 60-Kg bags	2.52	3.04	3.37	3.65	3.24	3.56	4.19	4.46	4.17	5.10	6.08
	Unit Value	0.96	2.44	2.09	1.84	2.06	1.65	1.95	1.84	1.66	1.63	1.51
2. Non-Coffee	Value	608.48	1,839.89	2,020.87	1,906.65	1,899.29	1,946.10	2,299.90	2,455.15	3,046.94	2,889.78	4,293.34
Electricity	Value	8.25	17.28	15.57	27.19	24.43	17.10	45.14	43.42	45.74	24.56	26.84
Gold	Value	71.33	11.47	4.94	0.25	0.23	204.26	433.66	343.31	1,069.11	1,118.38	2,249.73
Cotton	Value	41.34	77.59	36.46	21.75	18.18	24.29	48.31	41.16	54.26	41.69	29.01
Tea	Value	33.13	71.59	86.20	83.22	73.37	74.50	67.86	91.61	88.73	71.04	85.49
Tobacco	Value	36.20	57.23	72.72	94.04	63.22	73.23	46.95	54.21	85.68	60.67	61.26
Fish & its Products	Value	121.22	137.81	108.61	110.18	136.82	115.15	131.60	146.31	186.05	146.60	118.66
Hides & Skins	Value	6.38	39.01	47.08	74.82	67.57	56.01	50.94	54.64	31.93	11.97	12.06
Simsim	Value	3.07	13.15	23.54	45.56	50.75	29.59	16.16	22.42	28.04	34.10	34.55
Maize	Value	13.29	47.03	54.43	35.74	74.19	81.97	78.49	124.81	59.66	100.95	79.64
Beans	Value	4.33	15.22	16.12	20.32	37.62	49.05	55.45	123.41	39.84	32.75	71.10
Flowers	Value	31.71	55.55	52.99	59.05	55.28	49.10	53.58	61.86	58.19	50.93	62.41
Oil re-exports	Value	33.05	117.59	137.34	142.04	143.33	123.08	124.12	129.21	133.85	110.57	83.15
Cobalt	Value	13.70	13.70	15.82	3.78	0.00	0.00	0.00	0.00	0.00	0.00	0.32
Others Exports	Value	191.48	1,165.67	1,349.05	1,188.72	1,154.31	1,048.77	1,147.63	1,218.78	1,165.87	1,085.56	1,379.09
3. ICBT Exports	Value	133.34	383.33	468.55	395.68	438.58	389.70	483.68	583.64	499.28	412.62	410.90
Total Value Exports		886.34	2,667.43	2,912.11	2,706.33	2,738.37	2,687.83	3,274.09	3,531.26	3,962.41	3,799.80	5,259.12

Source: Bank of Uganda

Appendix 6 Coffee Exports (quantity in 60 kg. bags; value in USD)

	2016/17		2017/18		2018/19		2019/20		2020/21	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
First Quarter	1,041,956	126,055,100	1,210,953	135,846,540	1,075,122	109,593,489	1,147,301	110,964,768	1,281,261	114,678,132
Oct	209,478	24,232,079	381,636	43,740,000	350,743	35,220,033	378,238	36,903,012	428,015	38,606,868
Nov	408,027	50,406,739	443,100	49,387,020	409,940	41,958,868	438,815	42,193,666	430,324	38,286,600
Dec	424,451	51,416,282	386,217	42,719,520	314,439	32,414,588	330,248	31,868,090	422,922	37,784,664
Second Quarter	1,212,472	147,926,727	1,125,654	121,025,865	1,067,155	106,020,872	1,420,506	140,782,257	1,582,162	143,799,800
Jan	404,673	48,981,950	401,930	43,661,837	395,097	39,236,459	469,951	48,186,327	446,560	39,729,296
Feb	397,883	48,501,363	390,378	41,626,874	323,828	32,651,463	472,994	46,729,470	562,763	50,546,879
Mar	409,916	50,443,414	333,346	35,737,154	348,230	34,132,950	477,561	45,866,460	572,839	53,523,625
Third Quarter	1,165,251	136,425,400	934,568	100,460,753	996,575	95,295,809	1,217,943	119,400,505	1,649,976	155,735,833
Apr	326,232	39,262,589	295,194	32,734,228	306,315	30,113,210	359,973	36,928,332	537,538	50,016,702
May	408,454	47,571,639	319,035	34,130,321	348,632	33,273,385	437,597	42,479,206	494,050	47,156,870
Jun	430,565	49,591,172	320,339	33,596,204	341,628	31,909,214	420,373	39,992,967	618,388	58,562,261
Fourth Quarter	1,187,383	135,139,390	1,035,173	105,278,954	1,315,112	126,262,606	1,569,404	140,673,009		
Jul	427,204	49,495,984	393,022	40,686,546	463,709	45,266,293	543,251	49,977,439		
Aug	418,340	47,059,240	348,952	35,681,875	489,184	46,338,608	519,683	46,060,119		
Sep	341,839	38,584,166	293,199	28,910,533	362,219	34,657,705	506,470	44,635,451		
Total for Crop year	4,607,062	545,546,617	4,306,348	462,612,112	4,453,964	437,172,776	5,355,154	511,820,539	4,513,399	414,213,765

Source: Uganda Coffee Development Authority

Appendix 7 Composition of Imports (USD million)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Animal & Animal Products	24.10	24.39	21.27	24.92	32.27	41.57	35.92	38.99
Vegetable Products, Animal, Beverages, Fats & Oil	413.08	441.54	352.68	452.19	461.13	451.69	483.13	722.21
Prepared Foodstuff, Beverages & Tobacco	246.83	203.79	187.76	181.09	200.59	209.35	209.61	252.74
Mineral Products (excluding Petroleum products)	147.86	153.94	133.38	129.53	133.30	1075.96	1093.29	2169.16
Petroleum Products	1089.84	933.03	645.92	693.80	910.69	979.75	850.51	830.34
Chemical & Related Products	476.02	530.80	438.46	435.95	549.35	571.26	551.57	684.11
Plastics, Rubber & Related Products	252.15	302.06	261.07	278.91	327.76	391.55	363.23	440.47
Wood & Wood Products	115.41	114.01	113.27	112.19	142.89	158.66	122.38	95.33
Textile & Textile Products	162.43	165.93	148.82	164.60	187.66	231.30	217.49	258.94
Miscellaneous Manufactured Articles	226.19	238.63	212.58	232.93	252.93	270.66	259.05	270.27
Base Metals and their Products	319.31	345.28	286.68	335.15	399.48	427.54	420.82	581.90
Machinery Equipments, Vehicles & Accessories	1174.89	1232.03	1054.66	900.61	1081.50	1252.49	1154.35	1436.58
Arms, Ammunitions & Accessories	0.04	0.10	0.08	0.10	0.06	0.38	0.10	0.18
Electricity	7.86	7.15	6.00	2.77	3.44	5.12	1.96	1.61
Total	4,656.00	4,692.67	3,862.65	3,944.73	4,683.06	6,067.28	5,763.42	7,782.83

Notes:

1. This data is compiled based on the harmonised coding system.
2. Data compiled on a fob basis.

Source: Bank of Uganda

Appendix 8 Direction Of Formal Trade (Exports, USD million)

+U10	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
European Union	508.69	502.99	414.29	519.29	569.27	504.09	512.52	563.45
Austria	0.81	0.09	0.15	0.06	0.14	0.57	0.19	7.18
Belgium	38.67	25.57	13.73	39.97	35.37	64.24	74.25	83.14
Denmark	0.57	0.39	0.46	4.93	0.39	1.11	1.17	1.65
France	8.86	7.74	2.77	2.40	2.56	15.44	10.42	13.93
Germany	34.83	22.07	22.58	10.12	12.77	56.09	90.04	106.38
Italy	23.42	25.37	23.95	30.37	41.74	91.69	170.03	185.95
Netherlands	85.39	82.95	69.40	82.37	115.95	104.38	87.50	85.82
Poland	1.27	1.27	0.19	0.36	0.39	2.90	3.17	3.77
Portugal	3.51	4.51	4.57	7.93	10.07	18.04	11.27	11.20
Spain	11.44	11.82	12.39	10.14	10.60	23.11	38.71	41.26
Sweden	0.19	0.37	0.61	0.10	0.09	3.11	4.16	3.20
United Kingdom	25.18	37.00	14.55	16.10	11.71	12.29	10.02	9.61
Others	274.55	283.85	248.95	314.42	327.49	111.11	11.60	10.35
Rest of Europe	54.15	43.28	51.85	42.15	35.26	175.52	40.44	52.77
Bulgaria	0.13	0.27	0.00	0.09	0.20	0.81	0.53	1.23
Norway	1.00	2.09	0.64	0.46	1.07	0.27	0.19	0.32
Switzerland	43.71	36.59	35.03	33.65	15.53	37.93	16.24	21.43
Turkey	5.56	2.21	12.13	6.48	14.88	129.16	20.20	24.61
Other	3.75	2.11	4.05	1.46	3.59	7.35	3.29	5.19
The Americas	49.77	42.06	48.04	53.13	68.55	49.00	60.32	59.76
USA	36.42	32.85	34.31	45.19	60.25	39.04	53.22	55.29
Canada	8.65	8.18	8.45	6.26	5.60	5.26	2.15	2.61
Mexico	0.09	0.65	3.89	1.33	1.59	3.08	4.36	0.80
Brazil	0.04	0.00	0.02	0.01	0.02	0.00	0.00	0.00
Argentina	0.06	0.00	0.00	0.00	0.01	0.00	0.01	0.03
Other	4.51	0.38	1.38	0.33	1.08	1.61	0.57	1.03
Middle East	136.39	213.76	356.61	585.72	417.78	1,050.36	1,178.83	2,297.95
Bahrain	1.12	0.75	1.81	1.61	0.99	1.33	0.50	0.01
Israel	7.65	10.38	7.99	10.41	12.51	17.92	14.81	10.56
Saudi Arabia	0.93	1.80	1.74	1.78	3.63	5.31	2.72	4.48
United Arab Emirates	115.38	187.07	339.54	563.56	386.19	1,011.02	1,150.18	2,268.55
Jordan	2.04	1.66	2.22	2.62	2.20	1.90	1.57	1.67
Other	9.27	12.10	3.31	5.73	12.25	12.88	9.05	12.68
Asia	167.48	178.05	196.23	194.56	225.83	289.79	264.94	266.41
India	18.74	19.58	36.26	42.13	43.22	51.53	65.92	70.22
Japan	6.56	8.17	14.04	11.61	14.92	19.07	7.14	5.71
Malaysia	9.76	17.65	21.35	19.73	16.54	24.14	19.59	21.59
China	58.01	59.80	38.62	27.91	33.60	31.11	38.55	42.39
Thailand	0.32	0.22	0.68	1.85	1.23	1.61	4.01	2.60
Singapore	19.58	16.27	13.77	20.88	14.26	32.58	11.82	1.81
Pakistan	2.09	1.93	3.00	2.67	8.47	6.63	8.77	19.58
Korea (Rep)	5.45	0.78	0.14	0.20	0.54	0.42	0.28	0.84
Indonesia	1.40	0.84	9.07	14.28	15.97	20.85	40.56	27.03
Vietnam	2.82	1.08	2.02	2.17	14.09	32.36	9.56	9.27
Taiwan	0.46	0.62	0.50	0.36	0.76	0.38	0.04	0.50
Hongkong	29.04	39.75	37.20	37.47	45.42	56.10	30.59	47.05
Other	13.25	11.37	19.58	13.30	16.82	13.02	28.10	17.82
Comesa	1,224.75	1,235.31	1,129.95	1,262.94	1,534.02	1,289.63	1,201.06	1,445.53
Ethiopia	1.12	1.10	1.57	0.81	10.87	12.47	16.00	23.66
Kenya	348.41	374.75	414.73	475.06	678.47	433.98	423.62	544.64
Malawi	0.42	0.13	0.36	0.27	2.84	1.76	0.53	4.62
Namibia	0.33	0.02	3.91	0.02	0.01	0.03	0.05	0.27
Mauritius	1.14	0.08	0.70	1.46	1.06	0.09	0.07	2.76
Zambia	1.44	0.91	2.57	7.09	15.06	7.45	2.47	14.27
Swaziland	0.30	0.05	0.34	0.25	0.18	0.00	0.00	0.00
Burundi	47.88	39.96	50.41	48.11	36.53	44.63	56.18	64.99
Rwanda	224.92	253.54	206.90	188.37	198.00	149.94	5.48	2.06
Madagascar	0.05	0.43	0.08	0.09	4.80	0.79	0.08	0.14
Sudan	128.06	92.25	58.46	68.38	69.70	43.02	82.43	75.37
Egypt	0.90	2.11	4.60	0.44	5.10	8.62	11.61	9.93
Congo (D.R.)	231.75	160.16	159.74	190.29	196.67	221.39	249.47	303.56
South Sudan	236.28	309.66	225.28	281.38	311.39	364.77	352.09	398.98
Other	1.76	0.18	0.29	0.92	3.34	0.71	0.98	0.29
Rest of Africa	99.05	82.71	98.70	130.42	95.18	102.78	126.51	160.85
Tanzania	50.08	56.47	61.97	71.14	46.75	67.69	94.70	90.02
South Africa	9.11	8.08	17.37	5.62	8.92	9.99	6.67	16.53
Nigeria	1.86	0.44	2.76	1.62	1.76	2.07	2.74	2.09
Other	38.00	17.72	16.59	52.04	37.75	23.03	22.40	52.21
Unclassified	70.38	1.62	2.46	2.20	1.72	1.95	2.57	1.49
Australia	1.81	1.45	2.10	1.30	1.45	1.36	2.32	1.30
Iceland	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00
Other	68.57	0.04	0.37	0.90	0.27	0.59	0.25	0.19
Total	2,310.7	2,299.8	2,298.1	2,790.4	2,947.6	3,463.1	3,387.2	4,848.2
Informal trade								
BURUNDI	15.92	9.17	0.06	0.00	0.00	0.00	0.00	0.00
DR CONGO	131.41	163.76	192.32	241.86	275.52	305.70	242.89	247.57
KENYA	76.69	106.41	79.99	118.68	161.97	100.88	73.70	69.00
RWANDA	23.25	25.73	24.66	35.06	55.63	23.49	6.78	4.24
SUDAN	125.30	113.67	59.17	34.45	52.41	52.67	51.72	57.19
TANZANIA	23.10	19.84	33.50	53.62	38.11	16.54	37.52	32.90
Total	395.7	438.6	389.7	483.7	583.6	499.3	412.6	410.9
Grand Total	2,706.3	2,738.4	2,687.8	3,274.1	3,531.3	3,962.4	3,799.8	5,259.1

Source: UBOS, Uganda Revenue Authority and Uganda Coffee Development Authority

Appendix 9 Direction Of Formal Trade (Imports, USD million)

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Asia	2,612.65	2,703.52	2,541.27	2,396.28	2,146.86	2,393.41	2,767.49	2,540.73	3,038.54
India	1,230.00	1,281.43	1,091.83	891.89	611.81	654.39	888.23	732.34	850.76
China	531.22	551.10	625.90	768.00	758.77	900.52	1,050.77	1,021.86	1,250.08
Japan	254.38	277.16	288.85	257.49	266.93	293.03	287.43	257.64	302.51
Malaysia	40.94	44.55	28.36	31.57	40.11	57.99	63.23	94.34	164.14
Korea (Rep)	36.94	47.86	33.95	32.09	29.16	41.24	62.32	40.81	62.79
Singapore	81.07	62.80	54.17	38.53	24.40	13.57	43.31	18.65	29.97
Indonesia	163.65	186.35	186.09	151.93	215.77	186.27	148.11	162.57	140.89
Thailand	60.43	57.74	43.62	34.52	42.75	47.77	60.37	53.31	41.43
Hongkong	32.74	33.91	34.62	35.75	14.29	15.04	11.88	9.35	10.28
Russia	56.49	56.97	58.53	70.06	46.22	79.61	70.51	60.84	93.67
Pakistan	50.36	64.46	54.45	45.94	43.85	71.26	42.47	33.70	22.22
Taiwan	27.45	18.88	12.64	12.50	8.48	10.86	14.60	19.47	24.17
Vietnam	38.54	8.65	20.43	10.40	35.74	12.65	8.68	21.72	25.66
Bangladesh	1.93	1.80	1.74	12.44	3.25	4.15	3.34	3.73	5.26
Sri Lanka	1.18	1.22	1.09	1.34	2.61	2.59	4.28	3.76	7.27
Georgia	1.42	0.66	0.57	0.06	0.02	0.05	0.20	0.12	0.64
Phillippines	0.88	1.01	1.44	0.92	1.63	1.78	3.24	2.10	2.54
Korea Dem.	0.64	5.00	1.23	0.52	0.74	0.58	1.24	3.14	3.34
Other	2.39	1.95	1.76	0.34	0.35	0.06	3.28	1.26	0.94
European Union	542.06	551.68	642.62	484.08	416.96	494.57	678.69	505.73	772.81
Germany	110.42	116.63	108.10	94.08	85.00	97.87	124.55	98.93	117.51
United Kingdom	98.30	95.03	93.82	69.95	57.57	60.08	75.55	54.78	75.86
Netherlands	68.01	59.54	69.52	62.72	45.81	70.82	58.04	63.37	238.73
Italy	48.82	37.03	44.64	35.12	26.40	49.88	69.43	46.67	52.42
France	58.49	66.02	117.43	37.34	20.79	30.22	44.93	36.24	35.02
Belgium	42.78	47.93	40.55	34.32	47.29	49.43	42.20	34.43	73.41
Sweden	24.78	22.36	21.49	17.77	14.52	15.90	18.38	21.63	20.11
Denmark	18.01	20.91	32.47	20.91	13.88	18.89	136.68	27.93	27.32
Ireland	18.17	18.81	22.80	19.75	19.85	21.48	24.00	23.82	31.94
Spain	12.98	11.42	20.35	15.19	18.60	18.34	21.97	16.22	13.55
Finland	2.02	2.38	6.72	5.08	2.53	2.64	12.98	4.04	4.40
Austria	4.61	5.93	5.39	5.63	6.22	6.20	5.39	5.59	5.13
Hungary	12.20	8.33	10.56	6.78	5.67	4.78	6.69	10.53	7.59
Poland	8.18	15.98	29.12	12.58	19.37	10.78	8.82	17.78	19.03
Czech Republic	1.10	1.12	2.74	10.62	19.84	2.20	4.79	14.60	11.94
Malta	0.00	0.00	0.00	0.16	0.00	1.33	0.00	0.82	0.01
Romania	0.65	0.62	0.63	0.84	0.30	1.74	1.33	2.79	0.46
Bulgaria	1.88	0.35	0.32	0.47	0.30	0.54	0.50	0.30	0.57
Slovakia	0.47	0.57	0.83	0.39	0.61	1.07	0.56	0.84	3.47
Luxembourg	0.65	0.74	1.31	0.41	0.88	0.40	3.01	2.24	1.72
Cyprus	2.53	1.76	1.54	1.37	0.89	0.90	0.91	0.73	8.74
Portugal	4.34	1.60	0.95	1.60	1.46	5.57	1.71	3.44	8.47
Greece	0.76	2.74	5.10	1.25	0.84	6.07	7.01	0.97	2.29
Lithuania	1.00	1.01	2.80	13.06	5.22	5.48	1.38	4.42	5.17
Estonia	0.38	0.20	1.24	2.64	1.16	0.88	1.09	3.77	0.58
Other	0.53	12.66	2.20	14.04	1.97	11.06	6.78	8.85	7.36
Middle East	590.95	574.94	546.17	581.55	795.99	1,120.80	1,106.86	869.76	825.09
United Arab Emirates	347.05	319.71	281.86	352.06	447.85	671.42	609.22	542.69	498.91
Kuwait	12.56	6.14	2.42	0.27	0.59	0.28	0.65	1.10	29.44
Saudi Arabia	119.42	119.13	173.63	172.92	280.43	394.40	441.83	272.07	213.20
Lebanon	3.69	3.98	3.95	3.33	2.10	2.90	4.62	4.60	4.65
Bahrain	75.06	96.97	41.63	10.16	21.93	7.01	3.81	1.65	9.93
Qatar	15.16	10.74	16.49	5.70	8.51	13.84	11.32	6.77	16.01
Israel	5.56	5.86	6.44	4.78	4.99	4.65	7.58	4.43	5.87
Iran	2.84	3.11	3.36	3.19	6.78	11.07	7.77	3.16	1.88
Syrian Arab Rep.	0.34	0.20	0.16	0.00	0.02	0.01	0.01	0.01	0.00
Jordan	2.62	2.87	2.51	2.68	1.95	1.41	2.08	2.05	3.28
Iraq	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	1.04
Oman	6.63	6.07	13.70	26.45	20.82	13.80	17.97	31.23	40.87
Other	0.02	0.15	0.02	0.00	0.00	0.01	0.00	0.00	0.00
Comesa	708.21	729.36	748.96	729.78	811.12	880.80	942.60	1,098.39	1,582.73
Kenya	591.25	602.60	608.69	600.78	520.57	503.12	711.00	736.21	848.27
Egypt	46.36	52.26	51.39	54.03	49.60	80.89	81.74	84.59	104.44
Swaziland	16.25	18.32	20.34	18.93	20.11	21.07	21.80	18.02	22.41
Congo (D.R.C)	30.09	24.89	31.50	22.79	149.44	176.57	76.84	26.28	24.74
Mauritius	7.71	6.24	9.68	6.31	4.11	6.67	9.68	11.12	2.35
Rwanda	7.48	12.09	9.52	12.14	10.69	20.34	16.20	7.79	3.81
Malawi	0.23	0.35	0.31	0.57	0.34	0.71	0.27	0.45	3.15
Sudan	5.91	5.29	2.58	0.06	0.18	0.33	0.05	0.18	0.01

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Burundi	0.56	1.41	2.28	1.67	43.68	57.67	11.15	18.17	25.46
Zimbabwe	0.54	0.30	6.57	1.15	0.21	1.04	0.64	4.27	343.74
Ethiopia	0.23	0.14	0.25	0.69	0.13	0.33	0.56	1.65	0.73
Namibia	0.15	0.27	0.14	0.05	0.07	0.09	0.09	101.74	48.83
Zambia	1.15	4.38	3.15	5.31	3.15	3.31	4.70	4.74	139.57
Eritrea	0.08	0.02	0.05	0.00	0.00	0.11	0.00	0.02	0.06
South Sudan	0.00	0.00	0.76	4.82	7.61	7.27	7.32	82.75	14.92
Other	0.23	0.81	1.75	0.48	1.24	1.28	0.55	0.42	0.25
Rest of Africa	285.60	302.44	300.96	304.34	375.78	463.80	803.06	883.75	1,772.70
South Africa	227.82	232.83	235.86	216.75	193.45	235.47	318.09	216.40	218.95
Tanzania	47.48	55.12	55.11	78.22	170.93	211.27	401.36	458.34	1,214.50
Cote D'Ivoire	0.80	0.91	1.02	1.32	1.50	1.30	1.23	0.99	0.53
Ghana	4.40	4.72	2.55	0.40	0.18	0.19	2.18	0.10	0.11
Liberia	0.24	2.08	1.04	0.52	0.44	0.26	0.64	0.08	0.02
Nigeria	0.52	2.72	0.95	1.18	0.83	0.50	0.43	0.30	0.48
Benin	0.01	0.03	0.01	0.00	0.01	0.05	0.05	0.17	0.48
Gabon	0.36	0.25	0.12	0.01	0.01	0.01	5.08	0.00	0.01
Botswana	0.07	0.05	0.04	0.20	0.18	0.57	0.05	0.65	0.20
Mali	0.04	0.01	0.00	0.01	0.01	0.57	20.58	0.00	0.00
Cameroon	0.23	0.16	0.12	0.05	0.06	0.02	0.03	0.03	0.06
Burkina Faso	0.03	0.00	0.04	0.00	0.00	0.00	41.85	71.79	108.40
Senegal	0.05	0.07	0.13	0.11	0.06	0.16	0.36	0.21	0.16
Niger	0.13	0.13	0.03	0.05	0.00	0.00	0.00	0.02	8.65
Sierra Leone	0.04	0.01	0.03	0.02	0.00	0.04	0.19	0.02	0.01
Togo	0.16	0.25	0.22	0.23	0.16	0.29	0.20	0.24	0.24
Tunisia	0.76	0.54	0.32	0.06	0.16	0.16	0.12	0.06	0.30
Other	2.47	2.55	3.38	5.21	7.79	12.93	10.61	134.34	219.59
Rest of Europe	80.14	64.83	75.39	50.02	63.85	86.47	107.41	93.15	117.62
Ukraine	19.84	18.80	19.97	18.17	22.42	20.50	17.93	30.94	20.56
Turkey	23.38	17.04	19.73	16.19	23.55	26.03	54.87	37.85	62.48
Switzerland	33.82	23.97	31.30	12.50	12.23	19.66	24.30	20.96	15.32
Norway	2.60	4.23	3.48	2.65	3.56	18.96	2.53	2.13	2.25
Serbia	0.03	0.01	0.00	0.07	0.02	0.18	0.36	0.21	0.18
Croatia	0.05	0.03	0.04	0.01	0.02	0.33	0.18	0.18	0.14
Moldova Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46
Other	0.43	0.76	0.87	0.43	2.06	0.82	7.24	0.88	16.23
Unclassified	215.45	146.75	132.65	145.84	157.40	177.72	422.21	225.52	232.97
USA	121.16	77.46	73.96	113.77	67.05	85.32	103.98	141.26	103.99
Brazil	27.46	12.55	11.18	6.47	23.16	27.25	13.86	10.25	15.50
Canada	17.89	16.30	19.06	15.95	16.44	16.93	24.26	21.42	20.54
Australia	17.85	16.61	6.07	3.59	10.53	8.60	7.24	6.74	29.78
Chile	0.33	0.07	0.09	0.11	0.10	0.12	2.91	1.94	1.12
Peru	0.00	0.03	0.02	0.03	0.02	0.01	0.01	0.12	1.10
Jamaica	0.06	0.08	0.03	0.01	0.01	0.01	0.01	0.02	0.03
Colombia	0.76	1.26	0.51	0.31	0.21	0.61	1.82	0.82	1.85
Mexico	0.59	2.97	1.72	1.61	1.32	3.93	5.54	5.62	9.49
Panama	0.14	0.05	0.14	0.06	0.01	0.01	0.01	0.00	0.00
British Virgin Islands	0.03	0.00	0.06	0.01	0.15	0.00	0.00	0.00	0.06
Argentina	19.48	13.14	14.49	0.33	33.87	26.86	37.56	34.25	41.54
Dominican Rep.	0.10	0.10	0.16	0.13	0.26	0.03	0.01	0.00	0.00
New Zealand	0.46	0.37	0.55	0.53	0.38	0.51	0.63	0.30	0.42
Uruguay	1.26	0.02	0.06	0.16	0.19	0.34	0.65	0.13	0.07
Cuba	0.00	0.27	0.00	0.03	0.07	0.06	0.07	0.05	0.08
Liechtenstein	0.02	0.02	0.01	0.00	0.00	0.00	0.03	0.04	0.06
Other	7.86	5.44	4.54	2.74	3.63	7.11	223.61	2.56	7.33
Total	5,035.1	5,073.5	4,988.0	4,691.9	4,768.0	5,617.6	6,828.3	6,217.0	8,342.4

Source: Bank of Uganda

Source: Bank of Uganda

Appendix 10 Government Securities Outstanding by Holder (Face Value million UGX, at end of period)

	Jun18	Sep18	Dec18	Mar19	Jun19	Sep19	Dec19	Mar20	Jun20	Sep20	Dec20	Mar21	Jun21
Treasury Bonds	9,695,252.0	10,146,584.0	10,722,680.6	11,511,095.5	11,881,837.1	11,874,182.8	13,209,577.1	13,329,843.4	13,979,802.6	14,976,126.8	17,500,398.4	18,583,562.9	19,651,779.5
Bank of Uganda	-	4,564.0	5,818.0	6,663.0	160,408.0	135,341.0	479,651.0	89,528.0	6,240.0	456,073.0	457,743.0	457,815.5	457,784.5
Other Depository Corporations ¹	2,693,943.5	2,622,920.4	2,906,327.8	3,290,225.3	3,365,430.6	3,005,778.9	3,405,905.3	3,564,234.9	3,796,853.0	3,898,295.2	5,034,996.3	5,232,329.0	5,160,297.1
Offshore	921,719.5	863,267.2	810,261.6	788,115.1	834,065.5	1,004,906.7	1,091,360.1	1,089,383.7	1,140,797.7	1,224,222.2	1,694,528.7	1,849,088.1	2,358,508.6
Others ²	6,079,589.0	6,655,832.4	7,000,273.2	7,426,092.1	7,521,933.0	7,728,156.2	8,232,660.7	8,586,696.8	9,035,911.9	9,397,536.4	10,313,130.4	11,044,330.3	11,675,189.3
Treasury Bills	3,860,734.2	3,792,127.4	3,984,486.2	4,384,482.8	4,144,602.0	4,552,896.3	4,746,106.0	4,987,428.1	4,980,016.6	5,564,164.6	6,203,889.7	6,027,876.4	6,387,018.1
Bank of Uganda	-	2,328.0	1,438.0	415.0	725.0	1,460.0	2,420.0	2,661.0	2,504.0	2,635.0	817.0	-	-
Other Depository Corporations ¹	3,089,335.4	2,998,541.0	3,205,935.3	3,633,376.1	3,338,179.5	3,701,927.2	3,907,583.9	3,973,800.5	4,035,144.7	4,447,047.4	5,191,792.0	4,890,827.0	5,049,838.3
Offshore	170.1	-	-	20,000.0	10,000.0	-	-	-	-	24,620.8	32,946.0	156,383.9	379,601.3
Others ²	771,228.7	791,258.4	777,112.9	730,691.7	795,697.5	849,509.1	836,102.1	1,010,966.6	942,367.9	1,089,861.4	978,334.7	980,665.5	957,578.5
Total	13,555,986.2	13,938,711.4	14,707,166.8	15,895,578.3	16,026,439.1	16,427,079.1	17,955,683.1	18,317,271.5	18,959,819.2	20,540,291.4	23,704,288.1	24,611,439.3	26,038,797.6
Bank	5,783,278.9	5,628,353.4	6,119,519.1	6,930,679.4	6,864,743.1	6,844,507.1	7,795,560.2	7,630,224.4	7,840,741.7	8,804,050.5	10,685,348.4	10,580,971.5	10,667,919.9
Non-Bank	7,772,707.3	8,310,358.0	8,587,647.7	8,964,898.9	9,161,696.0	9,582,572.0	10,160,122.9	10,687,047.1	11,119,077.5	11,736,240.9	13,018,939.7	14,030,467.8	15,370,877.7

Source: Bank of Uganda

¹Constitutes Commercial Banks, Credit Institutions and Micro Finance Deposit-Taking Institutions.²Includes National Social Security Fund & others.³All values are at face value

Source: Bank of Uganda

Appendix 11 Depository Corporations Survey (UGX billion)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Net Foreign Assets	14,098.05	13,877.84	13,029.20	14,084.51	15,342.76	16,223.90	16,313.27	16,644.70	14,730.56	16,393.76
Central Bank(net)	13,879.87	13,406.54	12,703.55	13,169.35	13,637.85	14,717.59	15,276.95	15,180.52	13,730.71	15,507.32
Of Which: Official Foreign Assets	12,551.90	11,857.77	11,566.78	11,677.02	12,226.43	14,415.21	14,727.20	14,051.13	13,250.90	14,723.67
Other Depository Corporations(net)	218.18	471.29	325.65	915.16	1,704.90	1,506.31	1,036.32	1,464.18	999.85	886.44
Net Domestic Assets (NDA)	8,806.55	10,534.56	12,129.04	13,033.57	12,146.15	13,844.95	14,188.19	15,108.54	17,020.01	16,302.49
Domestic Claims	18,561.89	20,084.37	22,085.02	22,483.44	22,506.20	24,316.39	25,272.63	26,139.34	28,348.44	28,158.23
Claims on Central Government(net)	3,091.09	3,972.70	5,642.44	5,433.95	5,441.52	6,895.17	7,591.48	7,767.07	9,734.92	9,340.73
Claims on Central Government	7,049.13	7,865.54	9,401.71	10,107.74	10,316.51	10,992.10	12,601.03	13,813.12	15,398.65	15,948.88
Less Liabilities to Central Government	3,958.04	3,892.84	3,759.27	4,673.79	4,874.98	4,096.93	5,009.55	6,046.05	5,663.72	6,608.14
Claims on Other Sectors	15,470.80	16,111.67	16,442.58	17,049.49	17,064.67	17,421.22	17,681.15	18,372.26	18,613.51	18,817.49
Other Financial Corporations	38.20	48.72	45.77	73.03	45.21	36.77	32.30	28.04	29.22	15.72
State and Local Government	0.97	0.90	1.97	1.99	1.29	1.24	1.21	1.13	1.03	1.01
Public Non Financial Corporations	65.80	102.18	115.54	124.81	134.17	26.36	26.93	70.08	67.20	68.09
Private Sector	15,365.84	15,959.87	16,279.29	16,849.65	16,884.00	17,356.84	17,620.72	18,273.01	18,516.06	18,732.67
Of which: Loans	15,349.03	15,930.19	16,249.41	16,827.88	16,843.88	17,326.41	17,602.71	18,249.09	18,486.56	18,712.95
Other Items(Net)	-9,755.35	-9,549.81	-9,955.98	-9,449.87	-10,360.05	-10,471.44	-11,084.44	-11,030.80	-11,328.42	-11,855.74
Shares and Other Equity	9,312.38	9,019.25	9,029.57	9,445.18	9,994.59	10,102.10	10,748.57	10,598.32	10,927.23	10,938.84
Consolidation Adjustments	-105.68	-129.92	-237.24	-48.87	-155.81	-235.61	-124.00	30.71	1.78	-162.03
Other Items(net)	-337.29	-400.64	-689.17	44.18	-209.64	-133.73	-211.87	-463.19	-402.96	-754.87
Broad Money-M3	22,904.60	24,412.39	25,158.24	27,118.08	27,488.91	30,068.85	30,501.47	31,753.24	31,750.57	32,696.25
Foreign Currency Deposits	6,455.34	7,133.42	7,155.59	7,755.99	7,951.80	8,493.84	8,505.88	8,796.02	8,922.98	8,941.34
Broad Money-M2	16,449.25	17,278.97	18,002.65	19,362.09	19,537.11	21,575.01	21,995.59	22,957.22	22,827.59	23,754.91
Other Deposits-Local Currency	6,888.16	7,260.62	7,489.99	7,915.65	8,050.77	8,896.76	9,618.91	9,385.03	9,754.20	9,933.90
Narrow Money-M1	9,561.09	10,018.35	10,512.66	11,446.44	11,486.34	12,678.25	12,376.67	13,572.19	13,073.39	13,821.01
Transferable Deposits-Local Currency	5,784.06	6,025.12	6,422.43	6,757.69	6,982.95	7,801.02	7,554.42	8,136.34	7,963.81	8,524.50
Currency Outside Depository Corporations	3,777.03	3,993.23	4,090.22	4,688.76	4,503.39	4,877.23	4,822.25	5,435.85	5,109.57	5,296.51

Notes:

- From Feb 2010, the Depository Corporations Survey include data for Credit Institutions and Micro Finance Deposit Taking Institutions.
- From Feb 2010, deposits excluded from broad money comprises Loan Insurance fund/ Compulsory Savings held by individuals at Credit Institutions and MDIs
- 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 (UGX billion)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Net Foreign Assets	13,879.87	13,406.54	12,703.55	13,169.35	13,637.85	14,717.59	15,276.95	15,180.52	13,730.71	15,507.32
Claims on Non Residents	14,807.44	14,339.30	13,595.70	14,047.05	14,538.82	16,997.13	17,499.37	17,350.18	15,897.00	17,654.17
Of Which: Official Reserve Assets	12,551.90	11,857.77	11,566.78	11,677.02	12,226.43	14,415.21	14,727.20	14,051.13	13,250.90	14,723.67
Less Liabilities to Non Residents	927.57	932.75	892.14	877.70	900.96	2,279.54	2,222.42	2,169.66	2,166.29	2,146.85
Of Which: Short Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Domestic Assets (NDA)	-7,523.97	-6,638.33	-5,820.05	-4,682.00	-5,399.41	-5,909.80	-6,872.13	-5,308.02	-5,043.76	-6,094.25
Domestic Claims	-3,108.39	-2,004.03	-377.37	-642.61	-1,253.85	-1,059.03	-848.33	-2,075.42	-379.31	-827.52
Net Claims on Central Government	-3,176.38	-2,076.61	-456.72	-726.55	-1,338.10	-1,137.92	-930.55	-2,168.72	-475.50	-923.95
Claims on Central Government	188.38	1,134.43	2,704.38	2,771.45	2,760.60	2,417.12	3,520.18	2,787.31	4,532.25	4,944.55
Of which: Securities Other than Shares	158.00	749.53	842.11	987.47	109.37	978.00	1,398.72	496.68	1,726.98	1,911.77
Loans	30.38	384.90	1,862.27	1,783.98	2,651.23	1,439.12	2,121.46	2,290.63	2,805.28	3,032.78
Less Liabilities to Central Government	3,364.76	3,211.04	3,161.10	3,498.00	4,098.70	3,555.04	4,450.74	4,956.03	5,007.76	5,868.50
Of which: Deposits	3,364.76	3,211.04	3,161.10	3,498.00	4,098.70	3,555.04	4,450.74	4,956.03	5,007.76	5,868.50
Claims on Other Sectors	67.99	72.58	79.35	83.95	84.25	78.88	82.23	93.30	96.19	96.43
Other Financial Corporations	8.49	11.95	13.16	16.49	14.02	12.42	11.01	17.05	12.77	10.73
State and Local Government	0.00	0.00	0.00	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	0.00	0.00	0.00
Private Sector	59.50	60.63	66.19	67.45	70.23	66.46	71.22	76.25	83.42	85.70
Of which: Loans	59.50	60.59	66.19	67.45	70.23	66.46	71.22	76.25	83.42	85.70
Claims on Other Depository Corporations	597.12	580.66	575.32	556.83	677.90	610.77	668.87	1,012.20	628.43	631.65
Of which: Loans	597.12	580.66	575.32	556.83	677.90	610.77	668.87	1,012.20	628.43	631.65
Other Liabilities to ODCs	1,651.89	2,467.54	3,141.69	2,082.18	1,529.66	2,450.11	3,245.72	753.48	1,953.52	2,916.27
Of which: Repos	158.17	593.60	706.96	499.01	21.03	978.00	918.40	0.00	1,247.50	1,418.34
Other Items(Net)	-3,360.81	-2,747.42	-2,876.31	-2,514.05	-3,293.79	-3,011.43	-3,446.95	-3,491.31	-3,339.36	-2,982.11
Shares and Other Equity	3,643.48	3,222.44	3,013.93	3,135.48	3,525.10	3,410.06	3,846.57	3,611.59	3,652.30	3,355.92
Other Items(Net)	282.67	475.02	137.62	621.43	231.31	398.63	399.61	120.28	312.94	373.81
Monetary Base Incl. foreign currency clearing balances	6,355.90	6,768.21	6,883.50	8,487.35	8,238.45	8,807.80	8,404.82	9,872.51	8,686.95	9,413.06
Monetary Base	5,911.67	6,162.20	6,308.99	7,618.03	7,508.70	7,937.06	7,597.42	9,003.04	7,817.30	8,183.02
Currency In Circulation	4,402.01	4,592.31	4,776.81	5,669.20	5,227.34	5,697.35	5,681.18	6,411.51	5,903.73	6,072.22
Liabilities to ODCs	1,509.66	1,569.89	1,532.19	1,948.83	2,281.36	2,239.71	1,916.25	2,591.53	1,913.57	2,110.80
Reserve Deposits	1,509.66	1,569.89	1,532.19	1,948.83	2,281.36	2,239.71	1,916.25	2,591.53	1,913.57	2,110.80
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Clearing Balances	444.22	606.01	574.51	869.33	729.75	870.73	807.40	869.47	869.65	1,230.05

Note:

- SDR Allocation was reclassified from Other Items net to liabilities to non residents
- From Feb 2010, PRGF reclassified from short term foreign liabilities and included as part of Government deposits.
- IMF quota, IMF account number I and Securities eliminated from Central Bank Survey for consistency with Bank of Uganda Balance sheet.
- IMF Account number II reclassified to liabilities to non residents from Other items net.
- Claims on Other Financial Corporations previously reported in Other Items net due to limited sectorisation reclassified to Claims on Other Sectors.
- 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)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Net Foreign Assets	218.18	471.29	325.65	915.16	1,704.90	1,506.31	1,036.32	1,464.18	999.85	886.44
Claims on Non Residents	2,498.69	2,835.51	2,735.76	3,029.49	3,929.15	3,813.26	3,721.42	3,971.63	3,459.47	3,251.59
Of Which: Foreign Currency	314.65	409.89	377.34	397.64	505.22	481.96	561.63	713.90	758.86	608.75
Deposits	2,014.90	2,249.23	2,158.90	2,418.77	3,248.74	3,133.33	2,987.62	3,095.03	2,522.77	2,506.81
Loans	151.55	157.84	183.44	197.62	147.12	168.41	149.49	132.61	150.64	117.01
Less Liabilities to Non Residents	2,280.51	2,364.22	2,410.12	2,114.33	2,224.25	2,306.96	2,685.10	2,507.46	2,459.62	2,365.15
Of Which: Deposits	655.86	748.17	690.75	624.76	630.50	646.56	675.76	673.16	659.65	725.97
Loans	1,569.90	1,503.09	1,580.70	1,374.74	1,419.58	1,472.43	1,810.65	1,633.15	1,657.91	1,457.16
Net Domestic Assets (NDA)	19,093.11	20,149.67	20,952.98	21,739.43	21,483.39	23,917.69	24,891.05	25,115.03	25,934.56	26,806.49
Domestic Claims	21,670.29	22,088.40	22,462.39	23,126.05	23,760.05	25,375.42	26,120.96	28,214.76	28,727.75	28,985.75
Net Claims on Central Government	6,267.47	6,049.31	6,099.15	6,160.51	6,779.63	8,033.09	8,522.03	9,935.79	10,210.43	10,264.68
Claims on Central Government	6,860.75	6,731.11	6,697.33	7,336.30	7,555.91	8,574.99	9,080.84	11,025.81	10,866.39	11,004.32
Less Liabilities to Central Government	593.28	681.81	598.17	1,175.79	776.28	541.90	558.81	1,090.02	655.96	739.64
Claims on Other Sectors	15,402.81	16,039.09	16,363.23	16,965.54	16,980.42	17,342.33	17,598.93	18,278.97	18,517.32	18,721.06
Other Financial Corporations	29.71	36.77	32.61	56.54	31.19	24.35	21.29	11.00	16.45	4.99
State and Local Government	0.97	0.90	1.97	1.99	1.29	1.24	1.21	1.13	1.03	1.01
Public Non Financial Corporations	65.80	102.18	115.54	124.81	134.17	26.36	26.93	70.08	67.20	68.09
Private Sector	15,306.34	15,899.24	16,213.11	16,782.20	16,813.77	17,290.38	17,549.50	18,196.76	18,432.64	18,646.97
Of which: Loans	15,289.54	15,869.59	16,183.22	16,760.42	16,773.65	17,259.94	17,531.49	18,172.84	18,403.14	18,627.25
Claims on the Central Bank	3,933.70	4,916.45	5,490.89	5,610.38	4,870.32	5,913.59	6,466.85	4,988.72	5,298.06	6,643.77
Currency	624.98	599.08	686.58	980.44	723.95	820.12	858.92	975.66	794.16	775.71
Reserve Deposits	1,986.66	2,202.11	1,997.92	2,879.09	2,953.96	2,980.20	2,693.52	3,606.52	2,897.32	3,301.21
Other Claims	1,322.06	2,115.26	2,806.38	1,750.84	1,192.41	2,113.26	2,914.40	406.54	1,606.58	2,566.85
Liabilities to the Central Bank	405.74	384.50	368.47	335.31	439.31	379.29	431.42	780.07	393.81	404.62
Other Items(Net)	-6,105.13	-6,470.67	-6,631.82	-6,661.69	-6,707.66	-6,992.03	-7,265.33	-7,308.39	-7,697.43	-8,418.40
Shares and Other Equity	5,668.90	5,796.81	6,015.64	6,309.71	6,469.50	6,692.05	6,902.01	6,986.73	7,274.94	7,582.92
Other Items(Net)	-436.23	-673.86	-616.19	-351.98	-238.17	-299.98	-363.33	-321.66	-422.49	-835.48
Deposits Liabilities to the Public	19,311.29	20,620.97	21,278.62	22,654.59	23,188.30	25,423.99	25,927.37	26,579.21	26,934.41	27,692.93
Deposits Included in Broad Money	19,127.57	20,419.16	21,068.02	22,429.33	22,985.52	25,191.62	25,679.22	26,317.38	26,641.00	27,399.74
Foreign Currency Deposits	6,455.34	7,133.42	7,155.59	7,755.99	7,951.80	8,493.84	8,505.88	8,796.02	8,922.98	8,941.34
Local Currency Deposits	12,672.22	13,285.74	13,912.43	14,673.34	15,033.72	16,697.78	17,173.33	17,521.37	17,718.01	18,458.40
Transferable Deposits	5,784.06	6,025.12	6,422.43	6,757.69	6,982.95	7,801.02	7,554.42	8,136.34	7,963.81	8,524.50
Other Deposits	6,888.16	7,260.62	7,489.99	7,915.65	8,050.77	8,896.76	9,618.91	9,385.03	9,754.20	9,933.90
Deposits Excluded from Broad Money	183.72	201.80	210.61	225.26	202.78	232.38	248.15	261.82	293.41	293.20

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 (USD million)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Central Bank										
Claims on Non Residents	3985.71	3880.98	3690.24	3832.54	3829.60	4556.70	4709.80	4753.38	4338.78	4963.62
Of Which: Official Reserve Assets	3378.59	3209.35	3139.53	3185.91	3220.51	3864.52	3963.70	3849.55	3616.58	4139.69
Liabilities to Non Residents	249.67	252.45	242.15	239.47	237.32	611.11	598.14	594.41	591.25	603.61
Other Depository Corporations										
Claims on Non Residents	672.57	767.44	742.56	826.55	1034.96	1022.28	1001.59	1088.10	944.20	914.21
Of Which: Foreign Currency	84.69	110.94	102.42	108.49	133.08	129.21	151.16	195.58	207.12	171.16
Deposits	542.35	608.76	585.98	659.93	855.74	840.00	804.09	847.94	688.54	704.81
Loans	40.79	42.72	49.79	53.92	38.75	45.15	40.23	36.33	41.11	32.90
Less Liabilities to Non Residents	613.84	639.88	654.17	576.86	585.88	618.46	722.67	686.96	671.31	664.98
Of Which: Deposits	176.54	202.49	187.49	170.46	166.08	173.33	181.87	184.42	180.04	204.11
Loans	422.57	406.82	429.05	375.08	373.92	394.74	487.32	447.43	452.49	409.69
Domestic (Forex) Liabilities: Foreign Currency Deposits	1737.58	1930.69	1942.22	2116.11	2094.55	2277.08	2289.28	2409.82	2435.36	2513.93
Domestic (Forex) assets: lending to private sector	1400.31	1405.99	1428.06	1463.29	1384.23	1465.87	1464.95	1534.18	1554.24	1542.83

Source: Bank of Uganda

Appendix 15 Depository Corporations Survey (UGX billion)

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Ratios to M3													
Foreign Currency Deposits(%)	29.80	29.19	28.89	28.18	29.22	28.44	28.60	28.93	28.25	27.89	27.70	28.10	27.35
Currency Outside Depository(%)	16.53	17.09	18.06	16.49	16.36	16.26	17.29	16.38	16.22	15.81	17.12	16.09	16.20
Shilling Demand deposits(%)	24.99	24.99	24.00	25.25	24.68	25.53	24.92	25.40	25.94	24.77	25.62	25.08	26.07
Shilling time & savings Deposits(%)	28.68	28.73	29.05	30.07	29.74	29.77	29.19	29.29	29.59	31.54	29.56	30.72	30.38
Money Multiplier (M3/Base)	4.10	3.80	3.31	3.87	3.96	3.99	3.56	3.66	3.79	4.01	3.53	4.06	4.00
Money Multiplier (M2/Base)	2.88	2.69	2.35	2.78	2.80	2.85	2.54	2.60	2.72	2.90	2.55	2.92	2.90
M2/M3	0.70	0.71	0.71	0.72	0.71	0.72	0.71	0.71	0.72	0.72	0.72	0.72	0.73
Shilling Time and Savings Deposits/Total Shilling Deposits (%)	53.43	53.48	54.76	54.36	54.65	53.84	53.95	53.55	53.28	56.01	53.56	55.05	53.82
Shilling Time and Savings Deposits/Total Deposits (%)	34.36	34.65	35.45	36.01	35.56	35.55	35.29	35.03	35.32	37.46	35.66	36.61	36.26
Shilling Demand Deposits/Total Shilling Deposits (%)	46.57	46.52	45.24	45.64	45.35	46.16	46.05	46.45	46.72	43.99	46.44	44.95	46.18
Shilling Demand Deposits/Total Deposits (%)	29.94	30.14	29.29	30.24	29.51	30.48	30.13	30.38	30.97	29.42	30.92	29.89	31.11
VULNERABILITY M3/RESERVES	1.90	1.87	1.99	1.82	2.06	2.18	2.32	2.25	2.09	2.07	2.26	2.40	2.22
VULNERABILITY M2/RESERVES	1.33	1.32	1.41	1.31	1.46	1.56	1.66	1.60	1.50	1.49	1.63	1.72	1.61

Source: Bank of Uganda

Appendix 16 Commercial Bank's Shilling Denominated Loans and Advances to the Private Sector

	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
Agriculture	429,750	480,934	571,773	764,534	972,029	1,142,117	1,242,321
Production	183,680	225,934	310,125	418,314	443,824	515,901	592,726
Processing & Marketing(crop finance)	246,071	255,001	261,648	346,221	528,205	626,217	649,595
Mining and Quarrying	31,022	31,579	26,653	34,940	18,861	14,353	26,642
Manufacturing	540,853	512,908	560,280	613,669	806,488	810,236	893,508
Foods, Beverages,Tobacco	302,514	303,797	269,185	249,230	399,735	434,798	504,857
Textiles, Apparel and Leather	13,542	9,385	14,687	8,434	12,187	12,680	19,734
Wood, Wood Products & Furniture	9,126	6,198	5,567	6,423	6,114	3,995	5,511
Paper, Paper Products, Printing & Publishing	17,103	37,172	28,527	26,876	38,640	48,286	67,470
Chemicals, Pharmaceuticals, Plastic and Rubber Products	26,776	25,176	20,384	37,744	61,115	55,368	57,985
Basic and Fabricated Non-Metal and Metal Products	60,484	52,863	46,361	45,869	47,949	38,310	36,939
Building & Construction Materials.	16,396	25,317	30,736	34,815	49,157	44,321	28,013
Other Manufacturing Industries	94,912	53,000	144,832	204,277	191,591	172,478	172,999
Trade	1,169,735	1,112,039	1,219,679	1,579,960	1,625,739	1,751,557	1,761,433
Wholesale	544,501	471,108	585,708	729,727	693,388	738,885	713,620
Retail	527,855	527,931	484,626	588,002	742,567	827,779	860,120
Transport and Communication	186,490	366,210	425,578	444,305	459,924	626,598	698,128
Electricity & Water	49,716	66,035	41,492	122,396	135,207	38,152	84,240
Building, Mortgage, Construction and Real Estate	1,136,238	1,190,810	1,176,323	1,311,073	1,579,826	1,912,606	2,195,591
Business Services	295,882	247,100	295,092	333,081	408,782	502,035	479,936
Community, Social & Other Services	240,030	254,236	247,959	287,476	320,451	459,829	513,552
Personal Loans and Household Loans	1,517,160	1,656,272	1,970,938	2,249,652	2,431,566	2,550,980	3,026,261
Other Services	78,322	84,875	58,646	39,057	94,555	121,931	81,394
	5,675,197	6,003,000	6,594,412	7,780,144	8,853,430	9,930,396	11,003,006

Source: Bank of Uganda

Appendix 17 Commercial Banks' Forex Denominated Loans and Advances to the Private Sector

	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
Agriculture	429,750	480,934	571,773	764,534	972,029	1,142,117	1,242,321
Production	183,680	225,934	310,125	418,314	443,824	515,901	592,726
Processing & Marketing(crop finance)	246,071	255,001	261,648	346,221	528,205	626,217	649,595
Mining and Quarrying	31,022	31,579	26,653	34,940	18,861	14,353	26,642
Manufacturing	540,853	512,908	560,280	613,669	806,488	810,236	893,508
Foods, Beverages,Tobacco	302,514	303,797	269,185	249,230	399,735	434,798	504,857
Textiles, Apparel and Leather	13,542	9,385	14,687	8,434	12,187	12,680	19,734
Wood, Wood Products & Furniture	9,126	6,198	5,567	6,423	6,114	3,995	5,511
Paper, Paper Products, Printing & Publishing	17,103	37,172	28,527	26,876	38,640	48,286	67,470
Chemicals, Pharmaceuticals, Plastic and Rubber Products	26,776	25,176	20,384	37,744	61,115	55,368	57,985
Basic and Fabricated Non-Metal and Metal Products	60,484	52,863	46,361	45,869	47,949	38,310	36,939
Building & Construction Materials.	16,396	25,317	30,736	34,815	49,157	44,321	28,013
Other Manufacturing Industries	94,912	53,000	144,832	204,277	191,591	172,478	172,999
Trade	1,169,735	1,112,039	1,219,679	1,579,960	1,625,739	1,751,557	1,761,433
Wholesale	544,501	471,108	585,708	729,727	693,388	738,885	713,620
Retail	527,855	527,931	484,626	588,002	742,567	827,779	860,120
Transport and Communication	186,490	366,210	425,578	444,305	459,924	626,598	698,128
Electricity & Water	49,716	66,035	41,492	122,396	135,207	38,152	84,240
Building, Mortgage, Construction and Real Estate	1,136,238	1,190,810	1,176,323	1,311,073	1,579,826	1,912,606	2,195,591
Business Services	295,882	247,100	295,092	333,081	408,782	502,035	479,936
Community, Social & Other Services	240,030	254,236	247,959	287,476	320,451	459,829	513,552
Personal Loans and Household Loans	1,517,160	1,656,272	1,970,938	2,249,652	2,431,566	2,550,980	3,026,261
Other Services	78,322	84,875	58,646	39,057	94,555	121,931	81,394
	5,675,197	6,003,000	6,594,412	7,780,144	8,853,430	9,930,396	11,003,006

Source: Bank of Uganda

Appendix 18 Commercial Banks' Balance Sheet (UGX billion)

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Liabilities										
Total Deposits	19,051.8	20,424.2	20,964.0	22,944.4	23,019.2	24,938.4	25,365.9	26,707.5	26,297.0	27,188.7
Private Demand Deposits	5,816.8	6,073.2	6,456.9	6,791.3	7,040.2	7,878.0	7,613.4	8,200.0	8,026.8	8,577.3
Private Time & Savings Deposits	6,060.9	6,400.0	6,626.7	7,078.6	7,177.7	7,895.9	8,550.4	8,362.7	8,615.7	8,817.8
Foreign Exchange deposits	6,432.7	7,109.7	7,128.1	7,725.9	7,936.3	8,483.7	8,519.1	8,776.1	8,890.5	8,929.3
Government Deposits	593.3	681.8	598.2	1,175.8	776.3	541.9	558.8	1,090.0	656.0	739.6
Inter bank deposits (excluding own)	148.0	159.4	154.1	172.7	88.6	139.0	124.2	278.7	108.0	124.7
Foreign Liabilities	1,866.9	1,887.3	1,915.3	1,657.4	1,686.3	1,763.9	2,113.9	1,940.6	1,946.8	1,878.6
Borrowing at Bank of Uganda	345.2	325.2	305.2	265.2	352.5	265.2	315.9	649.2	265.2	265.2
Items in Transit	9.1	8.3	5.7	2.2	8.9	13.3	8.5	5.0	6.3	4.9
Capital and Reserves	4,626.6	4,594.4	4,541.3	4,632.9	5,350.3	5,405.9	5,332.3	5,223.8	6,068.1	6,098.4
Other Liabilities	2,991.8	3,319.4	3,548.4	3,646.2	3,418.9	3,673.3	3,970.2	4,050.6	3,983.3	4,532.6
Total	28,891.4	30,558.8	31,279.8	33,148.2	33,836.1	36,060.0	37,106.6	38,576.7	38,566.7	39,968.4
Assets										
Cash held	573.9	543.4	624.5	923.3	668.8	761.1	797.0	912.1	725.1	704.7
Balances with Bank of Uganda	3,306.6	4,314.9	4,800.3	4,624.6	4,141.8	5,088.4	5,603.4	4,011.0	4,499.7	5,858.2
Foreign Assets	2,475.3	2,811.9	2,713.7	3,010.6	3,897.7	3,780.3	3,694.5	3,937.3	3,426.7	3,227.2
Government Securities	6,778.4	6,619.1	6,569.9	7,218.5	7,365.0	7,709.1	8,188.6	10,098.9	9,969.3	10,114.1
Advances and Discounts	13,608.1	14,142.7	14,387.1	15,020.8	15,005.1	16,017.8	16,199.0	16,795.4	16,935.7	17,098.7
Investments in Stocks and Shares	24.5	12.4	11.9	11.8	11.8	11.7	11.2	10.4	10.4	10.0
Other Assets	2,124.6	2,114.3	2,172.5	2,338.6	2,745.9	2,691.7	2,612.7	2,811.4	2,999.9	2,955.4
Total	28,891.4	30,558.8	31,279.8	33,148.2	33,836.1	36,060.0	37,106.6	38,576.7	38,566.7	39,968.4

Source: Bank of Uganda

Appendix 19 Structure of Interest Rates (annual percentage)

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Bank of Uganda												
Ways and Means	9.38	10.12	9.40	8.99	8.28	8.91	9.04	8.25	7.71	7.93	6.88	6.72
Rediscount rate	13.00	14.00	14.00	14.00	14.00	13.00	13.00	10.00	10.00	10.00	10.00	9.50
Central Bank Rate	9.00	10.00	10.00	10.00	10.00	9.00	9.00	7.00	7.00	7.00	7.00	6.50
Treasury Bills												
91 Days	9.38	10.12	9.40	8.99	8.28	8.91	9.04	8.25	7.71	7.93	6.88	6.72
182 Days	10.93	11.02	10.14	10.06	9.97	10.45	10.17	9.58	9.18	9.77	9.69	8.70
273 Days												
364 Days	10.95	11.51	11.09	10.26	10.35	11.09	11.80	10.82	10.78	11.91	10.48	9.14
Commercial Banks (Weighted Average)												
Local Currency												
Deposit Rates	2.49	2.64	3.43	2.54	2.36	2.40	2.32	2.32	2.63	2.33	2.25	2.08
Demand deposits	1.39	1.32	2.49	1.31	1.35	1.49	1.48	1.49	1.62	1.47	1.57	1.46
Savings deposits	3.53	3.53	3.88	3.43	2.49	2.40	2.43	2.42	2.48	2.48	2.46	2.29
Time Deposits	9.68	11.21	10.26	9.98	9.84	9.67	10.12	9.57	9.16	9.48	9.21	8.01
Lending Rates	19.56	20.15	19.61	19.02	19.82	18.83	17.78	19.30	19.91	17.11	18.76	17.00
Foreign Currency												
Deposit Rates	1.34	1.45	1.45	1.36	1.23	1.39	1.24	1.55	1.26	1.23	1.24	1.21
Demand deposits	1.08	1.08	1.04	1.02	1.00	1.03	1.00	1.00	1.02	1.02	1.01	1.03
Savings deposits	1.84	1.79	1.80	1.82	1.81	1.78	1.80	1.84	1.80	1.78	1.80	1.77
Time Deposits	2.79	2.59	3.82	3.00	2.99	2.80	2.57	2.73	2.00	3.01	3.78	3.10
Lending Rates	7.99	7.83	7.57	6.43	7.25	6.29	6.57	5.47	5.90	6.33	5.90	6.03

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, 2017 = 100)	Real Effective Exchange Rate (REER, 2017 = 100)
Calendar Year Average						
2009	2,158.63	2,166.80	2,162.67	2,030.49	71.25	86.09
2010	2,170.24	2,179.44	2,174.80	2,177.56	77.27	94.27
2011	2,509.01	2,522.73	2,515.87	2,522.75	88.29	100.99
2012	2,493.89	2,504.29	2,499.09	2,503.31	84.06	90.42
2013	2,578.46	2,586.96	2,582.71	2,586.46	82.78	89.01
2014	2,592.25	2,597.24	2,594.75	2,600.33	80.38	87.50
2015	3,226.47	3,241.71	3,234.10	3,245.54	92.93	97.29
2016	3,406.55	3,421.89	3,414.22	3,420.45	95.28	96.73
2017	3,596.27	3,642.80	3,619.53	3,611.22	100.00	100.00
2018	3,707.20	3,730.49	3,718.84	3,727.79	103.11	103.86
2019	3,689.95	3,708.54	3,699.24	3,703.98	100.35	100.99
2020	3,704.37	3,717.04	3,710.71	3,717.54	98.83	98.30
Fiscal Year Average						
2010/11	2,315.90	2,324.95	2,320.43	2,323.43	82.53	100.06
2011/12	2,541.81	2,557.94	2,549.87	2,559.12	87.87	95.02
2012/13	2,580.33	2,589.22	2,584.78	2,588.95	84.86	91.78
2013/14	2,531.06	2,539.29	2,535.17	2,538.34	79.51	85.77
2014/15	2,815.51	2,825.41	2,820.46	2,823.22	84.61	91.14
2015/16	3,428.44	3,445.55	3,436.99	3,442.96	96.52	99.01
2016/17	3,514.72	3,562.66	3,538.69	3,528.30	97.63	98.15
2017/18	3,643.17	3,663.31	3,653.24	3,658.72	102.48	102.95
2018/19	3,717.28	3,736.90	3,727.09	3,736.82	101.69	102.26
2019/20	3,699.85	3,716.06	3,707.96	3,714.60	99.32	99.49
2020/21	3,644.98	3,661.25	3,653.12		97.98	98.26
Monthly Average						
2017 Jan	3,575.35	3,630.42	3,602.88	3,609.48	98.46	98.95
Feb	3,566.65	3,889.01	3,727.83	3,585.35	98.30	98.49
Mar	3,589.02	3,608.82	3,598.92	3,599.01	98.99	98.96
Apr	3,604.81	3,655.92	3,630.36	3,618.70	99.75	99.69
May	3,601.56	3,623.96	3,612.76	3,623.61	100.13	99.56
Jun	3,582.74	3,593.62	3,588.18	3,591.10	99.58	99.41
Jul	3,585.58	3,593.60	3,589.59	3,601.53	99.96	100.23
Aug	3,595.98	3,612.04	3,604.01	3,606.03	100.71	101.07
Sep	3,584.33	3,593.99	3,589.16	3,599.87	100.78	100.69
Oct	3,625.41	3,639.76	3,632.58	3,637.91	101.17	101.08
Nov	3,629.96	3,639.22	3,634.59	3,638.85	101.05	100.96
Dec	3,613.84	3,633.20	3,623.52	3,623.26	101.11	100.87
2018 Jan	3,632.14	3,645.00	3,638.57	3,640.05	102.74	103.58
Feb	3,621.09	3,642.85	3,631.97	3,637.56	103.25	104.20
Mar	3,643.30	3,661.28	3,652.29	3,660.12	103.77	104.61
Apr	3,687.84	3,700.69	3,694.27	3,697.24	104.54	105.38
May	3,672.79	3,752.88	3,712.84	3,726.84	104.13	104.84
Jun	3,825.76	3,845.15	3,835.46	3,840.48	106.61	107.89
Jul	3,744.89	3,766.63	3,755.76	3,760.44	103.56	104.53
Aug	3,715.38	3,732.80	3,724.09	3,729.53	101.92	102.69
Sep	3,779.16	3,799.28	3,789.22	3,800.68	103.16	103.61
Oct	3,768.59	3,780.07	3,774.33	3,777.98	101.98	102.65
Nov	3,711.76	3,741.70	3,726.73	3,739.77	101.07	101.47
Dec	3,683.69	3,697.54	3,690.62	3,714.13	100.64	100.89
2019 Jan	3,691.42	3,703.72	3,697.57	3,702.43	100.92	101.09
Feb	3,661.04	3,672.66	3,666.85	3,672.89	100.32	101.02
Mar	3,665.20	3,711.62	3,688.41	3,706.19	101.27	101.64
Apr	3,721.78	3,735.39	3,728.58	3,736.98	101.94	102.50
May	3,750.64	3,765.15	3,757.90	3,765.63	102.19	102.87
Jun	3,713.85	3,736.23	3,725.04	3,728.99	101.26	102.22
Jul	3,686.98	3,699.54	3,693.26	3,696.49	100.39	101.45
Aug	3,681.97	3,696.02	3,689.00	3,693.73	99.24	100.03
Sep	3,667.01	3,682.43	3,674.72	3,675.50	98.54	98.78
Oct	3,684.54	3,703.64	3,694.09	3,695.84	99.23	99.77
Nov	3,688.03	3,698.54	3,693.29	3,697.44	99.55	100.40
Dec	3,666.88	3,697.55	3,682.22	3,676.48	99.30	100.13
2020 Jan	3,666.77	3,681.73	3,674.25	3,680.79	99.69	100.60
Feb	3,663.81	3,678.05	3,670.93	3,676.85	99.06	99.72
Mar	3,751.36	3,758.09	3,754.73	3,772.91	100.04	100.53
Apr	3,742.02	3,772.65	3,757.34	3,785.75	98.87	97.76
May	3,771.82	3,785.34	3,778.58	3,791.46	99.32	97.74
Jun	3,726.99	3,739.19	3,733.09	3,737.94	98.59	97.00
Jul	3,698.24	3,706.54	3,702.39	3,703.54	97.93	97.00
Aug	3,674.27	3,683.78	3,679.03	3,677.53	97.44	96.63
Sep	3,691.58	3,700.84	3,696.21	3,695.09	98.24	97.30
Oct	3,709.95	3,719.92	3,714.94	3,719.92	99.08	98.05
Nov	3,699.89	3,710.31	3,705.10	3,710.68	99.20	98.93
Dec	3,655.79	3,668.08	3,661.94	3,666.54	98.49	98.49
2021 Jan	3,678.71	3,692.78	3,685.75	3,691.56	99.49	100.11
Feb	3,646.91	3,665.21	3,656.06	3,667.32	98.90	99.64
Mar	3,652.50	3,663.98	3,658.24	3,662.87	98.23	99.25
Apr	3,562.47	3,628.24	3,595.36	3,623.30	97.24	98.77
May	3,543.45	3,557.02	3,550.24	3,552.79	95.98	97.73
Jun	3,525.99	3,538.34	3,532.17	3,540.35	95.49	97.19

Source: Bank of Uganda

Appendix 21 Bureaux and Inter-bank Transactions (USD million)

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
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
Jul	303.84	299.51	737.51	663.68
Aug	325.78	323.10	724.49	636.16
Sep	310.29	308.34	725.74	646.71
Oct	328.06	328.25	714.48	691.84
Nov	321.72	316.85	692.00	624.59
Dec	323.75	320.44	713.37	611.71
Total	3616.68	3565.65	8467.64	7631.15
2020 Jan	340.43	335.00	867.02	677.29
Feb	294.20	293.15	736.54	612.92
Mar	196.43	196.60	745.49	969.56
Apr	79.13	79.23	500.26	472.17
May	136.66	136.44	541.15	541.81
Jun	211.60	214.84	698.97	657.71
Jul	249.83	245.63	714.85	715.43
Aug	267.90	245.63	712.67	718.70
Sep	256.34	250.97	758.12	714.17
Oct	291.03	287.10	713.69	693.89
Nov	273.43	271.71	710.58	701.63
Dec	307.43	306.16	903.01	762.71
Total	2904.43	2862.47	8602.35	8238.00
2021 Jan	257.69	251.68	712.97	662.83
Feb	269.83	262.24	750.84	695.60
Mar	301.64	293.55	901.72	854.37
Apr	293.32	283.40	834.48	741.33
May	291.34	282.78	880.92	769.42
Jun	231.62	229.60	895.28	761.05

Source: Bank of Uganda

Appendix 22 Composite Consumer Price Index, Uganda (2009/10 = 100)

	Food and Non-Alcoholic Beverages	Alcoholic Beverages and Tobacco	Narcotics	Clothing and Footwear	Housing, Electricity, Gas and Fuels	Furnishings, Household Equipment and Routine Household Maintenance	Health	Transport	Information and Communication	Recreation, Sport and Culture	Education Services	Accommodation Services Restaurants and	Insurance and Financial Services	Personal Care, Social Protection and Miscellaneous Goods	All Items Index	Monthly % Change	Annual % Change
Weights	270.5	38.8	69.8	104.2	48.4	47.5	104.5	44.3	49.8	58.0	87.4	22.8	54.0	1,000.0			
Calendar Year (Average)																	
2018	103.7	103.3	105.9	107.5	105.3	104.1	111.0	104.1	103.6	105.1	104.9	109.2	102.7	105.4			2.1
2019	104.3	104.8	110.9	109.8	106.7	106.4	117.9	99.5	106.1	107.3	107.1	110.8	107.6	107.6			2.8
2020	106.9	105.9	113.4	112.3	108.5	110.5	128.5	94.4	108.8	108.8	108.2	115.0	111.3	110.6			
Fiscal Year (Average)																	
2017/18	105.1	102.1	103.0	104.2	103.7	102.4	105.8	100.4	102.3	104.4	103.7	103.5	101.3	103.9			
2018/19	102.8	104.2	108.6	109.0	106.0	105.0	115.8	106.3	105.3	106.0	106.0	111.6	104.7	106.6			2.6
2019/20	107.0	105.1	112.5	111.7	107.7	108.7	118.6	93.9	107.4	108.5	108.0	114.1	110.0	109.1			2.3
2020/21	105.9	107.0	114.2	111.6	108.8	113.2	139.9	94.9	109.2	109.0	108.3	114.0	112.5	111.8			2.5
Monthly																	
2018Jan	103.9	102.5	102.7	104.2	103.7	102.7	105.6	104.5	102.0	104.3	104.0	103.2	101.2	103.7			-0.1
Feb	104.3	102.8	104.1	104.6	104.3	103.0	106.8	100.5	102.3	104.5	104.2	103.1	101.6	104.0			0.3
Mar	104.8	102.4	104.0	104.3	104.4	103.0	108.3	100.3	102.6	104.9	104.4	103.1	101.9	104.3			0.3
Apr	105.5	103.2	104.3	105.4	104.4	103.5	108.9	100.4	102.6	104.9	104.5	106.0	101.5	104.8			0.5
May	106.7	103.9	105.3	106.9	105.3	103.6	108.4	100.5	103.0	104.9	104.8	105.9	102.2	105.5			0.6
Jun	104.1	103.4	105.6	108.6	105.8	104.3	108.8	100.4	102.9	104.7	104.8	105.4	102.6	105.1			-0.4
Jul	101.4	103.8	106.1	109.9	105.5	104.4	112.2	106.8	104.2	104.7	105.1	113.6	102.7	105.4			0.3
Aug	101.8	103.5	107.1	108.9	105.3	104.8	114.4	107.1	104.4	105.2	105.3	113.9	103.3	105.8			0.4
Sep	104.0	103.6	107.9	109.6	106.1	104.9	113.5	107.2	104.5	105.2	105.0	114.1	103.8	106.5			0.7
Oct	103.5	103.5	107.8	109.2	105.8	105.0	113.9	107.3	104.5	106.0	105.3	114.0	103.7	106.4			-0.1
Nov	102.8	103.8	107.5	109.2	106.1	105.0	115.0	107.3	105.1	106.0	105.6	114.0	103.6	106.4			-0.0
Dec	101.4	103.7	108.3	108.6	106.4	105.1	116.5	107.3	105.2	106.0	105.9	114.0	103.8	106.3			-0.2
2019Jan	101.4	104.0	109.4	109.3	106.5	105.2	115.1	107.1	105.7	106.0	106.6	113.8	104.2	106.4			0.1
Feb	100.6	104.3	108.8	109.2	105.7	105.0	115.8	107.3	106.3	106.1	106.4	113.8	105.0	106.2			-0.2
Mar	101.8	104.8	109.7	108.9	106.2	105.4	118.3	107.4	106.6	106.5	106.7	114.0	106.1	107.0			0.8
Apr	104.0	104.8	109.6	109.0	106.2	105.0	118.5	107.3	105.6	106.5	106.8	104.8	106.4	107.4			0.3
May	106.2	104.7	110.0	108.9	105.6	105.1	118.4	101.4	105.8	106.5	107.0	104.4	106.6	107.7			0.3
Jun	104.8	105.4	111.0	107.5	106.6	105.2	117.9	101.4	105.7	107.4	106.8	104.4	106.9	107.3			-0.4
Jul	103.9	104.9	111.5	108.6	106.7	106.0	118.5	94.4	105.7	107.4	106.9	112.6	107.7	107.3			-0.0
Aug	104.1	104.7	111.5	109.3	107.3	107.5	118.8	94.6	106.5	108.0	107.3	118.8	108.2	107.8			0.5
Sep	105.7	105.0	112.0	110.8	107.6	107.7	118.1	93.2	106.3	108.0	107.6	120.4	109.5	108.5			0.6
Oct	106.1	105.0	112.1	112.5	107.7	107.9	117.5	93.3	106.4	108.6	107.5	110.3	109.9	108.5			0.1
Nov	106.4	105.4	112.5	111.9	107.1	108.2	117.8	93.3	105.9	108.6	107.8	105.7	110.2	108.5			-0.0
Dec	106.2	104.7	112.8	112.1	107.4	108.7	119.7	93.5	106.6	108.6	107.8	105.9	110.4	108.8			0.2

Source: Uganda Bureau of Statistics

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
ECCS	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
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year
GDP	Gross Domestic Product

GDS	Gross Domestic Savings
GOU	Government of Uganda
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
MNOs	Mobile Network Operators
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
PDSC	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



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