



BANK OF UGANDA **ANNUAL INTEGRATED REPORT** **2025/26**



YEARS OF MONETARY STEWARDSHIP

Contents

1



Who we are

4

Our reporting suite	6
Scope	6
Boundary	6
Our approach to integrated thinking and value creation	7
The Bank's six capitals	8
Integrated value creation model	9
Our approach to material matters	11

2



Our strategic view

18

Governor's statement	20
Deputy Governor's statement	22
Our operating environment	24
Strategic response of the Bank to the operating environment	33
Strategy implementation	36
Our High Impact Goals	37
Our strategic linkage	38

3



How we create and preserve value

42

Value creation model	44
Key trade-offs	48
Material matters	50
Our capitals' performance	52
Stakeholder groups	64
Risk management	70

4



How we performed on our mandates

76

Price stability	78
Financial sector stability	82
Financial system development	86
Currency	89
Foreign exchange reserves	92
Financial performance	94
Sustainability	96

5

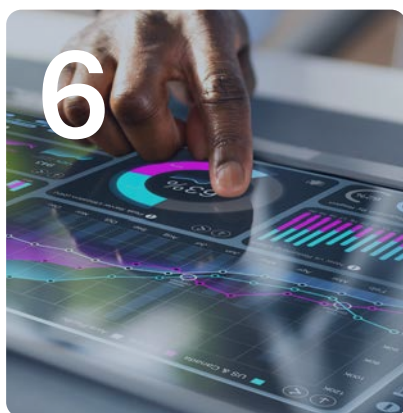


How we are governed

100

Corporate governance statement	102
Leadership, ethics, and corporate citizenship	103
Responsible corporate citizenship	104
Strategy, performance, and value creation	105
Governing body structure, composition, and delegation	106
Governance of functional areas	114
Directors' Report	120
Statement of Directors' responsibilities	122

6



Financial statements

128

Statement of comprehensive income	130
Statement of financial position	131
Statement of changes in equity	132
Statement of cash flows	133
Notes to the financial statements	134
List of Abbreviations	212

Who we are





Our reporting suite

Annual Integrated Report

- Integrated Reporting Framework
- IFRS
- The Constitution of the Republic of Uganda, 1995
- Bank of Uganda Act
- Sustainability Standards and Certification Initiatives (SSCIs)
- King IV and V Report on Corporate Governance for South Africa 2016

Assurance: Combined assurance

Materiality: Dynamic

Annual Financial Statements

- IFRS
 - Bank of Uganda Act
- Assurance:** External assurance
Materiality: Financial

State of the Economy Report

Bank of Uganda Act
Assurance: Limited assurance
Materiality: Impact

Financial Sector Stability Report

Bank of Uganda Act
Assurance: Limited assurance
Materiality: Impact

Scope

The scope of this report covers the period 1 July 2025 to 30 June 2026 and includes material events and information up to Board approval on 24 September 2026. The data in this report both financial and non-financial pertain to Bank of Uganda (hereinafter referred to as “the Bank” in the report) as the reporting entity.

Boundary

The reporting boundary includes the strategic narrative relating to the Bank’s value creation model, strategy, performance and outlook. The risks, opportunities and outcomes arising from our stakeholders over which we do not have control or significant influence are included where they affect our ability to create and preserve value and mitigate value erosion.



Our approach to integrated thinking and value creation

The Bank applies an integrated thinking approach to value creation, preservation and, where applicable, restoration.

This approach recognises that the Bank's ability to fulfil its mandate and deliver sustainable public value depends on the interdependencies between its strategy, governance, resources, activities, risks, stakeholder relationships and operating environment.

As a central bank, the Bank's concept of value creation extends beyond financial performance. Our principal purpose is to promote a conducive economic environment for Uganda's sustainable growth. Accordingly, value is created through the effective fulfilment of the Bank's mandate, including:



Monetary policy

To formulate and execute policies to maintain price stability, manage inflation targets, and preserve currency value.



Financial-sector regulation and supervision

To oversee and regulate financial institutions to ensure safety, soundness, and overall financial system resilience.



Management of foreign exchange reserves

To safeguard and manage international reserves to support exchange rate policy, preserve foreign liquidity, and absorb external shocks.



Currency issuance

To manage the design, production, distribution, and overall integrity of national banknotes and coins.



Payment and settlement systems

To provide and operate secure, efficient infrastructure for domestic and cross-border financial transactions.



Banking services to government and financial institutions

To act as the fiscal agent and banker to the government while providing banker-to-banker settlement accounts for commercial banks.



Economic advice and research

To conduct macroeconomic analysis and empirical research to inform monetary policy and guide national economic policy decisions.

The Bank's six capitals

The Bank considers **six capitals** as interconnected resources that support the delivery of its mandate.



Financial capital

Provides the financial resources and capacity required to undertake the Bank's mandate and maintain institutional resilience.



Manufactured capital

Represents the physical infrastructure and operational assets that enable the Bank to deliver its functions effectively.



Human capital

Represents the knowledge, skills, experience, leadership and capabilities of the Bank's people.



Intellectual capital

Encompasses institutional knowledge, systems, processes, research, data and technical expertise that support effective decision-making.



Social and relationship capital

Reflects the relationships, trust and engagement with stakeholders that support policy implementation, accountability and public confidence.



Natural capital

Represents the natural resources and environmental considerations relevant to the Bank's operations and long-term resilience.

These capitals are interconnected rather than independent. The Bank transforms them through its strategic and operational activities to generate outputs and outcomes that contribute to macro-economic stability, financial-sector resilience, public confidence, institutional sustainability and broader socio-economic development.



Integrated value creation model

The Bank's value creation model is presented as a connected value chain, demonstrating how the six capitals are deployed through the Bank's mandate and activities to generate sustainable public value.

Model component	Stage	Core elements	Primary purpose and strategic impact
 Inputs and capitals	Resource base	Financial • Manufactured • Human • Intellectual • Social and Relationship • Natural	To provide the foundational capitals and institutional capacity required to drive execution.
 Strategic and operational activities	Value engine	Monetary policy • Financial sector regulation and supervision • Foreign exchange reserves • Currency issuance • Payment and settlement • Banking services • Economic advice and research	To deploy institutional capabilities across core central banking mandates to deliver core services.
 Outputs and outcomes	Direct deliverables	Macroeconomic stability • Financial-sector resilience • Public confidence • Institutional sustainability	To generate intermediate results and strengthen overall financial system integrity.
 Sustainable value	Ultimate impact	Price stability • Financial stability • Economic resilience • Uganda's socio-economic transformation	To fulfill the overarching mandate to foster long-term, sustainable socio-economic growth.



Integration across the Bank

Integrated thinking is embedded across the Bank's strategic planning, budgeting, risk management, performance management, sustainability management and reporting.

The approach ensured that decisions were not assessed solely on their immediate financial or operational consequences. Instead, the Bank considered their implications for:



Stakeholders



Institutional capacity



Financial and operational resilience



The environment



The Bank's ability to deliver its mandate over the short, medium and long term

Managing trade-offs



Value creation involved trade-offs, whereby a decision creates benefits in one area while generating costs, risks or pressures in another.

These arose from decisions relating to monetary policy, reserve management, financial-sector regulation, technology investment, operational expenditure and sustainability initiatives.

The Bank therefore sought to balance competing considerations through robust governance, risk management, evidence-based decision-making and a long-term perspective.



Stakeholder relationships

Stakeholder relationships are important components of the Bank's value creation model. The following stakeholder groups were considered

- Government and public sector
- Civil society, academia and the public
- Financial sector
- Staff/internal stakeholders
- Business and private sector



Sustainability and long-term resilience

Sustainability considerations were increasingly integrated into the Bank's decision-making and risk management processes.

Environmental, social and governance (ESG) considerations and climate-related risks were considered when assessing the resilience of the Bank and the financial system.

The underlying principle is that value created today should not undermine the Bank's capacity to fulfil its mandate in the future.

Sustainability is presented in accordance with the requirements of IFRS S1 and IFRS S2.

Our approach to material matters

The Bank applied a strategic and integrated approach to identifying and prioritising material matters that have the greatest potential to influence the achievement of its statutory mandate, implementation of the strategic plan, delivery of sustainable public value, stakeholder confidence, and long-term institutional sustainability.



Material matters identification process and key inputs

Identification considered both internal operating dynamics and external environment developments, evaluating significance, potential magnitude, likelihood, time horizon, and systemic interdependencies.

Key considerations in identifying material matters include:

Mandate and strategy

Statutory mandate, strategic objectives, policy priorities, national development goals, and sustainable economic growth.

Risk and governance

Enterprise risk, operational, financial, legal, regulatory requirements, cybersecurity, and climate-related risks.

Stakeholders and context

Public expectations, financial sector trends, technological transformation, resource needs, and infrastructure resilience.

The Bank also considered the interdependencies among material matters and their potential effects on the resources and relationships that underpin its ability to fulfil its mandate and deliver sustainable public value. This enabled management to assess not only individual matters, but also their cumulative and interconnected effects on the Bank's strategy, governance, resources, activities, stakeholders and operating environment, supporting more integrated and informed decision making.



The Bank also considers the interdependencies among material matters and their potential effects on the resources and relationships that underpin its ability to fulfil its mandate and deliver sustainable public value.

Materiality determination lifecycle

Guide decision-making, initiative tracking, periodic review, and public reporting to create and preserve value.

Direct financial, human, and tech resources to high-priority matters; inform risk management and budgeting.



Scan internal operating environment, macro-economic context, risk logs, and stakeholder expectations.

Assess matters by potential magnitude, probability, time horizon, and cumulative multi-departmental impact.

Key material matters informing strategy

The Bank identified strategic material matters that guide execution across its operational structure.

Price stability and monetary policy effectiveness

Price stability is central to the Bank's mandate and supports purchasing power, economic stability and confidence. Effective monetary policy, supported by sound decisions, transmission and communication, is essential for anchoring inflation expectations and responding to domestic and global developments, while exchange-rate movements remain important to inflation and macroeconomic stability.

Financial system stability and resilience

A stable and resilient financial system protects depositors, maintains public confidence and supports sustainable economic activity through effective supervision and sound governance.

Digital transformation, payments and financial innovation

Digital transformation creates opportunities to enhance financial service efficiency, accessibility, interoperability and inclusion. The Bank supports this through secure, innovative payment systems and responsible financial innovation, contributing to a modern, competitive and inclusive financial sector.

Cybersecurity, technology resilience and business continuity

Increasing reliance on technology exposes the Bank to cyber threats, system failures and operational disruptions. Strong cybersecurity, resilient infrastructure and effective recovery capabilities are therefore essential to maintaining operational continuity and confidence in the financial system.

Climate-related financial risk and sustainable finance

Climate-related risks can affect economic activity, inflation and financial stability. The Bank therefore supports climate resilience in the financial sector, promotes sustainable finance and manages the environmental impacts of its own operations.

Double materiality

Double materiality assessment statement

The assessment applied the principle that a sustainability matter is material from an impact perspective, a financial perspective, or both. Accordingly, the Bank considered both the impacts of

- the Bank's activities,
- decisions and relationships on people,
- the economy and the environment,
- potential effects of sustainability-related developments on the Bank's financial position
- financial performance
- resilience
- operations and ability to effectively deliver its statutory mandate.

Value statement

The Bank creates sustainable public value by transforming its people, knowledge, financial resources, technology, infrastructure and partnerships into effective policies, trusted financial services and institutional capabilities that safeguard monetary and financial stability, strengthen confidence in the financial system, and support sustainable economic growth and national development.



Purpose

Promoting a conducive economic environment for Uganda's sustainable growth.



Vision

To be a centre of excellence in upholding macroeconomic stability.



Mission

To promote price stability and a sound financial system in support of socio-economic transformation in Uganda.



Core values



Transparency and Accountability

We communicate honestly and share information with appropriate disclosure. We are answerable to our customers and stakeholders.



Integrity

We do the right thing, even under pressure, and demonstrate trustworthiness and honesty in all our work.



Teamwork

We combine our talents in pursuit of our Purpose, Mission and Vision, valuing collaboration, mutual respect, and diversity.



Excellence

We strive to deliver quality, timely, cost-effective service, continuously improving through feedback, innovation, and adaptability.

Our footprint

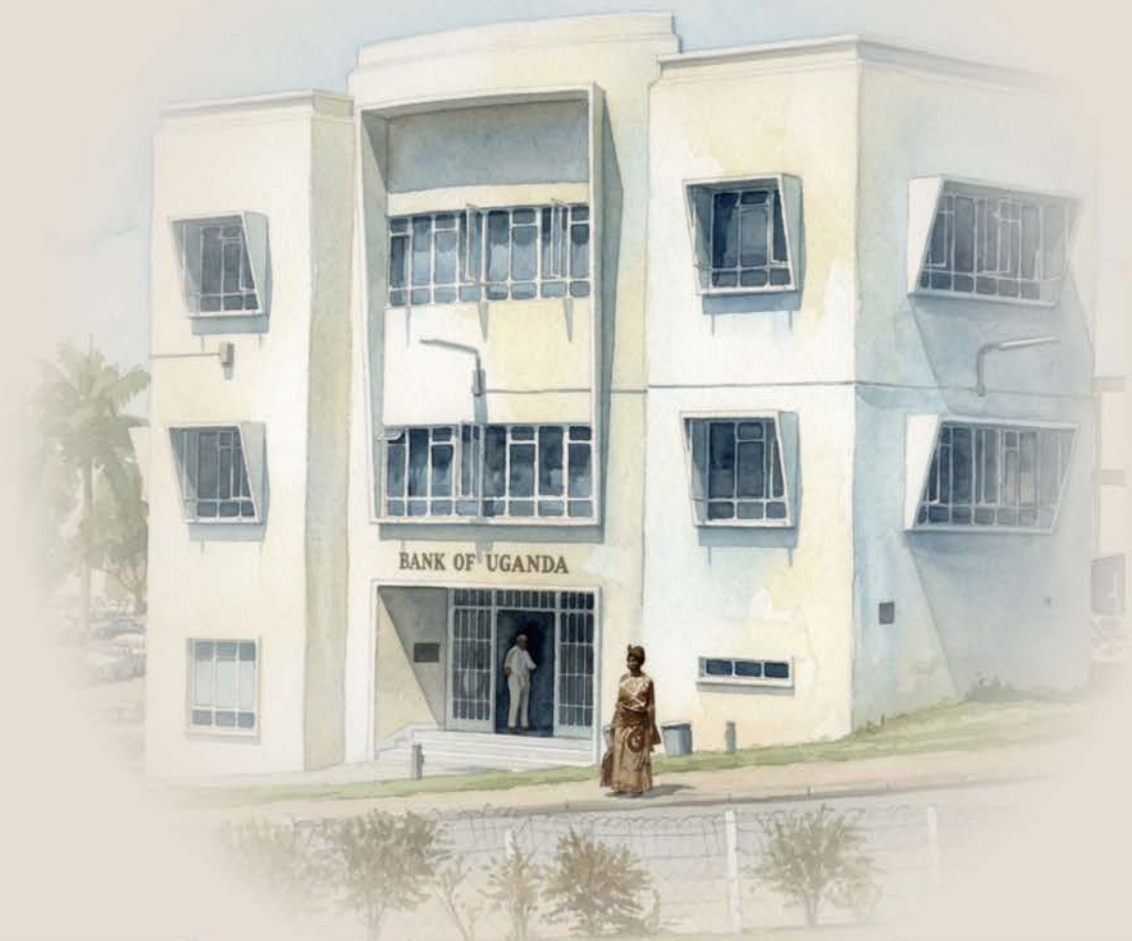




YEARS

BANK OF UGANDA

OUR LEGACY OUR FUTURE



60

Years of monetary
stewardship.

1

Institution.
One Legacy Shared.

You

The reason this
milestone matters

BoU @ 60: Six Decades of Stability and Resilience

From issuing Uganda's own currency in 1967 to navigating digital finance and global shocks today, the Bank's journey reflects six decades of resilience, reform and renewal.

1976–1986

Holding steady

1979: Full currency change undertaken.

1981: Shilling moves from a fixed toward a market-determined exchange rate.

1982: Dual foreign-exchange regime introduced.

1986: Money-market operations resume within days of political transition.

1996–2006

Consolidating stability

Market-based monetary management deepens through Treasury bills and bonds.

Banking supervision strengthens through prudential regulation, inspections and surveillance.

2004: Financial Institutions Act strengthens governance, capital and risk-management standards.

Technology, research, training and supervision build institutional capacity.

1966–2026

1966–1976

Finding our feet

1966: Bank opens with 56 staff under founding Governor Joseph Mubiru.

1967: Uganda shilling notes replace East African Currency Board currency.

1970: Permanent Kampala Road headquarters opens.

The young Bank withstands sterling devaluation, political upheaval and major economic disruption.

1986–1996

Rebuilding and reform

1987: Economic Recovery Programme begins, with the Bank central to restoring monetary stability.

1990: Forex bureaux legalised; interest rates progressively liberalised.

1993: Landmark statutes strengthen Bank autonomy, regulation and supervision.

Inflation falls sharply as confidence and economic growth recover.

“While circumstances, technology and leadership change, the purpose endures: stability, confidence and service to Uganda.”

The Journey starts here



2006–2016

Modernising monetary policy

2011: Inflation Targeting Lite and the Central Bank Rate introduced.

Financial literacy, inclusion and consumer protection gain prominence.

2016: Financial Institutions Act amendments provide for agent banking, Islamic banking and bancassurance.

The Bank marks its Golden Jubilee.

Sixty years of impact

Across six decades, the Bank has helped anchor monetary and financial stability: managing the national currency, strengthening inflation control and financial-sector oversight, deepening financial markets, and supporting the transition from paper-based transactions to an increasingly digital payments ecosystem. From 56 pioneers in 1966 to today's multidisciplinary institution, the Bank has continually adapted to help households, businesses and the wider economy plan, transact and invest with greater confidence.



2016–2026

A bridge to the future

2020: National Payment Systems Act strengthens oversight of electronic payments.

2020–2021: Bank maintains critical operations and deploys monetary, liquidity and loan-restructuring measures during COVID-19.

2023: Uganda exits the FATF grey list.

2024: Organisational restructuring aligns the Bank to a more digital, data-driven environment.

2025: Michael Atingi-Ego becomes Governor.

The road to 60

The Diamond Jubilee programme connects the Bank's history with the generations and ideas shaping its future:

Hackathon



Digital solutions to strengthen mobile-money consumer protection and responsible innovation.

Poetry Competition



Primary-school pupils explored saving, banking and proper care of currency.

Documentary



Capturing the people, milestones and decisions that shaped the Bank's 60-year journey.

Celebrations



Governor's Forum, Youth Forum, interdenominational prayers and celebratory dinner.

A professional office setting featuring a man in a dark suit and red tie, smiling while talking on a mobile phone. He is leaning over a dark wooden desk, with his hand resting on a document. In the foreground, a black office chair is visible, and a black folder with a pen lies on the desk. The background includes windows with white blinds.

Our strategic view



Governor's statement



In accordance with section 49 of the Bank of Uganda Act, we are pleased to present this report on the activities, operations, and performance of the Bank of Uganda (BoU) for the financial year ended 30 June 2026. It outlines how the BoU discharged its statutory mandate and the results achieved in pursuit of our mission to promote price stability and a sound financial system in support of socio-economic transformation in Uganda.

FY 2025/26 was marked by geopolitical tensions, volatile energy prices, changing global financial conditions, and rapid technological change. Despite these challenges, Uganda's economy remained resilient, macroeconomic stability was preserved, and the financial system remained sound, reflecting both prudent policy decisions and the strength of Uganda's economic fundamentals.

Preserving confidence in the value of currency remains the BoU's foremost responsibility. Inflation remained below the 5 percent medium-term target throughout the year, with headline and core inflation averaging 3.3 percent and 3.4 percent respectively. Supported by prudent monetary policy, favourable domestic supply conditions, exchange-rate stability and fiscal-monetary coordination, these outcomes allowed the Monetary Policy Committee to maintain the Central Bank Rate at 9.75 percent while increasing the Cash Reserve Requirement from 9.5 percent to 11 percent to absorb excess liquidity and guard against emerging inflationary pressures. In doing so, we sought to balance support for economic activity with our commitment to safeguarding price stability and anchoring inflation expectations.

The Uganda shilling appreciated by an average of 1.8 percent against the US dollar, supported by strong export earnings, remittances and investment inflows. The BoU further strengthened Uganda's resilience to external shocks by increasing foreign exchange reserves from USD 4.3 billion to USD 6.7 billion, equivalent to about 3.7 months of future import cover excluding oil-project imports. These gains reinforced confidence in Uganda's macroeconomic position and external-sector resilience.

Economic activity remained robust, with growth estimated at 6.4 percent. Private sector credit growth rose from 8.8 percent to 11.4 percent, reflecting stronger economic confidence and lending conditions. Through initiatives such as the Agricultural Credit Facility and the Small Business Fund, the BoU continued to support productive investment, recovery and job creation, underscoring the role of macroeconomic stability in advancing Uganda's development agenda.

The financial system remained safe, sound and resilient. Financial institutions maintained strong capital and liquidity positions, while the BoU strengthened risk-based supervision, consumer protection, stress testing and oversight of climate-related financial risks. We also continued to support responsible innovation while safeguarding the interests of depositors, borrowers and users of financial services.

As financial services continue to evolve, the BoU prioritised the modernisation of Uganda's payments ecosystem. During the year, we licensed additional payment service providers, strengthened regulatory oversight and advanced strategic initiatives including the national payment switch, regional payment integration and replacement of the real-time gross settlement system. We also introduced the standing deposit facility and continued to enhance

liquidity-management operations to strengthen monetary-policy transmission and support orderly financial markets.

These achievements were made possible by the dedication of the BoU's staff, the guidance of the board of directors and the confidence placed in the institution by the people of Uganda and our stakeholders. As the BoU attains its Diamond Jubilee, we remain mindful of our responsibility to preserve the legacy of six decades of service while ensuring that the institution remains prepared for the opportunities and challenges ahead.

Looking ahead, geopolitical tensions, commodity-price volatility, climate-related risks, cyber threats and rapid technological change will continue to shape the operating environment. Nevertheless, Uganda's medium-term outlook remains favourable. The BoU will continue to take evidence-based decisions, strengthen financial-system resilience, modernise payment and financial-market infrastructure, and preserve confidence in the Uganda shilling in support of sustainable and inclusive socio-economic transformation.

Michael Atingi-Ego

Governor

The Central Bank rate was maintained at

9.75%

The Uganda shilling gained an average of

1.80%

against the dollar

Foreign exchange reserves increased to

USD 6.7b

2024/25: USD 4.3b

Deputy Governor's statement



The Bank of Uganda's policy achievements depend on skilled and trusted staff, sound financing, reliable infrastructure, secure technology, and effective risk management. During FY2025/26, we continued to strengthen these foundations to enhance the Bank's delivery of its mandate efficiently, responsibly, and sustainably.

Implementation of all Bank activities is anchored on Bank of Uganda Strategic Plan 2022–2027, operationalised through approved annual work plans, budgets, projects, and individual performance commitments. Management and the Board monitor performance quarterly and conducts annual strategy reviews to assess progress and respond to emerging issues in the operating environment. The Bank has strengthened project governance, quality assurance, change management, and benefits realisation. This helped to align strategic priorities with available financial, human, and technological resources.

Our staff remain central to institutional performance. The workforce increased from 999 to 1,025 employees, reflecting recruitment aligned with strategic and operational needs. In FY2025/26 employee turnover was estimated at 0.006 percent while in FY2024/25 no one resigned or got dismissed, implying very high motivation and retention of personnel with institutional capacity and specialist skills. The Employee Engagement Index (EEI) improved from 58.2 to 66.8, while participation in staff wellness programmes rose from 58.1 percent to 62.2 percent, which is consistent with the Bank's staff satisfaction survey of 2026 that reported an overall satisfaction of 78.1 percent. This indicates high staff satisfaction with the Bank's engagement policies. The Bank has continued to skill and motivate its workforce through professional development, succession planning, and diversity and inclusion initiatives, thereby building an engaged, healthy, and future-ready human capital. Regarding general administration, the Bank has maintained a conducive workspace, sufficient transport and logistics which have been drivers of efficiency and effective work force.

We continue to embrace technological advances in the modernisation of the Bank's infrastructure and working systems. The core Electronic Document Management System (EDMS) went live in May 2026, supporting more efficient workflows, improved records management, and reduced reliance on paper. Investment in information security, layered technology controls, secure Board virtual meeting platforms, and business-continuity arrangements have strengthened the protection of the Bank's data and critical services. Capital projects and physical infrastructure have been managed with attention to safety, operational resilience, lifecycle value, and environmental impact.

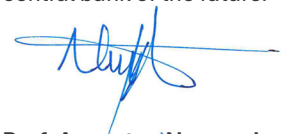
Adoption of digital payments continues to accelerate, widening access to convenient financial services. The Bank licensed additional payment service providers; strengthened oversight of payment institutions; and advanced preparations for modern payment infrastructure. Work on the proposed National Payment Switch and regional payment integration has commenced, with the aim of improving interoperability, lowering transaction costs and supporting financial inclusion. The upgrade of the Real-Time Gross Settlement (RTGS) system also progressed towards implementation.

The Bank has maintained strong financial stewardship. It recorded a surplus of UGX 1,319 billion in FY2025/26, representing 100 percent increase from FY2024/25, and achieved a cost-to-income ratio of 47.5 percent against an annual target of 75 percent. Net operating income rose to UGX 1,909 billion, supported mainly by stronger earnings from international reserves and other income-generating assets. These results reflected budget discipline, prudent expenditure management, and responsible deployment of

resources, while recognising that monetary policy operations carry financial costs.

Risk management as a second line of defence remained integrated into strategy implementation, the budgeting process, project execution, and daily operations. The Bank has cautiously developed its risk-appetite framework comprising of risk registers, key risk indicators, cybersecurity controls, and incident-management arrangements. Sustainability and environmental, social, and governance (ESG) considerations have been incorporated into planning and project assessment.

The interconnected investments in people, finance, technology (IT systems), physical infrastructure, and risk management have strengthened the Bank's capacity to support policy delivery, respond to shocks, and create lasting value. In FY2026/27, we shall deepen digital transformation, staff capability, operational resilience, financial discipline, and responsible resource use all aimed at building the central bank of the future.



Prof. Augustus Nuwagaba

Deputy Governor

**Increase in
workforce**

1,025
EMPLOYEES
2024/25: 999

**Net surplus of
UGX**

1,319b
▲ 100%

**Employee
Engagement Index**

66.8%
2024/25: 58.2%

Our operating environment

Global economic trends

The global economy entered FY 2025/26 expecting a modest recovery, supported by easing inflation, gradual monetary policy normalisation and improved investment conditions. However, rising geopolitical tensions, particularly the conflict in the Middle East, disrupted this outlook. Higher energy prices, uncertainty and tighter financial conditions weakened confidence, raised borrowing costs and led to a downward revision of global growth forecasts.

Despite these challenges, the IMF's July 2026 World Economic Outlook Update projected global growth of 3.0 percent in 2026 and 3.4 percent in 2027. This outlook was supported by stronger private investment, technology-related activity and the gradual adjustment of economies to global shocks, although downside risks remained.

Disruptions in energy markets slowed the decline in inflation and pushed commodity prices higher. The IMF therefore revised its 2026 global inflation forecast to 4.7 percent.

Higher oil and fertiliser prices also increased production, transport and food-price risks. Major central banks consequently maintained cautious and restrictive monetary policies.

For Uganda, these conditions increased imported fuel costs, exchange-rate pressures and external financing risks. However, oil-sector investment, stronger exports and regional trade provided protection, reinforcing the need for adequate foreign exchange reserves, export competitiveness and macroeconomic stability.

Inflation developments

Inflation in Uganda remained below the Bank of Uganda's medium-term target of 5 percent throughout FY 2025/26, despite rising global energy prices, conflict in the Middle East and continued international uncertainty. Effective monetary policy, coordination between monetary and fiscal authorities, stable exchange rates and favourable domestic supply conditions helped control price increases.

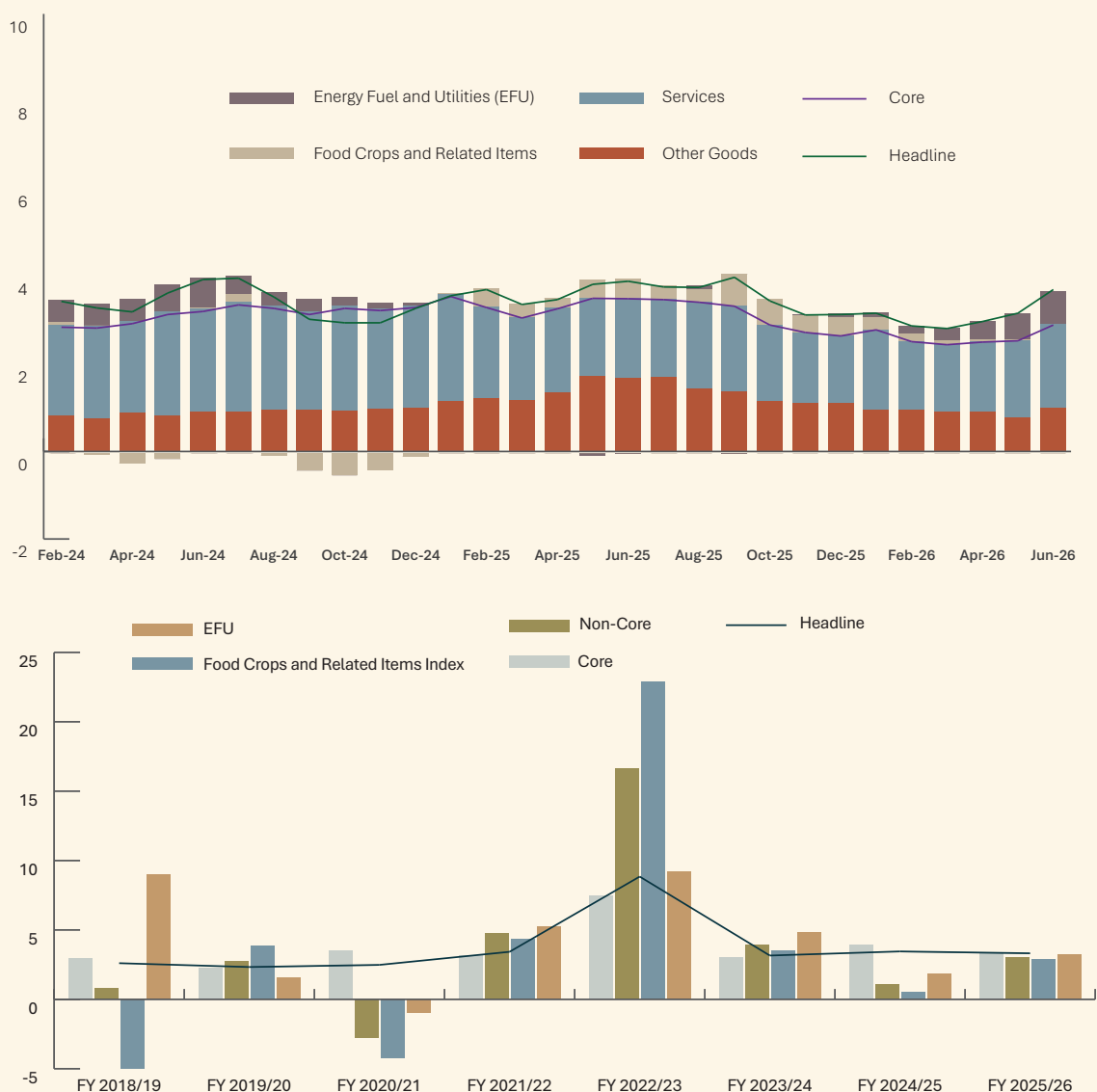
Annual headline inflation, which measures the overall change in consumer prices, averaged 3.3 percent, down from 3.5 percent in FY 2024/25. Core inflation, which excludes food crops, fuel and electricity, declined from 3.9 percent to 3.4 percent. However, non-core inflation rose from 1.1 percent to 3.0 percent. This increase reflected higher food crop inflation, which averaged 2.9 percent, and Energy, Fuel and Utilities inflation, which averaged 3.2 percent. Figure 1 illustrates the trend in headline inflation and the contribution of its major components in recent years.

Inflation followed two main phases during the year. In the first three quarters, favourable weather supported agricultural production and adequate food supplies. A relatively stable exchange rate and lower global commodity prices also limited imported inflation. Headline inflation therefore fell to about 2.8 percent in March 2026.

Inflation rose during the final quarter as conflict in the Middle East pushed up international oil prices. Higher domestic fuel and transport costs raised headline inflation to 3.7 percent in June 2026, while core inflation reached 3.4 percent. Energy, Fuel and Utilities inflation rose sharply to 11.9 percent. However, food crop inflation fell to almost zero because of adequate supplies and lower prices for staples such as matooke and dry beans. Future risks include oil-price uncertainty, drought and developing El Niño conditions.

Non-core inflation averaged **3.0 percent**, rising from 1.1 percent in the previous fiscal year driven by higher average inflation in both **Food Crops and Related Items and Energy, Fuel and Utilities (EFU)**. Food crops inflation averaged **2.9 percent**, up from 0.5 percent in FY 2024/25, while EFU inflation averaged **3.2 percent**, compared to 1.8 percent in the preceding year.

Figure 1: Developments in Domestic Inflation



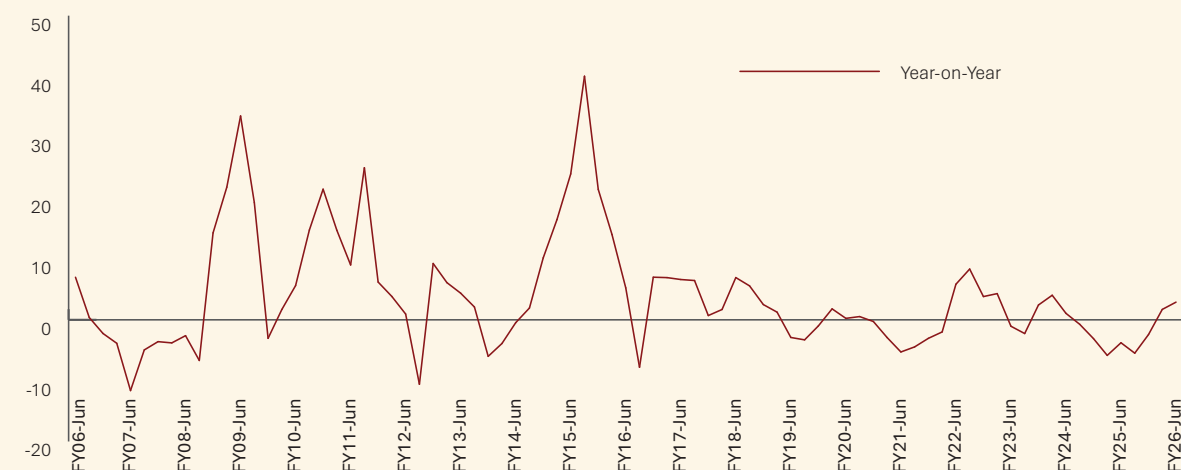
Source: Bank of Uganda

Exchange rate developments

The Uganda shilling gained an average of 1.8 percent against the US dollar in FY 2025/26 compared with FY 2024/25. However, its performance differed between the two halves of the year. During the first half, the shilling strengthened because of high coffee export earnings, steady remittances from Ugandans living abroad and foreign financing for oil-related infrastructure.

In the second half, the shilling weakened slightly. This was mainly caused by conflict in the Middle East, which strengthened the US dollar globally, and increased demand for foreign currency from Uganda's manufacturing and energy sectors (Figure 2).

Figure 2: The Uganda Shilling has stabilised in recent financial years due to prudent monetary policy and financial market reforms.

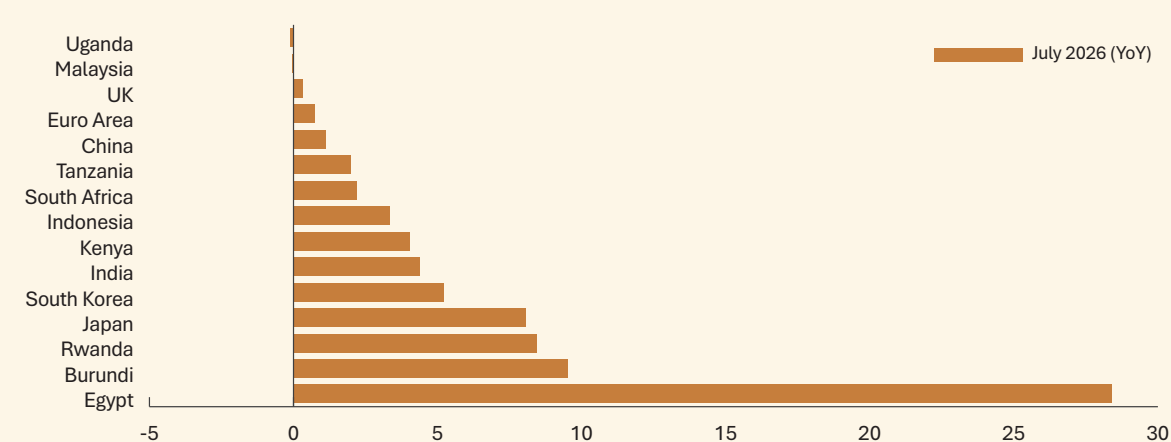


Source: Bank of Uganda

The average exchange rate improved from UGX 3,678 per US dollar in FY 2024/25 to UGX 3,610 in FY 2025/26. Despite pressure later in the year, the shilling performed better than many regional and international currencies.

It also remained one of the strongest-performing currencies against the US dollar among Uganda's major trading partners over the past five years (Figure 3).

Figure 3: The Uganda Shilling outperformed currencies of major trade partners when compared against the USD.



Source: Bank of Uganda

The Bank of Uganda's monetary and liquidity management, together with foreign exchange reserves of USD 6.7 billion, helped protect the shilling from external shocks. Compared with the currencies of Uganda's main trading partners, the Uganda shilling remained strong, with the Nominal Effective Exchange Rate (NEER)

appreciating by 0.8 percent in FY 2025/26 compared with FY 2024/25. Expected foreign currency inflows from commercial oil production and EACOP-related activities should provide further support in FY 2026/27.

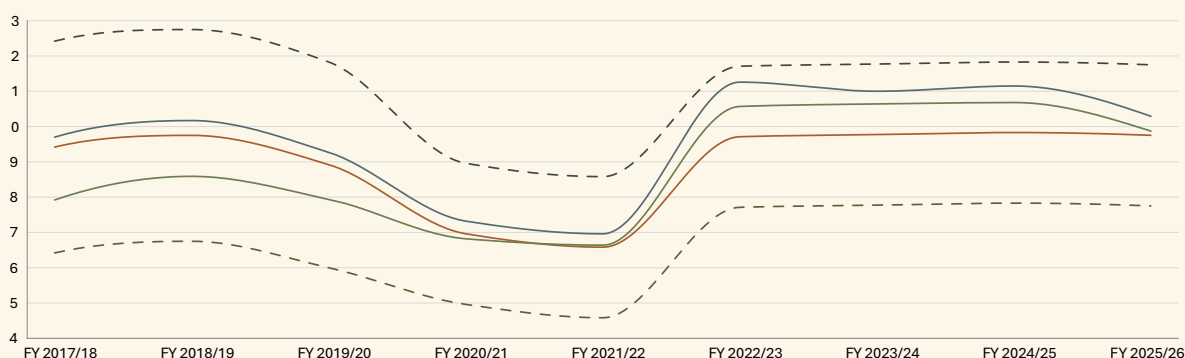
Interest rates

Money market rates and liquidity conditions

Money market interest rates remained stable and within the Bank of Uganda's policy range during FY 2025/26 (Figure 4). The average seven-day interbank rate declined from 11.15 percent in FY 2024/25 to 10.29 percent, mainly because

commercial banks had more funds available. The Central Bank Rate (CBR) was maintained at 9.75 percent throughout the year, supporting economic activity while remaining consistent with the favourable inflation outlook.

Figure 4: The CBR, Overnight and 7-day Interbank Money Market Rates



Improved liquidity reduced commercial banks' need to borrow from the Bank of Uganda. Use of the Standing Lending Facility fell sharply from UGX 86.2 trillion to UGX 23.3 trillion. Meanwhile, the Bank increased its use of repurchase agreements (REPOs) from UGX 17.02 trillion to UGX 42.04 trillion to manage liquidity. Foreign exchange swaps were also used to add or remove funds from the market, resulting in a net swap sale of UGX 2.5 trillion.

In November 2025, the Bank introduced the Standing Deposit Facility, which allowed commercial banks to deposit surplus funds overnight. In March 2026, the Cash Reserve Requirement was raised from 9.5 percent to 11 percent to reduce excess liquidity and contain inflation risks. Together, these measures kept interbank rates aligned with the CBR while maintaining adequate liquidity in the financial system.

Yields on Treasury Bills and Treasury Bonds

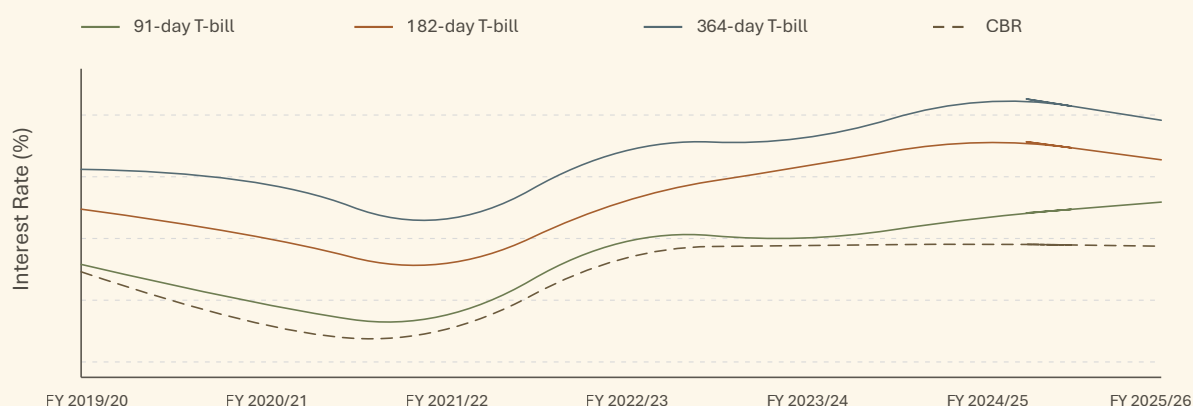
The Bank continued to auction Treasury bills and bonds on behalf of the Government. Net domestic financing increased from UGX 12.37 trillion in FY 2024/25 to UGX 15.15 trillion in FY 2025/26 to cover a shortfall in external funding. A new 25-year bond was introduced, with an average yield of 16.75 percent.

Even though Government borrowed more, yields declined across most Treasury bills and bonds. The 182-day and 364-day bill yields fell to 12.55 percent and 13.83 percent,

respectively. However, the 91-day bill yield rose slightly to 11.18 percent, up from 10.71 percent in FY 2024/25 (Figure 5). Yields on Treasury bonds ranging from two to 20 years also declined.

The lower yields reflected stronger investor demand for government securities, improved Government revenue collection and efforts to manage the budget deficit. Stable inflation and adjustments in monetary and fiscal policies also supported the decline.

Figure 5: Yields on Treasury Bills (Averages, percent)



Source: Bank of Uganda

Lending and deposit rates

The average shilling lending rate remained broadly stable, rising slightly from 18.2 percent in FY 2024/25 to 18.5 percent in FY 2025/26 (Table 1). The average time deposit rate fell from 11.5 percent to 10.9 percent, widening the

gap between lending and deposit rates to 7.5 percent. Meanwhile, the foreign currency lending rate declined from 8.6 percent to 7.6 percent, partly because of exchange rate stability.

Table 1: Commercial Banks' Interest Rates (Averages, percent)

		FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25	FY2025/26
Local currency	Lending (UGX)	18.9	18.6	18.6	17.9	18.2	18.5
	Deposit (WARD)	2.4	2.1	2.6	2.7	2.9	2.9
	Demand	1.6	1.5	2	2.1	2.2	2.3
	Saving	2.4	2.4	2.6	2.6	2.8	2.5
	Time	9.4	8.2	10.6	10.8	11.5	10.9
	Spread	9.5	10.3	7.9	7.1	6.6	7.5
Foreign currency	Lending (US\$)	5.9	6	7.7	8.9	8.6	7.6
	Deposit (WARD)	1.2	1.2	1.4	1.5	1.5	1.8
	Demand	1	1	1.1	1.2	1.3	1.6
	Saving	1.8	1.8	1.9	2	1.9	2
	Time	3.3	3.7	4.4	4.9	4.5	4.7
	Spread	3.7	2.6	3.3	4	4.1	2.9

Source: Bank of Uganda

Lending rates by sector

Shilling lending rates increased slightly across most sectors in FY 2025/26, although they remained lower than historical levels. Electricity and water recorded the highest average lending rate at 20.3 percent, followed by agriculture at 20.1 percent, reflecting lenders' higher

assessment of agricultural risks. Transport and communication recorded the lowest rate at 15.7 percent (Table 2), mainly because the sector, particularly telecommunications, has several large and financially strong borrowers.

Table 2: Lending Rates by Sector (Averages, percent)

Weighted Average Interest Rates Per Sector	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Agriculture	21.5	21.5	21.5	21.2	20.1
Mining and Quarrying	19.6	19.9	20.9	21.7	18.4
Manufacturing	14.7	16	16.9	16.8	17.3
Trade	18.1	18.1	17.3	17.9	17.7
Transport and Communication	15.2	14.8	13.2	15	15.7
Electricity and Water	18.6	17.5	19.8	20.5	20.3
Building, Mortgages, Construction and Real Estate	20.1	20.4	20.1	19.8	19.6
Services	20.1	20.4	19.4	19.1	18.8
Personal and Household Loans	19.9	19.7	18.6	18.7	19.1

Source: Bank of Uganda

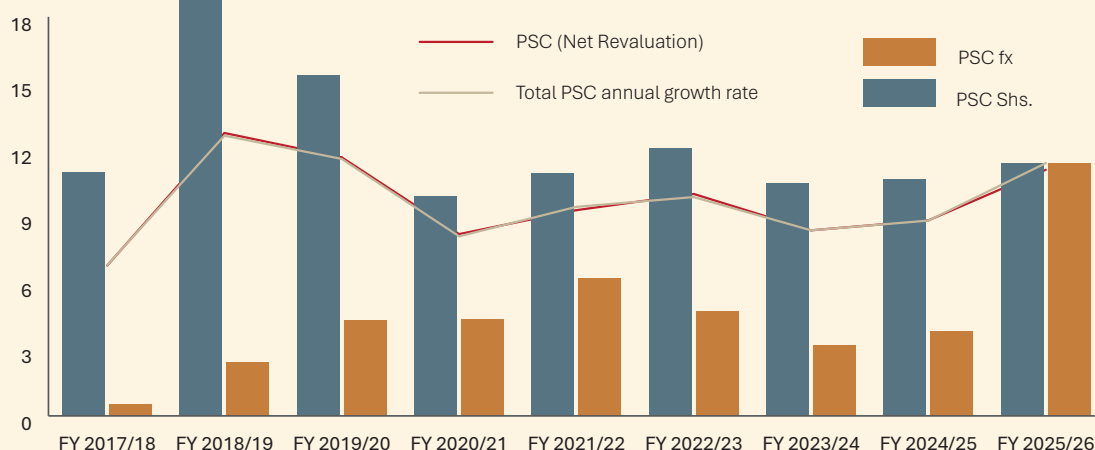
Bank credit and monetary aggregates

Private sector credit

Private sector credit growth rose from 8.8 percent in FY 2024/25 to 11.4 percent in FY 2025/26, supported by stronger economic activity, low inflation and a relatively stable exchange rate. Growth in both shilling and foreign-currency loans averaged 11.4 percent (Figure 6). Lower

loan defaults and fewer non-performing loans also improved lending conditions and encouraged borrowing. Credit increased across most economic sectors, including agriculture, manufacturing, trade, transport, construction and real estate, but declined in business services.

Figure 6: Growth in the Average Stock of Private Sector (year-on-year, percent)



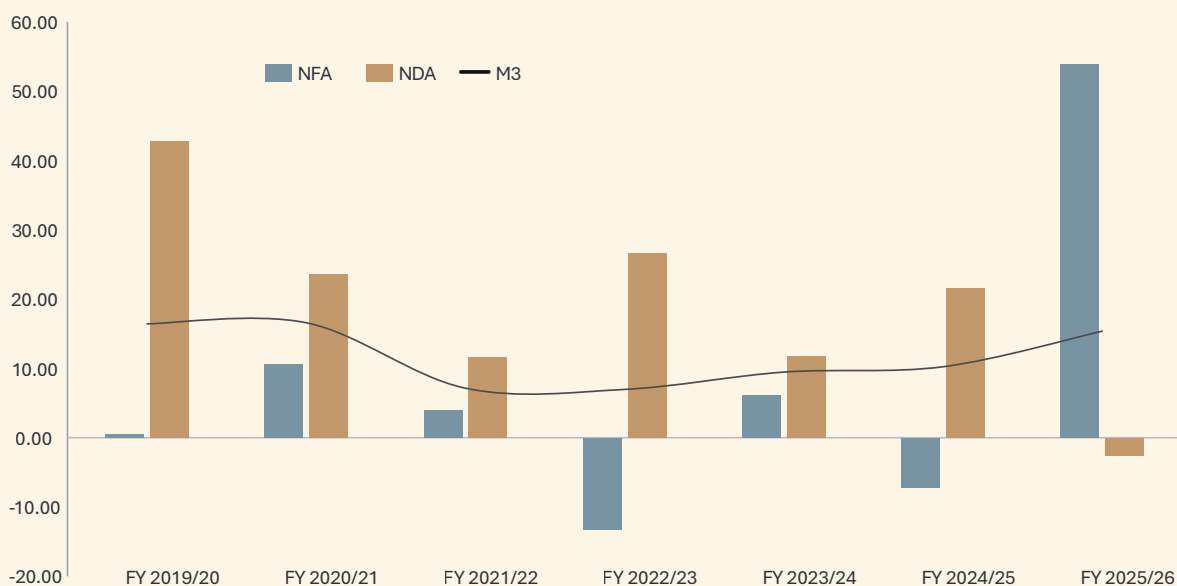
Monetary aggregates

Money supply grew faster in FY 2025/26, reflecting stronger economic activity. Broad money (M2) growth increased from 10.1 percent to 14.7 percent, while broad money (M3), comprising deposits and currency in circulation, rose from 10.2 percent to 15.4 percent. This growth was supported by increases in both shilling and foreign-currency deposits. Demand deposits grew

strongly by 19.0 percent, while currency in circulation increased by 17.3 percent. On the asset side, net foreign assets rose sharply by 53.9 percent, reversing the previous year's decline. However, net domestic assets fell by 2.6 percent, following a 21.5 percent increase in FY 2024/25.

The average annual percentage increases in monetary aggregates are illustrated in Figure 7.

Figure 7: Growth in average annual stock of M3 and its components (year-on-year, percent)



Source: Bank of Uganda

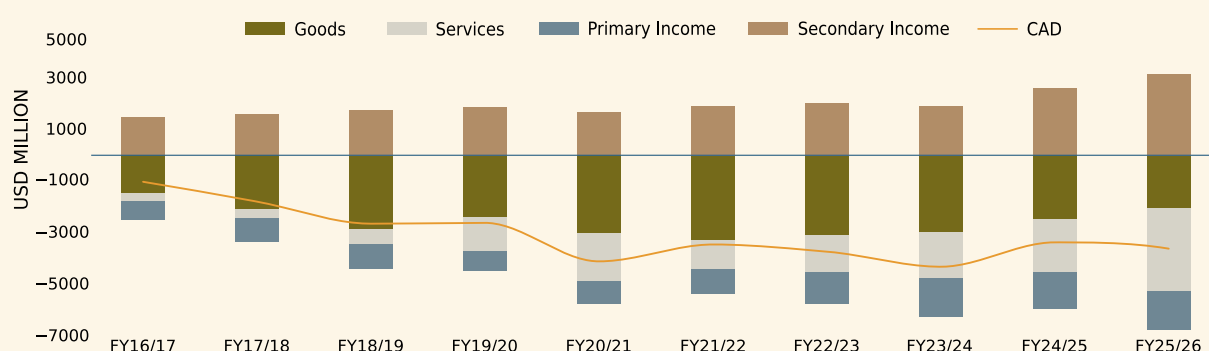
Balance of payments and reserves

Uganda's external position remained strong in FY 2025/26 despite increased global uncertainty. The country recorded an overall balance of payments surplus of USD 2,439.7 million, mainly because strong financial inflows more than covered the current account deficit.

The current account deficit widened by 7.3 percent to USD 3,620.4 million. Exports grew by 46.4 percent to USD 15,753.5 million, supported by increased non-monetary gold exports and strong coffee production. However,

imports also rose by 34.7 percent to USD 17,813.1 million, driven by demand for machinery, production inputs and oil-related equipment. The services deficit increased to USD 3,217.0 million because of higher transport costs and lower tourism earnings following the Middle East conflict and an Ebola outbreak. Payments of investment income to non-residents also increased. However, remittances supported household incomes and helped raise net secondary income inflows to USD 3,152.7 million (Figure 8).

Figure 8: Trends in Current Account Components (USD million)

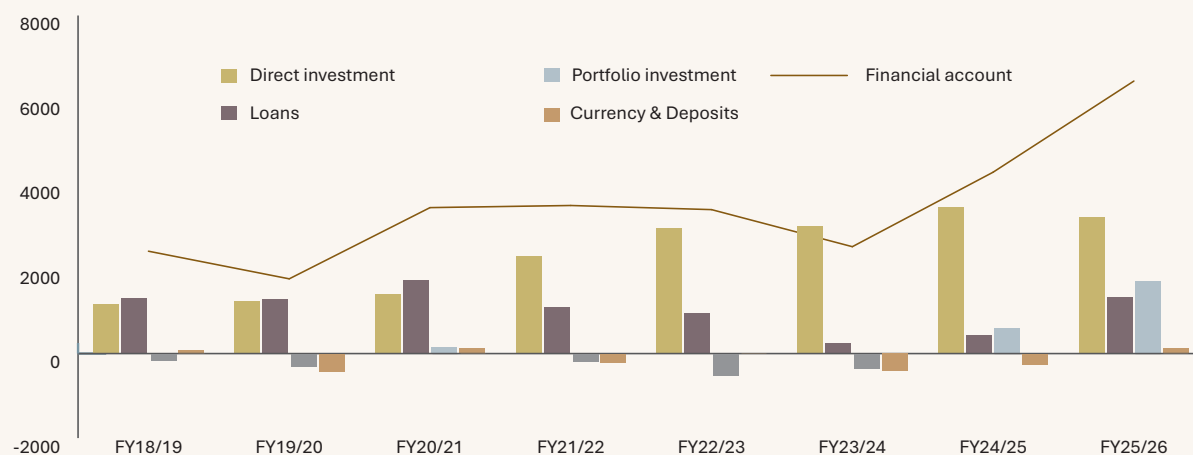


Source: Bank of Uganda

The financial account surplus increased from USD 4,292.1 million to USD 6,448.7 million (Figure 9). Foreign direct investment reached USD 3,241.8 million, mainly due to continued investment in the oil sector. Foreign investment in government securities more than doubled to USD 1,704.9

million, supported by attractive interest rates, low inflation and exchange-rate stability. Other investment inflows also rose to USD 1,474.0 million, mainly from budget-support and project loans.

Figure 9: Trends in Financial Account Components (USD million)



Source: Bank of Uganda

These developments enabled the Bank of Uganda to increase official foreign exchange reserves through market purchases, cross-currency repurchase agreements and foreign exchange swaps. Reserves rose from USD 4,297.8 million to USD 6,688.1 million, enough to cover 3.7 months of future imports, excluding oil-project imports. This strengthened Uganda's protection against external economic shocks.

Economic growth

Uganda's economy remained stable and strong in FY 2025/26, supported by prudent monetary and fiscal policies, targeted government programmes and favourable domestic conditions. Low and stable inflation protected household purchasing power, strengthened business confidence and encouraged investment. A stable exchange rate and strong export performance also supported economic activity despite global trade and geopolitical uncertainties.

According to preliminary estimates from the Uganda Bureau of Statistics, real Gross Domestic Product growth increased slightly from 6.3 percent in FY 2024/25 to 6.4 percent in FY 2025/26 (Figure 10). All major sectors recorded positive growth.

The services sector made the largest contribution to economic growth, expanding by 5.5 percent. Accommodation and food services grew strongly by 7.7 percent,

supported by increased tourism and demand for hospitality services.

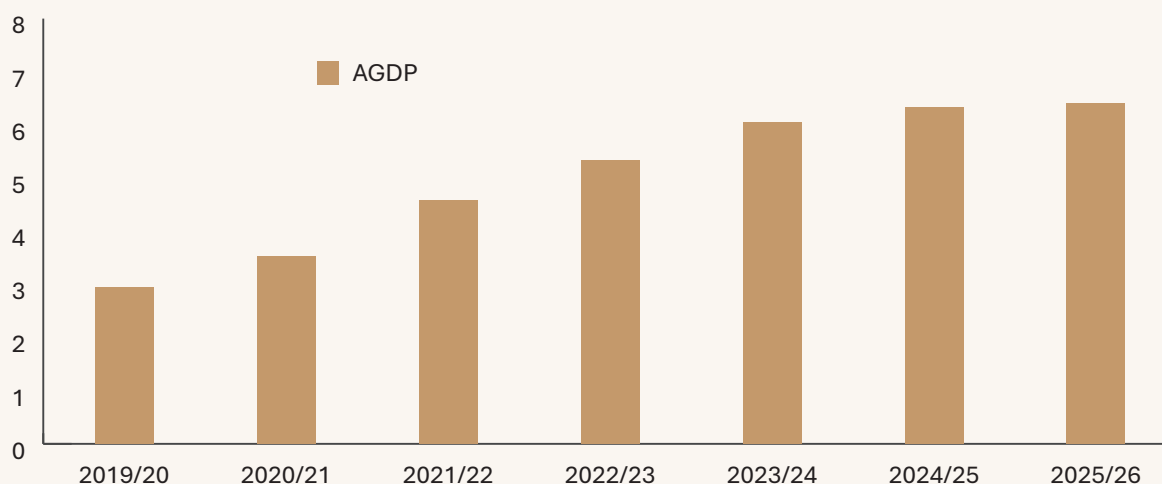
Agriculture grew by 6.5 percent, helped by government programmes such as the Agricultural Credit Facility, which supported farmers' access to affordable finance, improved inputs, mechanisation, post-harvest handling and agro-processing.

Industry grew by 6.4 percent. Programmes such as the Small Business Fund provided eligible businesses with affordable working capital for continued operations and expansion.

Household and Government spending remained the main drivers of economic growth. Investment also strengthened, rising by 7.5 percent compared with 7.2 percent in FY 2024/25, mainly because of increased spending on information and communication technology equipment.

Total Reserves
increased to
USD
6.7bn
2024/25: USD 4.3bn

Figure 10: Annual Growth in Real GDP (%)



Source: Bank of Uganda

Outlook for FY 2026/27 and the medium term

Inflation outlook

Inflation is expected to remain moderate in FY 2026/27, supported by lower international oil prices and reduced exchange rate pressures. The Uganda shilling has stabilised after losing value earlier in the year, helping to limit increases in the cost of imported goods. Consequently, the inflation forecast has been revised downwards.

Core inflation is projected to average between 4.0 and 4.5 percent, while headline inflation is expected to average between 5.5 and 6.0 percent. Thereafter, inflation should gradually return to the Bank of Uganda's 5 percent medium-term target.

However, higher oil prices, increased geopolitical tensions, global supply disruptions, renewed shilling depreciation and poor weather could raise energy, transport and food prices. Strong domestic demand could also increase price pressures. Conversely, favourable weather and weaker economic growth could reduce inflation.

The Bank will continue to base monetary policy decisions on current data and future risks, aiming to return inflation sustainably to the 5 percent target while supporting economic growth and financial stability.

Economic growth outlook

Uganda's economic growth is expected to remain strong in FY 2026/27 and average about 8 percent over the medium term. Growth will be supported by continued investment, stronger exports, remittances, prudent economic policies and the expected start of oil production. The Government's Tenfold Growth Strategy should also promote value addition in agriculture and strategic sectors.

However, high energy prices, supply chain disruptions, trade restrictions and weaker global demand could slow growth. Health related travel restrictions could also affect tourism. Growth may exceed expectations if extractive sector investment, private sector credit and government infrastructure spending are stronger than projected. Overall, Uganda's medium-term economic outlook remains favourable.

2026/27



Projected core inflation

4.0 - 4.5%

2026/27



Projected headline inflation

5.5 - 6.0%



Strategic response of the Bank to the operating environment

Monetary policy

During FY 2025/26, Uganda recorded strong economic growth, low inflation for most of the year and generally stable financial markets. However, geopolitical tensions and changing commodity prices increased uncertainty. The Bank therefore maintained a prudent, forward-looking policy to preserve price and financial stability, anchor inflation expectations and support sustainable growth.

The Bank continued to operate an inflation-targeting framework, with a medium-term core inflation target of 5 percent. Monetary Policy decisions and actions considered inflation, exchange rates, private sector credit, liquidity and wider economic risks.

Monetary policy formulation

Although inflation remained below target for much of the year, the Bank remained alert to exchange rate pressures, higher global energy prices, geopolitical risks and their possible effect on domestic prices. Policy therefore balanced support for economic activity with the need to protect price stability.

The Central Bank Rate (CBR) remained the main policy rate. The Bank used repurchase agreements (REPOs), BoU Bills, the Standing Lending Facility (SLF), the Standing Deposit Facility (SDF) and other open-market operations to manage liquidity and keep short-term market rates aligned with the policy position.

Effective 12 March 2026, the Cash Reserve Requirement (CRR) was raised from 9.5 percent to 11.0 percent to absorb excess liquidity, strengthen policy transmission and increase liquidity buffers. The SDF, introduced in November 2025, provided a floor for short-term rates, while the SLF provided the policy corridor's upper limit.

Development of monetary policy instruments

The SDF enabled commercial banks to place surplus funds with the Bank overnight. It recorded transactions of UGX 14.72 trillion in its first year. SLF use declined from UGX 86.2 trillion in FY 2024/25 to UGX 23.3 trillion, reflecting improved banking-system liquidity.

REPO transactions increased from UGX 17.03 trillion to UGX 42.04 trillion, while BoU Bill issuance rose from UGX 1.25 trillion to UGX 4.88 trillion. These operations demonstrated the Bank's flexible management of money market liquidity.

The Bank strengthened the legal framework by executing the Global Master Repurchase Agreement and International Swaps and Derivatives Association Master Agreement with market participants. These provide standard terms for repurchase transactions, derivatives and foreign exchange swaps, reducing risks and supporting deeper markets.

Monetary Policy Committee

The Monetary Policy Committee (MPC) met five times. Following the policy-framework review announced in January 2025, the Bank moved from six regular meetings yearly to four quarterly meetings in February, May, August and November. All were held as scheduled. A special meeting in September 2025 considered policy tools and emerging economic risks.

MPC decisions remained guided by data on inflation, economic growth, domestic demand, fiscal operations, private sector credit, exchange rates, commodity prices and global financial conditions.

The Bank also continued implementing recommendations from the 2024 independent review of its monetary policy framework, including improvements in analysis, governance, policy formulation and communication.

Effectiveness of monetary policy communication

Clear, timely communication remained essential. The Bank explained its decisions through Monetary Policy Statements and Reports, press briefings, media engagements, consultations and digital platforms. Radio infomercials, SMS and USSD channels reached rural and underserved communities.

The 2025 External Stakeholder Satisfaction Survey recorded a 68 percent net score for understanding the Bank's inflation target. This result will guide further efforts to simplify policy messages through user-friendly publications, explanatory materials, infographics and targeted engagements. Market expectations remained broadly aligned with MPC decisions, and financial markets adjusted smoothly to policy announcements.

External Customer Satisfaction Survey (ECSS).

There was a significant improvement in stakeholder satisfaction.

85.3%

(2024/25: UGX 75.0%) ▲

Stakeholder engagement and communication

The Bank engaged financial institutions, market participants, academia, development partners, businesses, the media and the public through briefings, consultations, workshops, awareness activities and Regional Town Hall Meetings (RTHMs), radio, television, social media and regional outreach distributed simple, local language information countrywide.

Monetary Policy questions were included in the 2025 External Customer Satisfaction Survey. Overall net stakeholder satisfaction rose from 75.0 percent in 2024 to 85.3 percent, while understanding of the inflation target achieved a 68 percent net score. Continued dialogue and modernisation of monetary policy tools strengthened transparency, policy credibility and public confidence.

Maintaining price stability

The Bank aims to keep annual core inflation around the medium-term target of 5 percent while supporting economic activity near its potential. The MPC maintained the CBR at 9.75 percent throughout FY 2025/26 because inflation was below target, economic activity remained strong and the existing policy position was considered appropriate.

Conditions became more difficult in the second half of the year as conflict in the Middle East raised global oil prices, increased uncertainty and placed pressure on the Uganda Shilling. The MPC judged the initial inflation pressure to be mainly supply-driven and kept the CBR unchanged while monitoring risks. The higher CRR reinforced the policy stance. The Bank also maintained a flexible exchange rate, allowing it to absorb shocks while intervening only when necessary to reduce excessive volatility.

Exchange rate stability and reserve accumulation

The Uganda Shilling remained stable and appreciated by an average of 1.8 percent against the US dollar. The average mid-rate improved from UGX 3,676 per US dollar in FY 2024/25 to UGX 3,610 in FY 2025/26. International reserves increased from USD 4.3 billion to USD 6.7 billion, equal to 3.7 months of import cover excluding oil-project imports. Strong export receipts, remittances, portfolio inflows and the Bank's foreign-exchange purchases supported this growth.

Utilisation of the Standing Lending Facility

UGX
23.3t

(2024/25: UGX 86t) ▼

Liquidity management operations through

UGX
40.7t

(2024/25: UGX 17.0t) ▲

Bank of Uganda Bills

UGX
4.8t

(2024/25: UGX 1.25t) ▲

Risks remain from wider conflict in the Middle East, disrupted trade, higher oil prices, global monetary tightening, capital outflows, and lower coffee or gold prices. Future reserve accumulation is expected to benefit from commercial oil production, EACOP-related activity and investment inflows. Gold purchases and cross-currency operations will also support reserve diversification and external resilience.

External sector and balance of payments

The Bank will continue monitoring energy markets, capital flows, remittances and exchange rate pressures while maintaining adequate reserves. Monetary and foreign exchange operations will focus on containing inflation, supporting orderly markets and protecting confidence. The Bank will also support export competitiveness, deeper financial markets and sustainable external financing, while coordinating with fiscal authorities on prudent borrowing and investment.

Strengthening financial system soundness and resilience

Uganda's financial system remained sound, supported by strong capital and liquidity buffers, effective supervision and prudent policy operations. Risk-based supervision, macroprudential measures and liquidity-management tools helped financial institutions absorb shocks, continue lending and maintain public confidence.

Supporting economic recovery and financial development

Private sector credit grew by 11.4 percent, up from 8.8 percent in FY 2024/25, supported by better lending conditions, improved borrower quality and macroeconomic stability. The Agricultural Credit Facility and Small Business Fund also supported business investment, expansion and economic transformation.

Ensuring liquidity and interest rate stability

The SDF absorbed UGX 14.72 trillion during periods of excess liquidity. Together with the SLF, REPOs and BoU Bills, it helped keep interbank rates aligned with the CBR and reduced overnight interest rate volatility.

Enhancing institutional capacity and stakeholder confidence

The Bank strengthened staff skills and organisational resilience through training aligned with the Strategic Plan 2022-2027. It improved governance, accountability, internal controls, risk management and policy implementation. Investments in layered managed-file-transfer security and the Electronic Document Management System strengthened cybersecurity, data management, business continuity and efficiency. Consultations, town hall meetings, policy dialogue, financial-literacy activities and timely communication further reinforced transparency and stakeholder confidence.



The Bank introduced the Standing Deposit Facility (SDF) through which

UGX
13.3t

was absorbed during excess liquidity periods in FY 2025/26.

The Bank strengthened staff skills and organisational resilience through training aligned with the Strategic Plan 2022-2027. It improved **governance, accountability, internal controls, risk management and policy implementation.**

Strategy implementation

Implementation of the Bank's strategic plan 2022–2027 is undertaken through an integrated strategy management framework that translates its strategic objectives into initiatives, annual work plans, projects and individual performance commitments.

The implementation approach comprises:



Strategy cascading

Strategic objectives, measures, targets and initiatives are cascaded to Directorates, Departments, Business Units and individual staff through the Balanced Scorecard framework and Annual Work Plans.

This approach provides a structured linkage between the Bank's mandate, Strategic Plan, resource allocation, projects and initiatives, staff performance and institutional outcomes.



Strategy reviews

Periodic reviews are undertaken to assess changes in the operating environment and ensure that strategic priorities, measures, targets and initiatives remain relevant.



Change management

Organisational change is managed alongside major strategic initiatives and projects to strengthen stakeholder engagement, adoption and sustainability of implemented solutions.



Annual planning and budgeting

Strategic priorities are translated into annual deliverables and aligned to available financial, human and technological resources.



Performance monitoring and reporting

Strategic performance is monitored periodically against approved targets, with performance reports submitted to Management and the Board to support oversight and timely corrective action.



Strategic initiative and project implementation

Major transformation initiatives are implemented through the Bank's approved Project Management Policy and Guidelines, including defined governance arrangements, stage gates, quality assurance, change management and benefits realisation.



Risk and sustainability integration

Strategic execution incorporates risk management, sustainability and ESG considerations to enhance institutional resilience and long-term value creation.



Continuous improvement and innovation

Innovation, process improvement, digital transformation and institutional learning are increasingly embedded in strategy execution to improve efficiency and responsiveness.



Our High Impact Goals

Core to the strategy implementation of the Bank are the High Impact Goals (HIGs). These are consistent with the purpose statement, mission and vision. The high impact goals intended to achieve a positive impact on stakeholders in line with the sustainability standards. They cover the core areas of the Bank's mandate and are linked to institutional, social, economic, and environmental sustainability.

Ensure low and stable inflation

This entails keeping inflation low, stable, and predictable by considering factors such as global supply shocks, technology, and climate change. This is achieved through better monetary policy analysis, coordination with fiscal authorities, and policies that address supply-side pressures. The key outcomes are low and stable inflation and a reduced interest rate spread.

Pursue exchange rate stability

This involves maintaining a stable exchange rate to support investment and improve international competitiveness. The key outcomes are stable exchange rate, increased and diversified reserve portfolio and reduced volatility in financial markets.

Promote an efficient, stable and resilient financial system

This means ensuring Regulated Financial Service Providers (RFSPs) are stable, well-governed, and able to manage risks and withstand financial shocks. It also promotes efficient and innovative financial services, competitive lending and investment, stronger payment systems, and greater financial inclusion to support economic growth. The key outcomes are growth in e-payments, increased access to financial services, low systemic risk in the financial system, sound and resilient RFSPs, sustainability principles embedded in RFSPs business models and real-time supervisory data collection and analysis.

Support sustainable economic growth

This entails formulating policies to enhance private-sector credit, employment, and international competitiveness. It also focuses on inclusive green growth, economic resilience, value addition, and export-led growth, supported by flexible macroeconomic policies that respond to changing global and domestic conditions. The key outcomes are increased access to financial services, increased public participation in the financial markets, adequate currency in circulation, minimised domestic macroeconomic imbalances and increased green financing.

Our strategic linkage

Mandate	Relevant HIG	Material matter
Monetary policy and exchange-rate stability	HIG 1 ensure low and stable inflation HIG 2 pursue exchange rate stability HIG 4 support sustainable economic growth	 Price stability and monetary policy effectiveness
Financial sector regulation, supervision and resilience	HIG 3 promote an efficient, stable and resilient financial system	 Financial system stability and resilience
National payment systems, digital finance and innovation	HIG 3 promote an efficient, stable and resilient financial system	 Digital transformation, payments and financial innovation
Foreign exchange reserves and investment management	HIG 2 pursue exchange rate stability; HIG 4 support sustainable economic growth	 Reserve adequacy, liquidity and investment performance
Currency management	HIG 3 promote an efficient, stable and resilient financial system HIG 4 support sustainable economic growth (adequate currency in circulation)	 Currency availability, quality, integrity, security and lifecycle sustainability

Main capitals	Key stakeholders	Principal risks
 Intellectual, financial, social and relationship	Government and public sector, financial sector, business and private sector, public	Strategic risk, financial risk, operational risk, reputational risk, climate and environmental risk
 Financial, intellectual, social and relationship	Financial sector, government and public sector, public	Strategic risk, financial risk, operational risk, legal, regulatory and compliance risk, reputational risk, climate and environmental risk
 Intellectual, manufactured, social and relationship	Financial sector, business and private sector, government and public sector, public	Information and cybersecurity risk, operational risk, strategic risk, legal, regulatory and compliance risk, reputational risk
 Financial, intellectual, social and relationship	Government and public sector, financial sector, business and private sector	Financial risk, strategic risk, operational risk, reputational risk, climate and environmental risk
 Manufactured, financial, natural, social and relationship	Public, commercial banks, cash handlers, law enforcement, suppliers	Operational risk, financial risk, legal, regulatory and compliance risk, reputational risk, climate and environmental risk

Strategy Performance for FY 2025/26

During FY 2025/26, implementation of the Strategic Plan 2022–2027 continued across the Bank’s strategic objectives, supported by quarterly performance monitoring, annual strategy reviews and oversight by Management and the Board.

The year registered progress in several strategic areas, including digital transformation, institutional systems and infrastructure, sustainability, innovation, financial inclusion and strengthening of project governance.

Strategic objective	Score / rating	Movement
Enhance stakeholder confidence	62.2% Fair	▼ 5.4pp
Enhance price stability	88.8% Exceptional	▼ 1.4pp
Enhance financial system soundness and resilience	88.4% Exceptional	▲ 4.8pp
Enhance financial system development	78.9% Satisfactory	▼ 6.9pp
Enhance financial performance	100.0% Exceptional	Sustained
Improve efficiency and reliability of Bank processes	84.3% Satisfactory	▲ 0.4pp
Improve employee competence	75.5% Satisfactory	▼ 1.5pp
Improve organisational systems and infrastructure	74.2% Satisfactory	Improved
Enhance organisational culture	56.2% Fair	▲ 3.9pp

Core Inflation

3.38%Central Bank
Rate**9.75%**Shilling
averaged

UGX

3,610

to the dollar

Performance narrative

Media perception weakened after two events in May but recovered in June; stakeholder and staff surveys were deferred.

Core inflation was 3.38 percent; the CBR 9.75 percent; transmission 95 percent; and the Shilling averaged **UGX 3,610** per US dollar.

Capital and liquidity compliance remained at 100 percent, but institutional risk-management scores weakened, especially among NBFIs.

Inclusion remained above target and e-payments increased; lower market activity reduced the Financial Markets Index to 11.65 percent.

Cost-to-income ratio was 47.5 percent well below the target of 75.0 percent.

Payments, reporting and compliance performed well; on-time core procurements reached 83 percent against an 85 percent target.

Departmental performance fell to 73.8 percent, reflecting weaker customer orientation and focus; three initiatives were overdue.

Uptime, data maturity and project quality improved; project benefits were 78 percent against 90 percent, with paper and data targets unmet.

Culture moved from weak to fair as gaps narrowed and innovation generation improved; customer orientation remains a priority.

FY 2026/27 priority

Proactive communication, reputational-risk management and completion of deferred surveys.

Monitor fuel-price pass-through and potential second-round inflation.

Intensify supervisory remediation, inspections, AML/CFT automation and enforcement.

Support recovery in interbank and money-market turnover.

Complete cost rationalisation to protect performance if investment income moderates.

Improve procurement planning, cost estimates and process automation.

Complete feedback, e-learning and committee-performance systems.

Close PIR actions, implement the Data Policy Roadmap and use EDMS to reduce paper.

Accelerate culture change, recognition and innovation programmes.

**How we create
and preserve
value**





Value creation model

Inputs we rely on

Intellectual Capital

Expertise in monetary policy and economics
Regulatory and supervisory systems
Data analysis and Technology systems
Data and Information Systems
Payments Systems

Financial Capital

Foreign exchange reserves
Core capital

Manufactured Capital

Building and facilities
Currency processing machines
Currency in circulation

Natural Capital

Energy consumption
Water consumption
Energy efficiency
Waste Management

Relationship and social capital

Relationships with key stakeholder groups
Partnerships with International alliances and collaborations
Central Bank reputation

Human capital

Learning and development
Specialised knowledge and skills

Purpose

Promoting a conducive economic environment for Uganda's sustainable growth

Vision

To be a centre of excellence in upholding macroeconomic stability

Mission

To promote price stability and a sound financial system in support of socio-economic transformation in Uganda

High Impact Goals



Low and
Stable
Inflation



Exchange
Rate
Stability



Efficient,
Stable and
Resilient
Financial
System



Sustainable
Economic
Growth

Opportunities

Government support to Central Bank mandate

- Emerging trends including technologies, data/information revolution
- Regional integration
- Availability of staff training opportunities
- Enabling legal framework
- Harnessing the power of media platforms
- Data Privacy and Cybersecurity Standards
- Increased Stakeholder Expectations
- Uganda's mineral wealth

Mandates

- Formulation and implementation of monetary policy
- Prudent regulation and supervision of financial institutions
- Providing oversight to an efficient, safe, and reliable national payment and settlements systems
- Foreign exchange reserves management
- Banker to Government
- Banker to Commercial Banks
- Design and issue legal tender (UGX)
- Advisor to Government on the economy and financial issues
- Agent of the Government of Uganda

Key Risks



Cybersecurity



Technology risk and financial crimes



Business continuity



Third party risks



Regulatory and compliance risks



Climate and sustainability risks

External environment

- Uganda inflation
- Uganda economic growth
- Global economic conditions
- Internal financial and market factors
- Political stability and Governance
- Uganda exchange rate stability
- Digitalisation and Fintech
- Cybersecurity risk
- Climate change

Strategic focus areas



Stakeholder Engagement



Financial Stewardship



Operational Excellence



Employee Excellence

Products and Services

Monetary policy frameworks, forecast models, and policy rate.

Sector legislations, regulations, policies, and circulars.

Payment systems and institutional support.

Printed matter (currency), Policy advice to Government Portfolios of forex reserves and managed funds.

Reports e.g. State of the economy.

Knowledge products e.g. Working / journal papers etc. Outreaches e.g. RTHMS, staff rewards and remuneration and databases.

Intellectual capital

Outputs

- Low and stable inflation
- Sound and resilient regulated financial institutions
- Transparent policy and data dissemination
- Efficient payment and settlement systems

Outcomes and impacts

Macroeconomic stability and confidence

3.38%

3.7 months

-0.87% Mitigation of systemic risk (systemic risk index)

1.8% Resilient financial institutions (resilience index)

Confidence and trust in the financial sector

Compliance to capital requirements (RFSPS compliance to capital adequacy: commercial Banks and NBFIs 100 percent)

5 Monetary Policy meetings

4 State of the economy reports

4 Financial stability reports

78% Access and usage of financial services (financial inclusion index)

e-payments index

39.6%

Financial markets index

11.6%

Financial capital

Outputs

- Adequacy of Bank income to cover controllable costs
- Adequate foreign exchange reserves

Outcomes and impacts

Operating surplus

UGX 1,080b

Cost to income ratio

47.5%

Target: 75.0%

Manufactured capital

Outputs

- Efficient issuance and currency in circulation
- Reliable currency processing and secure facilities

Outcomes and impacts

Currency in circulation

UGX 10t

Currency processed

918m

Natural capital

Outputs

- Efficient energy consumption
- Efficient water consumption
- Improved waste management and disposal

Outcomes and impacts

Fuel consumption

441,949lts

2024/25: 441,319 litres

Water consumption

23,136lts

2024/25: 23,979 litres

Relationship and social capital

Outputs

- Enhanced stakeholder engagement
- Enhanced stakeholder confidence
- Improved community engagement efforts

Outcomes and impacts

Strengthened stakeholder trust in Bank of Uganda
(external stakeholder satisfaction index)

Institutional

95.2%

households

79.1%

89% Strengthened media trust in Bank of
Uganda (media perception index)

Support to health sector

Human capital

Outputs

- Improved employee competence and performance
- Enhanced organisation culture

Outcomes and impacts

Strengthened stakeholder trust in Bank of Uganda
(external stakeholder satisfaction index)

Corporate
performance

77.9%

Stronger
organisational culture



Key trade-offs

Key trade-off	Link to Bank mandate	Trade-off / value-creation tension
 Price stability versus support for economic activity	Formulation and implementation of monetary policy while maintaining price stability	Monetary policy tightening may be required to contain inflation and anchor expectations, but this sometimes raises financing costs thereby reducing moderate credit, investment and economic activity in the short term. Conversely, excessive accommodation could increase inflation and exchange-rate pressures.
 Financial-sector development and inclusion versus financial-system stability	Regulation and supervision of financial institutions and maintenance of a sound financial system	Expanding credit, access, competition and financial inclusion supports economic transformation, but excessive risk-taking can increase credit, liquidity and systemic risks. However, overly restrictive requirements may constrain financial sector development and access.
 Digitalisation and financial innovation versus cybersecurity and operational resilience	Establishment and maintenance of efficient, safe and reliable payment and settlement systems	Digital payments, e-KYC, interoperability and fintech improve efficiency, accessibility and inclusion, but increased digital interconnectedness heightens exposure to cyberattacks, fraud, technology failure, data risks and third party dependencies.
 Reserve returns versus safety and liquidity	Management of Uganda's foreign-exchange reserves and support for monetary policy	Seeking higher investment returns may involve greater market, credit or liquidity risk. Maintaining highly liquid and low risk assets protects reserve availability and capital but may constrain potential returns.
 Climate-risk preparedness versus financial sector capacity and transition costs	Financial-sector supervision and maintenance of monetary and financial stability	Accelerating climate risk and ESG requirements strengthens long-term financial resilience, but Supervised Financial Institutions (SFIs) face data, systems, skills and implementation constraints. Moving too quickly can impose disproportionate costs, while moving too slowly can increase exposure to physical and transition risks.

Capitals affected	How the Bank manages the trade-off	Indicators
 Intellectual  Financial  Social and Relationship	Forward-looking, data-driven monetary policy • monitoring inflation expectations, • output and exchange-rate developments • calibrated CBR decisions • policy communication.	Headline/core inflation • CBR • inflation expectations • forecast accuracy • exchange-rate developments • private-sector credit growth • real GDP growth
 Financial  Intellectual  Social and Relationship	Risk-based and proportionate supervision • prudential requirements • macroprudential surveillance • stress testing • supervisory intervention • monitoring emerging systemic risks.	Capital adequacy • liquidity ratios • NPL ratio • private-sector credit growth • number/share of compliant SFIs • stress-test results • financial-inclusion indicators
 Intellectual  Manufactured  Human  Financial  Social and Relationship	Payment-system oversight • cybersecurity controls • Regulatory Sandbox • resilient technology infrastructure • business continuity and disaster recovery • specialist skills development.	System availability/uptime • cyber incidents • recovery times • EFT volumes/value • e-KYC adoption • onboarding time • Sandbox initiatives • BCP/DR tests
 Financial  Intellectual	Strategic asset allocation • diversification • investment-risk limits • liquidity requirements • reserve adequacy monitoring • investment governance and performance oversight.	Foreign exchange reserve level/adequacy • reserve investment income • portfolio return • liquidity measures • credit quality • duration/risk exposure • compliance with investment limits
 Natural  Financial  Intellectual  Human	Integration of climate risk into existing supervision • progressive capacity building • improved disclosure • stress-testing and promotion of inclusive green finance	Climate-risk stress-test loss • percentage of banks integrating climate risk into credit decisions • capital adequacy ratio under climate • climate-related npl ratio • climate-risk compliance cost • percentage of banks with adequate climate-risk expertise and data systems • green and climate-resilient lending • credit growth in vulnerable economic sectors

Material matters

Material Matter

Price Stability and Monetary Policy Effectiveness

Main capitals affected

Intellectual; Financial; Social and Relationship

Why it is material to the Bank

Maintaining price stability is central to the Bank's mandate and is critical to preserving purchasing power, supporting economic stability and maintaining confidence in the economy. Effective monetary policy, including appropriate policy decisions, transmission and communication, is essential to keeping inflation expectations anchored and responding to domestic and global economic developments. Exchange-rate developments are also important given their influence on inflation and macroeconomic stability.

Key Performance Indicators (KPIs)

Headline and core inflation relative to target; Central Bank Rate and monetary policy decisions; inflation expectations; exchange-rate developments and volatility; effectiveness of monetary policy transmission; inflation forecast accuracy; QPM/FPAS forecast performance; timeliness and effectiveness of MPC decisions and communication.

Material Matter

Financial System Stability and Resilience

Main capitals affected

Financial; Intellectual; Social and Relationship

Why it is material to the Bank

A stable, sound and resilient financial system is essential to protecting depositors, maintaining public confidence and supporting sustainable economic activity. Effective supervision and sound governance enable regulated financial service providers to withstand financial and systemic shocks while continuing to provide essential financial services to the economy.

Key Performance Indicators (KPIs)

Capital adequacy; liquidity indicators; non-performing loans ratio; profitability/return on assets; stress-test results; proportion of institutions meeting prudential requirements; systemic-risk indicators; supervisory actions completed; financial-sector stability indicators; payment and settlement system resilience.

Material Matter

Digital Transformation, Payments and Financial Innovation

Main capitals affected

Intellectual; Manufactured; Social and Relationship

Why it is material to the Bank

Digital transformation is reshaping the delivery of financial services and creates opportunities to improve efficiency, accessibility, interoperability and financial inclusion. The Bank's role in enabling secure and innovative payment systems and responsible financial innovation is therefore important to the development of a modern, competitive and inclusive financial sector.

Key Performance Indicators (KPIs)

Number of institutions using NIRA e-KYC; customer onboarding time; EFT transaction volume and value; UNISS transaction volume and value; digital-payment growth; implementation of the national QR standard; Regulatory Sandbox applications and admissions; innovative products introduced; payment-system availability.

Material Matter**Cybersecurity, Technology Resilience and Business Continuity****Main capitals affected**

Manufactured;
Intellectual; Human;
Social and Relationship

Why it is material to the Bank

The Bank's increasing reliance on technology and interconnected financial infrastructure increases exposure to cyber threats, technology failures and operational disruptions. Maintaining secure, resilient and recoverable critical systems is therefore essential to the continuity of the Bank's operations and the stability and confidence of the wider financial system.

Key Performance Indicators (KPIs)

Critical-system availability/uptime; material cybersecurity incidents; cyber incidents detected and responded to; mean time to detect, respond and recover; BCP/DR exercises completed; recovery time against targets; critical systems covered by tested BCP/DR arrangements; cybersecurity training completion; vulnerability remediation rates; ISO/IEC 27001 implementation/certification progress.

Material Matter**Climate-related Financial Risk and Sustainable Finance****Main capitals affected**

Natural; Financial;
Intellectual; Social and
Relationship

Why it is material to the Bank

Climate-related physical and transition risks can affect economic activity, agricultural production, food prices, credit quality, foreign-exchange flows, inflation and financial stability. The Bank therefore has an important role in strengthening the financial sector's preparedness for climate-related risks and promoting sustainable finance while managing the environmental impacts of its own operations.

Key Performance Indicators (KPIs)

percentage of SFIs implementing the ESG Framework; compliance with climate-risk guidelines; percentage of SFIs submitting climate-transition plans; percentage with operational ESMS; climate-risk assessments and stress tests undertaken; sustainable-finance exposures; operational emissions; electricity and diesel consumption; paper consumption; progress on emissions-reduction initiatives.



Our capitals' performance



Human capital

The Bank recognises that delivery of its monetary and financial stability mandate depends on the capability, commitment and well-being of its staff.

Aspects

Building and retaining critical capabilities

Building an engaged and future-ready workforce

Employee health, well-being and resilience

Diversity and inclusion





Employee Engagement Index

66.8

2024/25: 58.2



Participation in employee wellness programmes

62.2%

2024/25: 58.1%



Female representation

51.1%

2024/25: 49.7%

Achievements

The Bank's workforce increased from 999 employees in FY 2024/25 to 1,025 employees in FY 2025/26, reflecting recruitment aligned to strategic and operational priorities. Employee turnover declined significantly from 5.41 percent to 2.63 percent.

The Bank continued to maintain specialist capabilities in central banking.

Employee engagement improved significantly, with the Employee Engagement Index increasing from 58.2 to 66.8 during FY 2025/26.

Participation in employee wellness programmes increased from 58.1 percent to 62.2 percent. In addition, 32 percent of employees accessed counselling services through the Employee Assistance Programme.

The initiatives addressed employees' physical, mental, financial and social well-being. Sick leave, increased from 4.15 to 5.41 days per employee, highlighting the continuing importance of preventive and occupational health interventions.

Female representation increased from 49.7 percent to 51.1 percent of total employees.

Women in supervisory roles increased from 40.7 percent to 41.1 percent, while women in management positions increased from 33.0 percent to 34.5 percent.

Female representation in Executive Management declined from 27.3 percent to 18.2 percent, while female representation on the Board remained unchanged at 28.6 percent.

Value created

Greater workforce stability and retention of institutional knowledge and specialist expertise.

Increased capacity to execute the Bank's monetary and financial stability mandate and respond to evolving operational and strategic requirements.

Higher levels of employee satisfaction and engagement, providing a stronger foundation for productivity, collaboration and organisational effectiveness.

Strengthened employee physical, mental, financial and social well-being and supported development of a healthier and more resilient workforce.

Progress towards a more gender-balanced workforce and greater diversity of perspectives across the organisation.



Natural capital

The Bank recognises the increasing interconnectedness between natural resources, climate change, economic performance and financial stability.



Aspects

**Climate-related
financial risk
management**

**Climate-related
financial risk
guidelines**

**Linking sustainability
to macroeconomic
and financial stability**

**Managing the Bank's
environmental
footprint**



**Electricity
consumption**
across the Bank

3,720,825
kWh



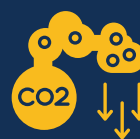
**Electricity
consumption**
across the Bank

18,650
LITRES OF FUEL



**Reams of paper
consumed**

4,200
REAMS



**Total Carbon
Emissions recorded**

1,123,808.6
KG

Achievements

In collaboration with the Uganda Bankers' Association, the Bank continued to operationalise the Environmental, Social and Governance (ESG) Framework for Uganda's banking sector, rolled out in June 2024. The Framework guides SFIs in integrating ESG considerations into governance, risk management, sustainable-finance activities and disclosure practices.

The Bank issued the guidelines for the management of climate-related financial risks in November 2025. These established minimum supervisory expectations for identifying, measuring, monitoring, controlling and managing climate-related financial-risk exposures.

The Bank continued developing its understanding of the transmission of environmental risks through Uganda's economy. The report recognises that droughts, floods, land degradation and other environmental changes can affect agricultural output, food prices, export earnings and foreign exchange flows, with implications for inflation and macroeconomic stability.

During the year, electricity consumption across the Bank's Headquarters, Bank Clinic and two Bank residences amounted to 3,720,825 kWh, while generator diesel consumption amounted to 18,650 litres.

The Bank also consumed 4,200 reams of paper during the reporting period.

The Bank's broader operational footprint also included staff travel associated with its activities. Commercial-flight data recorded 561,904.3 kg of carbon emissions, with an estimated total of 1,123,808.6 kg.

Value created

Strengthened integration of environmental and social risks into financial sector governance and risk management, supporting a more resilient and sustainable banking sector.

Improved identification and management of climate-related financial risks and strengthened the financial sector's preparedness for the physical and transition risks associated with climate change.

Strengthened capability to assess how environmental shocks can transmit through the economy and financial system, supporting more informed macroeconomic and financial-stability analysis.

Improved operational sustainability and more efficient management of natural resources by the Bank.



Intellectual capital

The Bank's intellectual capital encompasses its proprietary forecasting models, policy frameworks, economic research, digital financial infrastructure and regulatory innovations.

Aspects



Analytical, nowcasting and policy forecasting frameworks

Forecasting and Policy Analysis System

Publication and dissemination of research

Policy briefs and knowledge exchange

Financial innovation and Regulatory Sandbox

The Bank of Uganda Working Paper Series continued to promote evidence-based policymaking. Research focused on four priority areas: **Monetary and Exchange Rate Policy; Financial Stability, including micro- and macroprudential policy; Supervision and Regulatory Measures; and Socioeconomic Transformation.**

Achievements	Value created
The Bank continued strengthening its proprietary analytical and forecasting frameworks. The Quarterly Projection Model (QPM) was refined to explicitly distinguish between agricultural and nonagricultural output, improving assessment of sector specific supply shocks, weather related risks and food price dynamics.	Greater policy precision through improved understanding of sector-specific developments and their implications for inflation, output and monetary policy.
The Bank enhanced the Forecasting and Policy Analysis System (FPAS), which is the Bank's principal framework for macroeconomic forecasting and monetary policy analysis. The improvements enhanced the quality, consistency and timeliness of policy analysis.	Strengthened analytical foundations for MPC deliberations, enabling better informed, timely and datadriven monetary policy decisions and reinforcing the effectiveness of the monetary policy framework.
The Bank published six working papers which were made publicly available on the Bank's website. Each paper was accompanied by a policy brief to translate research findings into actionable policy and strengthen stakeholder engagement. The Bank's research also gained international visibility through publication in reputable external research outlets.	Improved translation of research into policy, broadened stakeholder access to Bank research and strengthened the Bank's national, regional and international thought leadership.
The Bank prepared high quality policy briefs synthesising emerging macroeconomic developments for major national, regional and international policy forums. Research, working papers and policy briefs were used to enrich policy dialogue and regional knowledge exchange.	Strengthened evidence-based policy dialogue, regional knowledge exchange and the Bank's position as a source of authoritative economic and financial analysis.
The Bank operationalised the Demo Day initiative to improve the quality of applicants progressing to the Regulatory Sandbox. The initiative promoted locally based payment innovations, provided structured support to innovation hubs and enabled innovators to test novel payment solutions without compromising systemic integrity.	Broadened the range of financial products available in the market, supported innovation and contributed to a more diverse and inclusive financial ecosystem.



Social and relationship capital

The Bank recognises that trust, collaboration and strong relationships with stakeholders are essential to the effective delivery of its monetary and financial stability mandate.

Aspects



Administered Funds

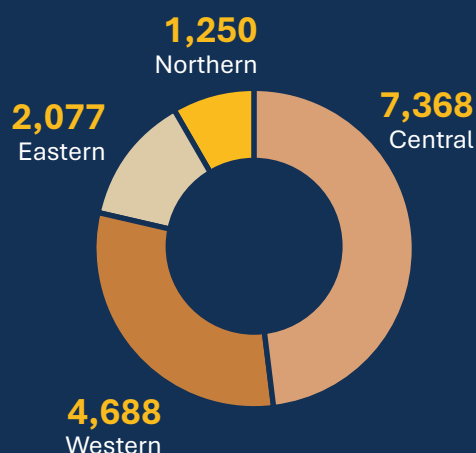
Financial inclusion

Community health and wellbeing

Partnerships

The **Agricultural Credit Facility (ACF)** and Small Business Fund impact.

15,313
beneficiaries



Achievements

The Agricultural Credit Facility (ACF) and Small Business Fund (SBF) continued to operate through strong public-private partnerships involving Government of Uganda, Participating Financial Institutions (PFIs). Continuous engagement was undertaken through PFI workshops, local government engagements, townhall meetings, agricultural exhibitions, post-budget dialogues and farmer-focused outreach events.

The Bank, in collaboration with the International Labor Organisation (ILO), successfully completed the development of the Strategy for Financial Literacy in Uganda (2026–2031).

Target Financial Literacy Training of Trainers initiatives were conducted for 503 participants across multiple regions.

Nationwide quarterly awareness campaigns on e-payments, new cash withdrawal and cheque value limits among others.

Through its Corporate Social Responsibility programme, the Bank strengthened healthcare service delivery by donating three golf carts to Mulago National Referral Hospital.

The Bank donated 17 patient monitors to health facilities across Uganda, including regional referral hospitals and Health Centre IVs.

Engaged with the IMF, World Bank and EAC to support the adoption of international standards, regional harmonisation and stronger systemic-risk analysis.

Value created

As at 30 June 2026, the partnership had mobilised UGX 1.52 trillion in ACF lending to 15,313 projects.

Increased access to practical financial knowledge and skills for the public.

The awareness equipped the public with information on the policy measures and promoting the adoption of digital payment channels.

Improved patient dignity, accessibility and quality of care.

Increased capacity to monitor and manage financial stability risks by improving FSI coverage and quality, aligning Uganda's practices with international and EAC standards.



Financial capital

Financial capital comprises the resources available to the Bank to execute its statutory mandate.



Aspects

Balance sheet
resilience and
growth

Income growth

Prudent
expenditure

Core capital

Capital absorption

Total assets

UGX

38,668b

▲ 21%

Government deposits

UGX

6,698b

▲ 32%

Commercial bank deposits

UGX

5,578b

▲ 14%

FX reserves

USD

6,688m

▲ 56%

Achievements

- Total assets increased by 21% to UGX 38,668 billion, driven mainly by a 46% increase in foreign assets.
- Foreign exchange reserves increased by 56% to USD 6,688 million, strengthening the reserve buffer and capacity to meet external obligations.

- Expanded and optimised income-generating assets and investment returns.
- Net operating income before foreign exchange gains and losses increased by 24% to UGX 1,909 billion.
- Interest income from foreign exchange reserves increased to UGX 642 billion, supported by the expanded reserve portfolio.
- Interest income from advances to Government and Government securities amounted to UGX 1,102 billion.

- Maintained expenditure and budget discipline despite increased costs from monetary policy and liquidity management interventions.
- Cost-to-income ratio of 47.5% against the 75% target, demonstrating strong cost efficiency.
- Controllable operating expenditure remained within approved budgets.

- Core capital increased by 47% to UGX 3,381 billion, attributed to the distributable surplus of UGX 1,080 billion generated during the year.
- Shareholders funds increased by 25% to UGX 7,682 billion on account of total comprehensive income from operations.

- Capital expenditure budget absorption reached 75 % during FY 2025/26 supported priority infrastructure, technology and equipment. The capital investments were aligned with strategic and operational requirements while maintaining budget discipline.

Value created

Strengthened financial resilience and capacity to effectively execute the Bank's statutory mandate.

Enhanced earnings capacity and financial resources to support the Bank's mandate and long-term sustainability.

Improved cost efficiency and preserved financial resources for strategic and statutory priorities

Strengthened capital buffers and financial sustainability to absorb shocks and sustain mandate execution.

Enhanced institutional capacity and long term operational resilience through effective capital investment.



Manufactured capital

The Bank's manufactured capital comprises its physical infrastructure, buildings, specialised equipment, technology enabled facilities and other assets that support the delivery of its mandate.



Aspects

**Currency
Management
Infrastructure**

**Payment and
Settlement
Infrastructure**

**Modernisation
of Buildings and
Workspaces**

**Business Continuity
Infrastructure**

**Technology
Infrastructure**

Transaction activity on UNISS

2.4m

transactions FY 2025/26

Electronic Funds Transfers worth

UGX

72.8t

processed FY 2025/26

Achievements

The Bank's currency processing infrastructure supported processing of currency notes and coins.

The automated processing systems through fitness sorting, strengthen counterfeit detection, and reduce operational risks associated with manual processing.

Value created

Enhanced capacity to handle large volumes of currency and improved quality of notes in circulation.

918 million currency notes processed.

Payment and settlement infrastructure supported the transition toward more efficient digital payment channels.

Transaction activity on UNISS posted 2.4 million transactions in the FY 2025/26.

Electronic Funds Transfers worth UGX 72.8 trillion were processed in the year ended June 2026.

Workspace optimisation through redesigning of offices which facilitated better ways of working and collaboration.

Enhanced workplace functionality and collaboration of staff, therefore improving productivity.

Relocation and upgrade of the Business Resumption Data Centre, successfully migrated SWIFT to ISO 20022 and progressed migration of EAPS to ISO 20022.

A more resilient and reliable financial infrastructure, uptime central banking operations, secure domestic and international payments, regional payment integration and reduced operational risk.

Approval of the AI Policy and development of a one-year AI Strategy, implementation of EMDRS, introduction of the Digital Stakeholder Feedback System, and commencement of the IT Enterprise Architecture initiative.

A secure, integrated and future-ready technology environment.

Stakeholder groups



Financial sector



Their interests, needs and expectations

- Predictable regulatory framework, liquidity support, and supervisory clarity
- Stable macroeconomic environment and deepened financial markets
- Enabling regulatory environment for innovation, interoperability of systems, and support for financial inclusion
- Transparent data and reporting, effective macroeconomic management, and assurance of debt sustainability
- Efficient payment and settlement systems, cybersecurity safeguards, and access to reliable economic intelligence

How we engaged them in FY 2025/26

- Onsite inspections, offsite analysis, quarterly meetings with the Uganda Bankers Association (UBA), engagements with SFI Treasurers, and bilateral follow-ups with risk and compliance teams.
- Dialogues with SFIs focused particularly on implementation of new liquidity requirements, revised paid-up capital requirements and compliance with prudential requirements.
- Engagement through the Financial Sector Stability Forum (FSSF).
- Engagement with the IMF, World Bank and EAC to support the adoption of international standards, regional harmonisation and stronger systemic-risk analysis.

Their concerns

- Rising credit risk and high cost of compliance with new prudential standards
- Cybersecurity threats and operational risks in digital finance and payment systems
- Limited access to long-term financing for SMEs and infrastructure projects
- Exchange rate volatility affecting international transactions and foreign currency obligations
- Fintechs' concerns around regulatory clarity, licensing timelines, and interoperability
- International Financial Institutions (IFIs) concerns on debt sustainability, fiscal-monetary coordination, and transparency of macroeconomic data

How we addressed their needs



- Strengthened financial sector stability and resilience, improved regulatory compliance (100 percent compliance with capital requirements)
- Enhanced crisis preparedness and systemic risk monitoring
- Improved coordination among financial sector regulators
- Supported monetary policy transmission
- Improved market discipline and confidence in the financial system



Business and private sector



Their interests, needs and expectations

- A predictable macroeconomic environment for investment and planning
- Access to affordable credit and reliable payment systems
- Transparent exchange rate and interest rate management
- Assurance of a stable financial and foreign exchange market
- Collaboration on private sector development initiatives

How we engaged them in FY 2025/26

1. Conducted town hall meetings in Kamuli and Masindi, bringing together the business community alongside local government, financial sector players, academia, civil society and the public.
2. Undertook extensive stakeholder engagement involving private-sector organisations and farmers.
3. Worked with PFIs through workshops and sensitisation activities relating to the administered financing facilities.
4. Conducted investor sensitisation programmes across 10 districts, including engagement through commercial bank branches and local radio programmes.
6. Engaged stakeholders through press conferences, radio and television interviews, opinion pieces and panel discussions on monetary policy, financial inclusion and financial-sector developments

Their concerns

- High cost of borrowing limiting business expansion
- Exchange rate volatility affecting imports/exports
- Inflationary pressures increasing operational costs
- Limited access to long-term financing for capital investment
- Need for predictable regulatory environment



How we addressed their needs

Improved awareness and access to Government supported financing facilities, reduced loan processing turnaround times, promoted financial literacy and investment in Government securities, provided platforms for businesses to raise concerns about credit and financing conditions, improved understanding of monetary and economic developments affecting business decisions.



Civil society, academia and the public



Their interests, needs and expectations

- Access to accurate and timely economic and financial information
- Transparency in the Central Bank operations and policy decisions
- Opportunities for collaboration on research and financial literacy
- Simplified communication of complex economic issues
- Engagement in financial inclusion and consumer protection initiatives

How we engaged them in FY 2025/26

1. Held town hall meetings in Kamuli and Masindi under the theme “Understanding the Role of Bank of Uganda in Socioeconomic Transformation.” These brought together civil society organisations, academia, members of the public, the business community, financial-sector players and local government leaders.
2. Engaged the wider public through press conferences, radio and television interviews, opinion pieces and panel discussions covering monetary policy, financial inclusion, currency matters and regulation of financial institutions.
3. Organised the university quiz television programme to promote understanding of the Bank’s mandate and activities among young people and the academic community.
4. Conducted investor sensitisation programmes across 10 districts, using commercial bank branches, schools and local radio talk shows to increase awareness of Government securities and encourage broader investor participation.

Their concerns

- High cost of living and inflation pressures
- Accessibility and affordability of financial services
- Limited understanding of technical terms in central banking
- Need for greater inclusion of vulnerable groups

How we addressed their needs



- Improved public understanding of the Bank’s mandate and policies
- Strengthened financial literacy and inclusion (trained 440 trainers of trainees)
- Increased awareness of consumer protection, digital finance and investment opportunities
- Provided channels for public concerns and feedback (99.9 percent complaints resolved)
- Enhanced transparency, accountability and public confidence in the Bank and financial system.



The Government and public sector



Their interests, needs and expectations

- Price and financial stability to support sustainable growth
- Timely monetary and economic policy insights to guide fiscal decisions
- Transparent reporting on the use of public resources and Central Bank operations
- Policy coordination between fiscal and monetary frameworks
- Effective management of economic shocks and external vulnerabilities
- Reliable payment and settlement systems for service delivery

How we engaged them in FY 2025/26

1. Worked closely with MoFPED and other fiscal authorities to strengthen coordination between monetary and fiscal policy.
2. Participated in more than 49 scheduled engagements with MoFPED, including committee meetings, technical briefings, policy consultations and analytical submissions.
3. Provided macroeconomic assessments, economic forecasts, debt sustainability analyses and policy briefs that informed Government financing decisions, cash-flow management, fiscal operations and broader macroeconomic policy formulation.
4. Worked with MoFPED on policy and financial oversight of administered funds.
5. Engaged with Parliament through technical briefings and policy consultations.
6. Engaged Parliamentary oversight bodies on accountability matters.

Their concerns

- Inflationary pressures affecting households and businesses
- High public debt and its implications for macroeconomic stability
- Exchange rate volatility and impact on trade/foreign reserves
- Adequacy of foreign exchange reserves to cushion external shocks
- Timely policy coordination to avoid fiscal monetary misalignments
- Efficiency and reliability of payment systems.
- Risks of cyber threats and need for stronger safeguards



How we addressed their needs

- Strengthened fiscal monetary policy coordination supported evidence-based economic and fiscal decision making
- Improved Government financing and cash-flow management through issue of public debt
- Supported implementation and monitoring of administered funds
- Contributed to sound macroeconomic management and financial stability.



Staff/Internal stakeholders



Their interests, needs and expectations

- Access to accurate and timely economic and financial information
- Transparency in the Central Bank operations and policy decisions
- Opportunities for collaboration on research and financial literacy
- Simplified communication of complex economic issues
- Engagement in financial inclusion and consumer protection initiatives

How we engaged them in FY 2025/26

The Bank engaged staff and stakeholders through activities including the staff end of year party, bankers' gala, meet and greet sessions, banks podcasts, men's day commemorations, and internal awareness initiatives. These fostered team spirit, open dialogue, and a culture of inclusion across the institution

Their concerns

- Current staff: career progression opportunities, inclusivity in promotions, work life balance, and adequacy of medical/ welfare benefits
- Retired staff: timely processing of pension benefits, adequacy of post-retirement medical coverage, and maintaining a sense of belonging to the Bank community
- Concerns about adapting to organisational transformation and new culture initiatives



How we addressed their needs

- Strengthened cross-functional collaboration and knowledge sharing
- Improved identification and monitoring of emerging risks
- Enhanced data-driven decision making

Other engagements



Media and public engagements

The Bank also sustained extensive engagement with the media and the public on monetary policy, financial inclusion, currency matters and financial institutions regulation through press conferences, radio and television interviews and panel discussions. The Bank also promoted learning among young people about its mandate and activities through a university quiz television programme, which attracted a wide audience and received favourable ratings. These engagements provided timely explanations of the Bank's policies and interventions, enabled the Bank to respond to emerging issues, and broadened public access to accurate information on the financial sector and the economy.

The feedback from stakeholder and media engagements continues to inform the Bank's communication, stakeholder engagement and policy implementation. Through open, transparent and inclusive dialogue, the Bank strengthens public confidence, supports evidence-based decision-making and contributes to a stable, inclusive and resilient financial system.

As the Bank marks 60 years of service, the Bank introduced **a refreshed visual brand identity to strengthen and modernise** its presentation to stakeholders.

A Refreshed brand identity for a modern Central Bank

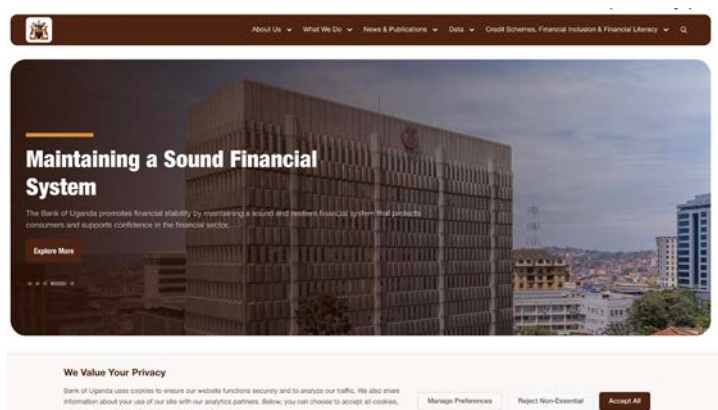
As the Bank marks 60 years of service, the Bank introduced a refreshed visual brand identity to strengthen and modernise its presentation to stakeholders. The refresh addressed inconsistencies that had developed over time and provides a more contemporary and recognisable representation of the Bank across its numerous communication channels and stakeholder touchpoints.

The refreshed identity promoted greater consistency in how the Bank presents itself, strengthening brand recognition and visibility, and ensured that its visual identity remains relevant to the evolving expectations of its stakeholders.

Upgraded website

The Bank launched its upgraded website, replacing the outdated platform with a modern digital platform featuring a simplified layout, Chatbot, Data Portal and a cleaner interface aligned with the refreshed brand identity.

The upgrade has strengthened website performance, scalability and content management while improving stakeholders' access to Bank information and digital services. The new platform provides a stronger foundation for more responsive, efficient and accessible digital engagement, with a more intuitive and contemporary experience for the Bank's stakeholders.



Risk management

Risks in the Bank are managed in accordance with approved policies, manuals, risk registers, limits, controls and escalation arrangements, informed by risk-management standards including ISO 31000, ISO 37301, ISO 27001, COSO ERM and Basel.

In FY 2025/26, the Bank significantly strengthened its governance architecture by updating its core Risk Management Framework including policies and operational manuals for Business continuity, Operational risk, and Compliance risk. Additionally, the Bank approved and rolled out comprehensive

Artificial Intelligence (AI) Policy and Strategy and Information Security and Cybersecurity Policy and Manual. Together, these frameworks reinforce the Bank's integrated Information and Cybersecurity Management System and establish robust oversight to deploy AI securely and responsibly in alignment with its mandate.

Governance and oversight

Governance body	Principal responsibility
Board and relevant Board Committees	To provide ultimate oversight of risk; approve relevant policies and risk parameters; and review material risk, compliance and assurance reports within their respective mandates.
Executive Committee (EXCOM)	To review the Bank's risk profile, material incidents, risk-treatment actions and significant compliance or control matters, and directs management action.
Risk Management Subcommittee (RMSC)	To provide technical management level oversight of enterprise, operational, information-security, cybersecurity and compliance risks; reviews risk reports and escalates material matters to EXCOM.
Directorates, departments and risk owners	To constitute the first line of defence. They own risks, implement controls, maintain risk and incident information, monitor key indicators and execute agreed risk treatment plans.
Risk and Compliance Management Department (RCMD)	To constitute the second line of defence. RCMD develops frameworks, facilitates risk assessments, independently challenges risk and control information, monitors compliance, consolidates reports and follows up mitigation actions.
Internal Audit Directorate	To constitute the third line of defence and provides independent assurance on the design and operating effectiveness of governance, risk-management and internal-control arrangements.

Risk management process

Identifying workflows and processes supporting the implementation of the bank's strategic initiatives and objectives

Identifying risks impacting the workflows and processes, their causes, possible events and consequences, as well as opportunities arising from uncertainty;

Assessing inherent risk by reference to likelihood and impact, evaluating the design and effectiveness of controls, and determining residual risk;

Selecting risk treatments through mitigation, avoidance, transfer or formally authorised acceptance;

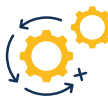
Assigning accountable risk owners, timelines and resources for agreed management actions;

Monitoring risk indicators, incidents, limit utilisation, emerging threats and implementation of risk-treatment actions; and

Reporting and escalating material exposures through RMSC and EXCOM to the relevant Board Committees.

Principal risks and their impact on the Bank

During the year, the Bank identified and monitored a number of principal risks that could affect the achievement of its strategic objectives and the sustainable delivery of its mandate. The table below describes the principal risk exposures and their potential impact.

Principal risk	Potential impact on the Bank
 Strategic risk	Inflationary pressures, exchange-rate volatility, geopolitical developments and external economic shocks could affect the Bank's ability to achieve its strategic objectives.
 Financial risk	Exposure to market, credit, liquidity, interest-rate and foreign-exchange risks in the management of international reserves and other financial assets could adversely affect investment returns, liquidity, reserve adequacy and capital-preservation objectives.
 Information and cybersecurity risk	Increasing cyber threats could compromise critical financial infrastructure, payment systems, the confidentiality, integrity and availability of information, operational continuity and public confidence.
 Operational risk	System failures, process breakdowns, human error, fraud, inadequate third-party performance, physical and occupational-safety events and other business disruptions could impair the Bank's ability to deliver critical services.
 Legal, regulatory and compliance risk	Changes in legislation, litigation, contractual disputes or non-compliance with applicable laws, regulations, policies and contractual obligations could expose the Bank to legal, financial, operational and reputational consequences.
 Reputational risk	Reduced public and stakeholder confidence arising from operational failures, ineffective communication, cybersecurity incidents, misconduct or policy-implementation challenges could affect the credibility of the Bank.
 Climate and environmental risk	Physical and transition risks associated with climate change could affect macroeconomic conditions, financial sector stability, the value and risk profile of investment portfolios and the resilience of the Bank's facilities and operations.

How the principal risks were addressed or mitigated

To address the above principal risks, the Bank applied a combination of preventive, detective, and corrective controls. Risk treatment actions were assigned to accountable owners and monitored through departmental processes, risk and incident registers, performance reports, RMSC and EXCOM oversight, and Board reporting. The principal responses are summarised below.



Strategic risk

To anchor inflation expectations amid global uncertainty noted earlier, the Bank maintained a restrictive Central Bank Rate (CBR) of 9.75 percent and raised the Cash Reserve Requirement to 11 percent, ensuring the Uganda shilling remains stable.

Additionally, the Bank mitigated currency speculation and potential dollarisation by issuing timely and thorough monetary policy statements explaining the inflation outlook, global risk factors, and the rationale behind its decisions, to build stakeholder confidence and trust.



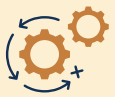
Financial risk

In FY 2025/26, the Bank introduced the Pilot Domestic Gold Purchase Programme (DGPP) as a strategic macroprudential mechanism to mitigate foreign reserve portfolio risks and shield the economy from sudden capital reversals.



Cybersecurity and information-security risk

In FY 2025/26, the Bank substantially strengthened its Information Security and Cybersecurity Management Systems, benchmarked against ISO/IEC 27001:2022 Framework. Underpinning this was the rollout of an enhanced *Information Security and Cybersecurity policy*.



Operational risk

In FY 2025/26, the Bank initiated a comprehensive, institution-wide review and update of all Operations Policies and Departmental Operational Manuals to align day-to-day procedures with the revised organisational structure and the evolving risk landscape.

The Bank maintained a robust and responsive incident management posture during the year, effectively addressing operational disruptions across technology, physical infrastructure, and workplace safety.



Legal, Regulatory and Compliance risk

The Bank maintained rigorous compliance oversight across statutory and regulatory requirements, internal policies, operational manuals, Service Level Agreements (SLAs), and Memoranda of Understanding (MOUs) with strategic partners. Compliance monitoring was operationalised through departmental obligations registers, quarterly reviews and escalations.



Reputational risk

In FY 2025/26, safeguarding public trust and market stability remained fundamental to the Bank's execution of its price, and financial system stability mandate. Navigating an operating environment characterised by rapid digital communication and heightened risks of mis- and disinformation, the Bank deployed a proactive, multi-layered media engagement strategy across both traditional and digital platforms.



Climate and environmental risk

During the FY 2025/26, The Bank reached a milestone in its transformation toward holistic organisational sustainability. In alignment with its commitment under the **Sustainability Standards and Certification Initiative (SSCI)** of the **European Organisation for Sustainable Development (EOSD)**, the Bank conducted a comprehensive **Risk and Opportunities Management for Sustainability (ROMS)** analysis.

Recognising that extreme weather events, transition costs, and ecosystem degradation pose systemic threats to domestic macroeconomic stability, the ROMS analysis systematically integrated Climate and Environmental (CandE) risks into the High Impact Goals (HIGs):



How the principal risks affected material matters

Material matters	Related principal risks	FY 2025/26 Effect
Price Stability and Monetary Policy Effectiveness	Strategic risk	During FY 2025/26, global geopolitical tensions in the Middle East and crude oil price increases raised Uganda's import bill, increased demand for US dollars and exerted depreciation pressure on the Uganda shilling, complicating price and exchange-rate stability. Isolated domestic developments including the Ebola outbreak triggered some supply chain bottlenecks which disrupted the Bank's ability to achieve its strategic objectives.
Financial System Stability and Resilience	Strategic cybersecurity climate / environmental risks	Cyber and digital operational risks, adverse global macroeconomic and geopolitical developments, and climate-related risks dented systemic stability and resilience. These factors presented significant domestic and external headwind although the financial system remained resilient.
Digital Transformation, Payments and Financial Innovation	Operational risk legal regulatory and compliance risk	System failures, process breakdowns and third-party failures impaired the delivery of critical services on time for some SFIs.
Cybersecurity, Technology Resilience and Business Continuity	Information & cybersecurity risk operational risk reputational risk	Increasing cyber threats, technology failures and other disruptions compromised critical systems, interrupted essential services, affected operational continuity and reduced public confidence. Operational incidents and physical infrastructure disruptions also tested institutional resilience during FY 2025/26.
Climate-related Financial Risk and Sustainable Finance	Climate and environmental risk	Physical and transition risks, extreme weather events, transition costs and ecosystem degradation could affect macroeconomic stability, financial-sector stability, investment portfolios, and the resilience of the Bank's facilities and operations.

Opportunities identified during the year

The Bank's risk management process also identified opportunities to strengthen resilience, improve decision making, enhance efficiency and support longer term value creation. The principal opportunities and their expected contribution are outlined below.

Risk appetite, tolerance and escalation

Risk exposures are systematically evaluated against the Bank's approved Risk Appetite and Tolerance Frameworks. For governance and reporting purposes, exposures are categorised as within appetite, within tolerance, or outside tolerance. Noted material risk breaches are formally escalated to EXCOM and the Board for strategic direction and timely intervention.

During the period under review the Bank initiated the process of reviewing its current Risk Appetite and Risk Tolerance Framework and the process is expected to be completed during the FY 2026/27.

Opportunity	Value-creation potential
Centralised ERMS and automated dashboards	Integrate risk, incident, compliance, audit and data protection information; automate escalation and audit trails; improve data quality and provide timely enterprise-wide risk visibility.
Risk appetite, tolerance and harmonised KRIs	Strengthen early warning, consistent escalation, comparability of risk exposures and risk informed allocation of resources.
EAC Risk management harmonisation	Use the revised EAC central bank ERM Framework and harmonised Key Risk Indicators (KRIs) to strengthen comparability, early warning and consistent risk escalation across Partner State central banks.
Data analytics and integrated assurance	Apply analytics to risk indicators, incidents, compliance obligations, supervisory information and audit actions to target resources and identify emerging trends earlier.
Climate and ESG risk integration	Improve understanding of physical and transition risks, strengthen financial sector resilience and support more sustainable management of operations and investment portfolios.
Risk culture and awareness	Deepen ownership of risk at the first line, improve incident reporting and strengthen timely implementation of treatment actions.

Outlook and priorities for FY 2026/27

In the next financial year, the Bank will prioritise the following actions:

Finalise and operationalise the enhanced enterprise Risk Appetite

and Risk Tolerance Framework, strategic and Departmental risk registers and key risk indicators.

Attain ISO/IEC 27001 certification across critical processes

infrastructure and operating systems, reinforcing enterprise cybersecurity, information security, and operational resilience mechanisms in accordance with the Bank's approved implementation roadmap.

Deepen financial and balance sheet risk surveillance

with a specific focus on reserve diversification by operationalising a robust risk management framework for the Domestic Gold Purchase Programme (DGPP).

Strengthen third-party risk management, and project risk review, and data protection oversight.

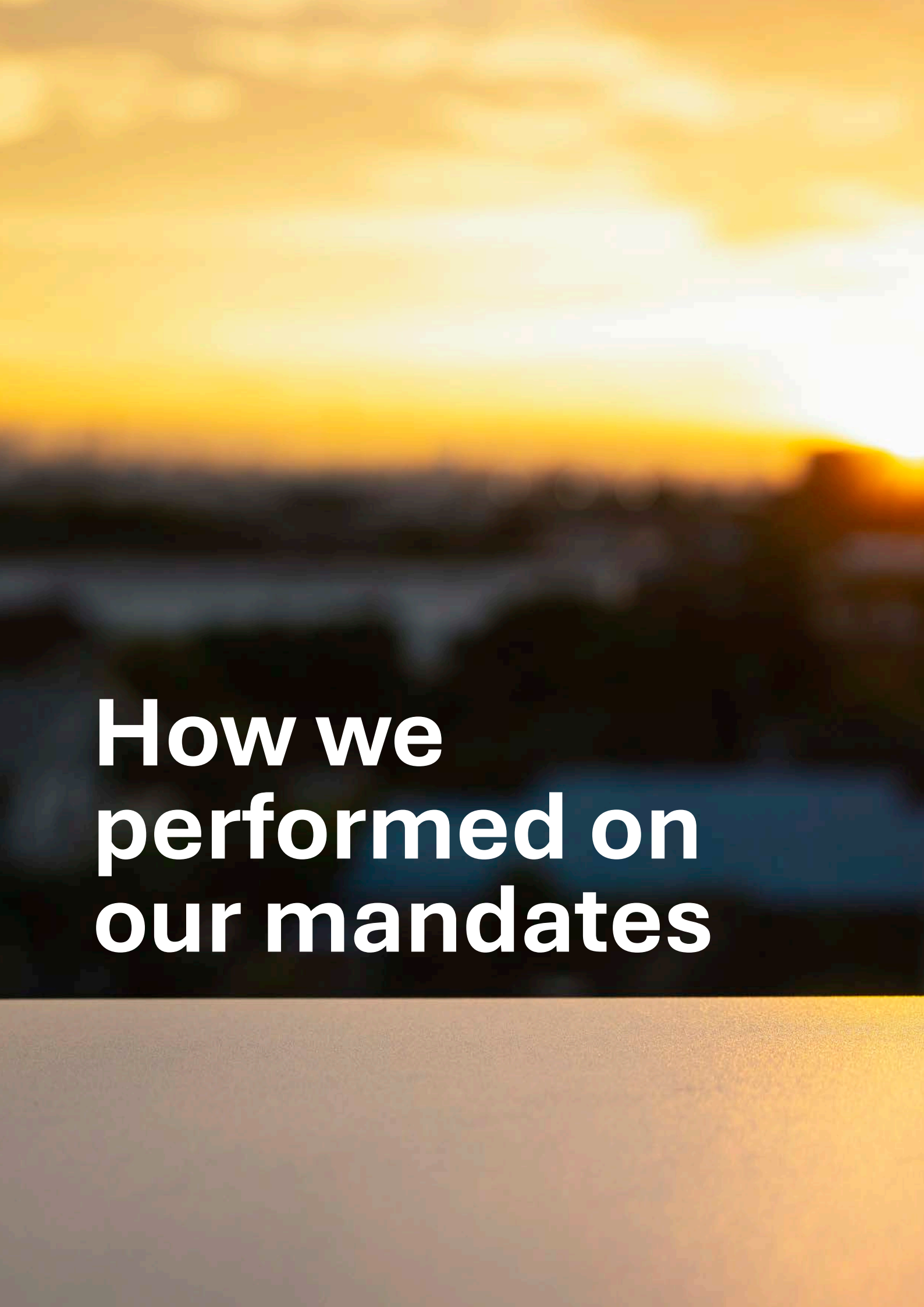
Advance integration of climate and environmental risks into risk management framework.

Deepen risk ownership and culture

through targeted capacity building, management engagement and Bank-wide risk awareness activities.

Strengthen climate risk management by integrating prioritised climate and environmental risks

into the core ERM architecture, supported by tailored analytical tools, robust risk indicators, structured internal reporting, and comprehensive external disclosure frameworks.



**How we
performed on
our mandates**



Price stability

During FY 2025/26, the Bank continued to play its role of promoting price stability and maintaining a sound financial system in support of Uganda's socio-economic transformation.



Under the inflation targeting framework, the Bank considered the economic research, statistical analysis, macroeconomic forecasting, and policy assessments required to support informed monetary policy decisions by the Monetary Policy Committee and enhance the effectiveness of monetary policy communication.

The conduct of monetary policy during the year took place against a challenging global and domestic backdrop characterised by heightened geopolitical tensions, elevated international energy prices, global financial market uncertainty, and evolving inflationary pressures. Through continuous monitoring and analysis of domestic economic activity, inflation developments, financial conditions, exchange rate movements, and external sector dynamics, the Bank carried out a timely assessment of risks to the macroeconomic outlook and informed the calibration of monetary policy.

Significant progress was achieved in maintaining price stability during the year. Annual core inflation remained below the medium-term target of 5 percent throughout FY 2025/26, while inflation expectations remained well anchored despite rising external cost pressures, particularly from higher international oil prices and exchange rate movements. The analytical work undertaken within the Bank supported the Bank's assessment of inflation dynamics and contributed to maintaining the credibility of the inflation targeting framework.

Looking ahead to FY 2026/27, the Bank will continue to strengthen its research and statistical capabilities to support a forward looking, data-dependent monetary policy framework.

The Bank also continued to strengthen its monetary policy analysis and forecasting capabilities during the year. Improvements were made in macroeconomic modelling, forecasting methodologies, data quality, and analytical techniques, enhancing the timeliness, accuracy, and reliability of economic projections. The incorporation of emerging risks, including climate change and geopolitical conflicts further strengthened the Bank's ability to undertake forward looking assessments and provide evidence-based policy advice.

The effectiveness of monetary policy transmission remained a key focus during FY 2025/26. Analysis of financial market conditions supported the Bank's liquidity management operations and assessment of the transmission of the Central Bank Rate to money market rates, Treasury bill yields, deposit rates, and lending conditions. In addition, monitoring of exchange rate developments supported the assessment of external sector risks, with the Uganda Shilling adjusting in an orderly manner and continuing to serve as an effective shock absorber without undermining macroeconomic stability.

The year also highlighted the importance of clear and timely communication in strengthening monetary policy credibility. The Bank prepared Monetary Policy Statements, economic assessments, and stakeholder engagements that supported its assessment of economic conditions, inflation developments, and policy decisions. These efforts contributed to improving public understanding of monetary policy and anchoring inflation expectations.

Looking ahead to FY 2026/27, the Bank will continue to strengthen its research and statistical capabilities to support a forward looking, data-dependent monetary policy framework. Priorities will include further enhancement of macroeconomic models and forecasting tools, improved assessment of monetary policy transmission, continued monitoring of domestic and global risks, and strengthening analytical frameworks. Through these efforts, the Bank remains committed to maintaining low, stable, and predictable inflation, preserving macroeconomic stability, and supporting sustainable economic growth.

Results for FY 2025/26

The Bank made substantial progress towards achieving its monetary policy objectives during FY 2025/26. Despite heightened global uncertainty arising from geopolitical tensions, elevated international energy prices and persistent external risks, the Bank maintained price stability while supporting favourable macroeconomic conditions.

Maintaining low, stable, and predictable inflation:

The objectives of the monetary policy were successfully achieved, with inflation remaining below the medium-term target of 5 percent throughout the fiscal year. Although inflation increased towards the end of the fiscal year due to higher global oil prices and imported cost pressures, inflation expectations remained well anchored, and inflation stayed within the target.

Strengthening monetary policy analysis and forecasting:

During FY 2025/26, the Bank continued to strengthen its monetary policy analysis and forecasting capabilities to support evidence-based policymaking. Efforts focused on enhancing macroeconomic modelling and forecasting tools, improving data quality and analytical techniques, and refining the forecasting framework to better capture evolving domestic and external economic developments. The Bank also advanced the development and refinement of its forecasting models, including incorporating new analytical approaches and expanding its capacity to assess the implications of emerging risks, thereby improving the timeliness, accuracy, and reliability of macroeconomic and inflation forecasts.

Enhancing monetary policy transmission:

Monetary policy transmission remained broadly effective during the fiscal year. Money market conditions were managed to ensure that short-term interest rates remained closely aligned with the Central Bank Rate, thereby supporting the transmission of the monetary policy stance to broader financial conditions. The Bank continued to conduct liquidity management

Priorities for FY 2025/26

The Bank's monetary policy during FY 2025/26 was guided by its mandate to maintain price stability while supporting sustainable economic growth. The primary objective was to keep annual core inflation close to the medium-term target of 5 percent, thereby preserving the purchasing power of the Uganda Shilling and providing a stable macroeconomic environment for investment and economic activity.

To achieve this objective, the Bank sought to:

- **Maintain low, stable, and predictable inflation** by keeping annual core inflation close to the medium-term target of 5 percent.

- **Strengthen monetary policy analysis** and forecasting to support forward looking and evidence-based monetary policy decisions.
- **Enhance the effectiveness of monetary policy transmission** by ensuring appropriate transmission of the Central Bank Rate to broader financial conditions, including money market, Treasury bill, deposit, and lending rates.
- **Maintain exchange rate stability** by allowing the exchange rate to adjust to market conditions while limiting excessive volatility that could threaten price stability.
- **Strengthen monetary policy communication** to reinforce policy credibility, anchor inflation expectations, and improve the effectiveness of monetary policy.

The primary objective of monetary policy was successfully achieved, with inflation remaining below the medium-term target of 5 percent throughout the fiscal year.

Cross-currency repo transactions have become an important complement to the Bank's reserve build-up strategy, enabling the accumulation of foreign exchange reserves without relying solely on outright purchases from the domestic market.

operations to maintain orderly conditions in the interbank market, supporting the effective transmission of policy signals to market interest rates and the wider economy.

Maintaining exchange rate stability: The Uganda Shilling remained relatively stable against major international currencies for much of FY 2025/26, supported by prudent macroeconomic policies, adequate foreign exchange inflows, and improved external sector performance. Although the exchange rate came under pressure towards the end of the fiscal year following the escalation of conflict in the Middle East and the global strengthening of the US dollar, the depreciation remained orderly and the exchange rate continued to act as an effective shock absorber without undermining macroeconomic stability.

Strengthening monetary policy communication: The Bank continued to enhance the transparency and credibility of monetary policy through timely communication of policy decisions and macroeconomic assessments. Monetary Policy Statements, press releases, media engagements and stakeholder outreach were used to clearly communicate the Bank's assessment of economic conditions, the outlook for inflation and growth, and the rationale for policy decisions. These communication efforts contributed to anchoring inflation expectations

and reinforcing the credibility and effectiveness of the inflation targeting framework.

Other achievements

Exchange Rate Surveillance and Market Intelligence. The Bank maintained continuous surveillance of developments in the foreign exchange market, closely monitoring exchange rate movements, liquidity conditions, and market dynamics through real-time engagement with market participants. This enabled the timely implementation of targeted policy interventions to address emerging pressures, maintain orderly market conditions, and preserve exchange rate stability amid evolving domestic and global economic developments.

Introduction of the Foreign Exchange (FX) Swap Facility: In December 2025, the Bank introduced the Foreign Exchange (FX) Swap Facility to strengthen its monetary policy toolkit and enhance the management of short-term liquidity while preserving the level of international reserves. Although initial market participation was modest, uptake increased significantly during the financial year, with cumulative transactions amounting to USD 768.0 million, resulting in the absorption of approximately UGX 2.850 billion from the banking system.

c) Progress was made towards developing Uganda's first Foreign Exchange (FX) Swap Curve, aimed at enhancing pricing transparency, strengthening market efficiency, and supporting the development and deepening of the FX market.

The Bank conducted daily foreign exchange operations, including targeted foreign exchange purchases and reserve build-up auctions, to support the effective transmission of monetary policy and strengthen the country's international reserves. As at 30 June 2026, the reserves stood at USD 6.688 billion, equivalent to 3.7 months of future imports of goods and services. These operations were carefully calibrated to enhance the Bank's external reserve buffers while minimising disruptions to the foreign exchange market.

Cross-Currency Repurchase

(Repo) Transactions: As part of its international reserve accumulation strategy, the Bank continued to undertake cross-currency repurchase (repo) transactions with selected counterparties. These transactions provided an additional source of foreign currency funding, diversified reserve accumulation channels, strengthened the adequacy of international reserves, and reinforced investor confidence in Uganda's external position. Cross-currency repo transactions have become an important complement to the Bank's reserve build-up strategy, enabling the accumulation of foreign exchange reserves without relying solely on outright purchases from the domestic market. This approach helps minimise the impact of reserve accumulation on domestic liquidity, while supporting orderly market functioning and the effective implementation of monetary policy.

Monitoring Global Developments.

The Bank closely tracked international economic and geopolitical developments with potential implications for Uganda's exchange rate and monetary policy. Insights from these analyses informed strategic decision-making and enhanced the Bank's responsiveness to external shocks.

Challenges in FY 2025/26

The conduct of monetary policy during FY 2025/26 was undertaken in a challenging domestic and global environment characterised by heightened geopolitical tensions, persistent external uncertainties, and evolving inflationary pressures. These developments complicated the calibration of monetary policy and increased uncertainty surrounding the inflation outlook. The key challenges included:

- Heightened geopolitical tensions, particularly the escalation of conflict in the Middle East, which disrupted global energy markets, increased international oil prices, and intensified imported inflationary pressures.
- Exchange rate pressures arising from global financial market volatility, a stronger US dollar, and shifts in investor sentiment, which increased the risk of exchange rate pass through to domestic prices.
- Rising cost pressures associated with higher fuel and transport costs, increasing the risk of second round effects on core inflation and inflation expectations.
- Elevated uncertainty surrounding the inflation outlook, making it more challenging to assess the persistence of external shocks and determine the appropriate timing and magnitude of monetary policy responses.
- Climate and weather-related risks, which continued to pose uncertainty for agricultural production and domestic food prices, with potential implications for headline inflation.
- Global policy uncertainty, including the possibility of tighter monetary policy in advanced economies, which posed risks to capital flows, global financial conditions, and exchange rate stability.
- Balancing price stability with economic growth, as the Bank sought to contain emerging inflationary pressures while supporting the ongoing recovery in domestic economic activity and preserving macroeconomic stability.

The effectiveness of monetary policy transmission remained a key focus during FY 2025/26. Analysis of financial market conditions supported the Bank's liquidity management operations and assessment of the transmission of the Central Bank Rate to money market rates, Treasury bill yields, deposit rates, and lending conditions

Outlook for FY 2026/27

In FY 2026/27, the Bank will continue to pursue its strategic objective of enhancing price stability through a forward looking and data dependent monetary policy framework. Monetary policy will remain focused on ensuring that inflation converges sustainably to the medium-term target of 5 percent while preserving macroeconomic stability and supporting sustainable economic growth.

The Bank will continue to strengthen its monetary policy analysis and forecasting capabilities, enhance the effectiveness of monetary policy transmission, maintain exchange rate stability, and reinforce policy credibility through effective communication. At the same time, the Bank will closely monitor evolving

domestic and external developments, including geopolitical tensions, global financial conditions, and climate related risks, and adjust the monetary policy stance as necessary to maintain low and stable inflation and safeguard macroeconomic stability.

Monetary policy will remain data dependent and forward looking. The Monetary Policy Committee will continue to assess incoming information on inflation, economic activity, exchange rate developments, and global financial conditions and stands ready to adjust the policy stance, where necessary, to preserve price stability and anchor inflation expectations.

Financial sector stability

The Bank is mandated to promote the soundness, stability and resilience of the financial system as a fundamental enabler of price stability, public confidence, financial intermediation and sustainable socio-economic transformation.



The Bank regulates and supervises commercial banks, credit institutions, microfinance deposit-taking institutions, forex bureaus, money remitters, credit reference bureaus and eligible large SACCOs. This mandate is executed through risk-based supervision, prudential regulation, market conduct oversight, financial stability surveillance and structured stakeholder coordination.

During the reporting period, the Bank reinforced financial sector resilience through coordinated macroprudential and microprudential supervision, timely supervisory actions, regulatory reforms, consumer protection initiatives, and enhanced oversight of climate-related and ESG risks.

Priorities for FY 2025/26

During FY 2025/26, the Bank prioritised the preservation of financial sector soundness and the strengthening of stakeholder confidence in the Bank's supervisory mandate. Key areas of focus included financial consumer protection, market conduct supervision, climate-related financial risk oversight, ESG integration, and the transition of eligible large SACCOs into formal Bank supervision (*see details below*).

- (i) Strengthen financial consumer protection and market conduct supervision to promote fair treatment, transparency, responsible conduct and effective consumer redress.
- (ii) Enhance regulatory oversight of climate-related financial and ESG risks to strengthen the resilience of supervised financial institutions and support an orderly transition towards sustainable finance.
- (iii) Transition eligible large SACCOs from self-regulation to formal Bank supervision and establish a risk-based supervisory framework to strengthen governance, safeguard members' savings, promote sustainable growth and enhance confidence in the SACCO subsector.

Results for FY 2025/26

Micro-prudential supervision

The Bank undertook risk-based onsite examinations across supervised institutions to assess governance, risk management, capital adequacy, liquidity, regulatory compliance and consumer protection. Supervisory findings and corrective actions issued through examination reports contributed to stronger internal controls, improved governance practices and enhanced prudential discipline across the sector.

Offsite surveillance was maintained through periodic assessment of financial performance, annual financial statements and Internal Capital Adequacy Assessment Processes. This facilitated the early identification of vulnerabilities and informed timely, proportionate supervisory responses aimed at preserving financial system stability.

ESG and climate-related risk assessments were progressively embedded within the risk-based supervisory process, supporting the transition from policy adoption to effective integration of ESG considerations into governance, strategy, credit appraisal, risk management, data systems and disclosures.

These interventions preserved financial capital by supporting safe and sound intermediation, strengthened intellectual capital through improved supervisory analytics and frameworks, and enhanced social and relationship capital by safeguarding the interests of depositors, borrowers and other users of financial services.

414,815

(99.9% resolved)

Customer complaints were reported, mainly relating to mobile money and mobile banking, agent banking, internet banking, ATM operations, branch services, online payments and loan processing.

Macro-prudential supervision

The Bank monitored systemic risks and provided macroprudential policy advice to safeguard financial stability. Surveillance activities covered macro-financial conditions, financial soundness indicators, liquidity developments, credit conditions, systemic risk transmission channels and emerging vulnerabilities. The Bank also supported crisis preparedness and policy coordination through the Financial Sector Stability Forum.

Anti-Money Laundering supervision

- The Bank conducted AML/CFT risk-based onsite examinations and issued examination reports to SFLs, with corrective actions to be implemented within specified timelines.
- Guidance notes were issued to supervised institutions to address common AML/CFT deficiencies and reinforce compliance with Uganda's anti-money laundering and counter-terrorism financing regime.

Regulatory reforms

- In October 2025, the Bank issued Guidelines for the Management of Climate-related Financial Risks to strengthen the integration of climate-related risks into the risk management frameworks of supervised financial institutions.
- The Bank updated the framework for identifying Domestic Systemically Important Banks to incorporate cross-jurisdictional activity and ensure that systemically important institutions maintain commensurate capital buffers and remain subject to proportionate supervisory measures.
- The proposed Foreign Exchange (Forex Bureau and Money Remittance) Regulations 2026 were developed in response to the Foreign Exchange Act, Cap. 167, and were considered by the Ministry of Finance, Planning and Economic Development for onward submission to the First Parliamentary Counsel for finalisation and gazetting.

Consumer complaints

The Bank facilitated the resolution of customer complaints, including matters that consumers considered unresolved by regulated financial service providers. During onsite examinations, institution-specific systemic conduct concerns were assessed and recommendations issued to address identified weaknesses.

During FY 2025/26, Tier I, II and III institutions reported 414,815 customer complaints, mainly relating to mobile money and mobile banking, agent banking, internet banking, ATM operations, branch services, online payments and loan processing. Mobile money and mobile banking accounted for 154,683 complaints, representing 37.29 percent of the total.

The highest volume of complaints related to mobile money and mobile banking transactions, including wallet-to-bank, bank-to-wallet and mobile bill payment services. Agent banking and internet banking accounted for 13.27 percent and 9.35 percent of total subsector complaints, respectively.

Overall, 99.9 percent of complaints were resolved within six months, reflecting sustained improvement in complaints handling and consumer redress across regulated financial service providers.

Other performance highlights

- During FY 2025/26, the Bank licensed twenty-five (25) forex bureaus, eight (8) money remittance operators and three (3) SACCOs, reflecting continued formalisation and growth of the foreign exchange, remittance and SACCO subsectors.
- All licensed SACCOs were enrolled on the Bank Supervision Application for submission of regulatory returns. The process of onboarding licensed SACCOs as participating financial institutions under the Agricultural Credit Facility and Small Business Fund also commenced, with the expected outcome of reducing the cost of credit to SACCO members and increasing funding to agriculture and small businesses.
- Licensed SACCOs were onboarded onto the Deposit Protection Fund of Uganda, strengthening the protection of members' savings up to the applicable coverage limit of UGX.10 million.

Challenges

- The global environment was marked by the Middle East geopolitical conflict and the associated energy price shock, which transmitted to the domestic economy through fuel prices and the exchange rate. Higher fuel and utility costs posed a risk of weakening borrower repayment capacity in the transport, trade, and manufacturing sectors, with potential implications for asset quality. The key analytical challenge was assessing the shock despite uncertainty over its duration. This was addressed through forward-looking stress testing, sectoral exposure analysis, and close monitoring of financial sector performance. To date, the non-performing loan ratio has improved, and no broad-based deterioration in asset quality has emerged.
- Forex bureaus and money remitters demonstrated limited understanding and appreciation of AML/CFT legal and regulatory requirements, creating compliance and supervisory challenges.
- The absence of a legal framework empowering the Bank of Uganda to directly impose administrative sanctions for AML/CFT non-compliance limited the effectiveness of enforcement actions.



Outlook for FY 2026/27

The financial system is expected to remain resilient in FY 2026/27, supported by strong capital and liquidity buffers, improved asset quality, sustained profitability and proactive supervisory action. The outlook, however, remains subject to global and domestic risks, including geopolitical tensions, market volatility, climate-related risks, cyber threats, technological change and potential spillovers to the supervised institutions.

Over the short to medium term, the Bank will operationalise the updated Domestic Systemically Important Banks framework, strengthen offsite surveillance and onsite examinations, deepen ESG and climate-related risk supervision, advance market conduct oversight, enhance complaints analytics, support SACCO formalisation, and intensify supervisory action against unlicensed foreign exchange activity.

The Bank will continue to strengthen supervisory capability through improved data systems, SupTech readiness, stress testing, supervisory review of liquidity adequacy, and monitoring of sustainability and climate-related disclosures under IFRS S1 and IFRS S2. These priorities are expected to support resilient financial intermediation and contribute to Uganda's socio-economic transformation agenda.

The Bank will also deepen market conduct supervision, advance the Market Conduct Framework, strengthen the legal foundation for financial consumer protection, improve complaints analytics, and support supervised financial institutions to embed ESG and climate-related financial risk management into governance, strategy, risk management, data systems and disclosures. Supervisory engagements and onsite examinations will continue to assess progress, identify gaps and support timely remediation.

Offsite surveillance will be enhanced to include supervisory review of Internal Liquidity Adequacy Assessment Processes (ILAAPs) and monitoring of supervised financial institutions' compliance with IFRS S1 and IFRS S2 sustainability and climate-related financial risk disclosure requirements.

The Bank will also continue efforts to bring eligible SACCOs under its supervisory purview and to strengthen action against unlicensed foreign exchange activity through Joint Task Force operations, market surveillance and targeted stakeholder sensitisation, particularly in border areas and informal markets.

Enforcement actions taken against SFIs violating fair lending guidelines or interest rate ceilings:

The current legal framework is anchored in the Financial Consumer Protection Guidelines, 2011, which apply to commercial banks, credit institutions, microfinance deposit-taking institutions, large registered SACCOs, credit reference bureaus, forex bureaus and money remitters. However, the guidelines do not have the force of law, limiting the scope of enforcement action against non-compliant regulated financial service providers. Accordingly, amendments to relevant legislation, including the Financial Institutions Act, Cap. 57, are under consideration to strengthen the legal basis for financial consumer protection and enhance enforceability.



Over the short to medium term, the Bank will operationalise the updated Domestic Systemically Important Banks framework, strengthen offsite surveillance and onsite examinations, **deepen ESG and climate-related risk supervision**, advance market conduct oversight, enhance complaints analytics, support SACCO formalisation, and intensify supervisory action against unlicensed foreign exchange activity.



Financial system development

The Bank plays a central role in the functioning of the country's financial system primarily as the regulator, supervisor, and overseer of the payment systems. This mandate, formalised under legislation such as the National Payment Systems Act, Cap 59, mandates the Central Bank to ensure the safety, efficiency, integrity, resilience and inclusiveness of all payment systems, including traditional banking channels and emerging alternative payment channels such as mobile money.



The Bank's responsibilities include licensing and regulating payment system operators, payment service providers such as electronic money issuers, ensuring that the institutions are sound and that their operations do not pose significant risks to the broader financial system. Furthermore, the Bank operates key national payment infrastructure, such as the Real-Time Gross Settlement (RTGS) system which facilitates high-value interbank payments and the Automated Clearing House which processes retail payments such as credit transfers.

The Bank is responsible for developing, regulating, and overseeing Uganda's national payment and settlement systems under the National Payment Systems Act, Cap 59, licensing payment service providers and operators, setting operational standards, and intervening where system safety or efficiency is at risk.

The Bank additionally promotes financial inclusion and interoperability across the payments ecosystem, safeguards payment systems against fraud, cybersecurity threats, and operational failure, and serves as Uganda's principal interface with regional and international payment integration bodies, such as the BIS Committee on Payments and Market Infrastructure amongst others.

Priorities for FY 2025/26

During the past year, the Bank continued to implement its financial system development initiatives. In this regard, efforts to enhance interoperability in the financial sector continued, with focus on closure of stakeholder consultations on the proposed national switch as a precursor to development of a comprehensive strategic implementation blueprint. Additionally, stakeholder engagements aimed at scaling up adoption of digital financial services were prioritised. These included digital financial literacy initiatives, collaborative events with development partners and innovators in the digital ecosystem and process enhancements in the

oversight of digital financial services. The Bank also planned to develop a market conduct policy framework which aims to support financial consumer empowerment. Other key priorities related to strengthening regulatory oversight through issuance of guidelines on the grey aspects of the National Payment Systems Act, Cap 59.

Achievements for FY 2025/26

Enhancement of payment system efficiency

The Bank continued to implement key payment systems projects aimed at enhancing efficiency. The RTGS replacement project entered the testing phase in readiness for Go Live in October 2026. Relatedly, the SWIFT ISO 20022 migration programme achieved key milestones, including successful migration of cross-border payments (CBPR+) and establishment of supporting payment infrastructure. Preparations continue for the High-Value Payment System (HVPS+) scheduled to Go-live in October 2026 following completion of the user training and acceptance testing. These reforms have enhanced payments efficiency in addition to ensuring compliance to emerging global payments standards and efforts to curb illicit financial flows. The ISO20022 standard in particular enables customers of financial institutions to provide rich payment transaction details which support the service providers' risk assessments and anti-money laundering initiatives required to preserve the integrity of the financial system.

Strengthened regulatory oversight and licensing

In accordance with the National Payment Systems Act (Cap 59), the Bank continued to exercise its regulatory mandate through a combination of on-site assessments, off-site surveillance, and ongoing monitoring of licensed entities. A total of five (5) on-site assessments were conducted during the year to evaluate risk management

practices, operational resilience, and compliance with regulatory requirements. Anti-money laundering risk assessments were also conducted for the payment service providers and payment system operators, providing a baseline for AML focused onsite assessments and offsite monitoring.

During the financial year, the Bank licensed ten (10) institutions as payment service providers or payment system operators offering a range of payment solutions to institutional and individual clients. Additionally, proposed changes in products, services, and management structures from regulated institutions were reviewed to ensure alignment with regulatory expectations. The increased number of players, varied product offerings and regulatory oversight contributed to the increased digital financial transaction activity particularly through enhanced trust in the digital ecosystem. Payment Service Providers continued to bridge the access gap to financial services by providing convenient channels especially for the unbanked.

Advancing national and regional interoperability initiatives

As part of Uganda's broader digital transformation agenda, the Bank continued to spearhead the stakeholder consultations on the development of a National Payment Switch, which is expected to significantly improve interoperability across the financial sector, reducing fragmentation and lowering transaction costs.

Additionally, at regional level, the Bank with other Partner State Central Banks are implementing the EAC Cross-Border Payment System Masterplan which provides a strategic framework to enhance the efficiency, security and accessibility of cross-border payments within the EAC Region over the next five years. The Masterplan outlines a structured approach to modernising and integrating East African payment systems to support financial inclusion and regional economic growth.



Regulatory framework enhancement and industry engagement

Recognising the dynamic nature of the payments ecosystem, the Bank initiated a review of the National Payment Systems Regulations based on feedback received from industry stakeholders. This initiative aims to refine the legal and operational environment to support emerging business models and foster innovation while maintaining financial system integrity. The Bank also participated in the consultations on the development of a virtual assets law, which upon enactment shall underpin the regulation of this emerging digital innovation. Regulatory clarity in this area shall ensure that customers are adequately protected, and that the financial sector is not exposed to undue risks.

Other initiatives

The Bank announced a new policy measure lowering interbank cheque limits and introducing over the counter cash withdrawal caps effective 1 January 2027. The measures are part of the broader e-payments strategy. Implementation commenced with stakeholder engagement, public awareness activities, and operational guidance to Supervised Financial Institutions. Relatedly, the Bank continued to conduct extensive awareness on digital financial services and financial literacy in general. The intervention empowered the public with knowledge, and skills to not only manage money well, but also with information to guard themselves against risks associated with digital financial services, consumer rights and obligations.

Challenges faced in FY 2025/26

Fragmentation of digital payment infrastructure:

Uganda's payment ecosystem continues to be characterised by a proliferation of proprietary, closed-loop payment solutions operated by individual institutions. The absence of a centralised retail payments infrastructure continues to affect payments efficiency, translating into high transaction fees and limited visibility. Conclusion of the ongoing stakeholder consultations on the national switch will pave way for implementation of this critical digital public infrastructure.

Cybersecurity risk: The rapid growth in digital financial services has expanded the attack surface available to cyber adversaries targeting Uganda's payments infrastructure. The finalisation and issuance of the Cybersecurity Guidelines for Payment Service Providers, together with the development of supervisory cybersecurity assessment tools, are priority actions for the next financial

year. Addressing cyber security risk will also continue to be addressed through enhanced digital literacy targeting the last mile consumers of digital financial services. Notably, the convergence of communications and financial services particularly the delivery of mobile money through telecommunications infrastructure requires continued collaboration between the Bank and the Uganda Communications Commission. Strengthening cross-agency coordination on consumer protection remains a priority.

Regulatory capacity relative to market growth: The pace of innovation and market entry in Uganda's payments sector has placed increasing demands on the Bank's supervisory and regulatory capacity. Continued investment in specialised supervisory skills, regulatory technology tools, and institutional capacity will be essential to maintain effective oversight of the expanding payments ecosystem.

Outlook for 2026/27

As the current chairperson of the Monetary Affairs Committee, the Bank shall continue to offer leadership in the implementation of the EAC cross border payment systems Masterplan initiatives, including progression of the AML/CFT/CPF regional guidelines and advancement of the EAC regional interoperability framework.

Enhanced oversight of payment service providers and payment system operators will be a priority which shall include issuance of the Corporate Governance and Cybersecurity Guidelines for non-bank players in the digital payments ecosystem.

The Bank shall work with the Ministry of Finance, Planning and Economic Development and the Ministry of Justice and Constitutional Affairs to finalise the Amendments to the National

Payment Systems Regulations, 2021. The amendments aim to keep the regulatory framework up to date with market developments, emerging challenges and to support innovation in this fast evolving sub-sector.

Financial inclusion shall continue to provide the bedrock of enhanced access and usage of financial services. To this end, the launch of the second financial literacy strategy will underpin the planned financial literacy activities, focusing on digital literacy and consumer empowerment for rural communities, the youth, MSMEs and other priority groups. Given the increasingly critical role of digital channels in bridging the access gap for financial services, the Bank shall finalise the second e-payments strategy in the coming financial year.

Currency

The Bank continued to enhance the circulation life of Ugandan Shilling banknotes through robust currency processing and fitness-sorting operations that identify and recirculate fit banknotes while promptly withdrawing unfit banknotes from circulation.



The Bank executes its constitutional and statutory mandate for currency issuance and management.

Article 161 (1) of the Constitution of the Republic of Uganda (1995) empowers the Bank, as the Central Bank of Uganda, to be the sole authority responsible for issuing the currency of Uganda.

Section 20 of the Bank of Uganda Act (Cap. 54, Laws of Uganda) grants the Bank the exclusive right to issue banknotes and coins. This mandate is implemented through the Currency Department, which is responsible for currency production, issuance, distribution, processing, storage, withdrawal of unfit currency, and ensuring the integrity of the national currency system.

Priorities for FY 2025/26

During FY 2025/26, the Bank focused on the following strategic priorities:

- **Enhancing Currency Operations and Service Delivery** through effective currency production, issuance, distribution, storage, processing, and destruction.
- **Improving Stakeholder Confidence in Currency Services** by ensuring availability, quality, integrity, and security of currency in circulation and responsive delivery of currency services.

Bank issued banknotes
valued at

UGX

14,200b

(2024/25: UGX 9,600bn)

Achievements for FY 2025/26

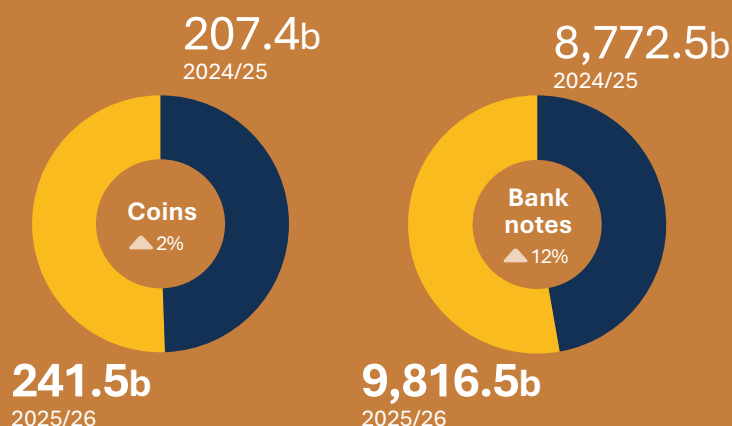
Currency in circulation

The Bank continued to fulfil its mandate of ensuring an adequate supply of currency in denominations aligned with the needs of the economy. **Currency in circulation increased by 12 percent (UGX 1.1 trillion), rising from UGX 8.97 trillion at the end of FY 2024/25 to UGX 10 trillion in FY 2025/26**, as shown in Table 14. This growth was mainly driven by an increase in the value of banknotes, which rose by **12 percent (UGX 1,073 billion)**, while the value of coins increased by **2 percent (UGX 5.2 billion)** over the same period.

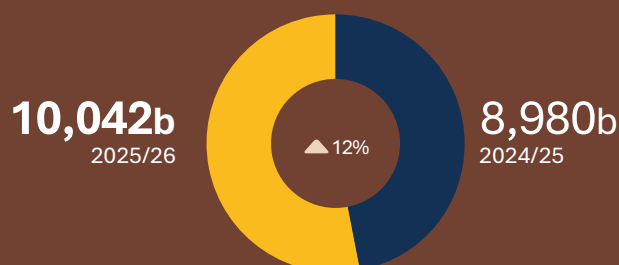
The growth in currency in circulation suggests that cash demand remained resilient during FY 2025/26, notwithstanding the continued expansion of digital payment channels. The stronger growth in banknotes relative to coins indicates that the increase in cash demand was largely concentrated on higher-value transactions.



Currency in Circulation (UGX Billion)



Total Currency in Circulation



Source: Bank of Uganda

In line with the Bank's strategic objective of enhancing currency issuance efficiency, banknote issuance during FY 2025/26 was managed to optimise the use of both new and reissued notes. During the year, the Bank issued banknotes valued at UGX 14.2 trillion, comprising

UGX 4.6 trillion (33 percent) in new notes and UGX 9.6 trillion (67 percent) in reissued notes, as presented in Table 3. The relatively high proportion of reissued notes reflects the effectiveness of the banknote sorting process in facilitating the recirculation of fit notes, thereby reducing reliance on new banknote issuance.

Table 3: Issuance of Banknotes

PERIOD	New	Growth	Reissue	Growth	Total	Growth
FY 2020/21	2,269		6,524		8,793	
FY 2021/22	3,392	49%	6,783	4%	10,175	16%
FY 2022/23	3,638	7%	7,982	18%	11,620	14%
FY 2023/24	3,377	-7%	9,839	23%	13,216	14%
FY 2024/25	4,259	26%	8,242	-16%	12,501	-5%
FY 2025/26	4,607	8%	9,556	16%	14,163	13%
Average	3,590	19%	8,154	7%	11,745	
Proportion	33%		67%			

Source: Bank of Uganda

Vault operations, clean energy, and currency lifecycle

Measures taken to extend the circulation life of Ugandan Shilling banknotes (reducing the raw material frequency of currency printing) and the ecological management of shredded notes.

Volume of unfit paper banknotes securely shredded and disposed of through eco-friendly waste-to-energy pathways or brick-making options rather than traditional landfill dumping.

The Bank continues to enhance the circulation life of Ugandan Shilling banknotes through robust currency processing and fitness-sorting operations that identify and recirculate fit banknotes while promptly withdrawing unfit banknotes

from circulation. This promotes the efficient use of currency resources, reduces premature replacement of banknotes, and contributes to minimising the environmental impacts associated with the production of replacement notes.

The Bank also undertakes public awareness initiatives to promote proper handling and care of banknotes, thereby reducing premature deterioration arising from avoidable handling practices.

In addition, the Bank has initiated an assessment of alternative currency substrate options that may offer improved durability and longevity under local circulation conditions. The assessment is intended to inform

future currency specifications and support longer banknote circulation lives, with the potential to reduce replacement requirements and associated resource consumption.

At the end of the currency lifecycle, shredded banknote material generated through secure destruction is converted into briquettes for use as an alternative fuel in industrial operations, supporting resource recovery and reducing reliance on conventional waste disposal. The Bank is also exploring additional circular-economy opportunities for the beneficial reuse of destroyed banknote material, including its conversion into other useful products.

Challenges for FY 2025/26

Poor currency handling practices

Despite ongoing public awareness efforts, improper handling of banknotes remained a challenge, with practices such as folding, stapling, writing on notes, and exposure to moisture and dirt accelerating wear and tear. This increased the volume of unfit notes withdrawn from circulation and the cost of currency replacement.

Increased demand for currency redemption at the branches

The Bank continued to experience significant demand for currency exchange and redemption services, particularly for mutilated and damaged notes, despite the availability of similar services through commercial banks.

Counterfeit currency incidents

Although counterfeit currency levels remained relatively low, isolated cases continued to be reported.

Limited measurement of greenhouse gas emissions in currency management

While environmental considerations are incorporated into supplier selection and end-of-life currency disposal arrangements, the Bank currently lacks comprehensive data, emissions metrics and an established framework for quantifying greenhouse gas emissions across the currency lifecycle. This limits the Bank's ability to fully assess, monitor and report the climate-related impact of currency operations.

Volume of unfit paper banknotes securely shredded and disposed of through **eco-friendly waste-to-energy pathways** or **brick-making options** rather than traditional landfill dumping.

Outlook for 2026/27

Cash demand is projected to remain robust, supported by continued economic growth, increasing household consumption, and higher public investment. The economy is expected to grow by 7.5 percent in FY 2026/27, while inflation is forecast to remain stable and below the 5 percent target, underpinned by prudent monetary policy and adequate domestic food supplies. In anticipation of the resulting increase in currency demand, the Bank will continue working closely with the banking sector to improve cash processing efficiency and support the timely issuance of currency in line with its operational objectives.

While digital payment channels, including mobile money, internet banking, and fintech platforms continue to expand, **cash is expected to remain the dominant means of payment in the short to medium term.** This reflects ongoing gaps in digital infrastructure and the relatively high costs associated with electronic transactions, which continue to constrain the deepening of digital payment methods.

Foreign exchange reserves

In accordance with Section 31 of the Bank of Uganda Act, Cap 54, the Bank is required to maintain external assets equivalent to at least four weeks of the country's import requirements. These reserve assets may comprise: (a) gold coin or bullion; (b) convertible foreign exchange held as deposits, cash, marketable securities, or instruments guaranteed by foreign governments or international financial institutions; and (c) external reserve assets or drawing rights, including the reserve tranche position with the International Monetary Fund (IMF).

The management of the foreign exchange reserves is guided by the Foreign Exchange Reserves Management Policy, which is founded on three key objectives: capital preservation, liquidity, and return, in that order of priority. These objectives are achieved through strategic and tactical asset allocation across currencies, asset classes,

and counterparties, supported by prudent risk management practices. Reserve assets are managed through a combination of internally managed portfolios and mandates entrusted to external fund managers, enabling the Bank to optimise performance while maintaining adequate liquidity and preserving capital.

Guided by the objectives of capital preservation, liquidity, and return, the Bank maintained a prudent investment strategy supported by **robust risk management practices** and **enhanced macroeconomic** and market analysis.



Key highlights for FY 2025/26

International reserves increased to

USD

6.7^b

(2024/25: USD 4.30)

During FY 2025/26, the foreign exchange reserves remained invested in high-quality, highly rated fixed-income instruments, including sovereign and supranational bonds, time deposits, cash, and other near-cash instruments, primarily denominated in US Dollars (USD), Euros (EUR), and British Pounds (GBP), in line with the asset-liability matching principle. Guided by the objectives of capital preservation, liquidity, and return, the Bank maintained a prudent investment strategy supported by robust risk management practices and enhanced macroeconomic and market analysis. This approach enabled the reserves portfolio to generate positive investment returns and outperform its strategic benchmarks while maintaining moderate levels of credit and market risk.

Priorities for FY 2025/26

The Bank achieved its FY 2025/26 objectives of capital preservation, liquidity, and reasonable returns. Financial targets were met, liquidity was sufficient for all external payments, and reserves were managed within approved risk limits.

Outlook for FY 2026/27

Further Diversification of the Foreign Exchange Reserves Portfolio:

The Bank will continue to diversify the foreign exchange reserves portfolio through the introduction of additional eligible asset classes, including the strategic accumulation of monetary gold. This initiative is intended to enhance portfolio resilience, reduce concentration and correlation risks associated with traditional financial assets, and provide a long-term hedge against inflation, currency depreciation, and global financial market uncertainty. The inclusion of gold is consistent with evolving international reserve management practices and supports the objective of preserving the long-term value of the country's reserve assets.

Prudent Reserve Management:

The Bank will continue to manage the foreign exchange reserves prudently within the approved investment and risk management framework, ensuring that the objectives of capital preservation, liquidity, and return remain paramount. This approach will maintain the resilience of the reserves portfolio, safeguard its ability to withstand global financial shocks, and ensure that adequate foreign exchange resources are available to meet the country's external obligations.

Results

1. Review and Implementation of the Strategic Asset Allocation Framework:

During FY 2025/26, the Bank reviewed and implemented the Strategic Asset Allocation (SAA) framework for the management of the country's foreign exchange reserves. The SAA provides the long-term framework for allocating reserve assets across eligible currencies and asset classes in a manner that balances risk and return while meeting the Bank's reserve management objectives. The framework was anchored on two key principles: Asset-Liability Matching, which aligns the currency composition of reserves with the country's foreign exchange obligations, and Portfolio Tranching, which segments the reserves into Transaction and Investment Tranches to optimise capital preservation, liquidity, and returns.

2. Expansion of Investment Counterparties:

The Bank onboarded additional investment counterparties to broaden and diversify its network of approved counterparties, while ensuring compliance with the Foreign Exchange Reserves Management Policy and approved investment guidelines. This initiative enhanced investment execution capacity, strengthened market access, reduced counterparty concentration risk, and improved the resilience and efficiency of reserve management operations.

3. Domestic Gold Purchase Programme (DGPP):

The Bank also commenced the three-year pilot phase of the Domestic Gold Purchase Programme (DGPP) as a strategic initiative to diversify and strengthen international reserves through the purchase of domestically mined gold.

The Bank also commenced the three-year pilot phase of the Domestic Gold Purchase Programme (DGPP) as **a strategic initiative to diversify and strengthen international reserves** through the purchase of domestically mined gold.

Financial performance

Overview

During FY 2025/26, the Bank strengthened its financial performance and resilience in a challenging economic and financial environment. Financial management focused on **Enhancing Financial Performance**, with emphasis on financial sustainability, income growth and expenditure discipline.



The Bank recorded strong results, with net operating income before foreign exchange gains and losses increasing by 24 percent to UGX 1,909 billion and the cost-to-income ratio of 47.5 percent, against the 75 percent target. Shareholders funds strengthened by 25 percent, supported by the net surplus generated during the financial year, while foreign exchange reserves increased by 56 percent to USD 6,688 million, enhancing the Bank's financial resilience.

Performance was achieved despite geopolitical tensions, foreign exchange pressures and increased monetary policy and liquidity-management interventions. Although these interventions increased interest costs, the Bank maintained expenditure discipline and contained controllable costs within approved budgets. Going forward, the Bank will focus on sustaining earnings growth, strengthening cost and risk management, optimising resource utilisation and preserving adequate capital and liquidity buffers to support its statutory mandate.

Priorities for FY 2025/26

The Bank's financial management activities during FY 2025/26 were principally aligned to the strategic initiative of **enhancing financial performance**. The following priorities were pursued;

Financial sustainability: Strengthen capital reserves and maintain sufficient financial capacity to sustainably execute the Bank's statutory mandate.

Income growth: Increase income by expanding and optimising the Bank's income-generating asset base.

Prudent expenditure: Enhance operational efficiency while maintaining expenditure and budget discipline.

Performance against these objectives was strong, reflecting the effective deployment and management of the Bank's capitals to support the successful execution of the strategic initiative.

Key achievements

Income growth

The Bank recorded net operating income before foreign exchange gains and losses of UGX 1,909 billion for the year ended 30 June 2026, representing a 24 percent increase over the previous financial year. The growth was driven primarily by stronger interest earnings, comprising UGX 1,919 billion, supported by increased returns from the expanded foreign exchange reserve portfolio of UGX 642 billion and interest from advances to Government and Government securities of UGX 1,102 billion.

Earnings were further supported by a UGX 106 billion release of expected credit losses, contributing to the overall improvement in financial performance.

Prudent expenditure

The Bank maintained strong cost efficiency and expenditure discipline during FY 2025/26 despite pressures from increased monetary policy operations and higher administrative costs. Total expenses, excluding interest expense on monetary policy operations, increased by 11 percent to UGX 736 billion, largely driven by employee benefits and general administration costs of UGX 445 billion. Currency-related expenditure declined by 6 percent to UGX 200 billion, reflecting continued cost containment efforts.

Despite higher interest costs of UGX 327 billion arising from monetary policy and liquidity-management interventions to mitigate unforeseen shocks, the Bank maintained strong cost discipline. Controllable operating expenditure remained within approved budgets, resulting in a cost to income ratio of 47.5 percent against the 75 percent target.

Capital, reserves and balance sheet resilience

The Bank strengthened its financial sustainability and balance-sheet resilience during FY 2025/26. Total assets increased by 21 percent to UGX 38,668 billion, supported mainly by a 46 percent increase in foreign assets. Foreign exchange reserves grew by 56 percent to USD 6,688 million, enhancing the Bank's external financial resilience and capacity to meet its monetary and reserve management obligations.

The Bank's capital position also strengthened, with shareholders funds increasing by 25 percent to UGX 7,682 billion and core capital rising by 47 percent. The growth in capital and reserves was fully attributable to the surplus generated during the financial year, strengthening the Bank's capital buffer to absorb financial and market risks and enhancing its capacity to sustainably execute its statutory mandate.



Outlook for FY 2026/27

The Bank enters FY 2026/27 from a position of stronger financial and balance-sheet resilience, supported by higher capital and reserves, increased foreign exchange reserves and improved cost efficiency and prudent expenditure. However, the operating environment is expected to remain uncertain, with geopolitical tensions, global financial-market volatility, exchange-rate pressures and changing interest-rate conditions potentially affecting investment returns and the cost of monetary policy operations. Domestically, continued economic growth and relatively stable inflation provide a supportive environment, although external shocks and market conditions could affect the Bank's financial performance.

Against this backdrop, the Bank will focus on sustaining and improving the quality of financial performance by optimising returns on income-generating assets while preserving adequate liquidity and capital buffers, strengthening expenditure and budget discipline, and proactively managing financial and market risks. Overall, the focus will be on building on the FY 2025/26 gains to achieve sustainable, resilient financial performance while maintaining the capacity to effectively execute the Bank's statutory mandate.

Total assets

UGX

38,668b ▲ 21%

Total comprehensive income

UGX

1,517b ▲ 124%

Sustainability

Governance

The Bank established a governance structure that supports effective oversight, coordination and implementation of its sustainability agenda. The structure promotes broad ownership and active participation across the Bank, including oversight by the Board and senior management, while ensuring that sustainability considerations are integrated into relevant institutional functions and decision-making processes.

The SSFSC provides oversight of the implementation of the Bank's sustainability initiatives and serves as the principal management-level forum for reviewing sustainability-related matters. Its responsibilities include reviewing sustainability proposals, reports, strategic initiatives and other relevant submissions, and making recommendations for consideration by the Executive Committee (EXCOM) and subsequently the Strategy and Finance Committee of the Board (SFCB), as applicable. This arrangement facilitates a clear escalation and decision-making pathway for sustainability matters and strengthens accountability for their implementation.

The sustainability governance framework also recognises that sustainability is a cross-cutting responsibility extending beyond a single department or committee.

Accordingly, sustainability matters that fall within specific functional mandates continue to be considered by the relevant governance structures. For example, sustainability issues relating to financial sector development, financial stability and prudential regulation are addressed through the appropriate committees, including the Financial Stability Committee (FSC). This approach ensures that sustainability considerations are embedded within the Bank's broader policy, regulatory, financial stability and institutional decision-making processes.

The Bank also enrolled onto the Sustainability Standards and Certification Initiative (SSCI) by the European Organization for Sustainable Development (EOSD). Consequently, a Sustainability Implementation Technical Team (SITT), which is a cross-functional team comprising

members from all Directorates, was established to provide subject matter expertise for implementing the SSCI. The team also ensures that SSCI tasks are integrated into departmental annual workplans and monitors their implementation. SITT reports to the SSFSC through SID.

At the operational level, the Strategy and Innovation Department (SID) coordinates sustainability-related activities across the Bank and supports the implementation of sustainability priorities approved through the established governance structures. SID works with relevant departments and cross-functional teams to facilitate implementation, monitor progress, consolidate sustainability information and support reporting to the appropriate management committees.



The Bank also enrolled onto the **Sustainability Standards and Certification Initiative (SSCI)** by the European Organization for Sustainable Development (EOSD).

Strategy

The Bank is integrating sustainability into its strategic objectives, institutional mandate, operations and decision-making processes, guided by the SSCI Roadmap. Sustainability initiatives are incorporated into relevant policies, frameworks and strategic instruments to strengthen environmental, social and governance

performance and institutional resilience.

Implementation is coordinated through established institutional structures, with the Strategy and Innovation Department facilitating the SSCI Roadmap, monitoring progress and consolidating sustainability-

related information for quarterly management and institutional reporting. The Bank also continues to strengthen sustainability awareness and capacity across its functions to support informed decision-making and continuous improvement in sustainability performance.

Climate-related risks and opportunities

Type	Risk / opportunity	Where effects may arise	Horizon*	Response
Physical risk	Climate shocks affecting agriculture, output and inflation	Policy forecasting; price stability; collateral and credit quality across SFIs	Current and future	Satellite-augmented nowcasting; enhanced QPM; capacity building
Physical risk	Extreme events and health disruptions affecting operations	Facilities, staff, workshops and continuity of critical services	Current and future	Remote-working capability; crisis plan under development; digital service delivery
Transition risk	Rising supervisory, disclosure and market expectations	The Banks' risk systems, data, governance and supervisory capacity	Near to medium term	Climate-risk guidelines; ESG examinations; IFRS S1/S2 readiness reviews
Transition risk	Incomplete sustainability data and emissions measurement	Target setting, performance monitoring, financial planning and credibility	Current	Baseline survey; environmental tracking; Data Policy Roadmap
Opportunity	Sustainable and transition finance	Market development; access to funding; national climate-finance priorities	Near to longer term	Green Bond Initiative; future sukuk, green and resilient bond structures
Opportunity	Digitalisation and operational efficiency	Paper, travel, service resilience and productivity	Near term	EDMS, remote working, online currency destruction and durable substrate exploration
Opportunity	Inclusive finance and capability	Women, youth, MSMEs, staff and wider stakeholder relationships	Current and future	ACF/SBF, literacy, leadership development and sustainability training

*The source report does not formally define IFRS S1/S2 short-, medium- and long-term horizons. The descriptors above are qualitative and should be replaced with Board-approved definitions.

Strategic response and progress

Women in management increased

34.5%
(2024/25: 33.0%)

- **Climate-informed policy:** a satellite-augmented GDP nowcasting framework was operationalised; an enhanced Quarterly Projection Model separating agricultural and non-agricultural sectors and incorporating climate and oil-price shocks was in development; and the FPAS Manual was updated.
- **Climate-informed supervision:** average bank compliance with the UBA ESG Framework was 75 percent; climate-risk guidelines became effective on 31 December 2025; and commercial banks submitted IFRS S1/S2 preparedness gap analyses.
- **Sustainable finance and inclusion:** the Bank supported green bond guidelines and market and policy assessments; financial literacy expanded; and women beneficiaries under the ACF increased by 812 to 3,903, representing 25 percent of beneficiaries.
- **Sustainable operations:** environmental specifications were included in equipment tenders; Special Interest Group awards rose to 13 percent of Q4 procurements; EDMS went live; and 700 of 702 relevant officers had laptops for resilient remote work.
- **People and culture:** 17 staff received ESG, sustainability or climate-related training; seven women completed the Female Future Leadership Programme; and women in management increased to 34.5 percent from 33.0 percent.

Risk management

The Bank applies an integrated process to identify, assess, manage, monitor and report risks that could affect its mandate and strategic objectives. Climate and environmental risks are recognised as principal risks, including physical and transition risks that may affect macroeconomic conditions, financial stability, investment portfolios, facilities and operations.

During FY2025/26, the Bank conducted a Risk and Opportunities Management for Sustainability analysis to integrate climate and environmental risks into its High Impact Goals. Going forward, prioritised climate and environmental risks will be incorporated into the enterprise risk-management framework, supported by analytical tools, risk indicators, structured internal reporting and external disclosure arrangements.

Process stage	Current approach and maturity
Identify	Macroeconomic research, ESG examinations, environmental metrics, stakeholder engagement and strategic planning identify emerging issues.
Assess and prioritise	Climate models, supervisory reviews and the planned sustainability stress tests support assessment; prioritisation criteria are still to be formalised.
Respond	Policy modelling, supervisory directives, sustainable-finance work, digitalisation, procurement requirements and staff capability initiatives address identified issues.
Monitor and report	S-SIMS tracks SSCI implementation; environmental metrics and bank submissions provide monitoring inputs; data quality and completeness remain constraints.
Escalate and oversee	SITT, EXCOM, committees and the Board feature in approval pathways; formal escalation thresholds and reporting frequency should be disclosed.

Metrics and targets

Environmental performance

The Bank tracked activity data for electricity, water, refrigerants, vehicle and generator fuel, waste, paper and air travel. These indicators are useful operational inputs, but most have not yet been converted into Scope 1, Scope 2 and Scope 3 greenhouse-gas emissions as required by IFRS S2.

Metric	Unit	Q1	Q2	Q3	Q4	FY total	Q4 vs Q3
Electricity consumption	kWh	939,610	955,199	910,636	915,380	3,720,825	+0.5%
Water consumption	m ³	6,272	5,725	5,398	5,741	23,136	+6.4%
Refrigerants	kg	312	0	67.8	0	379.8	-100.0%
Travel and logistics fuel	litres	117,853	116,199	93,861	95,386	423,299	+1.6%
Generator diesel	litres	3,600	2,000	6,700	6,350	18,650	-5.2%
Solid waste	kg	N/A	6,330	4,830	8,790	19,950	+82.0%
Paper usage	reams	1,169	1,027	954	1,000	4,150	+4.8%
Air-travel emissions	tCO ₂ e	120.8	136.1	90.0	144.0	490.9	+60.0%

Note: Q1 solid-waste data was unavailable. Quarter-on-quarter movements are calculated from the reported figures and may be affected by activity levels, coverage and measurement methods.

Performance against selected sustainability milestones

Metric	FY 2025/26 result	Target	Assessment	Forward action
SSCI implementation	38% at June 2026	60% required for Level 1 certification	Behind the certification threshold	Level 1 by 31 Dec 2026; Level 2 by 30 Jun 2027
Banks' ESG framework compliance	75% average	Not stated	Monitoring and remediation ongoing	Continue examinations and review compliance reports
Women in management	34.5%	Above 38% at senior-management level by 2026	Progressed from 33.0%; gap remains	Continue leadership and diversity interventions
Remote-work enablement	700 of 702 officers (99.7%)	Not stated	Near-complete coverage	Maintain secure, resilient capability
Women ACF beneficiaries	3,903 ; 25%	Not stated	Up 812 in Q4	Continue inclusive-credit mechanisms
Sustainability-trained staff	17 in FY 2025/26	Not stated	Capacity expanded	Develop a role-based competency plan

A photograph of two men in dark suits and ties seated at a large, polished wooden conference table. They are facing forward, each with a microphone in front of them. On the table are several items: clear glass water bottles, black travel mugs with a white logo, and some papers. A small flag is visible on the table between the two men. The background features a wall with large, square, brown marble tiles and a window on the right side. The lighting is bright, and the overall atmosphere is formal.

How we are governed



Corporate governance statement

The Bank remains committed to the highest standards of corporate governance, integrity, accountability, and transparency in the discharge of its statutory mandate. The Bank's governance framework provides the foundation for effective oversight, sound decision-making, prudent stewardship of public resources, and the achievement of its strategic objectives.



The governance structure comprises the Board, Board Committees, and the Executive Committee of Management (EXCOM), each with clearly defined roles and responsibilities set out in the Board Charter, that support effective governance, risk management, and institutional performance.

In accordance with Articles 162(2) and 162(3) of the Constitution of the Republic of Uganda, the authority of the Bank is vested in the Board, which consists of the Governor, the Deputy Governor, and up to five (5) Board members without Executive Function. All Board members are appointed by the President of the Republic of Uganda, with the approval of Parliament, in line with the constitutional provisions governing the Bank.

The Board is responsible for providing strategic oversight and ensuring that the Bank fulfils its mandate in an effective, accountable, and sustainable manner. In exercising its fiduciary responsibilities, the Board acts in the best interests of the Bank and the public, while safeguarding the Bank's independence, credibility, and institutional integrity. The Board is guided by a Board Charter and Code of Conduct, which establish the principles and standards governing the conduct of Board members and their decision-making processes. Board members are expected to uphold the highest standards of ethical behaviour, exercise independent judgement, demonstrate due care, skill, and diligence, and avoid actual or perceived conflicts of interest.

The Board provides oversight of Management's stewardship of public resources and monitors the Bank's performance in delivering its mandate. The existing governance arrangements promote accountability, transparency, and effective decision-making, supporting the achievement of price stability, the maintenance of a sound and resilient financial system, and the fulfilment of the Bank's broader statutory responsibilities in the public interest and in support of sustainable socio-economic development in Uganda.

Leadership, ethics, and corporate citizenship

Declaration and code compliance

The Bank promotes compliance with its Code of Conduct through a combination of mandatory declarations, governance controls, and verification processes. Upon appointment, all staff are required to complete and sign declarations relating to ethical conduct and compliance, including:

- Conflict of Interest Declarations.
- Close Relative Declarations.
- Confidentiality Acknowledgement.
- Declaration of Secrecy and Consent to Bank Policies, Rules and Regulations.
- Financial Embarrassment Declarations.
- Declarations of Debt.

These declarations are maintained as part of employees' official records and are used to identify and manage potential conflicts or ethical risks.

In addition, the Bank conducts academic credential verification for all employees to confirm the authenticity of qualifications before they are entered into the personnel records.

Compliance with the Code of Conduct is reinforced through applicable policies, supervisory oversight, and disciplinary procedures where breaches are identified. Staff are also required to disclose any actual, potential, or perceived conflicts of interest as they arise, and, where applicable, prior to participating in key decisions or assignments to safeguard the integrity and impartiality of the Bank's operations.

Disclosure and conflict of interest

In adherence to the Bank of Uganda Byelaws (specifically Byelaw 7), all Board Members submitted annual declarations of conflict of interest and debt positions for both 2025 and 2026, ensuring transparency regarding potential conflicts that could affect their decision-making.

Beyond the annual declarations, Board Members demonstrated ongoing commitment to ethical governance by declaring any relevant conflicts of interest at the commencement of each meeting attended throughout the reporting period.

Where a Board Member identifies a conflict of interest, they recuse themselves from both the discussion and decision-making process on the relevant agenda item and are prohibited from communicating with other Board Members on the matter for the duration of the recusal.

All conflict-of-interest declarations are formally documented in a dedicated register and in the meeting minutes, ensuring transparency. This practice, mandated by the Bank of Uganda Board Charter, enables real-time transparency and appropriate management of potential conflicts as they arise during Board deliberations, safeguarding the integrity of the decision-making process.



The Board provides oversight of Management's stewardship of public resources and monitors the Bank's performance in delivering its mandate. The existing governance arrangements promote **accountability, transparency, and effective decision-making**, supporting the achievement of price stability, the maintenance of a sound and resilient financial system.

Responsible corporate citizenship

The Bank recognises that responsible corporate citizenship extends beyond compliance with its statutory mandate. As Uganda's central bank, its policy and regulatory decisions influence household purchasing power, access to finance, the security of savings, business confidence and the country's capacity to respond to environmental and social risks. The Bank therefore integrates consideration of these wider impacts into its pursuit of price stability and a sound financial system in support of socio-economic transformation.

Macroeconomic stability itself is a significant public good. By maintaining low and stable inflation, promoting orderly foreign exchange markets and safeguarding financial system resilience, the Bank protects incomes and savings, particularly those of lower-income households, which are least able to absorb price and financial shocks. The Bank nevertheless considers potential trade-offs between inflation control, credit conditions and economic activity, using evidence, stakeholder engagement and forward-looking risk assessments to calibrate its interventions.

The Bank complements stability with deliberate action to broaden financial participation. Through coordination of the National Financial Inclusion Strategy, oversight and modernisation of payment systems, promotion of interoperability, financial literacy programmes and support for responsible innovation, the Bank seeks to reduce barriers affecting women, young people, rural communities, persons with disabilities and micro, small and medium enterprises. Financial Inclusion and e-payments indicators, together with increasingly disaggregated data, support evidence-based policy and enable the Bank to assess whether access is translating into meaningful and safe usage.

Inclusion must be accompanied by protection. The Bank embeds consumer interests in the licensing, regulation and supervision of financial institutions, payment service providers and emerging financial technologies. Its approach combines market conduct requirements, transparent disclosure, complaints and grievance redress arrangements, financial education, anti-fraud coordination, and enforcement of standards relating to data security and fair treatment. Regulatory sandboxes allow innovation to be tested while maintaining safeguards for consumers and the financial system.

Environmental, Social and Governance considerations are also being progressively integrated into national financial policy. The Bank has incorporated ESG assessments into risk-based supervision and is advancing climate-risk guidelines, stress testing and data capabilities to help financial institutions identify, manage and disclose sustainability-related risks.

Collaboration on the National Green Taxonomy, climate finance strategy, green finance capacity building and sustainable finance instruments support the mobilisation of capital towards environmentally and socially responsible activities.

The Bank applies these principles to its own operations through sustainable procurement and project appraisal, digital and paper-efficient processes, responsible investment, inclusive workplaces and accessible public communication. Board and Management oversight, stakeholder feedback, risk management and integrated reporting provide accountability for both intended outcomes and potential trade-offs. In this way, the Bank aligns institutional resilience with financial inclusion, consumer welfare and environmental sustainability thereby creating enduring public value while preserving the independence and discipline required for effective central banking.



Strategy, performance, and value creation

The Board of Directors provides strategic direction and is ultimately accountable for the Bank of Uganda's performance. **It approves the Strategic Plan, annual work plan and budget, risk appetite and key policies, while delegating day-to-day implementation to the Governor and Management.** This separation enables the Board to maintain independent oversight while preserving clear executive accountability.

Through the Strategy and Finance Committee of the Board, the Board reviews quarterly strategic-performance reports, the corporate risk profile, financial performance against the approved budget, and the alignment of work plans and resources with strategic priorities. Other committees provide focused scrutiny: the Financial Stability Committee of the Board oversees supervision and regulation of the financial sector; the Audit and Governance Committee evaluates governance, internal controls, risk management and assurance; and the Capital Projects Committee oversees major infrastructure investments. Their recommendations inform decisions of the full Board and corrective action where performance is below target or risks exceed approved tolerances.

The Board's assessment connects institutional performance to the Bank's four High-Impact Goals: low and stable inflation; exchange-rate stability; an efficient, stable and resilient financial system; and sustainable economic growth. It considers performance against defined indicators, including core inflation relative to the medium-term target, exchange-rate stability, capital and liquidity resilience, systemic-risk measures, financial inclusion and payments indicators, foreign-exchange reserve adequacy and import cover, investment risk limits, and institutional efficiency.

Management committees such as the Monetary Policy Committee, Financial Stability Committee and Foreign Exchange Reserves Management Policy Committee provide the underlying analysis, implementation reports and forward-looking risk assessments.

Consistent with integrated thinking, the Board considers not only immediate policy outcomes but also how decisions create, preserve or erode value across six interdependent capitals over the short, medium and long term. It assesses:

- financial capital through balance-sheet resilience, cost efficiency and prudent reserve management;
- manufactured capital through secure currency, payments, technology and physical infrastructure;
- intellectual capital through data, research, policy frameworks, innovation and institutional knowledge;
- human capital through competence, leadership, wellbeing and organisational culture;
- social and relationship capital through public confidence, stakeholder engagement, inclusion, consumer protection and credible policy communication; and
- natural capital through climate-risk integration, resource efficiency, responsible investment and the environmental footprint of operations.

In evaluating policy options, the Board considers dependencies and trade-offs among these capitals. For example, price stability versus near-term growth, transparency versus financial stability safeguards, innovation versus cyber and operational risk, and infrastructure investment versus environmental impact. Stakeholder feedback, scenario and stress testing, risk and compliance reviews, internal and external assurance, and periodic strategy reviews strengthen this assessment. The result is governance that links mandate delivery, resource allocation and risk oversight to sustainable long-term public value.

Governing body structure, composition, and delegation

Board composition and diversity

The Board consists of **seven (7) members**:

The **Governor**, who serves as Chairperson

The **Deputy Governor**, who serves as Deputy Chairperson

Five (5) other members without executive function

The five non-executive Board members ensure that there is independence in the way that the Board operates. The Executive members, namely, the Chairperson and Deputy Governor, provide prompt, firsthand insight into the Bank's day-to-day operations during Board discussions. None of the non-executive Board members worked at the Bank prior to being appointed to the Board. In addition, all Board members declare their shareholdings in Supervised Financial Institutions (SFIs) and disclose any direct or indirect interests they may have in business transactions involving the Bank.



Board committees

To effectively discharge its functions, the Board delegates certain responsibilities to Board Committees, which operate within defined terms of reference set out in the Board Charter. The Committees, in turn, make recommendations to the Board for approval.

All Board Committees are chaired by members of the Board without executive functions with the Bank Secretary serving as secretary to each. The Committees meet on a structured quarterly schedule, while retaining the flexibility to convene ad hoc or special meetings as necessary. Committee membership typically comprises the Deputy Governor and four (4) members without executive functions. The exception is the Audit and Governance Committee of the Board (AGCB), is composed exclusively of members without executive functions.

Bank management committees

These specialised committees serve as critical decision-making bodies for policy formulation, technical matters, and administrative issues, drawing upon expert input and analysis from the Bank's various Directorates and Departments.

Below are the five (5) Board Committees and their key roles:



Human Resources and Remuneration Committee of the Board (HRRCB): Oversees human resource and remuneration matters, including policy review, talent management, succession planning, culture transformation and staff welfare, ensuring alignment with the Bank's strategic objectives.



Strategy and Finance Committee of the Board (SFCB): Oversees the Bank's strategic direction and financial stewardship, ensuring effective allocation and utilisation of resources to achieve strategic priorities, while providing oversight of enterprise risk management, information technology governance and sustainability.



Capital Projects Committee of the Board (CPCB): Oversees the planning, acquisition, implementation, utilisation, and monitoring of the Bank's capital projects, including information technology investments, plant and machinery, construction, and major maintenance works, to ensure value for money and alignment with organisational objectives.



Audit and Governance Committee of the Board (AGCB): Assists the Board in fulfilling its oversight responsibilities by providing assurance on the effectiveness of internal controls, risk management, governance processes, and the prudent utilisation of the Bank's resources.



Financial Stability Committee of the Board (FSCB): Oversees the Bank's financial sector regulatory and supervisory functions and provides strategic guidance on matters relating to financial system stability and the development of a sound, resilient, and inclusive financial sector.

Board and committees' attendance

Board Member	Board [4]	AGCB [05]	CPCB [04]	SFCB [08]	FSCB [05]	HRRCB [05]
Mr. Michael Atingi-Ego (PhD)	4/4	^ 1/1	N/A	N/A	N/A	N/A
Prof. Augustus Nuwagaba	2/4	^^ 3/3	2/4	8/8	5/5	4/5
Mr. Ramathan Ggoobi	2/4	N/A	N/A	2/8	3/5	N/A
Mr. Japheth Katto	4/4	5/5	4/4	5/8	3/5	5/5
Mr. Didas Nkurunziza	4/4	5/5	4/4	8/8	4/5	5/5
Ms. Rosemary Kisembo	4/4	5/5	4/4	^ 2/2	N/A	5/5
Ms. Josephine Okui-Ossiya	4/4	4/5	4/4	8/8	5/5	5/5

^ Attendance on special invitation

^^ Attendance as a representative of Management

Source: Bank of Uganda Board Secretariat

Bank management committees

The Board delegates the Bank's day-to-day operations to the Governor, who serves as the chief executive officer. The Governor is supported by the Deputy Governor and a senior management team, the Executive Committee (EXCOM), creating a robust leadership structure capable of managing the institution's complex operational requirements.

To ensure efficient and effective operational delivery, the Bank has a comprehensive system of Management Committees as integral components of its organisational framework. These specialised committees serve as critical decision-making bodies for policy formulation, technical matters, and administrative issues, drawing upon expert input and analysis from the Bank's various Directorates and Departments.

Apex committees of management

The Governor chairs all the Management Committees listed below, with the Deputy Governor as alternate Chair.

- i. **Executive Committee (EXCOM)** is the apex Management Committee. Its membership is the Governor, Deputy Governor, and all Executive Directors. EXCOM has eight (8) sub-committees responsible for Human Resources Management, Strategy and Finance, Risk Management, Effective Information Management, Financial Markets Development, Currency matters, Funds Management, and Payment Systems Policy.
- ii. **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.

- iii. **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.

- iv. **Foreign Exchange Reserves Management Policy Committee (FERMPC)** provides strategic guidance and monitoring of foreign exchange reserves operations based on the Bank's strategic objectives and policies. The FERMPCC has one (1) sub-committee, the Investment Sub-Committee, chaired by the Executive Director, Finance.

Board composition

Michael Atingi-Ego
Governor



Academic qualifications

- PhD in Economics from Liverpool University (1996)
- MSc in Economics in International Economics and Banking from Cardiff Business School, University of Wales (1991)
- BSc in Economics from Makerere University

Year of appointment

- Deputy Governor on April 23, 2020
- Governor on February 16, 2025

Previous employment

- Executive Director of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) from September 2018
- Deputy Director in the African Department of the International Monetary Fund (IMF) since June 2008
- Bank of Uganda, where he rose to the role of Executive Director of Research

Prof. Augustus Nuwagaba
Deputy Governor



Academic qualifications

- PhD in Economics, Inclusive Growth and Poverty Eradication from Makerere University
- Master of Science from the London School of Economics
- Master of Business Administration (MBA) in Monetary Policy and Commercial Bank Competitiveness from the Eastern and Southern African Management Institute (ESAMI)
- Bachelor of Social Sciences from Makerere University (1989)

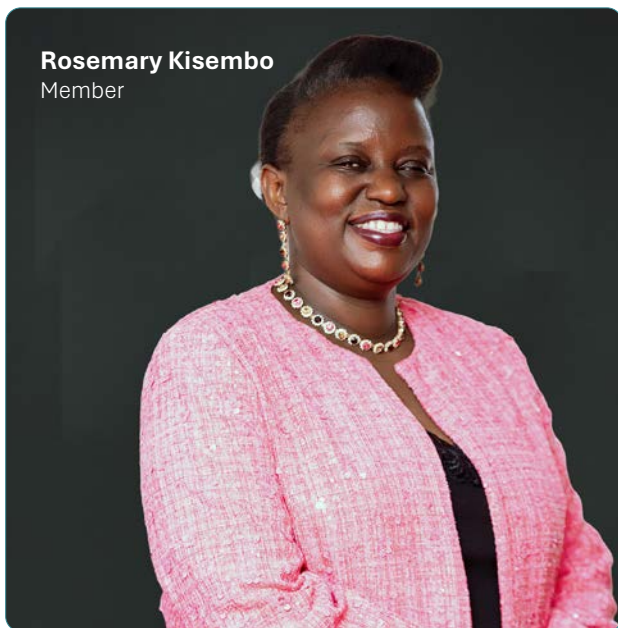
Year of appointment

16 February 2025

Previous employment

- Managing Consultant at REEV Consult International Limited
- Member of the academic staff at Makerere University since the early 2000s
- Chairperson of the Makerere University Academic Staff Association
- Consultant for various organisations, including the United Nations Development Programme (UNDP), the World Bank, and the East African Community

Rosemary Kisembo
Member



Academic qualifications

- Master of Science in Information Systems (2008) from Makerere University
- Bachelor of Commerce in Marketing (1995) from Makerere University

Year of appointment

15 June 2023

Previous employment

- Head of ICT at the Uganda National Roads Authority from January 2016 to May 2021
- Manager of Software Engineering at the Uganda Revenue Authority from 1995 to January 2016

Current employment

- Executive Director of the National Identification and Registration Authority (NIRA)

Josephine Okui Ossiya
Member



Academic qualifications

- MBA from the University of Liverpool
- Bachelor of Commerce from Makerere University
- Member of the Institute of Internal Auditors of Uganda
- Member of the Institute of Certified Public Accountants of Uganda
- Fellow of the Association of Chartered Certified Accountants (ACCA)

Year of appointment

18 February 2018

Previous employment

- Chief Finance Officer of Bujagali Energy Limited from November 2014 to February 2024
- Chief Financial Officer and Head of Finance at ATC Ghana Ltd from May 2012 to August 2014
- Finance Director at Eskom Uganda Limited from July 2008 to May 2012
- Financial Controller at Standard Chartered Bank Uganda from January 2008 to June 2008
- Corporate Treasurer at Shell Uganda Limited (now Vivo Energy) from 2004 to 2006, and Financial Controller in 2007
- Area Auditor for Eastern Africa at British American Tobacco from 2001 to 2004
- Internal Auditor at the National Social Security Fund from 1996 to 2000
- Internal Auditor at the National Water and Sewage Corporation from 1994 to 1996

Current employment

- Chief Executive Officer of the Capital Markets Authority

Didas Nkurunziza
Member



Academic qualifications

- Bachelor of Laws (LL.B) from Makerere University (1978-1981)
- Diploma in Legal Practice from the Law Development Centre (1981-1982)
- Member of the Uganda Law Society and the East African Law Society

Year of appointment

15 June 2023

Current employment

- Partner Didas Nkurunziza & Co Advocates

Japheth Katto
Member



Academic qualifications

- Bachelor of Commerce from Makerere University
- Member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Institute of Certified Public Accountants of Uganda

Year of appointment

15 June 2023

Previous employment

- Board Chairman of Stanbic Uganda Holdings Limited (April 2019 to May 2023)
- Board Chairman of Uganda Breweries Limited (October 2018 to June 2023)
- Board Chairman of Stanbic Bank Uganda Limited (June 2014 to April 2019)
- Board Chairman of the Duke of Edinburgh International Award Uganda (May 2012 to April 2015)
- Board member of East African Breweries Plc in Kenya (February 2014 to February 2023)
- Board member of the International Federation of Accountants in New York (November 2007 to November 2013)
- Board member of the Association of Chartered Certified Accountants
- Chief Executive Officer of the Capital Markets Authority in Uganda (January 1998 to 2013)

Ramathan Ggoobi

Member



Academic qualifications

- PhD in Economics (2025)
- MA in Economic Policy and Planning from Makerere University (2011)
- BA (Hons) in Economics from Makerere University (2003)

Year of appointment

1 July 2022

Previous employment

- Member Board of Directors of the Uganda Development Corporation (UDC) from September 2017 to September 2020.
- Senior Presidential Advisor on the National Economy from June 2002 to July 2021.
- Lecturer of economics Makerere University Business School (MUBS), from January 2008 until July 2021.

Current employment

- Permanent Secretary of the Ministry of Finance, Planning and Economic Development and Secretary to the Treasury of the Republic of Uganda.

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. The Contracts Committee is responsible for the conduct of procurement and disposal of goods, works, and services within the provisions of the law and procedures.

Medical Advisory Board

The Medical Advisory Board is an independent advisory body comprising five (5) external consultant physicians who provide expert guidance to Management and the Board on medical and health-related matters. The Advisory Board is chaired by one of the consultant physicians, while the Director of the Medical Department serves as Secretary to the Medical Board.

During FY 2025/26, the Medical Advisory Board comprised Dr. Ben Mbonye (Chairperson), Dr. Joel Kiryabwire, Dr. John Omagino, Dr. Victoria Walusansa, and Prof. Harriet Mayanja-Kizza. Through its independent oversight and professional expertise, the Medical Board supports the Bank in promoting the health and well-being of staff and ensuring the effectiveness of its medical services and programmes.

Director induction, training and development

The Bank operates within an increasingly complex, dynamic, and rapidly evolving financial environment that demands continuous adaptation and learning. To meet these challenges effectively, the Bank maintains a strategic commitment to ongoing capacity building for Board Members, ensuring their skillsets remain current with industry standards and enabling optimal execution of their governance mandate.

During FY 2025/26, Board Members participated in targeted capacity-building and professional development programmes under the Bank of Uganda's Director Development Plan, aligned to the Bank's Strategic Plan. These programmes covered key areas including corporate governance, Environmental, Social and Governance (ESG) and sustainability principles, reserve management, cybersecurity, Artificial Intelligence, and organisational culture. In addition, selected members of the Board's Audit and Governance Committee participated in a specialised capacity development programme on corporate governance best practices, with particular emphasis on the evolving roles, responsibilities, and oversight expectations of audit committees in Africa. The programme enhanced the Committee's ability to provide effective assurance and governance oversight in an increasingly complex operating and regulatory environment.

Collectively, the programmes strengthened the Board's knowledge, skills, and competencies in governance, strategy, and risk oversight, enhancing its effectiveness in providing strategic direction and maintaining oversight excellence in an evolving regulatory landscape.

The Board members are registered and subscribed to professional bodies in line with their professions and roles, which include:

- i. The Association of Chartered Certified Public Accountants (ACCA)
- ii. The Institute of Certified Public Accountants of Uganda (ICPAU)
- iii. The Institute of Corporate Governance of Uganda (ICGU)
- iv. The League of East African Directors (LEAD)
- v. The Uganda Law Society (ULS)
- vi. The East African Law Society (EALS)

Board succession plan

The Governor, on the advice of the Bank Secretary, initiates correspondence with the Minister of Finance, Planning and Economic Development when a Board member without Executive Function has six (6) months remaining in their term of office, formally requesting commencement of the replacement process.

Under Uganda's Constitution, the authority to appoint Board Members rests with His Excellency the President of the Republic of Uganda, subject to parliamentary approval, which ensures appropriate checks and balances in the governance appointment process.

For senior management positions, the Board adheres to the Bank's Succession Management Policy, in conjunction with established staff recruitment policies, to ensure the systematic filling of vacant positions and maintain institutional continuity.

The Board Members participated in targeted capacity-building and professional development programmes under the Bank of Uganda's Director Development Plan, aligned to the Bank's Strategic Plan. These programmes covered key areas including **corporate governance, Environmental, Social and Governance (ESG) and sustainability principles, reserve management, cybersecurity, Artificial Intelligence, and organisational culture**

Assessment of board performance

Periodic Board performance evaluations are conducted to assess the effectiveness of the Board and identify opportunities for continuous improvement. The evaluation covers the Board as a collective body, its Committees, the Board Chairperson, individual Board members, the Board Secretary, the adequacy of the Board's skills and competencies, and attendance at Board and

Committee meetings. It also assesses broader dimensions of governance effectiveness, including Board composition, quality of deliberations, decision-making processes, strategic oversight, and contribution to organisational performance.

To ensure objectivity and independence, the evaluation is undertaken by an external consultant

using a Board-approved assessment framework. The mid-term evaluation for the Board's tenure commenced at the beginning of FY 2026/27. The findings and recommendations from the exercise will inform continuous enhancement of the Board's effectiveness, governance practices, and overall organisational performance.

Governance of functional areas

During the year, the Bank faced key risks related to economic and market volatility, financial and reserve management, cybersecurity, operational disruptions, financial-sector stability, legal and compliance obligations, reputation, and climate change.

Risk and opportunity governance

The Board holds ultimate responsibility for risk oversight, setting the Bank's Risk Appetite and Tolerance Statement in line with a deliberately conservative, low-risk posture. This reflects the Bank's mandate to preserve policy solvency, financial stability, reserve integrity, and regulatory compliance, with any departure from approved risk appetite requiring prior Board approval. A comprehensive risk management framework, with tolerance limits cascaded to Directorate and Department level, keeps reserve management, financial sustainability, operational resilience, cybersecurity, business continuity, and compliance risks identified, monitored, and managed within approved limits, while embedding clear accountability across the institution.

During the year, the Bank faced key risks related to economic and market volatility, financial and reserve management, cybersecurity, operational disruptions, financial-sector stability, legal and compliance obligations, reputation, and climate change. These risks were mitigated through robust governance, prudent financial management, enhanced cybersecurity, strong supervision, compliance controls, and operational resilience measures, with future focus on evolving economic conditions, cyber threats, climate-related risks, and maintaining financial-system stability.

Technology and information governance

The Board provides strategic oversight of the Bank's IT infrastructure by monitoring all technology-related capital projects and evaluating the implementation of the Bank's IT Strategy to ensure alignment with institutional objectives, regulatory requirements, operational efficiency, resilience and innovation. The Board receives regular reports on the performance and effectiveness of critical technology systems and digital infrastructure, enabling informed oversight of technology investments and risks. In addition, the Board approves and periodically reviews IT and information governance policies that strengthen accountability, risk management, data governance and security controls, ensuring the secure, effective and value-for-money use of technology resources across the Bank.

Compliance governance

Bank of Uganda's compliance framework is anchored in strong Board oversight, supported by robust governance, risk management and control structures that ensure adherence to the Bank of Uganda Act Cap 54, the Financial Institutions Act Cap 57, National Payments systems Act Cap 59, and other applicable regulatory requirements. An integrated system of enterprise risk management, compliance monitoring, information governance, internal audit and external assurance provides multiple lines of defence for identifying, assessing and mitigating compliance risks. Financial reporting integrity is reinforced through the application of International Financial Reporting Standards (IFRS), supported by effective internal controls and independent audit processes that promote transparency, accountability and stakeholder confidence.

Remuneration governance

Bank of Uganda maintains a remuneration framework that reflects its public policy mandate, promotes accountability and supports the attraction, motivation and retention of skilled staff. The Board periodically reviews management recommendations on staff remuneration and oversees the Bank's salary structure to ensure that compensation remains fair, equitable, market-competitive and aligned with the approved organisational structure. Remuneration decisions are linked to institutional objectives and performance outcomes, with the Board setting annual corporate performance targets and monitoring achievement against these objectives.

Assurance and control environment

The Bank safeguards the integrity of its financial reporting and internal controls through a layered, coordinated assurance structure built on the Three Lines Model. Management, as the first line, owns and operates the Bank's day-to-day controls.

The second line comprises internal assurance providers such as the Risk and Compliance Management Department and Legal Services Department, who provide specialised oversight independent of operations.

Internal Audit, as the third line, delivers independent, objective assurance and advisory services designed to add value and improve the Bank's operations, and importantly coordinates with both internal and external assurance providers to align efforts across the model rather than working in isolation.

The Strategy and Finance Committee of the Board (SFCB) monitors resource utilisation, while safeguarding the quality and integrity of financial reporting.

The Audit and Governance Committee of the Board (AGCB) plays the central assurance role, monitoring the effectiveness of governance, risk management, internal controls. It maintains regular engagement with internal and external auditors to review audit outcomes, track management's corrective actions, and drive continuous improvement of the control environment.

External validation is provided by appointed independent external auditors, who conduct the Bank's statutory annual audit, and the Office of the Auditor General (OAG), which exercises oversight and specialised investigative authority over public resources, together forming a combined assurance model in which management, internal audit, board governance, and external audit collectively reinforce the reliability of the Bank's financial reporting.



Major achievements of the Board

As part of its commitment to effective governance, accountability, transparency, and continuous improvement, the Board achieved a number of significant milestones during the reporting period.

The accomplishments reflect the Bank's strategic priorities, oversight responsibilities, and efforts to strengthen institutional effectiveness and resilience. Key achievements during the period included:

- i. In September 2025, the Board and Senior Management conducted a strategic field visit to the Albertine Graben with Petroleum Authority of Uganda (PAU) and Uganda National Oil Company (UNOC), gaining first-hand insights into Uganda's oil and gas developments and strengthening the Bank's preparedness to support macroeconomic and financial stability ahead of commercial oil production expected in late 2026.
- ii. The Bank launched a three-year pilot Domestic Gold Purchase Programme in April 2026 to diversify foreign exchange reserves and strengthen long-term reserve resilience and financial stability.
- iii. The Board oversaw recruitment of senior management to ensure leadership continuity, organisational stability, and effective implementation of the Bank's strategic priorities.
- iv. The Board approved several new and revised policies and regulatory guidelines to strengthen governance, risk management, and operational resilience. Key approvals included the Information and Cybersecurity Policy and related guidelines to address evolving digital security risks, and the Artificial Intelligence Policy to support the responsible use of AI in enhancing operational efficiency, analytical capability, and the Bank's mandate.
- v. Other key policies approved during the period included the revised Corporate Social Responsibility (CSR) and Donations Policy, the Innovation Management Policy, and the FinTech Policy. The CSR and Donations Policy was updated to strengthen monitoring and evaluation, align with the Bank's Strategic Plan (2022–2027), and integrate Environmental, Social, and Governance (ESG) principles. The Innovation Management Policy and Guidelines support continuous innovation to enhance the Bank's competitiveness and sustainability.
- vi. In support of the Cultural Transformation Programme, the Board continued to promote initiatives that strengthen institutional values, leadership, employee engagement, and organisational effectiveness. During the period, it supported the adoption of a universal prayer and the integration of culture moments into Board, Management, and staff meetings to reinforce shared values, enhance collaboration, and foster a unified organisational culture.
- vii. The Board reviewed the implementation of the Bank of Uganda Strategic Plan 2022–2027, with a focus on progress towards strategic objectives, performance against key targets, and the implementation of priority initiatives.



Executive committee

Michael Atingi-Ego

Governor



Prof. Augustus

Nuwagaba

Deputy Governor



Susan

Kanyemibwa (Mrs)

Bank Secretary



Richard Byarugaba

Executive Director
Finance



**Adam Mugume
(PhD)**

Executive Director
Research and Policy



Jacob Opolot (PhD)

Executive Director
Operations



David L. Kalyango

Executive Director Su-
pervision



Joyce Okello (Mrs)

Chief Internal Auditor



**Margaret Kaggwa
Kasule (Mrs)**

General Counsel



Philip Wabulya

Executive Director
Risk and Strategy
Management



**Tumubweinee
Twinemanzi (PhD)**

Executive Director
National
Payment Systems



Collin Babirukamu

Executive Director
Information Technology



Oscar Edwin Kiiza

Ag. Executive Director
People and Culture





Directors' Report

Reporting entity

The Directors are pleased to present their report on the activities and financial results for the year ended 30 June 2026. The report on the performance of the Bank fulfils the provisions of the Bank of Uganda Act Cap. 54, 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.

Principal activities

Bank of Uganda's primary function 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 the government on financial and economic matters, and issuer of currency notes and coins as dictated by economic requirements.

Financial results

The Bank recorded total comprehensive income of UGX 1,517 billion for the year ended 30 June 2026, compared to UGX 678 billion in the previous financial year, representing an increase of 123.6 percent. The increase was mainly driven by the higher net surplus for the year and other comprehensive income, including a remeasurement gain on the defined benefit plan and changes in the fair value of equity instruments at FVOCI.

The Bank's net surplus for the year increased by 100.1 percent to UGX 1,319 billion, from UGX 659 billion in the previous financial year. Net operating income before foreign exchange gains and losses increased by 24.5 percent to UGX 1,909 billion, from UGX 1,534 billion in FY 2024/25. The increase was supported by higher net interest income and an expected credit loss release of UGX 106 billion, compared to an expected credit loss expense of UGX 226 billion in the previous financial year.

Total interest income increased by 16.4 percent to UGX 1,919 billion in FY 2025/26 from UGX 1,648 billion in FY 2024/25. The increase was mainly driven by higher interest income from international reserves and Government advances and securities.

Interest expenses increased by 56.4 percent to UGX 327 billion, from UGX 209 billion in the previous financial year. The increase reflected higher costs associated with monetary policy operations and cross-currency repurchase agreements.

Total expenses increased by 11.4 percent to UGX 736 billion, compared to UGX 660 billion in FY 2024/25.

The Bank recorded net realised foreign exchange losses of UGX 94 billion during FY 2025/26. However, the Bank recognised net unrealised foreign exchange gains of UGX 239 billion, compared to net unrealised foreign exchange losses of UGX 212 billion in FY 2024/25.

The Bank's total assets increased by 21.3 percent to UGX 38,668 billion as at 30 June 2026, compared to UGX 31,871 billion as at 30 June 2025. Total liabilities increased by 20.5 percent to UGX 30,986 billion, compared to UGX 25,706 billion in the previous financial year. The Bank's net worth increased by 24.6 percent to UGX 7,682 billion, from UGX 6,165 billion at the end of June 2025.

Dividend

The Directors do not recommend payment of a dividend to the Government for the year ended 30 June 2026 (30 June 2025: Nil).

Board of Directors

Executive Board Member

Michael Atingi-Ego

Chairman and Governor

Augustus Nuwagaba

Member and Deputy Governor

Non Executive Board Members

Josephine Okui Ossiya

Member

Japheth Katto

Member

Rosemary Kitembo

Member

Didas Nkurunziza

Member

Ramathan Ggoobi

Member

None of the Non-Executive Board Members had any financial interests in the Bank during the year. The Executive Directors on the Board are entitled to loans and advances in accordance with the Bank's policies. Details of related party transactions, including loans to Executive Directors, are disclosed in Note 60 to the financial statements.

Auditor

In accordance with Section 43 of the Bank of Uganda Act Cap. 54, 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 30 June 2026 M/s. KPMG Certified Public Accountants were appointed to conduct the external audit exercise on behalf of the Auditor General.

Events after the reporting period

At the date of finalisation of these financial statements, there were no material events subsequent to the statement of financial position date that required adjustments to the financial statements as disclosed in note 61.

Approval of the financial statements

The financial statements were approved and authorised for issue at a meeting of the Board of Directors held on 24 September 2026.

By order of the Board



Susan Kanyemibwa

Bank Secretary

24 September 2026

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 30 June 2026 and 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 the notes to the financial statements and explanatory notes to the financial statements including summary of material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Bank of Uganda Act Cap. 54, Laws of Uganda.

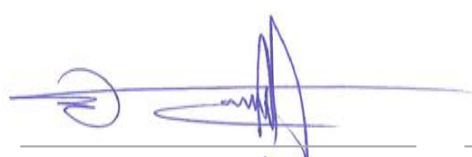
The Directors are also responsible for such internal control as the Directors determine it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of 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 for at least twelve months from the date of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by the Bank of Uganda Act Cap. 54, Laws of Uganda.

Approval of the financial statements

The financial statements of Bank of Uganda which appear on page 130 to page 211 were approved and authorised for issue by the Board of Directors on 24 September 2026.



Chairman



Director



Director

Report of the Auditor General to Parliament

Report on the audit of the Financial Statements

Under the terms of Section 43 of the Bank of Uganda Act Cap 54, Laws of Uganda 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).

Opinion

I have audited the financial statements of Bank of Uganda (“the Bank”) set out on page 130 to page 211, which comprise the Statement of financial position as at 30 June 2026, and the Statement of comprehensive income, Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 June 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Bank of Uganda Act Cap.54, Laws of Uganda.

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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Uganda. I have also fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

Key audit matters are those matters that, in my professional judgement, 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.

Expected credit losses - Investments in government securities

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

- 2.5 - Judgments;
- 2.5.1 - Assumptions and estimation uncertainties;
- 3.8.4 - Impairment of financial assets;
- 3.8.8 - Significant increase in credit risk;
- 3.8.11 - Presentation of allowance for ECL in the statement of financial position;
- 4.2.3 - Assumptions applied in the calculation of expected credit losses (ECLs);
- 4.2.4 - External benchmarks used;
- 4.2.5 - Sensitivity analysis of expected credit losses;
- 21 - Expected credit loss (release)/ expense on financial assets; and
- 39 - Investment in Government securities.

Key Audit Matter	How the key audit matter was addressed in my audit
In accordance with IFRS 9 Financial Instruments (IFRS 9), the Bank is required to assess and recognise expected credit losses (ECLs) on debt instruments measured at fair value through other comprehensive income (FVOCI) and at amortised cost. ECL assessments were performed for all financial assets within the scope of IFRS 9. My audit focused primarily on the ECL assessment for investments in government securities, as this represented the most significant area of judgment due to the material nature of the exposure and the estimation uncertainty involved in determining the associated expected credit losses. As at 30 June 2026, investments in government securities constituted a significant portion of the Bank's total assets approximately UGX 9.080 trillion out of UGX 38.668 trillion as at 30 June 2026 representing 23% of the total assets. The determination of ECLs for this balance involves the application of complex models and significant management judgement in estimating future credit losses. Management applies judgement in selecting appropriate ECL methodologies and in determining key assumptions used in the models. The key areas of judgement include: - Assessing whether there has been a significant increase in credit risk (SICR) since initial recognition and in estimating the key ECL parameters, including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). - Assessing the creditworthiness of the Government of Uganda, including consideration of credit ratings assigned to Uganda's domestic debt obligations, and in determining the probability of default and resulting expected credit losses recognised on these instruments. Given the material nature of this balance, the complexity of the ECL model, and the significant judgement involved in determining the assumptions and estimates used, the measurement of ECLs on the investments in government securities was considered to be a key audit matter.	My audit procedures included the following: - Understanding the Bank's processes and governance over the ECL models and related adjustments to identify the key controls used in the determination of ECL for Investments in government securities. - Assessing the predictive capability of the ECL model through performing a retrospective review by comparing the prior period ECL estimate on Investments in government securities with the actual results of the estimate in the current year. - Selecting a sample of financial assets relating to investments in government securities and evaluating whether the assets sampled are correctly staged/ classified by comparing the credit risk information for each asset against the Bank's staging criteria. - Evaluating the appropriateness of the Bank's SICR criteria by assessing: - the reasonableness of qualitative staging decisions such as the Government's financial performance by inspecting correspondences between the counterparty and the Bank; and - the accuracy of the quantitative staging criteria such as days past due by evaluating the repayment history, the last repayment date and re-aging sampled financial assets and verifying external credit risk ratings used. - Assessing the reasonableness of the LGD assumptions applied by performing re-calculations and obtaining evidence to evaluate the parameters used in deriving the adjustments. - Evaluating management's assessment of the creditworthiness of the Government of Uganda by considering credit ratings assigned to Uganda's domestic debt obligations and assessed whether the resulting PD used in estimating expected credit losses was reasonable. - Reperforming the ECL calculations for investments in government securities using the underlying PD, LGD and EAD assumptions and compared the resulting ECL estimates to those recognised by management. - Evaluating the adequacy of the Bank's disclosures in the financial statements in accordance with the requirements of IFRS 9 and IFRS 7, Financial Instruments: Disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Bank of Uganda Annual Integrated Report 2025/26”, 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 the 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 IFRS Accounting Standards and in the manner required by Bank of Uganda Act Cap.54, Laws of Uganda, 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 judgement and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the 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 the 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.

From the matters communicated with the 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.



Edward Akol
Auditor General
Kampala

28 September 2026



Financial statements



Statement of comprehensive income

For the year ended	Note	Restated**	
		30 Jun 2026	30 Jun 2025
		UGX (m)	UGX (m)
Operating income			
Interest income from international reserves	8	785,570	592,590
Interest income from monetary policy operations	9	11,721	43,419
Interest income from Government advances and Securities	10	1,102,068	993,817
Other interest income	11	19,750	18,427
Total interest income calculated using the effective interest method		1,919,109	1,648,253
Interest expense from monetary policy operations	12	(120,356)	(24,360)
Other interest expense	13	(207,079)	(184,994)
Total interest expense		(327,435)	(209,354)
Net interest income		1,591,674	1,438,899
Other income from banking operations	14	98,389	82,444
Other income from currency operations	15	5,732	6,934
Other income from supervising financial institutions	16	8,826	8,006
Other income from supervising National Payment Systems	17	8,986	8,412
Net gains on financial assets at FVTPL	18	36,831	162,589
Gains arising from derecognition of FVOCI* assets	19	1,787	319
Net non-interest income		160,551	268,704
Revenue		1,752,225	1,707,603
Other income	20	50,975	52,259
Expected credit loss release/(expense) on financial assets	21	105,954	(226,058)
Net operating income before forex gains/(losses)		1,909,154	1,533,804
Net realised foreign exchange losses	22	(93,503)	(2,953)
Net unrealised foreign exchange gains/(losses)	23	238,647	(211,648)
Net operating income		2,054,298	1,319,203
Expenses			
Employee benefits	24	(318,709)	(286,562)
General and administration costs	25	(126,465)	(102,674)
Currency costs	26	(200,313)	(212,620)
Financial and professional charges	27	(56,327)	(26,231)
Amortization	43	(4,283)	(4,057)
Depreciation	44	(29,648)	(28,128)
Total expenses		(735,745)	(660,272)
Net surplus for the year		1,318,553	658,931
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value for debt instruments at FVOCI	33	(16,400)	24,641
Net change in impairment for debt instruments at FVOCI	21	410	72
Net amount reclassified to profit or loss for FVOCI instruments	33	(7,228)	(1,696)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on defined benefit plan	42	144,630	(34,639)
Net change in fair value for equity instruments at FVOCI	36	66,746	43,358
Unrealised forex gains/(losses) on equity instruments at FVOCI	36	10,334	(12,352)
Other comprehensive income for the year		198,492	19,384
Total comprehensive income for the year		1,517,045	678,315

* FVOCI- Fair value through other comprehensive income

**The prior-year comparatives have been restated to correctly present interest income arising on financial assets measured at FVTPL by reclassifying it from other interest income to interest income from international reserves. The comparatives have also been restated to introduce a revenue subtotal, to correctly exclude other income from the Bank's revenue line item, and to separately present net realised foreign exchange losses that were previously included within other income from banking operations.

These changes had no impact on profit and total comprehensive income, financial position, equity, or cash flows.

The accounting policies and notes on page 134 to page 211 form an integral part of these financial statements.

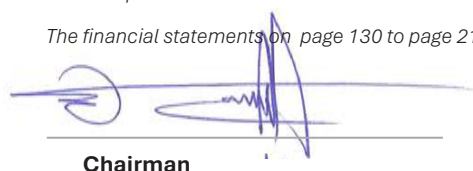
Statement of financial position

As at		30 Jun 2026	30 Jun 2025
	Note	UGX (m)	UGX (m)
Assets			
Foreign currency assets			
International reserves			
Cash and cash equivalents	29	2,679,240	1,359,169
Assets held with International Monetary Fund	30	606,007	654,997
Derivative financial instruments	35	29,240	14,320
Debt instruments at amortised cost	32	16,162,526	9,599,461
Debt instruments at FVOCI	33	2,803,299	2,662,152
Financial assets at FVTPL	34	5,585,044	4,689,283
Other foreign currency assets			
Equity instruments at FVOCI	36	607,634	530,554
		28,472,990	19,509,936
National currency assets			
Loans and advances to Government	37	49	1,798,544
Loans and advances to staff	38	115,287	112,438
Investments in Government securities	39	9,079,614	9,648,555
Assets held for sale	41	2,220	2,738
Net defined benefits asset	42	261,621	91,812
Intangible assets	43	24,355	18,700
Property, plant and equipment	44	400,709	393,376
Other assets	45	311,117	294,802
		10,194,972	12,360,965
Total assets		38,667,962	31,870,901
Liabilities			
Foreign currency liabilities			
International Monetary Fund obligations	30	1,660,578	1,654,385
International Monetary Fund Rapid Credit Facility	31	993,033	1,124,335
Derivative financial instruments	35	18,457	33,374
Government deposits	47	2,969,835	3,052,081
Commercial and Central Banks' deposits	48	803,622	993,141
Cross currency repos	50	2,985,608	1,674,169
Other liabilities	52	39,158	15,726
		9,470,291	8,547,211
National currency liabilities			
Currency in circulation	46	10,042,886	8,967,177
Monetary policy instruments			
Repurchase agreements with commercial banks	49	2,644,067	2,008,843
Other national currency liabilities			
Government deposits	47	3,728,394	2,020,195
Commercial and Central Banks' deposits	48	4,774,254	3,885,406
Lease liabilities	51	101	145
Other liabilities	52	265,610	242,898
Provisions	53	60,197	33,909
		21,515,509	17,158,573
Total liabilities		30,985,800	25,705,784
Equity			
Share capital	54	20,000	20,000
Recapitalisation securities	55	1,859,018	1,859,018
Reserves	56	5,803,144	4,286,099
		7,682,162	6,165,117
Total liabilities and equity		38,667,962	31,870,901

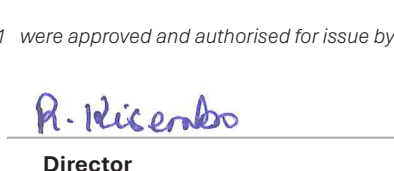
The accounting policies and notes on page 134 to page 211 form an integral part of these financial statements.

The prior year comparative balances have been reclassified to reflect the appropriate order of liquidity of financial instruments in the statement of financial position.

The financial statements on page 130 to page 211 were approved and authorised for issue by the Board of Directors on 24 September 2026.



Chairman



Director



Director

Statement of changes in equity

For the year ended 30 June 2026	Issued capital	BoU recap-italisation	Translation reserve	Asset re-valuation 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 2024	20,000	1,859,018	3,756,910	203,658	199,938	(867,620)	(84,379)	399,277	5,486,802
Surplus for the year	-	-	-	-	-	658,931	-	-	658,931
Other comprehensive income									
Net change in fair value for debt instruments at FVOCI	-	-	-	-	24,641	-	-	-	24,641
Net change in impairment for debt instruments at FVOCI	-	-	-	-	72	-	-	-	72
Net amount reclassified to profit or loss for debt instruments at FVOCI	-	-	-	-	(1,696)	-	-	-	(1,696)
Defined benefit remeasurement loss	-	-	-	-	-	-	(34,639)	-	(34,639)
Net change in fair value of equity instruments at FVOCI	-	-	-	-	43,358	-	-	-	43,358
Unrealised foreign exchange losses on equity instruments at FVOCI	-	-	-	-	(12,352)	-	-	-	(12,352)
Total comprehensive income	-	-	-	-	54,023	658,931	(34,639)	-	678,315
Revaluation surplus release	-	-	-	(11,886)	-	11,886	-	-	-
Foreign exchange losses	-	-	(211,648)	-	-	211,648	-	-	-
At 30 June 2025	20,000	1,859,018	3,545,262	191,772	253,961	14,845	(119,018)	399,277	6,165,117
At 01 July 2025	20,000	1,859,018	3,545,262	191,772	253,961	14,845	(119,018)	399,277	6,165,117
Surplus for the year	-	-	-	-	-	1,318,553	-	-	1,318,553
Other comprehensive income									
Net change in fair value for debt instruments at FVOCI	-	-	-	-	(16,400)	-	-	-	(16,400)
Net change in impairment for debt instruments at FVOCI	-	-	-	-	410	-	-	-	410
Net amount reclassified to profit or loss for debt instruments at FVOCI	-	-	-	-	(7,228)	-	-	-	(7,228)
Defined benefit remeasurement gain	-	-	-	-	-	-	144,630	-	144,630
Net change in fair value of equity instruments at FVOCI	-	-	-	-	66,746	-	-	-	66,746
Unrealised foreign exchange gains on equity instruments at FVOCI	-	-	-	-	10,334	-	-	-	10,334
Total comprehensive income	-	-	-	-	53,862	1,318,553	144,630	-	1,517,045
Revaluation surplus release	-	-	-	(7,871)	-	7,871	-	-	-
Foreign exchange gains	-	-	238,647	-	-	(238,647)	-	-	-
At 30 June 2026	20,000	1,859,018	3,783,909	183,901	307,823	1,102,622	25,612	399,277	7,682,162

The accounting policies and notes on page 134 to page 211 form an integral part of these financial statements.

Statement of cash flows

			Restated*
For the year ended		30 Jun 2026	30 Jun 2025
Note		UGX (m)	UGX (m)
Cash flows from operating activities:			
Net surplus for the year		1,318,553	658,931
Amortisation	43	4,283	4,057
Depreciation	44	29,648	28,128
Finance cost on lease liability	27	9	13
Net interest income		(1,591,674)	(1,438,899)
Dividends on equity instruments measured at FVOCI		(25,975)	(45,579)
Loss on disposal of property, plant and equipment		227	379
Loss on disposal of Intangibles		-	6
Loss on disposal of assets held for sale		32	-
Credit loss (release)/expense on financial assets	21	(105,954)	226,058
Gains arising from derecognition of FVOCI assets		(1,787)	(319)
Change in fair value for financial assets at FVTPL		(36,831)	(162,589)
Net foreign exchange differences		(14,452)	(8,829)
Defined benefit plan gain recognised in profit or loss		(1,699)	(3,166)
Cash flows from operating activities before working capital changes		(425,620)	(741,809)
Foreign currency assets			
International reserves			
Decrease in assets held with International Monetary Fund		52,516	61,760
Increase in debt instruments at amortised cost		(6,439,070)	(2,878,481)
Increase in debt instruments at FVOCI		(167,990)	(583,721)
(Increase)/decrease in financial assets at FVTPL		(834,891)	21,664
(Increase)/decrease in derivative financial instruments		(14,920)	2,148
Increase in other foreign currency assets		(7,404,355)	(3,376,630)
National currency assets			
Decrease in loans and advances to Government		1,900,140	6,642,206
(Increase)/decrease in loans and advances to commercial banks		(5,266)	8,375
Decrease/(increase) in loans and advances to staff		16,548	(14,830)
Decrease/(increase) in investments in Government securities		561,985	(7,973,673)
(Increase)/decrease in other assets		(13,777)	67,809
Decrease/(increase) in national currency assets		2,459,630	(1,270,113)
Increase in total assets		(4,944,725)	(4,646,743)
Foreign currency liabilities			
Increase in International Monetary Fund obligations		7,083	24,850
Decrease in International Monetary Fund Rapid Credit Facility		(131,302)	(92,943)
(Decrease)/increase in Derivative financial instruments		(14,917)	23,086
(Decrease)/increase in Government deposits		(82,246)	1,153,250
(Decrease)/increase in Commercial and Central Banks' deposits		(189,519)	209,150
Increase in Cross currency repos		1,316,927	1,275,920
Increase in Other liabilities		23,432	13,379
Increase in Foreign currency liabilities		929,458	2,606,692
National currency liabilities			
Increase in currency in circulation		1,075,709	766,840
Monetary policy instruments			
Increase in repurchase agreements with commercial banks		625,406	1,352,279
Other national currency liabilities			
Increase/(decrease) in government deposits		1,708,199	(549,010)
Increase in commercial and Central Banks' deposits		888,848	793,554
Increase/(decrease) in other liabilities		22,712	(19,118)
Increase/(decrease) in provisions		26,288	(30,416)
Increase in National currency liabilities		4,347,162	2,314,129
Increase in total liabilities		5,276,620	4,920,821
Net cash used in operations		(93,725)	(467,731)
Bank contribution to BoU defined benefit plan		(23,480)	(22,398)
Payment of interest on lease liability		(9)	(13)
Interest received		1,761,190	1,187,143
Interest paid		(323,995)	(167,935)
Net cash from operating activities		1,319,981	529,066
Proceeds from sale of property, plant and equipment		586	993
Proceeds from sale of assets held for sale		486	-
Purchase of property, plant and equipment	44	(37,316)	(30,353)
Purchase of software	43	(10,417)	(5,283)
Dividends received		23,437	22,629
Net cash used in investing activities		(23,224)	(12,014)
Principal payment of leases	51	(44)	(40)
Net cash used in financing activities		(44)	(40)
Increase in cash and cash equivalents		1,296,713	517,012
Net foreign exchange differences		14,452	8,829
Add: Cash and cash equivalents at the beginning of the year		1,369,485	843,644
Cash and cash equivalents at 30 June	29	2,680,650	1,369,485

*The prior-year comparatives for changes in fair value of financial assets at FVTPL, presented within non-cash flow changes, and the increase in financial assets at fair value through profit or loss, presented within working capital changes, have been restated to reflect corrective prior-year adjustments. Refer to Note 62.

The accounting policies and notes on page 134 to page 211 form an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Bank of Uganda (the “Bank”) is a statutory Government agency domiciled in Uganda. The Bank is established under the Bank of Uganda Act Cap. 54 Laws of Uganda. 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.

The main address of the Bank is:

Bank of Uganda
Plot 37/45 Kampala Road
P.O. Box 7120,
Kampala

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Bank of Uganda Act Cap. 54 Laws of Uganda.

Details of material accounting policy information 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 (FVTPL);
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI);
- The net defined-benefit asset, measured as the present value of the defined-benefit obligation less the fair value of plan assets and limited, where applicable, by the asset ceiling;
- Classes of property, plant and equipment carried under the revaluation model; and
- Monetary and non-monetary gold (where cost is higher than the net realisable value).

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 presented 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

The preparation of the Bank’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

In the process of applying the Bank’s accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank’s control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

2.5 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 Solely Payments of Principal and Interest (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 FVOCI 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 4.2, the ECLs 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 4.2 for more details.

iii. Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped 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 group 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 53 and 58.

2.5.1 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.

i. 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.

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 4 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.

ii. 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 an orderly transaction between market participants at the measurement date.

All financial instruments are initially recognised 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.

2.5.2 Retirement benefits

The measurement of the defined-benefit obligation and net defined-benefit asset requires actuarial estimates and assumptions, including the discount rate, salary and pension escalation, mortality, withdrawal and retirement rates. The obligation is determined using the projected unit credit method. Changes in these assumptions may materially affect the amounts recognised in profit or loss, other comprehensive income and the statement of financial position.

The discount rate is determined by reference to market yields on high-quality corporate bonds at the reporting date denominated in the currency of the benefits and with terms consistent with the obligation. Where no deep market exists in such bonds, market yields on government bonds with an appropriate currency and duration are used.

The significant assumptions and sensitivity analyses are disclosed in Note 42.

2.5.3 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 3.16.

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. Changes in fair value are recognised 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 Note 3.16).

2.5.4 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 53.

3. Material 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 accounting standards, amendments and interpretations

In the current year, the Bank has applied an amendment to IFRS Accounting Standards issued by the IASB that is mandatorily effective for an accounting period that begins on or after 1 July 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i. Lack of exchangeability – Amendments to IAS 21

The amendments clarify how an entity assesses whether a currency is exchangeable and determines the spot exchange rate when exchangeability is lacking. They are effective for annual reporting periods beginning on or after 1 January 2025.

The Bank applied the amendments from 1 July 2025. The amendments had no impact on the Bank's financial statements for the year ended 30 June 2026.

3.1.2 New and amended accounting standards and interpretations issued but not yet effective

The following standards and amendments were issued but were not mandatory for the Bank's annual reporting period beginning 1 July 2025 and have not been early adopted. The Bank is assessing their effect on future financial statements.

i. Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments clarify the derecognition of financial liabilities settled through electronic payment systems; the assessment of contractual cash flows for financial assets with ESG-linked and other contingent features; and the treatment of non-recourse assets and contractually linked instruments. They also introduce additional related disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. The Bank intends to apply them from 1 July 2026. Based on its preliminary assessment, the amendments are not expected to have a material impact on the Bank's financial statements.

ii. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments clarify the application of the own-use and hedge-accounting requirements to contracts referencing electricity generated from nature-dependent sources, such as wind and solar power. They also introduce disclosures about the effects of these contracts on an entity's financial performance and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. The Bank intends to apply them from 1 July 2026. Based on its preliminary assessment, the amendments are not expected to have a material impact on the Bank's financial statements.

iii. Annual Improvements to IFRS Accounting Standards—Volume 11

The amendments provide limited clarifications and corrections to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. They principally address hedge accounting by first-time adopters, derecognition of lease liabilities, transaction-price terminology, identification of de facto agents, credit-risk and fair-value disclosures, and the terminology used for investments accounted for at cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. The Bank intends to apply them from 1 July 2026. Based on its preliminary assessment, the amendments are not expected to have a material impact on the Bank's financial statements.

iv. IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 and introduces new requirements for:

- classifying income and expenses into specified categories and presenting defined subtotals in the statement of profit or loss;
- disclosing management-defined performance measures; and
- aggregating, disaggregating and locating information in the primary financial statements and notes.

It also introduces consequential amendments to other IFRS Accounting Standards, including IAS 7, IAS 8, IAS 33 and IAS 34.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The Bank intends to apply the Standard from 1 July 2027, for the financial year ending 30 June 2028. The Bank is assessing the expected impact of IFRS 18 on the presentation and disclosure of its financial statements.

v. Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

The amendments clarify the translation of financial information from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. They require relevant amounts and comparative information to be translated using the closing exchange rate and introduce additional disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027. The Bank intends to apply them from 1 July 2027. Based on its preliminary assessment, the amendments are not expected to affect the Bank's financial statements because its functional and presentation currency is not the currency of a hyperinflationary economy.

vi. IFRS 19 – Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

The Standard is effective for annual reporting periods beginning on or after 1 January 2027. The Bank is not an eligible subsidiary and therefore does not intend to apply IFRS 19. Consequently, the Standard is not expected to affect the Bank's financial statements.

vii. IFRS 20 – Regulatory Assets and Regulatory Liabilities

IFRS 20 establishes requirements for recognising, measuring, presenting and disclosing regulatory assets, regulatory liabilities, regulatory income and regulatory expenses arising from defined rate regulation. It also introduces consequential amendments to other IFRS Accounting Standards.

The Standard is effective for annual reporting periods beginning on or after 1 January 2029. The Bank intends to apply it from 1 July 2029. Based on its preliminary assessment, IFRS 20 is not expected to affect the Bank's financial statements because the Bank is not subject to defined rate regulation and does not have regulatory assets or regulatory liabilities.

viii. Fair Value Option for Investments in Associates and Joint Ventures – Amendments to IAS 28

The amendments clarify which entities qualify as "similar entities" eligible to measure investments in associates and joint ventures at fair value through profit or loss. They also clarify that eligibility is assessed at the level of the entity that directly holds the investment.

The amendments become effective when an entity first applies IFRS 18. The Bank intends to apply them from 1 July 2027. Based on its preliminary assessment, the amendments are not expected to affect the Bank's financial statements because the Bank does not hold investments in associates or joint ventures.

ix. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the accounting for the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when the transaction involves a business, while a partial gain or loss is recognised when the assets transferred do not constitute a business.

The IASB has deferred the effective date of the amendments indefinitely, although early application is permitted. The Bank intends to apply the amendments when they become mandatory. The amendments are not expected to affect the Bank's financial statements because the Bank does not hold investments in associates or joint ventures.

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 FVOCI 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 FVOCI, 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 on all interest bearing instruments is 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 expense presented in the statement of comprehensive income 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 comprehensive income 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 comprehensive income includes:

- Interest expense on financial liabilities measured at amortised cost.

3.4 Other income

Other income under the scope of IFRS 15 Revenue from Contracts with Customers is recognised on a transaction basis upon provision of services. These include other income from banking operations, currency operations, supervising financial institutions, supervising National Payment systems and other income.

3.4.1 Disaggregation of other income

In the following table, other income is disaggregated under the following categories;

		30 Jun 2026	30 Jun 2025
Category		UGX (m)	UGX (m)
Other income from banking operations	14	98,389	82,444
Other income from currency operations	15	5,732	6,934
Other income from supervising financial institutions	16	8,826	8,006
Other income from supervising National Payment Systems	17	8,986	8,412

The prior-year comparatives have been restated to introduce a revenue subtotal, correctly exclude other income from the Bank's revenue line item and to separately present net realised foreign exchange losses previously included under other income from banking operations. The changes had no impact on profit and total comprehensive income, financial position, equity or cash flows.

3.4.2 Contract balances

The following table provides information about receivables and contract liabilities from providing services to customers.

The receivables relate to RTGS processing fees from commercial banks.

		30 Jun 2026	30 Jun 2025
Category		UGX (m)	UGX (m)
Receivables which are included in other assets	45	26	32
Contract liabilities which are included in other liabilities	52	-	-

3.4.3 Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations of services with customers and the related revenue recognition policies.

Type of service	Nature and timing of the satisfaction of performance obligations	Revenue recognition policies under IFRS 15
Banking services	These include foreign currency dealings, commission on letters of credit, commission on foreign currency operations, clearing house fees and ledger fees with Ministries, Departments, Agencies and Commercial Banks. The Bank charges MDAs and Commercial Banks for the above banking services when the transactions take place. The Bank is paid cash when the transactions occur.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Currency operations	These include currency processing fees and penalties with Commercial Banks. The Bank charges Commercial Banks for the currency operations when the service is offered. The Bank is paid cash when the transactions occur.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Supervising financial institutions	These include fees earned on issue of licences to financial institutions, fines and penalties arising out of regulatory action and offset inspection costs from unclaimed balances. The licence fees are charged to financial institutions annually and upon renewal of licences. The fines and penalties occur on an ad hoc basis and are recovered from the financial institutions' accounts with the Central Bank. The Bank is paid cash when the transactions occur.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
Supervising National Payment Systems	These include RTGS processing fees, RTGS penalties, RTGS maintenance and support charges, CSD maintenance and support charges and NPS licenses. The Bank charges commercial banks RTGS processing fees when the transactions take place. The fines and penalties occur on an ad hoc basis and are recovered from the NPS licensees through their financial institutions' accounts with the Central Bank. The RTGS and CSD maintenance and support charges are recovered annually. The licence fees are charged to NPSs annually and upon renewal of licences. The Bank is paid cash when the transactions occur.	Revenue related to transactions is recognised at the point in time when the transaction takes place.

The current year disclosure has been enhanced to include disclosures required by IFRS 15- Revenue from Contracts with Customers.

3.5 Net gain on financial assets at FVTPL

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 and financial liabilities at FVTPL and also non-trading assets measured at FVTPL, as required by or elected under IFRS 9. The line item includes fair value changes and foreign exchange differences.

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 recognised 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.

3.7 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.

3.8 Financial assets and liabilities

3.8.1 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 a 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.

3.8.2 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. 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 FVOCI;

- 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 FVOCI 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 FVOCI

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 FVOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of the 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 reassesses 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 FVOCI 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 FVOCI, 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 FVOCI 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
- 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 FVTPL

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 has 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, through its 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 35. Changes in the fair value of derivatives are included in net gains on financial assets measured at FVTPL.

3.8.3 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 under note 3.8.9.

3.8.4 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 FVOCI
- Debt instruments at amortised cost
- Assets held with IMF
- Recapitalisation 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 or 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.

3.8.5 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, 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 FVOCI 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 have 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 backstop if amounts are overdue for 90 days or more.

3.8.6 Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because these assets are 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.

3.8.7 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 counterparty are key inputs in this analysis.

The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted assets given the definition of credit impaired is broader than the definition of default.

3.8.8 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 counterparties, the Bank considers forward-looking information, including the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL (please refer to Note 4).

- The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.
- Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are at stage 3 of the impairment model.

More information about significant increase in credit risk is provided in Note 4.

3.8.9 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 counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of the equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss. There were no modifications during the year.

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.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss under the expected credit loss if the modification arises from financial difficulties of the counterparty or under interest income if the modification does not relate to financial difficulties of the counterparty. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.8.10 Write-offs

Financial assets 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 expected credit loss expense on financial assets' in the statement of comprehensive income.

3.8.11 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 FVOCI: 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 through OCI (see Note 4).

3.8.12 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 Bank 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 Bank'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 recognised 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.

3.8.13 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.

3.8.14 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.

3.8.15 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 provide a reconciliation between line items in the statement of financial position and categories of financial instruments

At 30 June 2026		FVTPL	FVOCI debt	FVOCI equity	Amortised cost	Total
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Financial asset						
Cash and cash equivalents	29	-	-	-	2,679,240	2,679,240
Assets held with International Monetary Fund	30	-	-	-	606,007	606,007
Debt instruments at amortised cost	32	-	-	-	16,162,526	16,162,526
Debt instruments at FVOCI	33	-	2,803,299	-	-	2,803,299
Financial assets at FVTPL	34	5,585,044	-	-	-	5,585,044
Derivative financial instruments	35	29,240	-	-	-	29,240
Equity instruments at FVOCI	36	-	-	607,634	-	607,634
Loans and advances to Government	37	-	-	-	49	49
Loans and advances to staff	38	-	-	-	115,287	115,287
Investments in Government securities	39	-	-	-	9,079,614	9,079,614
Other financial assets		-	-	-	26,081	26,081
Total financial assets		5,614,284	2,803,299	607,634	28,668,804	37,694,021
Financial liabilities						
International Monetary Fund obligations	30	-	-	-	1,660,578	1,660,578
International Monetary Fund Rapid Credit Facility	31	-	-	-	993,033	993,033
Derivative financial instruments	35	18,457	-	-	-	18,457
Government deposits	47	-	-	-	2,969,835	2,969,835
Commercial and Central Banks' deposits	48	-	-	-	803,622	803,622
Cross currency repos	50	-	-	-	2,985,608	2,985,608
Other liabilities	52	-	-	-	39,158	39,158
Repurchase agreements with commercial banks	49	-	-	-	2,644,067	2,644,067
Government deposits	47	-	-	-	3,728,394	3,728,394
Commercial and Central Banks' deposits	48	-	-	-	4,774,254	4,774,254
Lease liabilities	51	-	-	-	101	101
Other liabilities	52	-	-	-	265,610	265,610
Total financial liabilities		18,457	-	-	20,864,260	20,882,717

At 30 June 2025		FVTPL	FVOCI debt	FVOCI equity	Amortised cost	Total
		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Financial asset						
Cash and cash equivalents	29	-	-	-	1,359,169	1,359,169
Assets held with International Monetary Fund	30	-	-	-	654,997	654,997
Debt instruments at amortised cost	32	-	-	-	9,599,461	9,599,461
Debt instruments at FVOCI	33	-	2,662,152	-	-	2,662,152
Financial assets at FVTPL	34	4,689,283	-	-	-	4,689,283
Derivative financial instruments	35	14,320	-	-	-	14,320
Equity instruments at FVOCI	36	-	-	530,554	-	530,554
Loans and advances to Government	37	-	-	-	1,798,544	1,798,544
Loans and advances to staff	38	-	-	-	112,438	112,438
Investments in Government securities	39	-	-	-	9,648,555	9,648,555
Other financial assets		-	-	-	22,994	22,994
Total financial assets		4,703,603	2,662,152	530,554	23,196,158	31,092,467
Financial liabilities						
International Monetary Fund obligations	30	-	-	-	1,654,385	1,654,385
International Monetary Fund Rapid Credit Facility	31	-	-	-	1,124,335	1,124,335
Derivative financial instruments	35	33,374	-	-	-	33,374
Government deposits	47	-	-	-	3,052,081	3,052,081
Commercial and Central Banks' deposits	48	-	-	-	993,141	993,141
Cross currency repos	50	-	-	-	1,674,169	1,674,169
Other liabilities	52	-	-	-	15,726	15,726
Repurchase agreements with commercial banks	49	-	-	-	2,008,843	2,008,843
Government deposits	47	-	-	-	2,020,195	2,020,195
Commercial and Central Banks' deposits	48	-	-	-	3,885,406	3,885,406
Lease liabilities	51	-	-	-	145	145
Other liabilities	52	-	-	-	242,898	242,898
Total financial liabilities		33,374	-	-	16,671,324	16,704,698

3.9 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 asset is impaired if the carrying value is greater than the recoverable amount.

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.

3.10 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.

3.11 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Bank manages a group of financial assets and liabilities on the basis of its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis, however the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the offsetting criteria in IFRS accounting standards.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

3.12 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.

3.13 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 amortised cost using effective interest method in the statement of financial position.

3.14 IMF related balances and SDR related matters

IMF-related balances include IMF quota or subscription balances, SDR holdings and allocations, assets held with the IMF, obligations to the IMF and liabilities arising from IMF facilities, including the Rapid Credit Facility.

IMF-related assets are recognised when the Bank has rights to resources or claims held with the IMF. IMF-related liabilities are recognised when the Bank has present obligations to repay amounts received, allocated or drawn from the IMF. SDR holdings are recognised as assets, while SDR allocations are recognised as liabilities.

Balances denominated in SDRs or foreign currency are translated at the applicable reporting-date exchange rate. Revaluation gains and losses arising from SDR and foreign currency translation are recognised in profit or loss.

Interest income, IMF charges, commitment fees and other related costs are recognised on an accrual basis. IMF-related assets and liabilities are presented separately and are offset only where there is a legally enforceable right of set-off and an intention to settle on a net basis.

Notes 30 and 31 disclose the nature of IMF-related balances, movements during the year, SDR and foreign currency revaluations, income and charges recognised, repayment terms, outstanding obligations and any restrictions on the use of IMF resources.

3.15 Taxes

According to the Bank of Uganda Act Cap. 54 Laws of Uganda and the Finance Act, 2015 Cap. 166, Laws of Uganda, the Bank is exempt from payment of income tax in respect of its functions as defined by the Act.

3.16 Property, plant and equipment

3.16.1 Recognition and measurement

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 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.

3.16.2 Depreciation

An annual transfer from the asset revaluation reserve to the revenue 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%
	Mobile devices	3	33%	1%
	Processing peripherals	5	20%	1%
	Audio visual equipment	5	20%	1%
	Servers	5	20%	1%
	Network devices	5	20%	1%
Equipment	Archives	8	13%	0.50%
	Catering	6	17%	0.50%
	Cleaning	5	20%	0.25%
	Currency and Banking	8	13%	0%
	Forklifts	8	13%	2%
	Medical	5	20%	1%
	Office e.g. shredder	8	13%	2%
	Security	6	17%	1%
Furniture	Engineering	8	13%	2%
	Beds	5	20%	2%
	Chairs	4	25%	2%
	Desks	8	13%	2%
	Shelves	10	10%	2%
	Tables	10	10%	2%
Plant and Machinery	Fittings	8	13%	2%
	Currency	15	7%	0%
	Currency and Banking	15	7%	0%
	Engineering	15	7%	1%
	Forklifts	15	7%	1%
Vehicles	Security	15	7%	1%
	Executive & Pool	5	20%	10%
	Bullion vans	10	10%	5%
	Armoured Personnel Carrier	8	13%	5%
Land and Buildings	Motorcycles	5	20%	5%
	Buildings	50	2%	1%
	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 adjusted prospectively through profit or loss, if appropriate.

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 capitalised only when it is probable that the future economic benefits will flow to the Bank. Expenditure incurred to replace a component of item of an item of property, plant and equipment is accounted for separately and capitalised 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.

3.16.3 Derecognition

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 derecognised.

3.17 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 the Central Bank rate as the discount rate.

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

The lease liability is measured at amortised cost using the effective interest 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. Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus while decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account.

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

As a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.18 Non-current Assets Held for Sale and Discontinued Operations

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. In addition, actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

3.19 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 finite. 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 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%
	Operating Systems	7	14%	0%
	Databases	5	20%	0%
	Specialised software	7	14%	0%

3.20 Consumable stores stock

Consumable stores stock include stationery, laundry, building maintenance items, catering, computer stationery and drugs & medicines. Consumable store 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.

3.21 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 into circulation. 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.

3.22 Currency in circulation

Currency in circulation represents banknotes and coins issued by the Bank and held by the public and financial institutions. It is recognised as a liability in the statement of financial position when currency is issued into circulation and remains a liability until it is returned to the Bank and withdrawn from circulation.

Currency in circulation is measured at the face value of banknotes and coins issued, net of currency returned to the Bank and cancelled or destroyed. Unissued banknotes and coins held by the Bank are not recognised as currency in circulation, as they do not represent a present obligation.

Banknotes and coins returned to the Bank are assessed for fitness. Fit currency may be reissued and continues to form part of currency in circulation when reissued. Unfit currency that is withdrawn, cancelled or destroyed is derecognised from currency in circulation at face value when the Bank no longer has an obligation in respect of that currency.

Demonetised currency remains recognised as a liability where holders retain a legal right to redeem it. It is derecognised when the redemption period expires, or when the Bank is legally released from the obligation to redeem the currency. Any resulting gain or liability release is recognised in profit or loss or otherwise accounted for in accordance with the applicable legal and financial reporting framework.

Costs incurred in the design, printing, minting and transportation of currency are recognised as deferred currency costs and expensed as and when the currency is issued into circulation for the first time. Currency inventory held before issue is not included in currency in circulation.

Other costs incurred as part of stock management including transportation, storage and handling of currency are recognised as expenses when incurred.

Currency in circulation is presented as a separate liability and disclosed in Note 46, including the amount outstanding at the reporting date and movements during the period where relevant.

3.23 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 Cap. 54 Laws of Uganda 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.

3.24 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation arising from a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, after considering the nature of the obligation, expected timing of settlement, and related risks and uncertainties. Where the effect of the time value of money is material, the provision is discounted using an appropriate pre-tax discount rate, with the unwinding of the discount recognised as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Amounts are used only for the obligations for which the provisions were originally recognised. A provision is reversed when it is no longer probable that an outflow of resources will be required. The reversals from the provisions are recorded in other income in the statement of comprehensive income.

Where reimbursement from another party is expected, a separate reimbursement asset is recognised only when recovery is virtually certain, and the amount recognised does not exceed the related provision.

The Bank discloses, in Note 53, the nature of significant provisions, expected timing of settlement, key uncertainties, reimbursement assumptions, and a reconciliation of movements during the year, including opening balance, additions, amounts utilised, reversals, discount unwinding where applicable, and closing balance.

3.25 Repurchase and sale agreement (REPO)

Repurchase agreements and cross-currency repos are accounted for based on their economic substance and in accordance with the Bank's financial instruments accounting policies.

Securities sold under repurchase agreements are treated as secured borrowings where the Bank retains substantially all the risks and rewards of ownership and has an obligation to repurchase the securities. Such securities are not derecognised from the statement of financial position. The cash received is recognised as a financial liability and measured at amortised cost. The difference between the sale and repurchase price is recognised as interest expense over the term of the agreement using the effective interest method.

Cross-currency repos are accounted for as secured borrowing or lending arrangements, where applicable. Related balances denominated in foreign currency are translated at the reporting-date exchange rate, with foreign exchange gains or losses recognised in profit or loss unless otherwise required by the applicable financial reporting framework. Interest income or expense is recognised on an accrual basis using the effective interest method.

Collateral pledged under repo arrangements continues to be recognised by the Bank unless the derecognition criteria are met. Collateral received is not recognised unless the Bank obtains control or the risks and rewards of ownership. Repo and reverse repo balances are not offset unless there is a legally enforceable right of offset and an intention to settle on a net basis or simultaneously.

The Bank discloses the carrying amounts, collateral, interest income or expense, foreign currency exposures, maturity profile, liquidity risk and currency risk relating to repos and cross-currency repos in the relevant financial instrument and risk management notes

3.26 Dividends

The Bank of Uganda Act Cap. 54 Laws of Uganda 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 Cap. 54 Laws of Uganda, set a policy that all dividends shall be paid after reclassifying all unrealised exchange gains and other revaluation gains to the 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. Dividends from shares are recognised as a receivable when they are declared.

3.27 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 a counterparty with no intention of trading the payable.

Cash Ratio Deposits are taken from commercial banks for liquidity management (monetary policy purposes) of the Bank in accordance with the Banking Act and are interest free. Cash Ratio Reserves is a monetary policy instrument used to manage liquidity. The deposits earn no interest to commercial banks and the Bank does not trade on these deposits in any way. The deposits are currently computed at 9.5 percent of each commercial bank's deposits that 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 a monthly basis.

3.28 Employee benefits

Short-term employee benefits include salaries, wages, allowances, medical benefits, bonuses and compensated absences expected to be settled wholly within twelve months after the reporting period. They are recognised as employees render the related service and measured at the undiscounted amount expected to be paid. Accumulating leave obligations are recognised as employees render service that increases their entitlement. The Bank contributes 10 percent to NSSF for eligible employees, while employees contribute 5 percent of their wages.

3.28.1 Bank of Uganda Defined Benefits Scheme

The Bank operates a funded defined-benefit plan through a legally separate trust. Eligible employees contribute 4 percent and the Bank contributes 17.1 percent of pensionable pay. The Scheme was closed to new entrants from 1 January 2014. The net defined-benefit asset or liability is determined at each reporting date by an independent qualified actuary using the projected unit credit method. It is the present value of the defined-benefit obligation less the fair value of plan assets. A net asset is limited to the asset ceiling, being the present value of economic benefits available as refunds from the plan or reductions in future contributions, taking account of IFRIC 14.

The defined-benefit obligation is discounted using market yields on high-quality corporate bonds with a currency and term consistent with the obligation or, where no deep market exists, appropriate government-bond yields. Plan assets are measured at fair value.

Current service cost, past service cost, settlement gains or losses, and net interest on the opening net defined-benefit asset or liability are recognised in profit or loss. Past service cost is recognised at the earlier of a plan amendment or curtailment and recognition of related restructuring costs or termination benefits.

Remeasurements comprise actuarial gains and losses, the return on plan assets excluding amounts included in

net interest, and changes in the effect of the asset ceiling excluding net interest. Remeasurements are recognised immediately in other comprehensive income, transferred to the actuarial reserve and are not subsequently reclassified to profit or loss.

Employee contributions specified in the plan terms are attributed to periods of service as a reduction of service cost. Contributions independent of years of service are recognised as a reduction of service cost in the period in which the related service is rendered.

3.28.2 Bank of Uganda Defined Contribution Scheme

The Bank operates a defined-contribution scheme for eligible employees recruited from 1 January 2014. The Bank and employees contribute 17.1 percent and 4 percent of pensionable salary, respectively. The Bank has no further legal or constructive obligation once the fixed contributions have been paid.

Contributions payable are recognised as an employee-benefit expense when employees render the related service. Accrued unpaid contributions are recognised as liabilities and prepaid contributions as assets to the extent that a refund or reduction in future contributions is available.

3.28.3 Concessional staff loans and termination benefits

Staff loans are initially measured at fair value under IFRS 9. Any below-market benefit conditional on future service is recognised as a prepaid employee-benefit asset and expensed over the service period; otherwise it is recognised immediately. Termination benefits are recognised at the earlier of when the Bank can no longer withdraw the offer and when a related IAS 37 restructuring is recognised.

3.29 Gold

Monetary gold is defined as the gold on which the Bank, as a monetary authority, has title to and is held as a reserve asset with at least 99.5 percent purity level. Non-monetary gold is defined as gold other than monetary gold held by the Bank.

IFRS has not provided a specific accounting standard for monetary gold transactions. However, IFRS (IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors) provides guidance to be followed in the absence of specific standards. IAS 8 requires management to develop an accounting policy by using judgement through referring to existing IFRSs dealing with similar issues and the IFRS conceptual framework.

Thus, the Bank has used the principles in IFRS 9 (Financial instruments) and IAS 2 (Inventories) which guide on accounting for items similar to monetary gold and non-monetary gold, respectively. In determining the features of monetary and non-monetary gold the guidelines have applied some defining concepts of the World Gold Council (WGC) and IMF's Balance of Payment and International Investment Position Manual (BPM6) which recognizes the monetary gold as a form of foreign reserve.

On initial acquisition, the Bank recognises;

(a) Monetary gold at fair value,

(b) Non-monetary gold at cost plus any other cost directly attributed to the acquisition. The cost may include costs of purchase, transport and handling, refining costs, and any other costs incurred in bringing the gold to its present condition or location.

The Bank subsequently measures monetary gold at fair value and accounts for revaluation gains or losses to other comprehensive income. Non-monetary gold is subsequently measured at the lower of cost and net realisable value. Other areas of the accounting policy such as classification, presentation, disclosure and de-recognition are aligned to other policies on financial instruments and inventory in the case of monetary gold and non-monetary gold (inventory), respectively.

The Bank did not hold any monetary gold as at 30 June 2026.

4. Financial risk management

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 the Operations Directorate, a Financial Risk Division is responsible for maintaining the Bank's financial risk management framework. A separate department of the Bank (Risk and Compliance) 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

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

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

Credit risk is monitored by the Financial Risk Division 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.

4.2.1 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 IFRS Accounting Standards.
- 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.

4.2.2 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 counterparties
- Fixed income securities including Treasury Bonds, corporate Bonds and Supra National Issuances.
- IMF assets
- SDR Holdings

ii. Domestic assets

- Government securities
- BoU recapitalisation 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

4.2.3 Assumptions applied in the calculation of expected credit losses (ECLs)

The assumptions that Bank of Uganda has considered in the computation of expected credit losses for the different financial assets are explained below.

a. Basis for credit risk assessment

Credit risk refers to a condition where a financial asset is considered to have a risk of default. Table 11 below shows the basis of credit risk assessment for each asset category.

Investment grade refers to Moodys' ratings from Aaa to Baa3.

b. Default

Table 11: Basis for credit risk assessment

Financial asset	Basis for low credit risk assessment	Basis for higher credit risk assessment
- Cash and cash equivalents - Foreign reserves - Investments in Government of Uganda securities - Advances to Government - Advances to commercial banks (Monetary policy and liquidity support)	Counterparty rating within the investment grade as defined by the Bank	Counterparty rating outside the investment grade as defined by the Bank
Staff loans	Staff loan recoveries done on the payroll.	Staff loan recoveries are outside the payroll

Default is the failure of the borrowers to meet their financial obligations on time. The basis of default for each asset category is shown below:

Table 12: Definition of basis for default

Financial asset	Basis for default
Cash and cash equivalents	7 days past due
Foreign reserves	7 days past due -money markets 30 days past due- fixed income
Investments in Government of Uganda securities	364 days past due
Advances to Government and other receivables from Government	364 days past due
Advances to commercial banks (Monetary policy and liquidity support)	7 days past due
Staff loans	90 days past due.

c. Purchased or Originated Credit Impaired (POCI)

A POCI asset is one that is already credit-impaired at the time it is purchased or originated. This means the asset has evidence of credit loss, such as the borrower being in default or having serious financial difficulties when the asset is acquired or originated.

The Bank considers all financial assets with no specific repayment terms and conditions to be POCI.

d. Asset quality grading

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using quantitative and qualitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring which may result in an exposure being moved to a different credit risk grade.

The table below provides an indicative mapping on how the Bank's internal credit risk grades relate to PDs for the different financial assets to the external credit ratings of Moody's. The weighted average PD is calculated based on the carrying amount of assets in each range.

Grading	Grade	12-month weighted average PD	External rating
Grade 1- Strong	Investment	0.02%-0.22%	Aaa-Baa3
Grade 2- Higher risk	Speculative	1.28%-30.03%	Ba1-Ca
Grade 3- Default	Extremely speculative	100%	C

e. Significant Increase in Credit Risk

Significant Increase in Credit Risk (SICR) relates to an event where the credit risk of a financial asset has increased significantly since its initial recognition. SICR determines whether an asset should be classified under Stage 1 or Stage 2 of the ECL (Expected Credit Loss) framework, which affects the calculation of credit losses and the amount of impairment to recognize.

For Bank of Uganda, Significant Increase in Credit Risk is determined for each asset category based on the following: -

Table 13: Basis for Significant Increase in Credit Risk (SICR)

Financial asset	Basis for SICR
Cash and cash equivalents	Downgrade by 2 notches or more.
Foreign reserves	Downgrade by 2 notches or more. Downgrade below the Bank's minimum acceptable credit rating. Widening of credit default swaps rates by 2 standard deviations. Assessments that indicate that repayments will be in doubt e.g. geopolitical risks.
Investments in Government of Uganda securities	Downgrade from one rating to another. Assessments that indicate that repayments will be in doubt e.g. geopolitical risks.
Advances to Government	Between 182 and 364 days past the repayment date.
Advances to financial institutions (Monetary policy and liquidity support)	Downgrade from one rating to another. A credit event or adverse regulatory action affecting a parent of the institution. 1-7 days past due.
Staff loans (Active Secured)	Carrying amount less 6 installments for those above 12 months. Those with less or equal to 12 installments are considered outstanding balances at the reporting date.
Staff loans	Exit from the payroll

* A credit rating grade is an assessment of the creditworthiness of a counterparty. It is an opinion from a credit rating agency on the likelihood that the entity will be able to repay its debts. These ratings are typically expressed as a scale of letter grades.

f. Probability of Default

Probability of Default (PD) refers to the likelihood that a borrower or issuer of a financial instrument will default on their obligations over a specified period, typically one year. PD is a fundamental input in the calculation of Expected Credit Losses (ECL), and it plays a critical role in determining the stage classification of financial assets (Stage 1, Stage 2, or Stage 3) and how ECL is calculated as shown below.

- Stage 1: Assets that have not experienced a significant increase in credit risk (SICR) since initial recognition are classified as Stage 1. For these assets, the 12-month PD is used to estimate the ECL.
- Stage 2: If an asset experiences a significant increase in credit risk (but is not yet in default), it moves to Stage 2. Here, lifetime PD is used to estimate ECL.
- Stage 3: When an asset is credit-impaired or in default, it moves to Stage 3. Again, lifetime PD is used, but the focus shifts to estimating ECL based on the asset's net carrying amount, considering impairment.

For the Bank of Uganda, probabilities of default are determined for each asset category per stage as shown below.

Table 14: Probability of default determination

Financial asset	Stage 1	Stage 2	Stage 3
Cash and cash equivalents	12 months PDs based on ratings of the counterparties.	Lifetime PDs based on ratings of the counterparties.	100%
Foreign reserves	12 months PDs based on ratings of the counterparties.	Lifetime PDs based on ratings of the counterparties.	100%
Investments in Government of Uganda securities	12 months PDs based on ratings of domestic debt for Uganda.	Lifetime PDs based on ratings of domestic debt for Uganda.	100%
Advances to Government			100%
Advances to financial institutions (Monetary policy and liquidity support)	12 months PDs based on the credit ratings of the parent or sovereign rating for Uganda.	Lifetime PDs associated with the credit rating of the parent or sovereign rating for Uganda	100%
Staff loans (Active)	12 months PDs from the transition matrix	N/A	N/A
Staff loans (non-active)	N/A	PD for year one and a marginal PD for year 2 (PD of year 2 – PD of year 1) derived from the transition matrix.	100%

g. Loss Given Default

Loss Given Default (LGD) represents the estimated loss to the lender or investor if a borrower defaults on their financial obligations. LGD is the percentage of the exposure that is expected to be lost in the event of default, after accounting for any recoveries, such as from collateral. LGD parameter is used to determine the credit losses on financial instruments, such as loans, bonds, and other debt securities.

For Bank of Uganda, LGDs are determined for each asset category per stage as shown below.

Table 15: Loss Given Default criteria

Financial asset	Stage 1	Stage 2	Stage 3
Cash and cash equivalents	As per the Basel framework for LGDs for sovereigns and corporates		
Foreign reserves	As per the Basel framework for LGDs for sovereigns and corporates		
Investments in Government of Uganda securities	As per the Basel framework for LGDs for sovereigns plus 5 percent		
Advances to Government	As per the Basel framework for LGDs for sovereigns plus 5 percent		
Advances to financial institutions (Monetary policy and liquidity support)	As per the Basel framework for LGDs for corporates		
Staff loans (Active Secured)	Derive the LGD by 1 minus the forced sale value of the assets over their market value for all secured loans	N/A	N/A
Staff loans (Active unsecured)	1-Recovery Rate	N/A	N/A
Ex staff Secured	N/A	Derive the LGD by 1 minus the forced sale value of the assets over their market value for all secured loans.	Derive the LGD by 1 minus the forced sale value of the assets over their market value for all secured loans.
Ex staff Unsecured	N/A	100%	100%
Other assets	N/A	100%	100%

h. Exposure at Default

Exposure at Default (EAD) represents the outstanding amount of a financial asset at the time of default, which is used to estimate the potential loss to the lender or investor if the borrower defaults on the obligation.

The calculation of EAD varies depending on the nature of the financial asset and its features. For Bank of Uganda, EADs are determined for each asset category per stage as shown below.

Financial asset	Basis for EAD
Cash and cash equivalents	Carrying amount
Foreign reserves	Fixed income and Treasury bills- Amortised cost Term deposit-Carrying amount IMF assets-Carrying amount
Investments in Government of Uganda securities	Amortised cost
Advances to Government	Carrying amount
Advances to financial institutions (Monetary policy and liquidity support)	Carrying amount
Staff loans (Active)	Carrying amount
Ex staff Secured	Capped to contractual period Carrying amount

i. Curing

Curing refers to the process of transitioning a financial asset that was classified as credit-impaired (Stage 3) back to a better credit risk classification, such as Stage 2 or Stage 1, based on evidence of the asset's improved credit quality. The Bank considers the following for an asset to meet the curing requirements.

- Evidence of Recovery: For an asset to transition out of Stage 3, robust evidence must demonstrate that credit risk has improved to the extent that the asset is no longer considered credit impaired.
- Sustainable Improvement: The improvement must not only be temporary but reflect sustained changes in the borrower's financial situation or behavior.

The following are triggers for curing from stage 3 to stage 2

- Three consecutive on-time repayments
- Improvement in the borrower's credit rating to a higher credit risk grade

The following are triggers for curing from stage 2 to stage 1

- Staff is reinstated on the payroll
- Repayments are according to the repayment schedule
- Improvement in the borrower's credit rating to a higher credit risk grade

Impact of curing on ECL and Classification:

- Transitioning an asset from Stage 3 to Stage 2 or Stage 1 reduces the ECL as the lifetime expected loss is either recalculated or replaced with a 12-month ECL (for Stage 1).
- Any previously recognised interest revenue adjustments based on the net carrying amount are updated to reflect gross carrying amounts once cured.

During the year, staff loans with balances amounting to UGX 1,121 million moved from stage 3 to stage 2 and staff loans amounting to UGX 1,216 million moved from stage 1 to stage 3.

j. Discount Rates

The discount rate is used to bring future cash flows back to their present value, which is necessary for several aspects of the accounting and valuation of financial instruments.

For the Bank of Uganda, Discount Rates are determined for each asset category per stage as shown below.

Table 16: Discount Rates determination

Financial asset	Basis for Discount Rates
Cash and cash equivalents	Contractual rates where applicable or zero where there is none.
Foreign reserves	Fixed income and Treasury bills- Yield to Maturity Term deposit-Contractual Rates IMF assets-SDR Rates
Investments in Government of Uganda securities	Yield to Maturity
Advances to Government	Contractual rates where applicable or zero where there is none.
Advances to financial institutions (Monetary policy and liquidity support)	Contractual rates where applicable or zero where there is none.
Staff loans (Active Secured)	Market rate
Ex-staff	Contractual rate
Other assets	Contractual rates where applicable or zero where there is none.

k. Forward-Looking Information (FLI)

The ECL model requires the recognition of credit losses based on the probability-weighted outcomes of future cash flows, which is directly influenced by forward-looking information. Forward-looking information includes macroeconomic forecasts, such as GDP growth, inflation rates, unemployment rates, and interest rates, as well as sector-specific factors. The Bank incorporates macroeconomic forecasts when estimating the Probability of Default (PD) and Loss Given Default (LGD) for financial assets.

For Bank of Uganda, Macroeconomic forecasts that are applied in the computation of PDs each asset category per stage are shown below:-

l. Macro-Economic Scenarios

The incorporation of macroeconomic scenarios is a key element of the Expected Credit Loss (ECL) model. The model requires the Bank of Uganda to consider not only historical data and current conditions but also forward-looking information such as macroeconomic forecasts. The macroeconomic scenarios refer to different possible future economic conditions that financial institutions must consider when calculating Expected Credit Losses (ECL).

The Bank incorporates at least three scenarios when deriving probabilities of default for staff loans: a base case, best case scenario, and a worst-case scenario. These reflect the potential upside and downside risks based on macroeconomic conditions.

- i. **Base case scenario:** This is the most likely scenario, based on current expectations of the economy, assuming no major economic shocks. It typically reflects the forecasted economic conditions from credible sources, such as rating agencies or government agencies.
- ii. **Best case scenario:** This scenario assumes that economic conditions will improve, potentially leading to lower credit risk. For example, an increase in GDP growth or a decrease in unemployment rates could result in lower default probabilities.
- iii. **Worst-case scenario:** This scenario assumes economic deterioration, with factors such as economic downturns, higher interest rates, or increased political instability leading to a higher risk of defaults and credit losses.

The Bank computes different PDs based on the three assigned and obtains a weighted average PD.

m. Judgemental adjustments

Where appropriate, the Bank makes adjustments to the ECL estimates outside the Bank's regular modelling process to reflect management adjustments. Changes to the assumptions underlying these judgemental adjustments could materially affect ECL within the next 12 months. These adjustments include post-model adjustments (PMAs) and overlays.

- PMAs are adjustments to the ECL balance as part of the year-end reporting process to reflect late updates to market data, known model deficiencies and expert credit judgement. They are usually calculated and allocated at a granular level through modelled analysis, calculated separately for each economic scenario and where appropriate used to adjust stage allocation outcomes.
- Overlays are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process. These do not meet the Bank's definition of PMAs because they are not calculated at a granular level through modelled analysis.

The Bank has internal governance frameworks and controls in place to assess the appropriateness of all judgemental adjustments. The aim of the Bank is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

4.2.4 External benchmarks used

External benchmark information represents a significant input into measurement of ECL. The portfolios for which external benchmark information has been used are as follows:

	Exposure		Moody's ratings		Basel ratings (sovereign)	Basel ratings (corporate)
	30 Jun 2026 UGX (m)	30 Jun 2025 UGX (m)	30 Jun 2026 PD	30 Jun 2025 range	30 Jun 2026 LGD	
Cash and cash equivalents	2,679,240	1,359,169	0.02%-30.3%	0.02%-2.61%	45%	45%
Assets held with International Monetary Fund	606,007	654,997	0.000	0.000	45%	N/A
Debt instruments at amortised cost	16,162,526	9,599,461	0.02%-0.22%	0.02%-0.22%	45%	45%
Debt instruments at FVOCI	2,803,299	2,662,152	0.02%-0.11%	0.02%-0.11%	45%	45%
Loans and advances to government	49	1,798,544	2.61%	0.02%	50-100%	N/A
Investments in government securities*	9,079,614	9,648,555	2.61%	0.02%	50-100%	N/A

4.2.5 Sensitivity analysis of expected credit losses

Below is the sensitivity analysis for significant increase in credit risk considered by the Bank in determining expected credit losses. The table shows the increase/ (decrease) in surplus for the year for instantaneous changes in the stages.

As at 30 June 2026	Stage 1 to stage 2	Stage 2 to stage 3	Stage 3 to stage 2	Stage 2 to stage 1	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	24,168	-	-	-	24,168
Assets held with International Monetary Fund	3,342	-	-	-	3,342
Debt instruments at amortised cost	83,072	-	-	-	83,072
Debt instruments at fair value through OCI	14,456	-	-	-	14,456
Investments in government securities	1,066,825	-	-	-	1,066,825
Staff loans	6,509	-	-	-	6,509
	1,198,372	-	-	-	1,198,372

As at 30 June 2025 (Restated)	Stage 1 to stage 2	Stage 2 to stage 3	Stage 3 to stage 2	Stage 2 to stage 1	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	10,779	-	-	-	10,779
Assets held with International Monetary Fund	1,363	-	-	-	1,363
Debt instruments at amortised cost	54,260	-	-	-	54,260
Debt instruments at fair value through OCI	5,632	-	-	-	5,632
Loans and advances to government	268,585	-	-	-	268,585
Investments in government securities	1,305,120	-	-	-	1,305,120
Staff loans	7,544	-	-	(282)	7,262
	1,653,283	-	-	(282)	1,653,001

The prior-year sensitivity analysis has been restated to correctly reflect the impact of changes in SICR, the resulting stage migrations and changes in surplus.

Below is the sensitivity analysis for changes in the probability of default, loss given default and exposure default at their impact on the surplus and equity.

	Impact on surplus	Impact on equity
Increase in PD by 5 %	A decrease in surplus by 1.1 billion	A decrease in equity by 1.1 billion
Decrease in PD by 5 %	An increase in surplus by 9.8 billion	An increase in equity by 9.8 billion
Increase in PD and LGD by 5 %	A decrease in surplus by 6.8 billion	A decrease in equity by 6.8 billion
Decrease in PD and LGD by 5 %	An increase in surplus by 15 billion	An increase in equity by 15 billion
Increase in PD LGD and EAD by 5 %	A decrease in surplus by 32 billion	A decrease in equity by 32 billion
Decrease in PD LGD and EAD by 5 %	An increase in surplus by 39 billion	An increase in equity by 39 billion

4.2.6 Bank of Uganda credit risk exposure

The table below shows the carrying amount and ECLs on financial assets measured at amortised cost and FVOCI.

	30 June 2026		30 June 2025	
	Gross exposure before ECLs	ECLs	Gross exposure before ECLs	ECLs
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	2,680,650	1,410	1,369,485	10,316
Assets held with International Monetary Fund	606,060	53	655,054	57
Debt instruments at amortised cost	16,168,303	5,777	9,603,024	3,563
Debt instruments at FVOCI	2,803,299	655	2,662,152	245
Loans and advances to Government	159,707	159,658	2,059,847	261,303
Loans and advances to staff	117,328	2,041	114,149	1,711
Loans and advances to commercial banks	224,726	224,726	219,459	219,459
Investments in Government securities	9,181,161	101,547	9,753,722	105,167
Other financial assets	26,081	-	22,994	475
Total	31,967,315	495,867	26,459,886	602,296

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 movement in ECLs is directly related to the movement in the gross carrying amount of the respective instruments.

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

Debt instruments at FVOCI	Year ended 30 June 2026				Year ended 30 June 2025			
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	2,803,299	-	-	2,803,299	2,662,152	-	-	2,662,152
Total gross carrying amount	2,803,299	-	-	2,803,299	2,662,152	-	-	2,662,152

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

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Fair value as at 30 June 2024	2,029,440	-	-	2,029,440
New assets originated or purchased	1,646,812	-	-	1,646,812
Assets derecognised or matured (excluding write offs)	(985,045)	-	-	(985,045)
Changes in fair value	(52,000)	-	-	(52,000)
Foreign exchange adjustments	(1,696)	-	-	(1,696)
Recycled to profit or loss	24,641	-	-	24,641
At 30 June 2025	2,662,152	-	-	2,662,152
New assets originated or purchased	2,823,649	-	-	2,823,649
Assets derecognised or matured (excluding write offs)	(2,722,980)	-	-	(2,722,980)
Changes in fair value	(16,400)	-	-	(16,400)
Foreign exchange adjustments	64,106	-	-	64,106
Recycled to profit or loss	(7,228)	-	-	(7,228)
At 30 June 2026	2,803,299	-	-	2,803,299

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	173	-	-	173
New assets originated or purchased	175	-	-	175
Assets derecognised or matured (excluding write offs)	(103)	-	-	(103)
At 30 June 2025	245	-	-	245
New assets originated or purchased	556	-	-	556
Assets derecognised or matured (excluding write offs)	(146)	-	-	(146)
At 30 June 2026	655	-	-	655

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

	Year ended 30 June 2026				Year ended 30 June 2025			
	Stage 1- 12	Stage 2	Stage 3	Total	Stage 1- 12	Stage 2	Stage 3	Total
	month ECL	-Life time ECL	-Life time ECL		month ECL	-Life time ECL	-Life time ECL	
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	2,680,650	-	-	2,680,650	1,369,485	-	-	1,369,485
Total gross carrying amount	2,680,650	-	-	2,680,650	1,369,485	-	-	1,369,485
ECL loss allowance	(1,410)	-	-	(1,410)	(10,316)	-	-	(10,316)
Carrying amount	2,679,240	-	-	2,679,240	1,359,169	-	-	1,359,169

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total				
	UGX (m)	UGX (m)	UGX (m)	UGX (m)				
Gross carrying amount as at 01 July 2024	843,644	-	-	843,644				
New assets originated or purchased	1,369,485	-	-	1,369,485				
Assets derecognised or matured (excluding write offs)	(843,644)	-	-	(843,644)				
At 30 June 2025	1,369,485	-	-	1,369,485				
New assets originated or purchased	2,680,650	-	-	2,680,650				
Assets derecognised or matured (excluding write offs)	(1,369,485)	-	-	(1,369,485)				
At 30 June 2026	2,680,650	-	-	2,680,650				
	Stage 1	Stage 2	Stage 3	Total				
	UGX (m)	UGX (m)	UGX (m)	UGX (m)				
ECLs as at 01 July 2024	2,951	-	-	2,951				
New assets originated or purchased	10,316	-	-	10,316				
Assets derecognised or matured (excluding write offs)	(2,951)	-	-	(2,951)				
At 30 June 2025	10,316	-	-	10,316				
New assets originated or purchased	1,410	-	-	1,410				
Assets derecognised or matured (excluding write offs)	(10,316)	-	-	(10,316)				
At 30 June 2026	1,410	-	-	1,410				
	Year ended 30 June 2026				Year ended 30 June 2025			
Debt instruments at amor- tised cost	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	16,168,303	-	-	16,168,303	9,603,024	-	-	9,603,024
Total gross carrying amount	16,168,303	-	-	16,168,303	9,603,024	-	-	9,603,024
ECL loss allowance	(5,777)	-	-	(5,777)	(3,563)	-	-	(3,563)
Carrying amount	16,162,526	-	-	16,162,526	9,599,461	-	-	9,599,461

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	6,572,231	-	-	6,572,231
New assets originated or purchased	9,603,024	-	-	9,603,024
Assets derecognised or matured (excluding write offs)	(6,572,231)	-	-	(6,572,231)
Foreign exchange adjustments	-	-	-	-
At 30 June 2025	9,603,024	-	-	9,603,024
New assets originated or purchased	22,589,469	-	-	22,589,469
Assets derecognised or matured (excluding write offs)	(16,328,037)	-	-	(16,328,037)
Foreign exchange adjustments	303,846	-	-	303,846
At 30 June 2026	16,168,302	-	-	16,168,302

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	2,229	-	-	2,229
New assets originated or purchased	3,563	-	-	3,563
Assets derecognised or matured (excluding write offs)	(2,229)	-	-	(2,229)
At 30 June 2025	3,563	-	-	3,563
New assets originated or purchased	5,777	-	-	5,777
Assets derecognised or matured (excluding write offs)	(3,563)	-	-	(3,563)
At 30 June 2026	5,777	-	-	5,777

Assets held with IMF	Year ended 30 June 2026				Year ended 30 June 2025			
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	606,060	-	-	606,060	655,054	-	-	655,054
Total gross carrying amount	606,060	-	-	606,060	655,054	-	-	655,054
ECL loss allowance	(53)	-	-	(53)	(57)	-	-	(57)
Carrying amount	606,007	-	-	606,007	654,997	-	-	654,997

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	713,563	-	-	713,563
New assets originated or purchased	28,207	-	-	28,207
Assets derecognised or matured (excluding write offs)	(101,541)	-	-	(101,541)
Foreign exchange adjustments	14,875	-	-	14,875
At 30 June 2025	655,104	-	-	655,104
New assets originated or purchased	366,776	-	-	366,776
Assets derecognised or matured (excluding write offs)	(247,393)	-	-	(247,393)
Foreign exchange adjustments	(168,376)	-	-	(168,376)
At 30 June 2026	606,111	-	-	606,111

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	62	-	-	62
Assets derecognised or matured (excluding write offs)	(5)	-	-	(5)
At 30 June 2025	57	-	-	57
Assets derecognised or matured (excluding write offs)	(4)	-	-	(4)
At 30 June 2026	53	-	-	53

Investments in Government Securities	Year ended 30 June 2026				Year ended 30 June 2025			
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	9,181,161	-	-	9,181,161	9,753,722	-	-	9,753,722
Total gross carrying amount	9,181,161	-	-	9,181,161	9,753,722	-	-	9,753,722
ECL loss allowance	(101,547)	-	-	(101,547)	(105,167)	-	-	(105,167)
Carrying amount	9,079,614	-	-	9,079,614	9,648,555	-	-	9,648,555

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	1,540,773	-	-	1,540,773
New assets originated or purchased	422,949	-	-	422,949
Conversion to amortised bond	7,790,000	-	-	7,790,000
At 30 June 2025	9,753,722	-	-	9,753,722
Assets derecognised or matured (excluding write offs)	(572,561)	-	-	(572,561)
At 30 June 2026	9,181,161	-	-	9,181,161

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	267	-	-	267
New assets originated or purchased	104,900	-	-	104,900
At 30 June 2025	105,167	-	-	105,167
Assets derecognised or matured (excluding write offs)	(3,620)	-	-	(3,620)
At 30 June 2026	101,547	-	-	101,547

Loans and advances to Government	Year ended 30 June 2026				Year ended 30 June 2025			
	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	50	-	-	50	1,820,143	-	-	1,820,143
Grade 3: Default	-	-	159,657	159,657	-	-	239,704	239,704
Total gross carrying amount	50	-	159,657	159,707	1,820,143	-	239,704	2,059,847
ECL loss allowance	-	-	(159,658)	(159,658)	(21,599)	-	(239,704)	(261,303)
Carrying amount	50	-	(1)	49	1,798,544	-	-	1,798,544

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	8,557,134	-	140,487	8,697,621
New assets originated or purchased	17,911,157	-	-	17,911,157
Assets derecognised or matured (excluding write offs)	(16,769,931)	-	-	(16,769,931)
Conversion to amortised bond	(7,779,000)	-	-	(7,779,000)
Transfer to Stage 3	(99,217)	-	99,217	-
At 30 June 2025	1,820,143	-	239,704	2,059,847.00
New assets originated or purchased	18,011,575	-	278	18,011,853
Assets derecognised or matured (excluding write offs)	(19,831,718)	-	(80,274)	(19,911,992)
Transfer to Stage 1	49	-	(49)	-
At 30 June 2026	49	-	159,659	159,708

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	1,557	-	140,487	142,044
New assets originated or purchased	21,599	-	99,217	120,816
Assets derecognised or matured (excluding write offs)	(1,557)	-	-	(1,557)
At 30 June 2025	21,599	-	239,704	261,303
Assets derecognised or matured (excluding write offs)	(21,599)	-	(80,046)	(101,645)
At 30 June 2026	-	-	159,658	159,658

	Year ended 30 June 2026				Year ended 30 June 2025			
Loans and advances to commercial banks	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 3: Default	-	-	224,726	224,726	-	-	219,459	219,459
Total gross carrying amount	-	-	224,726	224,726	-	-	219,459	219,459
ECL allowance	-	-	(224,726)	(224,726)	-	-	(219,459)	(219,459)
Carrying amount	-	-	-	-	-	-	-	-

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	-	-	227,834	227,834
Foreign exchange adjustments	-	-	(8,375)	(8,375)
At 30 June 2025	-	-	219,459	219,459
Foreign exchange adjustments	-	-	5,267	5,267
At 30 June 2026	-	-	224,726	224,726

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	-	-	227,834	227,834
Foreign exchange adjustments	-	-	(8,375)	(8,375)
At 30 June 2025	-	-	219,459	219,459
Foreign exchange adjustments	-	-	5,267	5,267
At 30 June 2026	-	-	224,726	224,726

	Year ended 30 June 2026				Year ended 30 June 2025			
Loans and advances to staff	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total	Stage 1- 12 month ECL	Stage 2 -Life time ECL	Stage 3 -Life time ECL	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Internal rating grade								
Grade 1: Strong	111,777	-	-	111,777	109,222	-	-	109,222
Grade 2: Higher risk	-	-	-	-	-	1,283	-	1,283
Grade 3: Default	-	-	5,551	5,551	-	-	3,644	3,644
Total gross carrying amount	111,777	-	5,551	117,328	109,222	1,283	3,644	114,149
ECL allowance	-	-	-	-	(344)	(68)	(1,299)	(1,711)
Carrying amount	111,777	-	5,551	117,328	108,878	1,215	2,345	112,438

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Gross carrying amount as at 01 July 2024	94,288	4,136	1,689	100,113
New assets originated or purchased	104,065	-	-	104,065
Payments and assets derecognised (excluding write offs)	(89,232)	(531)	(54)	(89,817)
Write offs	-	-	(797)	(797)
Transfer to stage 1	1,332	(1,332)	-	-
Transfer to Stage 3	(1,816)	(990)	2,806	-
Fair value adjustments	(9,797)	-	-	(9,797)
At 30 June 2025	98,840	1,283	3,644	103,767
New assets originated or purchased	72,286	-	-	72,286
Payments and assets derecognised (excluding write offs)	(53,637)	(162)	(88)	(53,887)
Transfers to Stage 3	(874)	(1,121)	1,995	-
Fair value adjustments	(4,838)	-	-	(4,838)
At 30 June 2026	111,777	-	5,551	117,328

	Stage 1	Stage 2	Stage 3	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
ECLs as at 01 July 2024	93	5	899	997
New assets originated or purchased	265	-	-	265
Payments and assets derecognised (excluding write offs)	(14)	(1)	(8)	(23)
Net remeasurement of loss allowance	-	65	1,201	1,266
Write offs	-	-	(794)	(794)
Transfers to stage 1	1	(1)	-	-
Transfers to Stage 3	(1)	-	1	-
At 30 June 2025	344	68	1,299	1,711
New assets originated or purchased	86	-	-	86
Payments and assets derecognised (excluding write offs)	(450)	-	(90)	(540)
Net remeasurement of loss allowance	588	153	44	785
Transfers to Stage 3	(389)	(221)	609	(1)
At 30 June 2026	179	-	1,862	2,041

4.2.7 Credit risk exposure

i. Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of 30 June 2026 and 30 June 2025 are presented in Table 17 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 17: Credit risk exposure by credit rating

		30 Jun 2026	30 Jun 2025
		UGX (m)	UGX (m)
Cash and cash equivalents	A1	378	351
	A2	-	46,421
	Aaa	1,672,476	277,179
	Aa1	451,940	604,733
	Aa3	360,673	303,421
	B1	889	3
	B2	-	225
	B3	77,222	-
	Baa2	109,358	53,629
	Baa3	6,304	11,069
	Caa1	-	62,138
		2,679,240	1,359,169
Financial assets at FVTPL	A1	757,527	902,990
	A2	102,012	222,493
	A3	181,831	181,314
	Aa1	2,265,988	1,212,327
	Aa2	434,236	315,940
	Aa3	633,453	645,768
	Aaa	1,157,213	970,492
	Baa1	26,255	216,362
	Baa2	26,529	21,597
		5,585,044	4,689,283
Debt instruments at FVOCI	A1	-	36,572
	Aaa	319,061	144,573
	Aa1	2,123,752	2,458,343
	Aa2	276,014	-
	Aa3	84,472	-
	Multinational Institution	-	22,664
		2,803,299	2,662,152
Debt instruments at amortised cost	A1	4,889,422	4,040,600
	A2	-	800,014
	Aa1	2,045,498	2,281,913
	Aa2	651,342	1,171,562
	Aa3	6,294,535	-
	Aaa	1,339,238	448,926
	Ba2	251,435	-
	Baa1	-	241,022
	Baa2	691,056	615,424
		16,162,526	9,599,461
Derivative financial instruments		29,240	14,320
Assets held with IMF	Multinational Institution	606,007	654,997
Investments in government securities		9,079,614	9,648,555
Loans and advances to government		49	1,798,544
Loans and advances to staff		115,287	112,438
Other financial assets		26,081	22,994
Total		37,086,387	30,561,913

ii. Credit risk exposure by sector

The sectorial classification of the Bank's credit exposure as of 30 June 2026 is as follows:

Table 18: Credit risk exposure by sector FY 2025/26

Details	Foreign Country Treasury	Suprana- tional Insti- tutions	Foreign Companies	Foreign Financial Institutions	Government Guaranteed Agencies	Uganda Government Treasury and Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	2,277,076	1,706	-	354,700	-	45,758	2,679,240
Financial assets at FVTPL	2,965,616	-	1,071,469	-	1,547,959	-	5,585,044
Debt instruments at FVOCI	2,017,196	31,782	66,755	-	687,566	-	2,803,299
Debt instruments at amortised cost	3,497,650	1,190,005	-	11,134,559	340,312	-	16,162,526
Derivative financial instruments	-	-	-	29,240	-	-	29,240
Assets held with IMF	-	606,007	-	-	-	-	606,007
Investments in Government securities	-	-	-	-	-	9,079,614	9,079,614
Loans and advances to government	-	-	-	-	-	49	49
Loans and advances to staff	-	-	-	-	-	115,287	115,287
Other financial assets	-	-	-	-	-	26,081	26,081
Total Assets	10,757,538	1,829,500	1,138,224	11,518,499	2,575,837	9,266,789	37,086,387

The sectorial classification of the Bank's credit exposure as of 30 June 2025 is as follows:

Table 19: Credit risk exposure by sector FY 2024/25

Details	Foreign Country Treasury	Suprana- tional Insti- tutions	Foreign Companies	Foreign Financial Institutions	Government Guaranteed Agencies	Uganda Government Treasury and Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	1,011,262	3,413	-	321,411	-	23,083	1,359,169
Financial assets at FVTPL	2,233,102	-	992,895	-	1,463,286	-	4,689,283
Debt instruments at FVOCI	2,423,405	37,525	90,954	-	110,268	-	2,662,152
Debt instruments at amortised cost	1,485,531	1,401,864	-	6,712,066	-	-	9,599,461
Derivative financial instruments	-	-	-	14,320	-	-	14,320
Assets held with IMF	-	654,997	-	-	-	-	654,997
Investments in Government securities	-	-	-	-	-	9,648,555	9,648,555
Loans and advances to government	-	-	-	-	-	1,798,544	1,798,544
Loans and advances to staff	-	-	-	-	-	112,438	112,438
Other financial assets	-	-	-	-	-	22,994	22,994
Total Assets	7,153,300	2,097,799	1,083,849	7,047,797	1,573,554	11,605,614	30,561,913

iii. Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liabilities of the Bank as of 30 June 2026 is as follows:

Table 20: Credit risk exposure by geographical location FY 2025/26

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	45,758	517,634	404,337	1,624,447	1,706	85,358	2,679,240
Financial assets at FVTPL	-	2,226,083	133,719	1,139,844	162,494	1,922,904	5,585,044
Debt instruments at FVOCI	-	2,010,550	21,268	422,568	27,934	320,979	2,803,299
Debt instruments at amortised cost	-	2,981,020	6,050,970	2,847,401	1,986,242	2,296,893	16,162,526
Derivative financial instruments	-	-	29,240	-	-	-	29,240
Assets held with IMF	-	606,007	-	-	-	-	606,007
Investments in Government securities	9,079,614	-	-	-	-	-	9,079,614
Loans and advances to Government	49	-	-	-	-	-	49
Loans and advances to staff	115,287	-	-	-	-	-	115,287
Other financial assets	26,081	-	-	-	-	-	26,081
Total Assets	9,266,789	8,341,294	6,639,534	6,034,260	2,178,376	4,626,134	37,086,387

Table 21: Credit risk exposure by geographical location FY 2024/25

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	-	789,817	212,487	256,064	3,413	97,388	1,359,169
Financial assets at FVTPL	-	1,385,253	141,254	1,123,820	241,638	1,797,318	4,689,283
Debt instruments at FVOCI	-	2,392,134	22,664	70,029	34,937	142,388	2,662,152
Debt instruments at amortised cost	-	1,485,532	3,193,668	1,322,559	982,544	2,615,158	9,599,461
Derivative financial instruments	-	-	14,320	-	-	-	14,320
Assets held with IMF	-	654,997	-	-	-	-	654,997
Investments in Government securities	9,648,555	-	-	-	-	-	9,648,555
Loans and advances to Government	1,798,544	-	-	-	-	-	1,798,544
Loans and advances to staff	112,438	-	-	-	-	-	112,438
Other financial assets	22,994	-	-	-	-	-	22,994
Total Assets	11,582,531	6,707,733	3,584,393	2,772,472	1,262,532	4,652,252	30,561,913

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 22 and Table 23 below. The analysis below for the Bank's liabilities is based on undiscounted amounts:

Table 22: Liquidity Profile 2025/26

	Carrying amount 30-Jun-2026 UGX (m)	Contractual amount 30-Jun-2026 UGX (m)	On demand UGX (m)	<3 Months UGX (m)	4-12 Months UGX (m)	1-5 Years UGX (m)	> 5 Years UGX (m)
Assets							
Foreign currency assets							
International reserves							
Cash and cash equivalents	2,679,240	2,679,240	-	2,679,240	-	-	-
Assets held with IMF	606,007	606,007	-	606,007	-	-	-
Debt instruments at amortised cost	16,162,526	16,966,232	-	5,464,101	9,513,353	242,591	1,746,187
Debt instruments at FVOCI	2,803,299	2,970,455	-	267,012	729,074	1,974,369	-
Financial assets at FVTPL	5,585,044	7,525,363	-	201,054	1,210,686	4,873,530	1,240,093
Derivative financial instruments	29,240	29,240	-	29,240	-	-	-
Equity instruments at FVOCI	607,634	607,634	-	-	-	-	607,634
National currency assets							
Loans and advances to Government	49	49	-	49	-	-	-
Loans and advances to staff	115,287	222,844	-	10,144	27,751	102,144	82,805
Investments in Government securities	9,079,614	15,368,791	-	441,550	1,059,816	7,867,595	5,999,830
Other financial assets	26,081	26,081	26,081	-	-	-	-
	37,694,021	47,001,936	26,081	9,698,398	12,540,680	15,060,229	9,676,548
Liabilities							
Foreign currency liabilities							
International Monetary Fund obligations	1,660,578	1,660,578	1,660,578	-	-	-	-
International Monetary Fund RCF	993,033	993,058	-	-	248,264	744,794	-
Derivative financial instruments	18,457	18,457	-	18,457	-	-	-
Government deposits	2,969,835	2,969,835	2,969,835	-	-	-	-
Commercial and Central Banks' deposits	803,622	803,622	803,622	-	-	-	-
Cross currency repos	2,985,608	3,558,207	-	366,581	1,298,482	1,893,144	-
Other liabilities	39,158	39,158	39,158	-	-	-	-
Monetary policy instruments							-
Repos with commercial banks	2,644,067	2,657,635	-	2,537,635	120,000	-	-
National currency liabilities							-
Government deposits	3,728,394	3,728,394	3,728,394	-	-	-	-
Commercial and Central Banks' deposits	4,774,254	4,774,254	4,774,254	-	-	-	-
Lease liabilities	101	106	-	-	53	53	-
Other liabilities	265,610	265,610	265,610	-	-	-	-
	20,882,717	21,468,914	14,241,451	2,922,673	1,666,799	2,637,991	-
Net liquidity gap	16,811,304	25,533,022	(14,215,370)	6,775,725	10,873,881	12,422,238	9,676,548

Table 23: Liquidity Profile 2024/25

Restated	Carrying amount 30-Jun-2025	Contractual amount 30-Jun-2025	On demand	<3 Months	4-12 Months	1-5 Years	> 5 Years
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets							
Foreign currency assets							
International reserves							
Cash and cash equivalents	1,359,169	1,359,169	-	1,359,169	-	-	-
Assets held with IMF	654,997	654,997	-	654,997	-	-	-
Debt instruments at amortised cost	9,599,461	9,795,093	-	2,104,410	7,690,683	-	-
Debt instruments at FVOCI	2,662,152	2,813,685	-	232,119	667,144	1,914,422	-
Financial assets at FVTPL*	4,689,283	5,816,707	-	133,373	929,568	4,019,788	733,978
Derivative financial instruments	14,320	14,320	-	14,320	-	-	-
Equity instruments at FVOCI	530,554	530,554	-	-	-	-	530,554
National currency assets							
Loans and advances to government	1,798,544	1,843,508	-	-	1,843,508	-	-
Loans and advances to staff	112,438	258,291	-	9,015	25,315	109,749	114,212
Investments in government securities	9,648,555	18,096,652	-	1,258,943	1,039,229	7,663,752	8,134,728
Other financial assets	22,994	22,994	22,994	-	-	-	-
	31,092,467	41,205,970	22,994	5,766,346	12,195,447	13,707,711	9,513,472
Liabilities							
Foreign currency liabilities							
International Monetary Fund obligations	1,654,385	1,654,385	1,654,385	-	-	-	-
International Monetary Fund RCF	1,124,335	1,124,335	-	-	224,867	899,468	-
Derivative financial instruments	33,374	33,374	33,374	-	-	-	-
Government deposits	3,052,081	3,052,081	3,052,081	-	-	-	-
Commercial and Central Banks' deposits	993,141	993,141	993,141	-	-	-	-
Cross currency repos	1,674,169	1,753,934	-	-	1,753,934	-	-
Other liabilities	15,726	15,726	15,726	-	-	-	-
Monetary policy instruments							
Repos with commercial banks	2,008,843	2,014,700	-	2,014,700	-	-	-
National currency liabilities							
Government deposits	2,020,195	2,020,195	2,020,195	-	-	-	-
Commercial and Central Banks' deposits	3,885,406	3,885,406	3,885,406	-	-	-	-
Lease liabilities	145	159	-	-	53	106	-
Other liabilities	242,898	242,898	242,898	-	-	-	-
	16,704,698	16,790,334	11,897,206	2,014,700	1,978,854	899,574	-
Net liquidity gap	14,387,769	24,415,636	(11,874,212)	3,751,646	10,216,593	12,808,137	9,513,472

* The prior year contractual amount and maturity analysis for financial assets at FVTPL has been restated to correctly reflect the contractual amount and the maturity profile.

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 a short-term maturity span of one to three months. The portfolio is structured to ensure that deposits mature on a timely manner to meet scheduled government and the Bank's obligations. In order to manage the on-demand liquidity gap, the Bank can liquidate some of its investments or purchase foreign currency from commercial banks.

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-rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing or maturity dates.

Table 24: Interest risk analysis 2025/26

	30 Jun 2026	0-3 Months	4-12 Months	> 12 Months	Non-Interest Bearing
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets					
Foreign currency assets					
Cash and cash equivalents	2,679,240	2,679,240	-	-	-
Assets held with International Monetary Fund	606,007	606,007	-	-	-
Debt instruments at amortised cost	16,162,526	5,423,503	9,297,793	1,441,230	-
Debt instruments at FVOCI	2,803,299	244,131	604,656	1,954,512	-
Financial assets at FVTPL	5,585,044	101,332	982,023	4,501,689	-
Derivative financial instruments	29,240	-	-	-	29,240
	27,865,356	9,054,213	10,884,472	7,897,431	29,240
National currency assets					
Loans and advances to Government	49	-	-	-	49
Loans and advances to staff	115,287	227	2,981	112,079	-
Investments in Government securities	9,079,614	-	494	9,079,120	-
Other financial assets	26,081	-	-	-	26,081
	9,221,031	227	3,475	9,191,199	26,130
Total assets	37,086,387	9,054,440	10,887,947	17,088,630	55,370
Liabilities					
Foreign currency liabilities					
International Monetary Fund obligations	1,660,578	1,660,578	-	-	-
International Monetary Fund Rapid Credit Facility	993,033	-	-	-	993,033
Derivative financial instruments	18,457	-	-	-	18,457
Government deposits	2,969,835	-	-	-	2,969,835
Commercial and Central Banks' deposits	803,622	-	-	-	803,622
Cross currency repos	2,985,608	-	209,755	2,775,853	-
Other liabilities	39,158	-	-	-	39,158
	9,470,291	1,660,578	209,755	2,775,853	4,824,105
National currency liabilities					
Repurchase agreements with commercial banks	2,644,067	2,479,662	164,405	-	-
Government deposits	3,728,394	-	-	-	3,728,394
Commercial and Central Banks' deposits	4,774,254	-	-	-	4,774,254
Lease liabilities	101	-	-	101	-
Other liabilities	265,610	-	-	-	265,610
	11,412,426	2,479,662	164,405	101	8,768,258
Total liabilities	20,882,717	4,140,240	374,160	2,775,954	13,592,363
On balance Sheet interest Sensitivity Gap	16,203,670	4,914,200	10,513,787	14,312,676	(13,536,993)

Table 25: Interest risk analysis 2024/25

		0-3	4-12	> 12	Non-Interest
	30 Jun 2025	Months	Months	Months	Bearing
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets					
Foreign currency assets					
Cash and cash equivalents	1,359,169	1,359,169	-	-	-
Financial assets at FVTPL	4,689,283	121,398	611,257	3,956,628	-
Debt instruments at FVOCI	2,662,152	208,111	600,437	1,853,604	-
Debt instruments at amortised cost	9,599,461	2,094,085	7,505,376	-	-
Derivative financial instruments	14,320	14,320	-	-	-
Assets held with International Monetary Fund	654,997	654,997	-	-	-
	18,979,382	4,452,080	8,717,070	5,810,232	-
National currency assets					
Investments in Government securities	9,648,555	-	-	9,648,555	-
Loans and advances to Government	1,798,544	-	1,798,544	-	-
Loans and advances to staff	112,438	350	1,390	110,698	-
Other financial assets	22,994	-	-	-	22,994
	11,582,531	350	1,799,934	9,759,253	22,994
Total assets	30,561,913	4,452,430	10,517,004	15,569,485	22,994
Liabilities					
Foreign currency liabilities					
International Monetary Fund obligations	1,654,385	1,654,385	-	-	-
International Monetary Fund Rapid Credit Facility	1,124,335	-	-	-	1,124,335
Derivative financial instruments	33,374	-	-	-	33,374
Government deposits	3,052,081	-	-	-	3,052,081
Commercial and Central Banks' deposits	993,141	-	-	-	993,141
Cross currency repos	1,674,169	-	-	1,674,169	-
Other liabilities	15,726	-	-	-	15,726
	8,547,211	1,654,385	-	1,674,169	5,218,657
National currency liabilities					
Government deposits	2,020,195	-	-	-	2,020,195
Commercial and Central Banks' deposits	3,885,406	-	-	-	3,885,406
Repurchase agreements with commercial banks	2,008,843	2,008,843	-	-	-
Lease liabilities	145	-	-	145	-
Other liabilities	242,898	-	-	-	242,898
	8,157,487	2,008,843	-	145	6,148,499
Total liabilities	16,704,698	3,663,228	-	1,674,314	11,367,156
On balance Sheet interest Sensitivity Gap	13,857,215	789,202	10,517,004	13,895,171	(11,344,162)

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 26: Interest risk sensitivity analysis FY 2025/26

	30 Jun 2026	30-Jun-2026
	0.5% Increase	0.5% decrease
	UGX (m)	UGX (m)
Impact on profit	163,631	(163,631)
Impact on equity	148,871	(148,871)

Table 27: Interest risk sensitivity analysis FY 2024/25

	30 Jun 2025	30-Jun-2025
	0.5% Increase	0.5% decrease
	UGX (m)	UGX (m)
Impact on profit	134,379	(134,379)
Impact on equity	156,555	(156,555)

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 consist mainly of Pound Sterling, US Dollar, SDRs and Euro. The table below shows the distribution of the currencies.

Table 28: Currency risk profile 2025/26

	TOTAL	USD	GBP	EURO	OTHER
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets					
Foreign currency assets					
Cash and cash equivalents	2,679,240	684,404	207,637	1,706,679	80,520
Assets held with International Monetary Fund	606,007	-	-	-	606,007
Debt instruments at amortised cost	16,162,526	11,584,616	1,843,293	2,734,617	-
Debt instruments at FVOCI	2,803,299	2,803,299	-	-	-
Financial assets at FVTPL	5,585,044	3,267,924	166,270	1,344,973	805,877
Derivative financial instruments	29,240	29,240	-	-	-
Equity instruments at FVOCI	607,634	604,702	-	2,932	-
Total Assets	28,472,990	18,974,185	2,217,200	5,789,201	1,492,404
Liabilities					
Foreign currency liabilities					
International Monetary Fund obligations	1,660,578	-	-	-	1,660,578
International Monetary Fund Rapid Credit Facility	993,033	-	-	-	993,033
Derivative financial instruments	18,457	18,457	-	-	-
Government deposits	2,969,835	2,645,871	408	323,364	192
Commercial and Central Banks' deposits	803,622	645,980	30,624	108,076	18,942
Cross currency repos	2,985,608	776,128	-	1,527,410	682,070
Other liabilities	39,158	11,614	825	26,653	66
Total liabilities	9,470,291	4,098,050	31,857	1,985,503	3,354,881
Net currency position	19,002,699	14,876,135	2,185,343	3,803,698	(1,862,477)

Table 29: Currency risk profile 2024/25

	TOTAL	USD	GBP	EURO	OTHER
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets					
Foreign currency assets					
Cash and cash equivalents	1,359,169	881,069	122,354	290,811	64,935
Financial assets at FVTPL	4,689,283	2,308,530	194,961	1,368,183	817,609
Debt instruments at FVOCI	2,662,152	2,662,152	-	-	-
Debt instruments at amortised cost	9,599,461	8,119,449	296,767	1,183,245	-
Derivative financial instruments	14,320	14,320	-	-	-
Assets held with International Monetary Fund	654,997	-	-	-	654,997
Equity instruments at FVOCI	530,554	527,909	-	2,645	-
Total assets	19,509,936	14,513,429	614,082	2,844,884	1,537,541
Liabilities					
Foreign currency liabilities					
International Monetary Fund obligations	1,654,385	-	-	-	1,654,385
International Monetary Fund Rapid Credit Facility	1,124,335	-	-	-	1,124,335
Derivative financial instruments	33,374	33,374	-	-	-
Government deposits	3,052,081	2,740,621	287	311,173	-
Commercial and Central Banks' deposits	993,141	786,727	26,524	167,156	12,734
Cross currency repos	1,674,169	1,463,012	-	211,157	-
Other liabilities	15,726	9,953	649	5,086	38
Total liabilities	8,547,211	5,033,687	27,460	694,572	2,791,492
Net currency position	10,962,725	9,479,742	586,622	2,150,312	(1,253,951)

4.5.1 Management of currency risk

The Bank has an investment committee that offers oversight over this risk that meets regularly to oversee this risk.

4.5.2 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 30: Currency Risk Sensitivity analysis FY 2025/26

	Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities	30-Jun-2026	UGX (m)	UGX (m)
USD	+15/(15)	2,231,420	(2,231,420)
GBP	+15/(15)	327,801	(327,801)
Euro	+15/(15)	570,555	(570,555)
Others	+15/(15)	(279,372)	279,372
Impact on profit	-	2,850,404	(2,850,404)
Impact on equity	-	2,851,954	(2,851,954)

Table 31: Currency Risk Sensitivity analysis FY 2024/25

	Increase/ (decrease) in %	15% Depreciation	15% Appreciation
Currency of assets/liabilities	30-Jun-2025	UGX (m)	UGX (m)
USD	+15/(15)	1,421,961	(1,421,961)
GBP	+15/(15)	87,993	(87,993)
Euro	+15/(15)	322,547	(322,547)
Others	+15/(15)	(188,093)	188,093
Impact on profit	-	1,644,408	(1,644,408)
Impact on equity	-	1,642,555	(1,642,555)

5. 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.

6. Fair value of assets and liabilities

This note describes the fair value measurement of assets and liabilities and is structured as follows:

6.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

6.2 Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place.

All new financial instruments (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with Financial Markets function.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Executive Director Finance.

The Risk team validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The Risk team also challenges the model calibration on at least an annual basis or when significant events in the relevant markets occur. The Risk team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with IFRS accounting standards and will propose adjustments when needed.

When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the Risk team is also responsible for:

- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS accounting standards reporting requirements

Valuation techniques and specific considerations for Level 3 inputs are further explained in Note 6.4

6.3 Assets and liabilities by fair value hierarchy

Table 32 and Table 33 show an analysis of assets and liabilities recorded at fair value by level of their fair value hierarchy:

Table 32: Financial assets and liabilities by fair value hierarchy as at 30 June 2026

	Level 1	Level 2	Level 3	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets measured at fair value				
Financial assets at FVTPL	-	5,585,044	-	5,585,044
Debt instruments at FVOCI	-	2,803,299	-	2,803,299
Equity instruments at FVOCI	-	-	607,634	607,634
Derivative financial instruments	-	29,240	-	29,240
Land	-	-	61,930	61,930
Leased Land	-	-	63,421	63,421
Buildings	-	-	136,013	136,013
Leased Buildings	-	-	89	89
Plant & Machinery	-	-	66,853	66,853
Furniture	-	-	3,226	3,226
Equipment	-	-	19,173	19,173
Computer Equipment	-	-	25,717	25,717
Motor Vehicles	-	-	14,632	14,632
Liabilities measured at fair value				
Derivative financial instruments	-	(18,457)	-	(18,457)

Table 33: Financial assets and liabilities by fair value hierarchy as at 30 June 2025

	Level 1	Level 2	Level 3	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets measured at fair value				
Financial assets at FVTPL	-	4,689,283	-	4,689,283
Debt instruments at FVOCI	-	2,662,152	-	2,662,152
Equity instruments at FVOCI	-	-	530,554	530,554
Derivative financial instruments	-	14,320	-	14,320
Land	-	-	61,930	61,930
Leased Land	-	-	65,374	65,374
Buildings	-	-	139,965	139,965
Leased Buildings	-	-	133	133
Plant & Machinery	-	-	73,732	73,732
Furniture	-	-	3,625	3,625
Equipment	-	-	20,548	20,548
Computer Equipment	-	-	15,995	15,995
Motor Vehicles	-	-	6,905	6,905
Liabilities measured at fair value				
Derivative financial instruments	-	(33,374)	-	(33,374)

6.4 Valuation techniques

6.4.1 Financial assets at FVTPL and Debt instruments at FVOCI

i. Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Bank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Bank classifies those securities as Level 2. The Bank does not have Level 3 government securities where valuation inputs would be unobservable.

ii. Debt securities issued by financial institutions and other debt securities

These instruments are standard fixed or floating rate securities. The Bank uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including CDS data of the issuer to estimate the relevant credit spreads. Municipal bonds, bonds issued by financial institutions, convertible bonds and corporate bonds are Level 2 instruments.

iii. Asset backed securities

These instruments include Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS) and other asset-backed securities, including those issued by US government agencies. The market for these securities is not active. Therefore, the Bank uses a variety of valuation techniques to measure their fair values. The Bank uses trade and price data updated for movements in market levels between the observed and the valuation dates. The asset backed securities have no significant unobservable valuation inputs and are classified as Level 2.

6.4.2 Equity instruments at FVOCI

Equity instruments in non-listed entities included investments in AfreximBank and SWIFT. The fair value is based on share prices determined based on net assets and paid-up number of shares. These investments are classified as Level 3 investments because the share price is based on non-observable inputs and determined annually based on the audited financial statements of the investee. The following table shows the valuation technique used in measuring the values of equity instruments at FVOCI as well the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Net asset value: The valuation model considers total shareholders' funds and paid-up number of shares	The net asset value is based the shareholders' funds as reported in the audited financial statements. The paid-up number of shares is based on the actual number of shares paid by the shareholders as reported in the audited financial statements.	The estimated fair value will increase/ (decrease) if : The shareholders' funds were higher/ (lower) The paid-up number of shares increase/ (decrease)

6.4.3 Derivative financial instruments

i. Interest rate derivatives

Interest rate derivatives include interest rate swaps. The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are Level 2 and adjustments to yield curves or credit spreads are based on observable inputs. Interest rate futures are valued using quoted prices and classified as Level 1.

ii. Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Bank classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

6.4.4 Property, plant and equipment

i. Land and buildings

The significant unobservable inputs used in the fair value measurement of land and buildings categorised within Level 3 of the fair value hierarchy are shown below:

Significant unobservable valuation input	USD		UGX (m)	
	From	To	From	To
Price per acre (land)	75,538	8,093,409	269	28,813
Price per square metre (buildings)	232	964	1	3

The Bank applied the cost approach of valuation by calculating the values of the buildings and other improvements as determined by the present day replacements (reinstatements) costs of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly.

The Bank also applied a market approach to determine the market rent and land value based on recent transactions in the neighbourhood.

The income approach was also used where annual rent was capitalised to determine the property value based on rent.

The estimated fair value will increase/ (decrease) if:

- The expected market rental growth were higher/ (lower)
- Void periods were shorter/ (longer)
- The occupancy rate were higher/ (lower)
- The cost of replacement were lower/ (higher)
- The estimated price square meter were higher/ (lower)

The last valuation was done in FY 2022/23.

ii. **Other property, plant and equipment**

The significant unobservable inputs used in the fair value measurement of plant & machinery, furniture, equipment, computer equipment and motor vehicles categorised within Level 3 of the fair value hierarchy are shown below:

Description	Valuation technique	Significant unobservable inputs
Plant & machinery, furniture, equipment, computer equipment and motor vehicles	Market value based on unobservable market inputs	Gross current replacement cost less depreciation

The estimated fair value will increase/ (decrease), if the estimated gross current replacement cost were higher/ (lower) based on the market value. The last valuation was done in FY 2021/22.

There were no transfers between levels during the year.

6.5 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

30-Jun-26	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets measured at amortised cost					
Cash and cash equivalents	-	2,679,240	-	2,679,240	2,679,240
Assets held with International Monetary Fund	-	606,007	-	606,007	606,007
Debt instruments at amortised cost	-	16,148,938	-	16,148,938	16,162,526
Loans and advances to government	-	49	-	49	49
Loans and advances to staff	-	115,287	-	115,287	115,287
Investments in government securities	-	9,079,614	-	9,079,614	9,079,614
Other assets	-	26,081	-	26,081	26,081
Liabilities measured at amortised cost					
IMF obligations	-	1,660,578	-	1,660,578	1,660,578
IMF Rapid Credit Facility	-	993,033	-	993,033	993,033
Foreign currency Government deposits	-	2,969,835	-	2,969,835	2,969,835
Foreign currency Commercial and Central Banks' deposits	-	803,622	-	803,622	803,622
Cross currency repos	-	2,985,608	-	2,985,608	2,985,608
Foreign currency other liabilities	-	39,158	-	39,158	39,158
Repurchase agreements with commercial banks	-	2,644,067	-	2,644,067	2,644,067
Local currency Government deposits	-	3,728,394	-	3,728,394	3,728,394
Local currency Commercial and Central Banks' deposits	-	4,774,254	-	4,774,254	4,774,254
Lease liabilities	-	101	-	101	101
Other liabilities	-	265,610	-	265,610	265,610

30-Jun-25	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Assets measured at amortised cost					
Cash and cash equivalents	-	1,359,169	-	1,359,169	1,359,169
Assets held with International Monetary Fund	-	654,997	-	654,997	654,997
Debt instruments at amortised cost	-	9,599,461	-	9,599,461	9,599,461
Loans and advances to government	-	1,798,544	-	1,798,544	1,798,544
Loans and advances to staff	-	112,438	-	112,438	112,438
Investments in government securities	-	7,756,212	-	7,756,212	9,648,555
Other assets	-	22,994	-	22,994	22,994
Liabilities measured at amortised cost					
IMF obligations	-	1,654,385	-	1,654,385	1,654,385
IMF Rapid Credit Facility	-	1,124,335	-	1,124,335	1,124,335
Foreign currency Government deposits	-	3,052,081	-	3,052,081	3,052,081
Foreign currency Commercial and Central Banks' deposits	-	993,141	-	993,141	993,141
Cross currency repos	-	1,674,169	-	1,674,169	1,674,169
Foreign currency other liabilities	-	15,726	-	15,726	15,726
Repurchase agreements with commercial banks	-	2,008,843	-	2,008,843	2,008,843
Local currency Government deposits	-	2,020,195	-	2,020,195	2,020,195
Local currency Commercial and Central Banks' deposits	-	3,885,406	-	3,885,406	3,885,406
Lease liabilities	-	145	-	145	145
Other liabilities	-	242,898	-	242,898	242,898

Certain comparative amounts have been restated to conform to the current year presentation.

The fair value of investments in government securities is based on observable prices of similar bonds. The fair value of other financial instruments at amortised cost approximates their carrying amounts.

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. 54, Laws of Uganda.

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 Planning and Economic Development, 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.

As per the Bank of Uganda Act Cap. 54, Laws of Uganda, Section 14 (3), the issued and paid-up capital of the Bank is required to be a minimum of UGX 20,000 million. The Bank also monitors core capital and has set a limit of UGX 20,000 million below which the Bank's capital is deemed to be impaired. The core capital is defined to comprise revenue reserves, general reserves, paid up share capital and BoU recapitalisation funds as follows:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Revenue reserves	1,102,622	14,845
General reserves	399,277	399,277
Share capital	20,000	20,000
BoU recapitalisation	1,859,018	1,859,018
Core capital	3,380,917	2,293,140
Revaluation reserve	183,901	191,772
Fair value- FVOCI	307,823	253,961
Actuarial gains	25,612	(119,018)
Translation reserve	3,783,909	3,545,262
Total equity	7,682,162	6,165,117

The core capital of the Bank was above the target expected of UGX 20,000 million as indicated below:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Actual core capital	3,380,917	2,293,140
Less: Target core capital	(20,000)	(20,000)
Core capital gap	3,360,917	2,273,140

8. Interest income from international reserves

	30 Jun 2026	Restated 30 Jun 2025
	UGX (m)	UGX (m)
Cash and cash equivalents	40,018	33,377
Debt instruments at FVOCI	101,835	105,281
Debt instruments at amortised cost	481,123	308,985
Assets held with IMF	19,258	22,751
Financial assets measured at FVTPL	143,336	122,196
	785,570	592,590

The prior-year comparatives have been restated to correctly present interest income arising on financial assets measured at FVTPL by reclassifying it from other interest income to interest income from international reserves.

9. Interest income from monetary policy operations

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Standing lending facility	11,721	43,419
	11,721	43,419

10. Interest income from advances to Government and GoU Securities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Investments in government securities	963,920	826,619
Loans, advances and drawdowns to government*	138,148	167,198
	1,102,068	993,817

* This relates to income earned on short term advances to the Government and Government overdrawn accounts (see Notes 37 and 39).

11. Other interest income

	30 Jun 2026	Restated 30 Jun 2025
	UGX (m)	UGX (m)
Government rediscounted securities	24	1,605
Loans and advances to staff*	19,726	16,822
	19,750	18,427

* Included in interest income on staff loans is UGX 15,977 million (30 June 2025: UGX 13,285 million) relating to notional interest arising out of staff loans' fair valuation in accordance with IFRS 9.

The prior-year comparatives have been restated to correctly present interest income arising on financial assets measured at FVTPL by reclassifying it from other interest income to interest income from international reserves.

12. Interest expense from monetary policy operations

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Vertical repos	64,489	5,006
Deposit auctions	55,867	19,354
	120,356	24,360

13. Other interest expense

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
IMF SDR allocations	46,413	54,705
Cross currency repos	160,666	130,289
	207,079	184,994

* Interest expense represents interest expense/charges on SDR allocation to the Bank as regularly advised by IMF and monetary policy costs.

14. Other income from banking operations

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Foreign currency dealings	72,221	61,171
Commissions- letters of credit	8,229	2,910
Commissions- foreign currency operations	502	1,235
Clearing house fees	330	375
Ledger fees	17,107	16,753
	98,389	82,444

15. Other income from currency operations

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Currency processing fees	5,282	6,806
Currency processing penalties	450	128
	5,732	6,934

16. Other income from supervising financial institutions

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Fines and penalties	890	1,179
Commercial banks licenses	4,309	3,841
Non Bank Financial Institutions licenses	1,423	1,500
Offset inspection costs	2,204	1,486
	8,826	8,006

17. Other income from supervising National Payment Systems

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
RTGS processing fees	5,530	4,827
RTGS penalties	80	106
RTGS maintenance and support charges	1,060	1,172
CSD maintenance and support charges	654	727
NPS licenses	1,662	1,580
	8,986	8,412

18. Net gains on financial assets at FVTPL

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Net income from financial instruments measured at FVTPL	36,831	162,589
	36,831	162,589

19. Gains/ (losses) arising from derecognition of financial assets measured at FVOCI

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Losses on derecognition of FVOCI investments	(1,742)	(1,377)
Net amount reclassified to profit or loss for debt instruments at FVOCI	7,228	1,696
Losses on derecognition of financial instruments at amortised cost	(3,699)	-
	1,787	319

20. Other income

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Dividends on equity securities measured at FVOCI	25,975	45,579
Sale of currency	1	1
Rental income	43	43
Write back of unutilised liabilities	23,239	5,760
Miscellaneous income*	1,717	876
	50,975	52,259

* Miscellaneous Other income includes insurance claims, sale of old items, refunds and procurement fees among others.

21. Expected credit loss (release)/ expense on financial assets

The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss:

Expected credit loss release on financial assets for the year ended 30 June 2026	Stage 1 allowance	Stage 2 allowance	Stage 3 allowance	Releases	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	(8,906)	-	-	-	(8,906)
Debt instruments at FVOCI	410	-	-	-	410
Debt instruments at amortised cost	2,213	-	-	-	2,213
Assets held with IMF	(4)	-	-	-	(4)
Investments in government securities	(3,620)	-	-	-	(3,620)
Loans and advances to government	(21,643)	-	(80,002)	-	(101,645)
Loans and advances to commercial banks	-	-	5,266	-	5,266
Loans and advances to staff	331	-	-	-	331
Other assets	1	-	-	-	1
	(31,218)	-	(74,736)	-	(105,954)

Expected credit loss expense on financial assets for the year ended 30 June 2025	Stage 1 allowance	Stage 2 allowance	Stage 3 allowance	Releases	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	7,365	-	-	-	7,365
Debt instruments at FVOCI	72	-	-	-	72
Debt instruments at amortised cost	1,334	-	-	-	1,334
Assets held with IMF	(5)	-	-	-	(5)
Investments in government securities	104,900	-	-	-	104,900
Loans and advances to government	20,086	-	99,173	-	119,259
Loans and advances to commercial banks	-	-	(8,375)	-	(8,375)
Loans and advances to staff	178	4	1,326	-	1,508
	133,930	4	92,124	-	226,058

The ECL release of UGX 105,954 million in FY 2025/26, compared with an expense of UGX 226,058 million in FY 2024/25, arose mainly from Government repayments and the resulting reduction in credit exposure.

During the year, Uganda's sovereign credit outlook improved from stable to positive while the underlying credit rating remained unchanged, and this development was considered in the assessment of expected credit losses and forward-looking credit risk assumptions.

22. Net realised foreign exchange losses

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Foreign exchange losses on SWAPs	(7,821)	-
Foreign exchange losses on intervention	(85,682)	(2,953)
	(93,503)	(2,953)

The realised foreign exchange losses relate to SWAP transactions with commercial banks and interventions in the foreign exchange market.

23. Net unrealised foreign exchange gains/(losses)

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Foreign exchange gains/(losses)	238,647	(211,648)
	238,647	(211,648)

The unrealised 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 2026	30 Jun 2025
US Dollars	3,665	3,595
Euro	4,183	4,215
GBP	4,854	4,935
SDR	4,970	4,937

24. Employee benefits

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Salaries,wages and allowances	262,021	239,210
NSSF- contribution and provision	19,538	17,576
Defined contribution scheme pension contributions	12,124	10,504
Defined benefit plan gains (Note 42) *	(1,699)	(3,166)
Death in service insurance	952	971
Staff welfare including medical	19,336	16,790
Projects and training	6,437	4,677
	318,709	286,562

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

The average number of employees during the year was 1,025 (2025: 999) as shown below:

	30 Jun 2026	30 Jun 2025
	No of Staff	No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	9	11
Directors	27	26
Other	987	960
	1,025	999

25. General and administration costs

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Loss on disposal of property, plant and equipment	227	379
Loss on disposal of assets held for sale	32	-
Impairment loss on non-monetary gold	1,074	-
Business process enhancement	28,174	18,699
Communication expenses	11,758	11,520
Water and electricity	2,915	2,990
Ground rates and buildings insurance	1,178	1,075
Repairs and maintenance - premises and equipment	6,545	7,009
Motor vehicle expenses	6,372	5,879
Travel costs	12,336	10,089
Corporate contributions	6,281	6,093
Publicity and public awareness costs	9,058	6,930
Printing and stationery	1,621	2,250
Inspection costs	2,591	1,728
General and administration costs	920	1,067
Furniture and equipment repairs	3,550	2,818
Office expenses-uniforms	282	280
Joseph Mubiru memorial lecture	-	37
Directors' fees and emoluments	4,451	3,800
Software license and maintenance	27,100	20,031
	126,465	102,674

26. Currency costs

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Notes printing	177,848	193,757
Coins minting	6,493	9,803
Stock movement	1,832	1,159
Currency accessories	403	339
Currency machine maintenance	11,066	5,483
Bullion van maintenance	209	502
Other currency costs*	2,462	1,577
	200,313	212,620

* Other currency costs include currency destruction costs and currency and financial instruments repatriation costs.

27. Financial and professional charges

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Consultancy costs	3,733	3,064
Litigation fees and legal damages	27,081	2,128
Staff loans fair valuation*	15,977	13,285
Reserve management fees and other charges	8,860	7,215
Interest expense on lease liability	9	13
Retainer fees	177	71
Audit fees**	490	455
	56,327	26,231

* This relates to amortization of the deferred staff benefit arising from loans issued at below market value in accordance with IFRS 9 - Financial Instruments.

** Audit fees represent the fees that have been charged for the financial statements audit for the current financial year amounting to UGX 443 million. There are no other non-audit fees paid to the external auditor.

28. Net surplus for the year

The net surplus for the year has been stated after charging/(crediting) the following among others.

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Audit fees	490	455
Directors' emoluments	2,802	2,772
Directors' fees	1,649	1,028
Depreciation	29,648	28,128
Amortisation	4,283	4,057
Staff costs	318,709	286,562
Litigation fees and legal damages	27,081	2,128
Miscellaneous income	(1,717)	(876)

29. Cash and cash equivalents

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Foreign currency held in banking	45,762	23,086
Cash with foreign financial institutions	2,219,225	767,602
Repurchase agreements	415,663	578,797
	2,680,650	1,369,485
Less: Allowance for ECL	(1,410)	(10,316)
	2,679,240	1,359,169

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.

For the purpose of this statement, cash refers to foreign currency assets defined as cash and cash equivalents. For purposes of the cash flow, cash and cash equivalents exclude allowances for expected credit losses.

30. Assets held and obligations with International Monetary Fund (IMF)

	30 Jun 2026	30 Jun 2026	30 Jun 2025	30 Jun 2025
	UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets				
IMF SDR holdings	606,060	121	655,054	145
Less: Allowance for ECLs	(53)	-	(57)	-
	606,007	121	654,997	145
Liabilities				
IMF account no. 2	30	1	30	1
IMF SDR allocation	1,660,548	334	1,654,355	332
	1,660,578	335	1,654,385	333

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 121 million (2025: SDR 145 million). The liabilities relate to SDR Allocations of SDR 334 million (2025: SDR 334 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.

30.1 Other IMF accounts not recognised

	30 Jun 2026	30 Jun 2026	30 Jun 2025	30 Jun 2025
	UGX (m)	SDR (m)	UGX (m)	SDR (m)
Assets				
IMF Quota	1,794,163	361	1,782,971	361
	1,794,163	361	1,782,971	361
Liabilities				
IMF account no. 1	1,691,220	339	1,680,670	339
IMF Securities	102,943	22	102,301	22
	1,794,163	361	1,782,971	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.

30.2 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 30 June 2026.

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

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

- iii. SDR department

	SDR Million	% Allocation
Net cumulative allocation	519.06	100.00
Holdings	121.22	23.35

- iv. Outstanding purchases and loans

	SDR Million	%Quota
RCF Loans	288.80	80.00
ECF Arrangements	631.75	175.00

- v. Latest financial commitments

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	28 June 2022	27 June 2024	722.00	631.75
ECF 1/	13 September 2002	31 January 2006	13.50	13.50
ECF 1/	10 November 1997	31 March 2001	100.43	100.43

Arrangements

^{1/} Formerly PRGF

Outright Loans

Type	Date of Commitment	Date Drawn	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	06 May 2020	25 June 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				
	2026	2027	2028	2029	2030
Principal	54.15	117.33	153.43	189.53	162.45
Charges/Interest	5.45	11.19	11.19	11.18	11.19
Total	59.60	128.52	164.62	200.71	173.64

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 (US\$ Million) 1/	347.00	656.00	
Of which: IMF assistance (US\$ million)	68.90	91.00	
(SDR equivalent in millions)	51.51	68.10	
Completion point date	Apr 1998	May 2000	
II. Disbursement of IMF assistance (SDR Million)			
Assistance disbursed to the member	51.51	68.10	119.61
Interim assistance	-	8.20	8.20
Completion point balance	51.51	59.90	111.41
Additional disbursement of interest income 2/	-	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 cannot 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 Million)*		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
	January 2006	N/A
		PRGT
		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 04 February 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

31. IMF Rapid Credit Facility

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Maturing within one year	248,258	224,867
Maturing after one year but within five years	744,775	899,468
	993,033	1,124,335

Reconciliation of the movement in the IMF Rapid Credit Facility

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	1,124,335	1,217,278
Repayments	(125,165)	-
Translation differences	(6,137)	(92,943)
As at 30 June	993,033	1,124,335

On 6 May 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 18 December 1987 as amended).

The loan disbursed on 25 June 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 25 December 2025 and the last installment will be paid on 25 June 2030.

According to the Memorandum of Understanding between 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 the 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.

32. Debt instruments at amortised cost

The Bank's debt instruments at amortised cost include term deposits with external financial institutions, Treasury bonds and US Treasury bills.

	30 Jun 2026 UGX (m)	30 Jun 2025 UGX (m)
Term deposits with external financial institutions		
Maturing within 1 year	12,919,973	8,117,097
	12,919,973	8,117,097
Less: Allowance for ECL	(5,174)	(3,166)
	12,914,799	8,113,931
US Treasury bills		
Maturing within 1 year	1,806,984	1,485,927
	1,806,984	1,485,927
Less: Allowance for ECL	(487)	(397)
	1,806,497	1,485,530
Treasury bonds		
Maturing after 5 years	1,441,346	-
	1,441,346	-
Less: Allowance for ECL	(116)	-
	1,441,230	-
Total	16,162,526	9,599,461

The table below shows the movement in debt instruments at amortised cost.

	30 Jun 2026 UGX (m)	30 Jun 2025 UGX (m)
As at 01 July	9,599,461	6,570,002
Additions	22,589,470	13,741,145
Maturities	(16,328,036)	(10,561,522)
Foreign exchange gains	303,844	(148,830)
ECLs	(2,213)	(1,334)
As at 30 June	16,162,526	9,599,461

33. Debt instruments at FVOCI

The debt instruments at FVOCI represent investments in Treasury bonds issued by several counterparties.

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Corporate Bonds		
Maturing within 1 year	279,902	96,088
Maturing between 1-5 years	506,239	173,910
	786,141	269,998
Government Bonds		
Maturing within 1 year	568,885	712,312
Maturing between 1-5 years	1,448,273	1,679,842
	2,017,158	2,392,154
Total	2,803,299	2,662,152

The prior year presentation has been changed to align with the current year classification.

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

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	2,662,152	2,029,440
Additions	2,823,649	1,646,812
Sells/ maturities	(2,722,980)	(985,045)
Foreign exchange gains/(losses)	64,106	(52,000)
Net fair value change recognised in OCI	(16,400)	24,641
Amount reclassified to profit or loss	(7,228)	(1,696)
As at 30 June	2,803,299	2,662,152

34. Financial assets at FVTPL

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Corporate Bonds		
Maturing within 1 year	606,956	443,997
Maturing between 1-5 years	1,900,603	2,032,583
Maturing after 5 years	585,352	478,170
	3,092,911	2,954,750
Government Bonds		
Maturing within 1 year	469,589	281,356
Maturing between 1-5 years	1,945,571	1,369,561
Maturing after 5 years	70,163	45,366
	2,485,323	1,696,283
Index Linked Government Bonds		
Maturing between 1-5 years	6,810	7,303
Maturing after 5 years	-	30,947
	6,810	38,250
Total	5,585,044	4,689,283

The prior year presentation has been changed to align with the current year classification.

Financial assets at FVTPL represent foreign denominated assets managed by appointed fund managers

The table below shows the movement in debt instruments through profit or loss.

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	4,689,283	4,512,245
Additions	4,957,485	3,679,933
Maturities/ sales	(4,104,422)	(3,656,025)
Realised gain/(loss) on sale	50,899	(6,740)
Foreign exchange movements	(112,806)	303,217
Other unrealised valuation movement	104,605	(143,347)
As at 30 June	5,585,044	4,689,283

35. 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 2026	30 Jun 2025
	UGX (m)	UGX (m)
Assets		
Forward foreign exchange contracts	19,669	3,674
Interest rate swaps	9,571	10,646
	29,240	14,320
Liabilities		
Forward foreign exchange contracts	4,752	21,882
Foreign exchange SWAPs	989	-
Interest rate swaps	12,716	11,492
	18,457	33,374
Notional amounts		
Forward foreign exchange contracts	2,721,528	2,440,298
Interest rate SWAPs	1,108,082	461,247
Futures	1,198,465	2,219,453
Foreign exchange SWAPs	1,102,877	-

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.

35.1 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.

35.2 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.

36. Equity instruments at FVOCI

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 2026	30 Jun 2025
	UGX (m)	UGX (m)
Afrexim shares	604,702	527,909
SWIFT shares	2,932	2,645
	607,634	530,554

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

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	530,554	499,548
Unrealised forex gains/(losses) on equity instruments at FVOCI	10,334	(12,352)
Net change in fair value for equity instruments at FVOCI	66,746	43,358
At 30 June	607,634	530,554

36.1 Afrexim Bank shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares. As at 30 June 2026, the Bank held 5,268 Class A shares at a total cost USD 117,098,421. In accordance with IFRS 13, the shares were valued at a price of USD 31,319 (2025: USD 27,878) per share resulting in a fair value gain which has been recognised in other comprehensive income. In FY 2025/26, the Bank received dividends of UGX 25,975 million (2025: UGX 45,579 million) from its FVOCI equities which was recorded in the income statement as other income.

36.2 Swift shares

As at 30 June 2026, the Bank held 67 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a value of Euro 700,820 (2025: Euro 627,455). The SWIFT is a cooperative society owned by its member financial institutions.

37. Loans and advances to Government

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Letters of comfort*	140,487	140,487
Receivables from Government	19,220	99,217
Government capital account	-	1,820,143
	159,707	2,059,847
Less: Allowance for ECL	(159,658)	(261,303)
	49	1,798,544

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 30 June 2026, this amount was fully impaired.

38. Loans and advances to staff

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Staff loans, advances and imprest to staff	53,294	55,003
Staff building loans	64,034	59,146
Staff loans, advances at amortised cost	117,328	114,149
Less: Allowance for ECL	(2,041)	(1,711)
	115,287	112,438

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 are initially recognised at fair value, with any difference between the fair value and the amount advanced recognised as a deferred employee benefit. Subsequently, the loans and advances are measured at amortised cost using the effective interest method, while the deferred employee benefit is amortised over the respective loan repayment periods. Apart from the house loans and five year general purpose advances which are collateralised 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.

39. Investments in Government securities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Recapitalisation securities*	1,718,051	1,787,176
Amortised bonds**	7,463,110	7,966,546
Less: Allowance for ECL	(101,547)	(105,167)
At 30 June	9,079,614	9,648,555

* 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.

** The amortised bonds relate to 10 year treasury bonds based on the prevailing CBR that were created in FY 2024/25 as a replacement for advances to government related to repayments of matured securities by the Bank.

40. Loans and advances to commercial banks

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	219,459	227,834
Foreign exchange movements	5,267	(8,375)
As at 30 June	224,726	219,459
Less: Allowance for ECL	(224,726)	(219,459)
	-	-

Bank of Uganda intervened in the affairs of former Crane Bank Ltd under the Financial Institutions Act 2004 in FY 2016/17 with capital injections of local and foreign currency of UGX 397,833 million. As at 30 June 2026, Bank of Uganda had an outstanding receivable of UGX 224,726 million after offsetting funds received from DFCU Bank Ltd of UGX 200,000 million which purchased assets and assumed liabilities of Crane Bank Limited (30 June 2025: UGX 219,459 million).

41. Assets held for sale

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	2,738	14,806
Transfer from property, plant and equipment	-	1,395
Transfer to property, plant and equipment	-	(13,463)
Sale	(518)	-
As at 30 June	2,220	2,738

During FY 2025/26, out of the properties that were held for sale, the Bank sold two properties (5A Jackson Road, Kabale and Plot 13 Johnstone Drive, Mbarara).

42. Retirement benefits plan

Eligible permanent and pensionable employees participate in the Bank of Uganda Defined Benefits Scheme, a funded plan operated through a legally separate trust.

The Scheme is licensed by the Uganda Retirement Benefits Regulatory 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 $1/60 \times \text{average salary for service prior to 30 June 2013} \times \text{Service Period}$ less the value of NSSF Employer Contribution balances. For service after 30 June 2013, the benefit is determined as $1/65 \times \text{average salary for service after 30 June 2013} \times \text{Service Period}$. This amendment took effect from 1 July 2013.

Employees not participating in the Defined Benefit Scheme are eligible to join a Defined Contribution Scheme.

The net defined-benefit asset is the fair value of plan assets less the present value of the defined-benefit obligation, subject to the IAS 19 asset ceiling and IFRIC 14. The obligation was valued by Actuarial Services (E.A.) Limited at 30 June 2026 using the projected unit credit method. Management assessed the surplus as economically available through reductions in future contributions; no asset-ceiling restriction was recognised.

The key risks associated with the Scheme are as follows:

- i. Salary risk: benefits are linked to salary and increase when salary growth exceeds expectations
- ii. Investment risk: actual returns on plan assets may be below expectations
- iii. Interest-rate risk: a reduction in the discount rate increases the defined-benefit obligation
- iv. Demographic risk: member withdrawals, retirement, mortality and longevity may differ from assumptions
- v. Funding risk: statutory or contractual funding requirements may affect future contributions

The Bank contributed UGX 23,480 million during FY 2025/26 and expects to contribute approximately the same amount in FY 2026/27 if contribution rates and pensionable payroll remain broadly unchanged.

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

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Fair value of plan assets	1,056,825	836,802
Present value of defined benefit obligations	(795,204)	(744,990)
Net defined benefit asset	261,621	91,812

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 2026	30 Jun 2025
	UGX (m)	UGX (m)
Current service cost net of employees' contributions	15,241	14,108
Net interest income	(16,811)	(17,274)
Adjustment for prior year values	(129)	-
Defined benefit gain included in employee benefits	(1,699)	(3,166)

The remeasurements recognised under other comprehensive income are as follows:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Demographic/experience gain/(loss)	75,443	(39,290)
Financial assumption (gain)/loss	(8,453)	5,024
Return on plan assets excluding net interest	77,640	(373)
Remeasurement gain/(loss) recognised in OCI	144,630	(34,639)

A reconciliation of the net benefit asset is shown below:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
As at 01 July	91,812	100,887
Gain recognised in profit or loss	1,699	3,166
Remeasurement gain/(loss) in OCI	144,630	(34,639)
Employer contributions	23,480	22,398
As at 30 June	261,621	91,812

A reconciliation of plan assets is shown below:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Opening fair value	836,802	722,606
Interest income	146,124	117,209
Return excluding interest income	77,640	(373)
Employer contributions	23,480	22,398
Employee contributions	5,306	5,045
Benefits and expenses paid	(32,655)	(30,083)
Adjustment to prior-year values	128	-
Closing fair value	1,056,825	836,802

A reconciliation of defined benefit obligations is shown below:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Opening obligation	744,990	621,719
Current service cost net of employee contributions	15,241	14,108
Interest cost	129,314	99,935
Employee contributions	5,306	5,045
Actuarial gain/(loss)	(66,990)	34,266
Benefits and expenses paid	(32,655)	(30,083)
Closing obligation	795,206	744,990

The principal actuarial assumptions in real terms are as follows:

	30 Jun 2026	30 Jun 2025
Discount rate	15.50%	17.50%
Rate applied to determine net interest	15.50%	17.50%
Future salary increases	14.50%	16.50%
Future pension increases	13.50%	15.50%
Weighted average duration	13.24 years	13.63 years

The sensitivity of closing net defined benefit asset is presented below;

	Change	Net asset
		UGX (m)
Base case	-	261,621
Discount rate	1%	358,257
Salary increase rate	1%	227,394
Pension increase rate	1%	187,091
Discount rate	-1%	143,262
Salary increase rate	-1%	292,595
Pension increase rate	-1%	327,069

The maturity profile of the Defined Benefit Plan is disclosed below:

	Liability
Time to Maturity of membership	UGX (m)
Less than one year	26,040
One to five years	68,469
More than five years	321,318
Pensioners and Deferreds	329,161

The fair value of the Scheme's plan assets is as follows:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Quoted market price in an active market		
Treasury bonds measured at fair value	805,455	630,351
Equity instruments measured at FVOCI	123,173	85,198
Subtotal - quoted	928,628	715,549
No quoted market price in an active market		
Cash and bank balances	3,282	3,061
Receivables	1,306	1,109
Short-term deposits at amortised cost	86,869	78,217
Collective-scheme investments at amortised cost	7,845	5,814
Treasury bills at amortised cost	1,137	5,258
Investment property	31,465	30,677
Subtotal - not quoted	131,904	124,136
Gross assets	1,060,532	839,685
Less: Scheme liabilities	(3,707)	(2,883)
Net assets	1,056,825	836,802

43. Intangible assets

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

		Software	Work- In-Pro- gress	Totals
		UGX (m)	UGX (m)	UGX (m)
Cost	As at 01 July 2024	73,211	4,870	78,081
	Additions	584	4,699	5,283
	Reclassification	5,058	(5,058)	-
	Disposals/Write offs/Adjustments	-	(6)	(6)
	As at 30 June 2025	78,853	4,505	83,358
	Additions	1,358	9,059	10,417
	Transfer to PPE	-	(479)	(479)
	Reclassification	920	(920)	-
	As at 30 June 2026	81,131	12,165	93,296
Amortisation	As at 01 July 2024	60,601	-	60,601
	Charge for the year	4,057	-	4,057
	As at 30 June 2025	64,658	-	64,658
	Charge for the year	4,283	-	4,283
	As at 30 June 2026	68,941	-	68,941
Net Carrying Amount	As at 30 June 2026	12,190	12,165	24,355
	As at 30 June 2025	14,195	4,505	18,700

44. Property, plant and equipment

	Land	Leased Land	Buildings	Leased 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)	UGX (m)	UGX (m)
Cost or Valuation											
As at 01 July 2024	49,604	69,968	146,185	221	97,191	8,930	32,136	28,828	20,505	6,686	460,254
Addition	-	-	-	-	10,837	971	2,529	6,758	-	9,258	30,353
Reclassification	-	-	2,825	-	66	-	7,710	67	-	(10,668)	-
Transfers to assets held for sale	(878)	(260)	(321)	-	-	-	-	-	-	-	(1,459)
Transfers from assets held for sale	13,463	-	-	-	-	-	-	-	-	-	13,463
Disposals/ write offs/Adjustments	(259)	(267)	(684)	-	(70)	(42)	(60)	-	-	(107)	(1,489)
As at 30 June 2025	61,930	69,441	148,005	221	108,024	9,859	42,315	35,653	20,505	5,169	501,122
Addition	-	-	149	-	1,517	650	4,074	14,853	2,357	13,716	37,316
Reclassification	-	-	-	-	615	-	(587)	862	8,054	(8,944)	-
Transfers from Intangibles	-	-	-	-	-	-	-	479	-	-	479
Disposals/ write offs/Adjustments	-	-	-	-	(264)	(554)	(716)	(1,279)	-	(286)	(3,099)
As at 30 June 2026	61,930	69,441	148,154	221	109,892	9,955	45,086	50,568	30,916	9,655	535,818
Depreciation											
As at 01 July 2024	-	2,135	4,033	44	26,244	4,979	16,249	15,172	10,944	-	79,800
Charge for the year	-	1,970	4,062	44	8,064	1,289	5,557	4,486	2,656	-	28,128
Elimination on transfer to assets held for sale	-	(38)	(27)	-	-	-	-	-	-	-	(65)
Disposals/ write offs/Adjustments	-	-	(28)	-	(16)	(34)	(39)	-	-	-	(117)
As at 30 June 2025	-	4,067	8,040	88	34,292	6,234	21,767	19,658	13,600	-	107,746
Charge for the year	-	1,953	4,101	44	8,778	986	4,655	6,447	2,684	-	29,648
Disposals/ write offs/Adjustments	-	-	-	-	(31)	(491)	(509)	(1,254)	-	-	(2,285)
As at 30 June 2026	-	6,020	12,141	132	43,039	6,729	25,913	24,851	16,284	-	135,109
Net Carrying Amount											
As at 30 June 2026	61,930	63,421	136,013	89	66,853	3,226	19,173	25,717	14,632	9,655	400,709
As at 30 June 2025	61,930	65,374	139,965	133	73,732	3,625	20,548	15,995	6,905	5,169	393,376

The Bank revalues its land and buildings, equipment, furniture, computers, vehicles, plant and machinery with sufficient regularity, with a five year cycle where fair values remain sufficiently stable.

The Bank's land and buildings were revalued in FY 2022/23 by independent and professional valuers, S-M Cathan Property Consultants Limited. The revaluation was based on comparable market values, which was defined as the estimated amount for which an asset or liability should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

The valuer applied the Cost approach of valuation by calculating the values for buildings and other improvements as determined by the present-day replacement (reinstatement) cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly. The valuer also applied Market approach to determine the Market rent and land value based on recent transactions in the neighborhood.

The Bank's Motor vehicles, plant and machinery, furniture, equipment and computers were revalued in FY 2021/22. The valuation of motor vehicles was carried out by M/s WROK Valuation Consultants Limited while the valuation of plant and machinery,

furniture, equipment and computers was carried out by Stanfield Property Partners Ltd.

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.

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

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Buildings (cost)	119,133	118,985
Accumulated depreciation and impairment	(72,250)	(68,104)
Net Carrying Amount	46,883	50,881
	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Free hold and leasehold land (cost)	37,816	37,816
Accumulated depreciation and impairment	(846)	(725)
Net Carrying Amount	36,970	37,091
	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Motor vehicles, plant machinery, furniture, equipment and computers (cost)	258,038	223,491
Accumulated depreciation and impairment	(116,810)	(95,547)
Net Carrying Amount	141,228	127,944

45. Other assets

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Consumable store stock	1,569	1,707
Non monetary gold*	5,652	-
Prepayments	28,566	74,727
Deferred currency costs **	162,215	113,858
Deferred staff costs***	87,034	81,516
Sundry debtors****	26,081	22,994
	311,117	294,802

* During the year, the Bank commenced a domestic gold purchase program, whereby as of 30 June 2026, the net realisable value of non-monetary gold held at the Bank of Uganda amounted to UGX 5,652 million.

** 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.

*** Deferred staff costs are unamortised costs that the Bank has incurred by availing loans to staff at below market interest rates.

**** Included in sundry debtors is UGX 26 million relating to RTGS processing fees due from commercial banks.

46. Currency in circulation

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Notes	9,816,534	8,772,484
Coins	241,557	207,365
Cash held in banking	(15,030)	(12,497)
Office imprest	(175)	(175)
	10,042,886	8,967,177

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2026 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
	1000	1
	2000	2
	5000	5
	10000	10
	20000	20
	50000	50
		100
		200
		500

47. Government deposits

47.1 Foreign currency denominated Government deposits

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Petroleum Fund	47,470	33,877
Government deposit letters of credit accounts	81,352	333,524
Government ministries accounts	166,892	26,434
Government projects accounts	2,497,978	2,416,584
Items in transit	176,143	241,662
	2,969,835	3,052,081

47.2 National currency denominated Government deposits

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Petroleum Fund	282,640	40,029
Government deposit letters of credit accounts	418,814	468,416
Government ministries accounts	80,275	26,895
Government projects accounts	1,022,440	1,213,511
Government of Uganda managed funds through ACF*	97,404	108,218
Government of Uganda managed funds through SBRF**	88,384	81,516
Uganda consolidated fund	1,550,093	65,418
Items in transit	188,344	16,192
	3,728,394	2,020,195

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 30 June 2026. 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 97,404 million (30 June 2025: UGX 108,218 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 2026	30 Jun 2025
	UGX (m)	UGX (m)
Agricultural Credit Facility (ACF) Capital	383,515	332,877
ACF marketing	1,925	2,663
Less:		
ACF Loans to commercial banks	(288,036)	(227,322)
Net balance on ACF capital	97,404	108,218

** The Government of Uganda managed funds through the Small Business Recovery Fund (SBRF) includes a net balance of UGX 88,384 million (30 June 2025: UGX 81,516 million) outstanding on the Small Business Recovery Fund (SBRF) capital account after offsetting SBRF 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 2026	30 Jun 2025
	UGX (m)	UGX (m)
Small Business Recovery Fund (SBRF) Capital	100,000	100,000
Less:		
SBRF Loans to commercial banks	(11,616)	(18,484)
Net balance on SBRF	88,384	81,516

As at 30 June 2026 the Bank was recapitalised by Government of Uganda in accordance with the Bank of Uganda Act Cap. 54, Laws of Uganda Section 14(4), through issuance of treasury instruments worth UGX 1,859,018 million. The securities were also issued as part of the stock of Government domestic debt. The issuance of recapitalisation securities by Government of Uganda resulted in a receivable from GoU which has been matched with the securities issued.

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
BoU recapitalisation securities	1,859,018	1,859,018
BoU recapitalisation receivable account	(1,859,018)	(1,859,018)
Net position	-	-

The net Uganda Consolidated Fund position at Bank of Uganda is a summary of government deposits and government loans and advances.

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Government deposits	6,698,229	5,072,276
Government loans and advances (see note 37)	(49)	(1,798,544)
Net Uganda Consolidated Fund position	6,698,180	3,273,732

48. Commercial and Central Banks' deposits

48.1 Foreign currency denominated Commercial and Central Banks' deposits

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Current accounts by commercial and central banks	803,622	993,141
	803,622	993,141

48.2 National currency denominated Commercial and Central Banks' deposits

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Current accounts by commercial and central banks	4,760,573	3,855,915
Cash recovered from closed commercial banks	-	168
Collection from closed banks' loans	13,681	29,323
	4,774,254	3,885,406

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 11 percent. There are currently 25 licensed commercial banks in Uganda. The Bank does not pay interest on these account balances.

49. Repurchase agreements with commercial banks

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
BOU bills	1,180,157	404,999
Repos collection account	1,463,910	1,603,844
	2,644,067	2,008,843

Bank of Uganda bill

Bank of Uganda bill is an instrument issued by and backed by the full faith of the central bank to absorb liquidity from the domestic money market. The legal basis for Bank of Uganda issuing securities lies in section 5 of the Bank of Uganda Act Cap. 54 Laws of Uganda states that "Subject to this Act, the bank shall have all the powers pertaining to a legal person and may do all things necessary for better carrying out its functions.

REPO

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 Change of legal ownership of securities between transacting parties and 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.

At 30 June 2026, the carrying amount of Government securities pledged under vertical repurchase agreements which approximates fair value was UGX 1,462,000 million (2025: UGX 1,602,500 million). The related repo liabilities were UGX 1,463,910 million (2025: UGX 1,603,844 million). Counterparties may sell or repledge the securities during the term of the agreements.

50. Cross currency repurchase agreements

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Cross Currency Repos	2,985,608	1,674,169
	2,985,608	1,674,169

During the period under review, in pursuit of its monetary policy mandate, and in a bid to widen the monetary policy implementation tool kit, the Bank continued to make use of the cross-currency repurchase agreements (cross-currency repos). A cross-currency repo is a type of secured short-term loan transaction that involves two different currencies while a cross-currency swap is a type of financial derivative contract where two parties exchange principal and interest payments in different currencies. Depending on the tenure and other terms of the transaction, these tools can be deployed to interface with the forex reserve build-up objective of the Bank.

As at 30 June 2026, the Bank had utilised its stock of Bank of Uganda bills and recapitalisation bonds worth UGX 4,053,579 million (2025: UGX 1,609,429 million) as collateral for USD 210 million, CNY 1,247 million and Euro 364 million cross-currency repos with six counterparties, therefore enhancing the foreign exchange reserve position by that magnitude.

51. Leases

51.1 Leases as a lessee

The leases relate to land and an office premise. The leases typically run from ten to ninety-nine years, with an option to renew the lease after that date. Information about leases for which the Bank is a lessee is presented below:

51.1.1 Right-of-use assets

Right of use assets relate to leased land and office premises that are presented within valuation of property, plant and equipment (note 44).

	Land	Office premises	Total
	UGX (m)	UGX (m)	UGX (m)
Balance as at 01 Jul 2024	67,833	177	68,010
Disposals	(527)	-	(527)
Write back of depreciation for retired assets	38	-	38
Depreciation charge	(1,970)	(44)	(2,014)
As at 30 Jun 2025	65,374	133	65,507
Depreciation charge	(1,953)	(44)	(1,997)
As at 30 Jun 2026	63,421	89	63,510

The lease relating to land does not have a lease obligation because the payment was made upfront by the Bank. The office premises contain a lease liability which is represented in note 51.1.3.

51.1.2 Amounts recognised in profit or loss

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Interest on lease liabilities (Note 27)	9	13
Net depreciation charge on right-of-use assets (Note 44)	1,997	2,014

51.1.3 Lease liabilities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
At the beginning of the year	145	185
Payment of leases	(53)	(53)
Interest on lease liabilities (Note 27)	9	13
At the end of the year	101	145

51.1.4 Amounts recognised in statement of cash flows

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Lease interest expense paid	(9)	(13)
Lease payments -principal	(44)	(40)
Total cash out flow for leases	(53)	(53)

51.1.5 Maturity profile of lease liabilities

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Less than one year	53	53
Between one and five years	53	106
Total undiscounted lease liabilities as at 30 June	106	159

The prior year maturity analysis for lease liabilities has been restated to correctly reflect the contractual maturity profile.

51.1.6 Extension options

Some leases of office premises contain extension options exercisable by the Bank before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

51.1.7 Discount rate

In determination of the implicit rate of the lease (Discount rate), the Bank has Central Bank Rate (CBR), which is the policy rate. The CBR applied as at 30 June 2026 was 10 percent (2025: 10 percent).

51.2 Leases as a lessor

The Bank has entered into an operating lease on one of its properties (see Note 44). The lease has a term of three years. The lease is classified as an operating lease from the lessor perspective because it does not transfer substantially all of the risks and rewards incidental to the ownership of the asset.

Rental income recognised by the Bank during the year was UGX 43 million (2025: UGX 43 million). Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of comprehensive income due to its operating nature.

The undiscounted lease payments to be received after the reporting date amount to UGX 43 million and are receivable within one year.

52. Other liabilities

52.1 Foreign currency denominated other liabilities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Other creditors	39,158	15,726
	39,158	15,726

52.2 National currency denominated other liabilities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Uninvested pension fund cash	1,166	1,881
Deposit Protection Fund	163	4,371
Accounts payable	38,719	27,055
Other creditors*	224,473	208,412
Money remittance institutions	673	763
Other foreign liabilities**	416	416
	265,610	242,898

* Other creditors include expenses payable and unclaimed balances from financial institutions and e-money service providers.

** Included under other foreign liabilities are the balances for MIGA and IDA that represent the Government of Uganda obligations in terms of subscriptions to those international agencies and 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.

53. Provisions

The movement in the provisions is shown below:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
At 1 July	33,909	64,325
Additions	26,302	-
Reclassification to other liabilities	-	(1,936)
Write backs	(14)	(271)
Payments	-	(28,209)
At 30 June	60,197	33,909

The Bank is involved in legal proceedings arising in the ordinary course of its operations. Based on legal advice and management's assessment, provisions have been recognised where an outflow is probable and can be estimated reliably. The timing and amount of settlement remain uncertain and depend on the outcome of the relevant proceedings.

The Directors have assessed all the cases outstanding as at 30 June 2026 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.

54. Share capital

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Authorised ordinary share capital		
30,000,000,000 of UGX 1.00 each	30,000	30,000
Issued and fully paid ordinary share capital		
20,000,000,000 of UGX 1.00 each	20,000	20,000

The Bank of Uganda Act (Cap. 54), Laws of Uganda 2000 is the law that establishes the Bank with the authorised capital of UGX 30 billion. As at 30 June 2026, UGX 20 billion was issued and fully paid. There were no movements during the year. All ordinary shares rank equally with regard to the Bank's residual assets without restrictions.

55. Recapitalisation securities

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Recapitalisation securities	1,859,018	1,859,018
	1,859,018	1,859,018

In accordance with Section 14(4) of the Bank of Uganda Act Cap. 54 Laws of Uganda the Bank was recapitalised by the Ministry of Finance, Planning and Economic Development with securities worth UGX 1,859,018 million as at 30 June 2026 (2025: UGX 1,859,018 million).

56. Reserves

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Asset revaluation reserve	183,901	191,772
Revenue reserve	1,102,622	14,845
General reserve	399,277	399,277
Actuarial reserves	25,612	(119,018)
Fair value gains on FVOCI financial instruments	307,823	253,961
Unrealised translation reserve	3,783,909	3,545,262
	5,803,144	4,286,099

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

56.1 Asset revaluation reserve

The Bank maintains an asset revaluation reserve to account for fixed assets revaluation surpluses or deficits. To ensure compliance with requirements of International Accounting Standard 16 (IAS 16), Property, Plant and Equipment if an asset's 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 the credit balance existing in the asset revaluation reserve in respect of that asset. As at 30 June 2026, the reserve had a balance of UGX 183,901 million (2025: UGX 191,772 million).

56.2 Revenue reserve

The Bank maintains the revenue reserve to account for the deficit or surplus that is realised during the financial year. The Bank can make transfers of realised foreign exchange gains from the revenue reserve to the general reserve. As at 30 June 2026, the reserve had a surplus of UGX 1,102,622 million (2025: UGX 14,845 million).

56.3 General reserve

In accordance with Section 15 (1) of the Bank of Uganda Act Cap. 54 Laws of Uganda, 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 realised foreign exchange gains from the revenue reserve to the general reserve. As at 30 June 2026, the reserve had a balance of UGX 399,277 million (2025: UGX 399,277 million).

56.4 Actuarial reserve

The actuarial reserve records remeasurements of the defined-benefit plan recognised in other comprehensive income. A remeasurement gain of UGX 144,630 million was recognised in 2026 (2025: loss of UGX 34,639 million). The reserve balance at 30 June 2026 was UGX 25,612 million (2025: deficit of UGX 119,018 million).

56.5 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 FVOCI. As at 30 June 2026, the reserve had a balance of UGX 307,823 million (2025: UGX 253,961 million).

56.6 Unrealised translation reserve

As per Section 16 (2) of the Bank of Uganda Act Cap. 54 Laws of Uganda, in determining the profits and losses 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 losses from exchange fluctuation. Therefore, in accordance with Section 16 (2) of the Bank of Uganda Act Cap. 54 Laws of Uganda, 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 Accounting Standards and the Bank of Uganda Act Cap. 54 Laws of Uganda. Pursuant to the requirements of the International Accounting Standard 21 (IAS – 21) the Effects of Changes in Foreign Exchange Rates, all realised and unrealised foreign exchange valuations are taken to profit or loss. However, on realisation the realised foreign exchange gains are transferred to the General Reserve. As at 30 June 2026, the reserve had a total balance of UGX 3,783,909 million (2025: UGX 3,545,262 million).

The distributable surplus is arrived at as follows:

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Total surplus for the year	1,318,553	658,931
Net foreign exchange (gains)/losses	(238,647)	211,648
Distributable surplus before appropriation	1,079,906	870,579

The distributable surplus refers to the net surplus for the Bank excluding foreign exchange fluctuations as per Section 16(2) of the Bank of Uganda Act Cap. 54 Laws of Uganda. The Directors do not recommend payment of a dividend to the Government for the year ended 30 June 2026 (30 June 2025: Nil).

57. Effective interest rates on financial assets and liabilities

The effective interest rates of the principal financial assets and liabilities as at 30 June 2026 and 30 June 2025 were in the following ranges.

	30 Jun 2026	30 Jun 2025
	%	%
Assets		
Cash and cash equivalents	1.49	2.46
Financial assets at FVTPL	3.23	3.00
Debt instruments at FVOCI	3.63	3.95
Debt instruments at amortised cost	2.98	3.22
Assets held with International Monetary Fund	3.18	3.47
Investments in government securities	11.00	14.00
Loans and advances to government	9.75	8.00
Loans and advances to commercial banks	11.00	11.00
Loans and advances to staff	17.11	14.96
Liabilities		
IMF Obligations	2.79	3.31
Cross currency repos	5.38	7.78
Repurchase agreements with commercial banks	4.55	10.00

58. 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.

58.1 Legal proceedings

58.1.1 Crane Bank and Others Vs DFCU Bank and Others Claim No. CL- 2020-000859 (the London case)

The defunct Crane Bank Limited (CBL) and some of its shareholders commenced a claim against DFCU Bank, some of its present and past directors and some of its shareholders. The claim alleged that the takeover and resolution of CBL by the Bank of Uganda (BoU) was pre-conceived to the benefit of DFCU Bank. The claim further alleged that there were breaches of fiduciary nature and/ or trust by BoU, its officers and/ or agents, and is liable to account to CBL in respect of any profits made by them pursuant to the transaction and/ or to compensate the Claimants for the loss and damage suffered as a result of the transaction.

DFCU Bank challenged the jurisdiction of the English High Court given that BoU in effecting the CBL P&A was performing acts of a sovereign nature and that the English court did not have authority to inquire into such a claim. The High Court agreed with DFCU Bank.

CBL and its shareholders filed an appeal in the Court of Appeal which ruled, on 26 July 2024, that although it may be said that the English Court does not have authority to consider the claim, some of BoU's acts may be of a commercial nature and there may be public policy reasons which may warrant the English Court to hear and decide the claim. The Court of Appeal further ruled that the matters in issue were not capable of being resolved in a preliminary hearing.

The matter was referred to the High Court for a full hearing on its merits for CBL and its shareholders to present evidence in support of their claims against DFCU Bank. The full hearing is yet to commence. Given the ruling in the Court of Appeal, we do not anticipate any inquest regarding the decision taken by BoU as a Central Bank to place CBL under Statutory Management and Receivership in accordance with the Financial Institutions Act (as amended).

In addition, the High Court dismissed an attempt by CBL and its shareholders to exclude reports prepared by PricewaterhouseCoopers Ltd (PwC) from the proceedings. The Court held that the findings of the report, if accurate, point to

management practices inconsistent with what “any sensible regulator would wish to see operating a strategically important bank.”

This matter is mentioned in this report because of the potential reputational damage to the Central Bank.

58.1.2 Civil suit no. 948 of 2017, Meera Investments Limited versus DFCU Bank Limited and the Commissioner for Land Registration

DFCU Bank Limited is involved in a legal dispute where it is a defendant together with the Commissioner for Land Registration against Meera Investments Limited. The case pertains to Civil Suit No. 948 of 2017, whereby DFCU Bank Limited was dissatisfied with the judgement and decree made by the High Court and subsequently lodged an appeal, Civil Appeal No. 184 of 2023, in the Court of Appeal.

The Court of Appeal granted an Order of stay of execution of the judgment from the High Court Civil Suit No. 948 of 2017. The Court Order stayed the payment of damages awarded to Meera Investments Limited and restoration costs, since the obligation to pay these costs was also under appeal. The matter is an indemnifiable claim from DFCU Bank Limited under the Purchase of Assets and Assumption of Liabilities Agreement signed by Bank of Uganda as Receiver of Crane Bank Ltd (In Receivership) with DFCU Bank Limited. The appeal remains pending, and the Bank believes the appeal has high chances of success due to the meritorious grounds for the appeal.

As a result of the stay of execution, there exists a contingent liability on BoU. This contingent liability arises because, after a risk assessment, there is a present obligation that is not recognised because an outflow is not probable or cannot be reliably measured. The likelihood of an economic outflow due to this obligation is considered less than probable, and the exact amount of the liability cannot be estimated reliably at this stage.

The Bank will continue to monitor the progress of the appeal in future reporting periods.

58.1.3 High Court Civil Suit No. 108 of 2022 Kaweesi Sulaiman & 26 Others versus Bank of Uganda and Greenland Bank Ltd (In Liquidation)

The shareholders of the defunct Greenland Bank Ltd. instituted a suit against both Bank of Uganda (BoU) and Greenland Bank Ltd (in Liquidation) [GBL] seeking several orders including declaratory orders on the alleged delayed conclusion of the winding up process, orders of accountability for the liquidation proceeds, declaration that certain GBL properties were sold below market values, orders for compensation for loss occasioned to the shareholders, plus damages and costs of the suit.

BoU and GBL filed a defence in the matter maintaining that its actions were in line with the enabling legislation. The Plaintiffs sought several interim orders from Court including orders for attachment before judgment of the balances held on the GBL collection and recoveries account and restraining the defendants from distributing the available balances to eligible creditors. Court declined to grant most of the reliefs sought and the balances were distributed to the creditors save for the retention held to cover residual matters. The hearing of the case is on-going.

The Bank will continue to monitor the progress of the case in future reporting periods.

58.1.4 Industrial and General Insurance PLC and 11 others versus Bank of Uganda & Attorney General High Court Civil Suit No. 52 of 2026

The shareholders and beneficial owners of the defunct Global Trust Bank (Uganda) Ltd filed a suit against the Bank of Uganda and the Attorney General seeking various claims arising from the liquidation of the defunct bank. As against the Bank of Uganda, the Plaintiffs allege violations of their human rights in the closure and liquidation of the defunct bank and seek, among other reliefs, declarations that the liquidation was illegal, arbitrary, high-handed, oppressive and irrational; orders for distribution of the residual assets of the defunct bank; general, exemplary and punitive damages; interest; and costs of the suit. The Bank of Uganda filed a defence asserting that the suit is defective in law and that, at all material times, it acted lawfully and in accordance with its statutory mandate in respect of the affairs and resolution of the defunct bank.

The suit is pending hearing before the High Court.

The matter is disclosed in this report due to its potential impact on public perception regarding the exercise of the powers of the Bank of Uganda as Statutory Liquidator.

58.1.5 Other Litigation

The Bank is also a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 196 million (2025: UGX 353 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.

58.2 Capital commitments

As at 30 June 2026, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 45,668 million compared to UGX 56,855 million as at 30 June 2025.

58.3 Commitments on behalf of Treasury

The Bank issues treasury bills and bonds on behalf of Treasury. The commitments (interest) unless claimable from Treasury are not included in these financial statements as the Bank is involved in such transactions only as an agent.

58.4 Letters of credit

Letters of credit commit the Bank to make payments on behalf of Government to third parties. The letters of credit are fully funded and they do not present any credit risk to the Bank. Therefore, no expected credit losses have been recognised. As at 30 June 2026, the total outstanding letters of credit on behalf of Government amounted to UGX 500,166 million (2025: UGX 801,940 million).

59. Current and non-current assets and liabilities

Table 34 and Table 35 below show the current and non-current assets and liabilities as at 30 June 2026 and 30 June 2025 respectively.

Table 34: Current and non-current assets and liabilities as at 30 June 2026

	Statement of financial position amount	Note	(Current) No more than 12 months after the reporting period	(Non-Current) More than 12 months after the reporting period
	UGX (m)		UGX (m)	UGX (m)
Assets				
Cash and cash equivalents	2,679,240	29	2,679,240	-
Assets held with International Monetary Fund	606,007	30	606,007	-
Debt instruments at amortised cost	16,162,526	32	14,721,296	1,441,230
Debt instruments at FVOCI	2,803,299	33	848,787	1,954,512
Financial assets at FVTPL	5,585,044	34	1,076,545	4,508,499
Derivative financial instruments	29,240	35	29,240	-
Equity instruments at FVOCI	607,634	36	-	607,634
Loans and advances to Government	49	37	49	-
Loans and advances to staff	115,287	38	53,294	61,993
Investments in Government securities	9,079,614	39	547	9,079,067
Assets held for sale	2,220	41	2,220	-
Net defined benefits asset	261,621	42	-	261,621
Intangible assets	24,355	43	-	24,355
Property, plant and equipment	400,709	44	-	400,709
Other assets	311,117	45	311,117	-
Total assets	38,667,962		20,328,342	18,339,620
Liabilities				
International Monetary Fund obligations	1,660,578	30	1,660,578	-
International Monetary Fund Rapid Credit Facility	993,033	31	248,258	744,775
Derivative financial instruments	18,457	35	18,457	-
Government deposits	2,969,835	47	2,969,835	-
Commercial and Central Banks' deposits	803,622	48	803,622	-
Cross currency repos	2,985,608	50	1,160,936	1,824,672
Other liabilities	39,158	52	39,158	-
Currency in circulation	10,042,886	46	-	10,042,886
Monetary policy instruments				
Repurchase agreements with commercial banks	2,644,067	49	2,644,067	-
Government deposits	3,728,394	47	3,728,394	-
Commercial and Central Banks' deposits	4,774,254	48	4,774,254	-
Lease liabilities	101	51	48	53
Other liabilities	265,610	52	265,610	-
Provisions	60,197	53	60,197	-
Total Liabilities	30,985,800		18,373,414	12,612,386

Table 35: Current and non-current assets and liabilities as at 30 June 2025

Restated	Statement of financial position amount	Note	(Current)	(Non-Current)
			No more than 12 months after the reporting period	More than 12 months after the reporting period
	UGX (m)		UGX (m)	UGX (m)
Assets				
Cash and cash equivalents	1,359,169	29	1,359,169	-
Assets held with International Monetary Fund	654,997	30	654,997	-
Debt instruments at amortised cost	9,599,461	32	9,599,461	-
Debt instruments at FVOCI	2,662,152	33	808,548	1,853,604
Financial assets at FVTPL	4,689,283	34	732,655	3,956,628
Derivative financial instruments	14,320	35	14,320	-
Equity instruments at FVOCI	530,554	36	-	530,554
Loans and advances to Government	1,798,544	37	1,798,544	-
Loans and advances to staff	112,438	38	2,486	109,952
Investments in Government securities	9,648,555	39	-	9,648,555
Assets held for sale	2,738	41	2,738	-
Net defined benefits asset	91,812	42	-	91,812
Intangible assets	18,700	43	-	18,700
Property, plant and equipment	393,376	44	-	393,376
Other assets	294,802	45	294,802	-
Total assets	31,870,901		15,267,720	16,603,181
Liabilities				
International Monetary Fund obligations	1,654,385	30	1,654,385	-
International Monetary Fund Rapid Credit Facility	1,124,335	31	224,867	899,468
Derivative financial instruments	33,374	35	33,374	-
Government deposits	3,052,081	47	3,052,081	-
Commercial and Central Banks' deposits	993,141	48	993,141	-
Cross currency repos	1,674,169	50	1,674,169	-
Other liabilities	15,726	52	15,726	-
Currency in circulation	8,967,177	46	-	8,967,177
Repurchase agreements with commercial banks	2,008,843	49	2,008,843	-
Government deposits	2,020,195	47	2,020,195	-
Commercial and Central Banks' deposits	3,885,406	48	3,885,406	-
Lease liabilities*	145	51	44	101
Other liabilities	242,898	52	242,898	-
Provisions	33,909	53	33,909	-
Total Liabilities	25,705,784		15,839,038	9,866,746

* The prior year classification of the current and non-current portions of lease liabilities has been restated to correctly reflect the allocation between current and non-current liabilities

60. Related party transactions

The Bank's related parties include Government of Uganda as the ultimate shareholder of the Bank, pension schemes, directors of the Board and executive management.

60.1 Board of Directors and executive management

60.1.1 Loans to Executive Directors of the Board

The Executive Directors on the Board are entitled to loans and advances as per the policies of the Bank. During the year, the Bank extended a loan to one of the Executive Directors on the Board. During the period the total repayments amounted to UGX 100 million and the balance as at 30 June 2026 was UGX 100 million.

60.1.2 Loans to Executive Management

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
At 1 July	3,798	3,476
Advanced during the year	1,519	1,586
Repayments	(1,913)	(1,261)
Loans to Executive Management	3,404	3,801
Less: Allowance for ECL	(6)	(3)
At 30 June	3,398	3,798

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 30 million (2025: UGX 43 million) on loans advanced to Executive Management.

60.1.3 Directors' emoluments

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Directors' fees and emoluments	4,451	3,752
Governor and Deputy Governor (short term employee benefits)	2,709	2,047
Governor and Deputy Governor (post employment pension benefits)	878	551
	8,038	6,350

60.1.4 Compensation of executive management

	30 Jun 2026	30 Jun 2025
	UGX (m)	UGX (m)
Short-term employee benefits	8,225	7,296
Post-employment benefits	1,148	984
	9,373	8,280

60.2 Government of Uganda

The following table provides a description and nature of transactions with Government and the balances for the relevant financial year.

Nature	Description	Note	30 Jun 2026 UGX (m)	30 Jun 2025 UGX (m)
Advances to Government	Government capital account related to payment of principal and interest on matured securities by Bank of Uganda on behalf of GoU Other receivables from Government relate to payments made to depositors of EFC Bank Ltd by BoU and interest receivable from GoU relating to IMF SDR allocations The letters of comfort relate to requests made by Bank of Uganda to various commercial banks to extend loans to Haba Group of Companies.	37	49	1,798,544
Investments in Government securities	Recapitalisation securities represent the unredeemed treasury bonds arising out of the recapitalisation measures undertaken by the Government of Uganda Amortised bonds are special securities issued by Government of Uganda. These were converted from advances to Government	39	9,079,614	9,648,555
Government deposits	The Government deposits include funds held by the Bank on behalf of Government and these include Petroleum funds, letters of credit accounts, ministries accounts, projects accounts, agriculture credit facilities balances, small business recovery fund balances, consolidated fund and items in transit	47	6,698,229	5,072,276
Lease of land	The Bank leases land from Government	51	63,421	65,374
Interest income	BoU earns interest income on Government advances and securities	10	1,102,068	993,817
Other income	The Bank earns income from providing services to Government. The income includes profit from foreign currency dealings, commissions on letters of credit, commission on foreign currency operations and ledger fees	14	98,389	82,444

60.3 Bank of Uganda pension schemes

The Bank makes contributions towards the defined benefit and defined contribution schemes on behalf of staff. The table below shows the description and nature of transactions with the schemes and the related balances for the relevant financial year.

Related party	Description	Note	Nature	30 Jun 2026 UGX (m)	30 Jun 2025 UGX (m)
Defined contribution scheme	This is a contributory scheme where the Bank contributes 17.1 percent and staff contribute 4 percent. The scheme is for staff who joined the Bank after 1 January 2014. The final retirement benefit depends on the amount contributed and the investment performance of those contributions. There is no residual obligation to the Bank.	24	Contributions	12,124	10,504
Defined benefit scheme	This is a benefits scheme where the Bank contributes 17.1 percent and staff contribute 4 percent. The scheme is for staff who joined the Bank before 1 January 2014. The defined benefit scheme guarantees a specific retirement benefit to employees, regardless of how the underlying investments perform. The benefits are calculated using a formula as disclosed in note 42. The Bank recognises the difference between the fair value of the plan assets and the fair value of defined benefits obligation at year end.	42	Net defined plan assets	261,621	91,812
			Contributions	23,480	22,398
Defined Benefit and Defined Contribution Scheme expenses	The Bank contributes towards the pension scheme expenses. The expenses include fund management fees, audit fees, insurance fees, training among others	24	DB expenses	3,038	3,413
			DC expenses	756	772

The prior year defined benefit scheme contribution amounts have been restated.

61. 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.

62. Correction of errors

During the year, management identified a prior period error in the statement of cash flows relating to financial assets measured at fair value through profit or loss (FVTPL). In arriving at cash flows from operating activities, the change in fair value of financial assets at FVTPL, a non-cash item, was incorrectly added back rather than deducted from the net surplus. This error was offset by an overstatement of the increase in financial assets at FVTPL within working capital changes. The errors have been corrected by retrospectively restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the financial statements.

Line item	Previously reported UGX (m)	Adjustment UGX (m)	Restated UGX (m)
Changes in fair value of financial assets at FVTPL	162,589	(325,178)	(162,589)
Cash flows from operating activities before working capital changes	(416,631)	(325,178)	(741,809)
Increase/decrease in financial assets at FVTPL	(303,514)	325,178	21,664
Increase in other foreign currency assets	(3,701,808)	325,178	(3,376,630)
Increase in total assets	(4,971,921)	325,178	(4,646,743)
Net cash generated from/used in operating activities	529,066	-	529,066
Cash and cash equivalents at year end	1,369,485	-	1,369,485

The correction has no impact on the net surplus for the year, total comprehensive income, total assets, total liabilities, equity, or cash and cash equivalents.

List of Abbreviations

Abbreviation	Meaning
ACF	Agricultural Credit Facility
AGCB	Audit and Governance Committee of the Board
AI	Artificial Intelligence
AML	Anti-Money Laundering
BCP	Business Continuity Plan
BoU	Bank of Uganda
CBR	Central Bank Rate
CFT	Counter Financing of Terrorism
CPCB	Capital Projects Committee of the Board
CPF	Climate Policy Framework
CRR	Cash Reserve Requirement
DGPP	Domestic Gold Purchase Programme
DMA	Double Materiality Assessment
DR	Disaster Recovery
EAC	East African Community
EACOP	East African Crude Oil Pipeline
EAPS	East African Payment System
ECSS	External Customer Satisfaction Survey
EDMS	Electronic Document Management System
EFT	Electronic Funds Transfer
EFU	Energy, Fuel and Utilities
ERM	Enterprise Risk Management
ERMS	Electronic Records Management System
EOSD	European Organization for Sustainable Development
ESG	Environmental, Social and Governance
EXCOM	Executive Committee
FERMFC	Foreign Exchange Reserve Management Policy Committee
FPAS	Forecasting and Policy Analysis System
FSC	Financial Stability Committee
FSCB	Financial Stability Committee of the Board
FSSF	Financial Sector Stability Forum
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GMRA	Global Master Repurchase Agreement
HIGs	High Impact Goals
HRRCB	Human Resources and Remuneration Committee of the Board
ICT	Information and Communication Technology
ILO	International Labor Organization
IFIs	International Financial Institutions
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISDA	International Swaps and Derivatives Association

Abbreviation	Meaning
ISO	International Organization for Standardization
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
KYC	Know Your Customer
MOFPED	Ministry of Finance, Planning and Economic Development
MPC	Monetary Policy Committee
NBFIs	Non-Bank Financial Institutions
NDA	Net Domestic Assets
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NFIS	National Financial Inclusion Strategy
NIRA	National Identification and Registration Authority
NPL	Non-Performing Loans
OAG	Office of the Auditor General
PFI	Participating Financial Institutions
PAU	Petroleum Authority of Uganda
PSC	Private Sector Credit
QPM	Quarterly Projection Model
RCMD	Risk and Compliance Management Department
REPOs	Repurchase Agreements
RFSPs	Regulated Financial Service Providers
RMBS	Residential Mortgage-Backed Securities
RMSC	Risk Management Sub-Committee
ROMS	Risk and Opportunities Management for Sustainability
SAA	Strategic Asset Allocation
SBF	Small Business Fund
SDF	Standing Deposit Facility
SFCB	Strategy and Finance Committee of the Board
SFIs	Supervised Financial Institutions
SLAs	Service Level Agreements
SLF	Standing Lending Facility
SMS	Short Message Service
SSCI	Sustainability Standards and Certification Initiative
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
UNISS	Uganda National Inter-Bank Settlement System
UNOC	Uganda National Oil Company
USD	United States Dollar
USSD	Unstructured Supplementary Service Data

