



# BANK OF UGANDA **INTEGRATED ANNUAL REPORT**

30 JUNE 2025



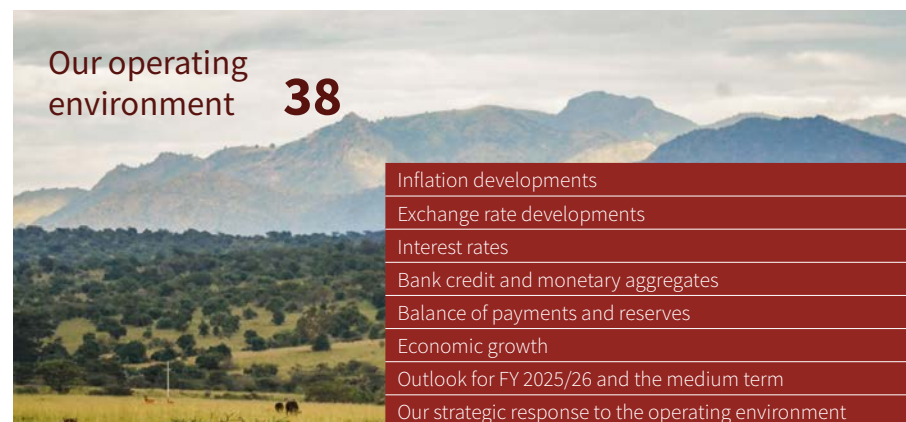
# Table of Contents

|                                                     |   |
|-----------------------------------------------------|---|
| Preparing our Integrated Report                     | 4 |
| Key frameworks and standards applied                | 6 |
| Our suite of reports                                | 6 |
| Integrated reporting process                        | 7 |
| Materiality                                         | 8 |
| Combined assurance related to the Integrated Report | 8 |
| Forward-looking statements                          | 8 |
| Board approval                                      | 8 |
| The icons we use                                    | 9 |

|                           |    |
|---------------------------|----|
| Statement by the Governor | 10 |
|---------------------------|----|

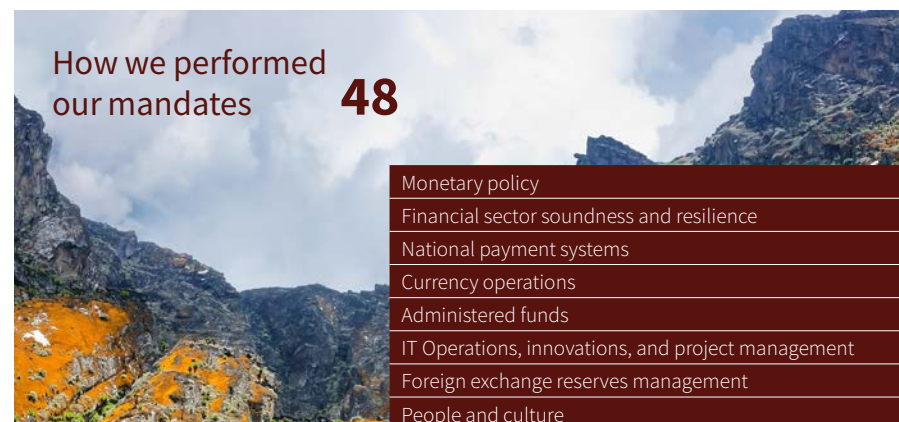
|                                                        |    |
|--------------------------------------------------------|----|
| How we create value                                    | 14 |
| Our branch network                                     | 16 |
| Key numbers                                            | 16 |
| Strategy performance FY 2024/25                        | 20 |
| Mid-term review of the SP2022-27 and strategy outcomes | 21 |
| Strategy trade-offs                                    | 22 |
| Our material matters                                   | 25 |
| Our value creation model and outcomes                  | 27 |

|                                |    |
|--------------------------------|----|
| How we engage our stakeholders | 28 |
| Our stakeholder groups         | 30 |
| National engagements           | 35 |
| Other stakeholder engagements  | 36 |



## Our operating environment **38**

|                                                     |    |
|-----------------------------------------------------|----|
| Inflation developments                              | 40 |
| Exchange rate developments                          | 40 |
| Interest rates                                      | 41 |
| Bank credit and monetary aggregates                 | 42 |
| Balance of payments and reserves                    | 43 |
| Economic growth                                     | 44 |
| Outlook for FY 2025/26 and the medium term          | 45 |
| Our strategic response to the operating environment | 46 |



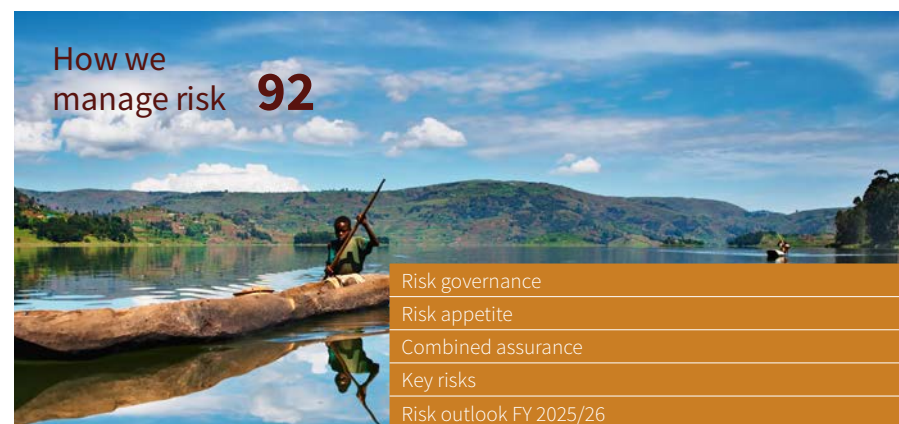
## How we performed our mandates **48**

|                                                    |    |
|----------------------------------------------------|----|
| Monetary policy                                    | 50 |
| Financial sector soundness and resilience          | 52 |
| National payment systems                           | 58 |
| Currency operations                                | 65 |
| Administered funds                                 | 66 |
| IT Operations, innovations, and project management | 70 |
| Foreign exchange reserves management               | 74 |
| People and culture                                 | 76 |



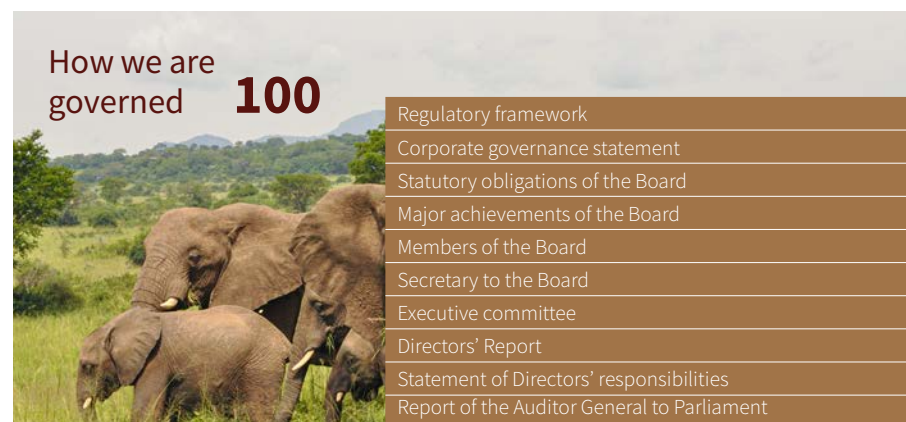
## Sustainability **80**

|                                 |    |
|---------------------------------|----|
| Sustainability                  | 82 |
| Corporate social responsibility | 89 |



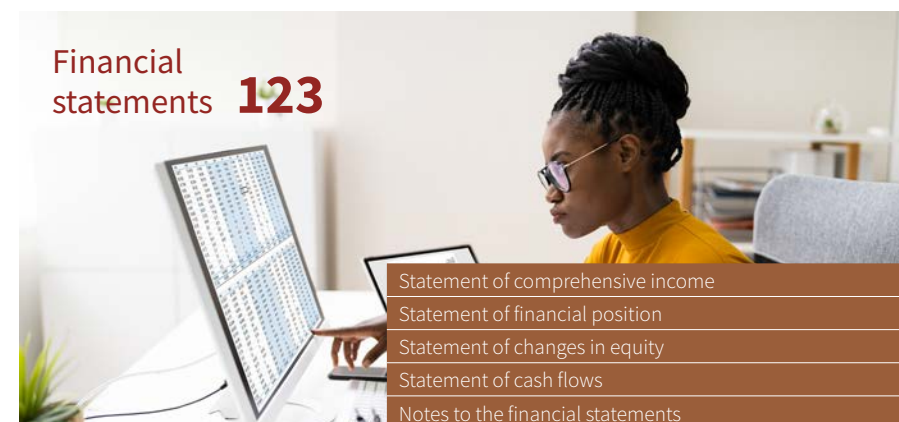
## How we manage risk **92**

|                         |    |
|-------------------------|----|
| Risk governance         | 94 |
| Risk appetite           | 95 |
| Combined assurance      | 95 |
| Key risks               | 96 |
| Risk outlook FY 2025/26 | 99 |



## How we are governed **100**

|                                             |     |
|---------------------------------------------|-----|
| Regulatory framework                        | 102 |
| Corporate governance statement              | 102 |
| Statutory obligations of the Board          | 103 |
| Major achievements of the Board             | 103 |
| Members of the Board                        | 106 |
| Secretary to the Board                      | 110 |
| Executive committee                         | 113 |
| Directors' Report                           | 115 |
| Statement of Directors' responsibilities    | 117 |
| Report of the Auditor General to Parliament | 118 |



## Financial statements **123**

|                                   |     |
|-----------------------------------|-----|
| Statement of comprehensive income | 124 |
| Statement of financial position   | 125 |
| Statement of changes in equity    | 126 |
| Statement of cash flows           | 127 |
| Notes to the financial statements | 128 |

# Preparing our Integrated Report



## Preparing our Integrated Report

|                                                     |   |
|-----------------------------------------------------|---|
| Key frameworks and standards applied                | 6 |
| Our suite of reports                                | 6 |
| Integrated reporting process                        | 7 |
| Materiality                                         | 8 |
| Combined assurance related to the Integrated Report | 8 |
| Forward-looking statements                          | 8 |
| Board approval                                      | 8 |
| The icons we use                                    | 9 |

# About the Bank of Uganda Integrated Annual Report

**Welcome to the Integrated Report of Bank of  
Uganda for the financial year ended  
30 June 2025**

Our Integrated Annual Report provides material information to our stakeholders on how our strategy, its implementation and operational performance, lead to value creation, preservation or erosion over the short, medium and long term and in relation to the six capitals. The report also presents our impact on society and the environment.

## Key frameworks and standards applied

- Integrated Reporting Framework
- King IV Report on Corporate Governance for South Africa (King IV)
- International Financial Reporting Standards (IFRS)
- Bank of Uganda Act
- Sustainability Standards and Certification Initiatives (SSCIs)

## Our suite of reports

Integrated Report  
Financial Statements  
State of the Economy Report  
Financial Sector Stability Report

## Preparing our Integrated Report

We prepared this report for our providers of financial capital and other stakeholders. It shows the connections between our material themes, strategy, governance, performance and prospects.

## Reporting boundary

This Integrated Report (the report) covers the financial year from 1 July 2024 to 30 June 2025 and includes significant subsequent events up to the report's approval date.



# Integrated reporting process

Our integrated reporting process reflects our integrated thinking

## Compiling the report

### Integrated reporting team

The Accounts Department led by the Executive Director Finance, is responsible for compiling the report. This team provides guidance on the reporting approach and content. They ensure the report adheres to the Framework and other adopted reporting standards and frameworks.

### Materiality determination process and material themes approval

The Executive Committee of Management and the Board of Directors (the Board) review and approve material themes that guide the preparation of the report.

### Content contributors

Contributors from various Directorates, Departments and subject matter experts produce the content of the report. Executive Directors and Directors from various Departments oversee this process to ensure that controls are applied in information gathering and drafting. The content creation process includes interviews with selected Board and EXCOM members and reference to internal and external sources of trusted information used for decision-making.

## Report review and approval

EXCOM is accountable to the Board for preparing the report. It reviews the report before submitting it to the Strategy and Finance Committee (SFCB) of the Board for review and discussion. The SFCB recommends the report to the Board, which gives final approval and sign-off.



### Publication of the report

The report is published online, ensuring accessibility to all stakeholders. Printed copies are available on request.



### Feed back

The Bank recognises that integrated reporting and stakeholder information requirements continue to evolve. The Bank welcomes feedback to improve our integrated report. Comments and feedback can be sent to [info@bou.or.ug](mailto:info@bou.or.ug)



# Materiality

This report focuses on material themes. These are matters that materially affect our ability to execute our strategy and create value over the short, medium and long term. They have the potential to erode value for providers of financial capital and other stakeholders.

Bank of Uganda applies a double materiality assessment (comprehensive evaluation of the financial and sustainability impacts of our operations).

The Bank considers internal and external factors, relying on established processes, to identify and confirm the material themes. This process is set out as follows.

### Identification

The Bank identifies relevant matters based on their potential to affect our ability to create value over the short, medium and long term.

|                                                                 |                                                        |                                                   |
|-----------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
| 1.<br>Our purpose, vision, values, strategy and strategic risks | 2.<br>The impact of the external operating environment | 3.<br>Our stakeholders' expectations and concerns |
| 4. Board and Committees' key discussions                        |                                                        |                                                   |

## Evaluation and prioritization

We evaluate the importance of identified matters in terms of their known or potential effect on value creation and prioritise the matters based on their relative importance. The evaluation was part of the midterm review of the Strategic Plan for 2022-2027.

## Approval

ExCom and the Board review the material themes and approve them annually. The Board approved the High Impact Goals that guided the FY 2024/25 Integrated Annual Report.

## Disclosure

Details on material matters are on page 8.

1. Ensure low and stable inflation
2. Pursue exchange rate stability
3. Promote an efficient, stable and resilient financial system
4. Support sustainable economic growth

## Combined assurance related to the Integrated Report

The Bank follows a combined assurance approach (page 87) to ensure the integrity of the report's information.

The Bank of Uganda Internal Audit department assessed the completeness and accuracy of strategic non-financial KPIs presented in this report.

Certain financial information is derived from the annual financial statements.

KPMG independently audited the annual financial statements and issued an unmodified audit opinion.

## Forward-looking statements

Several statements in this report, and verbal statements that may have been made by officers, directors or employees acting on BoU's behalf, constitute or are based on forward-looking statements. Such statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results or achievements to be materially different from our future results, performance or achievements expressed or implied by such forward-looking statements. Bank of Uganda cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward looking statements attributable to BoU, or persons acting on behalf of BoU's, are qualified in their entirety by these cautionary statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report so that they conform either to the actual results or to changes in our expectations.

Any forecast financial information contained in this report was not reviewed or reported on by our external auditors.

## Board approval

The Board acknowledges its responsibility for the integrity of the Bank's integrated report.

The Board confirms that it has collectively reviewed the contents of the report and leveraged the combined assurance obtained.

The Board is confident that the report addresses all material themes, and concludes that the information is materially presented according to the framework.

The Board approved the report on 25 September 2025.

# The icons we use

The Bank uses the following icons throughout the report to indicate the elements of our business model

| Strategic pillars                                                                                        | Key risks                                                                                                              | Material themes                                                                                                                    | Stakeholder groups                                                                                                          | Capitals impacted                                                                                                   |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|  Stakeholder engagement |  Cybersecurity                        |  Low and stable inflation                         |  The Government and public sector        |  Financial capital               |
|  Financial stewardship  |  Technology risk and financial crimes |  Exchange rate stability                          |  The financial sector                    |  Intellectual capital            |
|  Operational excellence |  Business continuity                  |  Efficient, stable and resilient financial system |  Business and private sector             |  Human capital                   |
|  Employee excellence    |  Third party risks                    |  Sustainable economic growth                      |  Civil society, academia, and the public |  Manufactured capital            |
|                                                                                                          |  Regulatory and compliance risks      |                                                                                                                                    |  Staff                                   |  Social and relationship capital |
|                                                                                                          |  Climate and sustainability risks     |                                                                                                                                    |                                                                                                                             |  Natural capital                 |



# Statement by the Governor



This Integrated Annual Report is presented to the Minister of Finance, Planning and Economic Development for onward transmission to the Parliament of Uganda pursuant to section 49(1) of the Bank of Uganda (BoU) Act, within three months after the end of the financial year ended 30 June 2025. The BoU Board of Directors approved the report on 25 September 2025. It includes the Auditor General's unmodified opinion and the BoU's audited IFRS financial statements for the fiscal year 2024/25.

## A year marked by stability, prudence, and progress

Uganda's economy continued to show resilience in FY 2024/25. According to the Uganda Bureau of Statistics and our own assessments, real GDP grew by 6.3 percent—supported by stronger agriculture, a firmer industrial recovery, and steady services activity. Headline inflation averaged 3.5 percent and core inflation 3.9 percent, both within our medium-term target of 5 percent, reflecting prudent monetary policy, effective monetary–fiscal coordination, and a relatively stable exchange rate.

The Uganda shilling appreciated on average by 2.7 percent against the US dollar, while the mid-rate averaged UGX 3,678 per USD. We strengthened external buffers: gross official reserves stood at USD 4,297.8 million—equivalent to 3.9 months of future import cover (excluding oil-project-related imports).

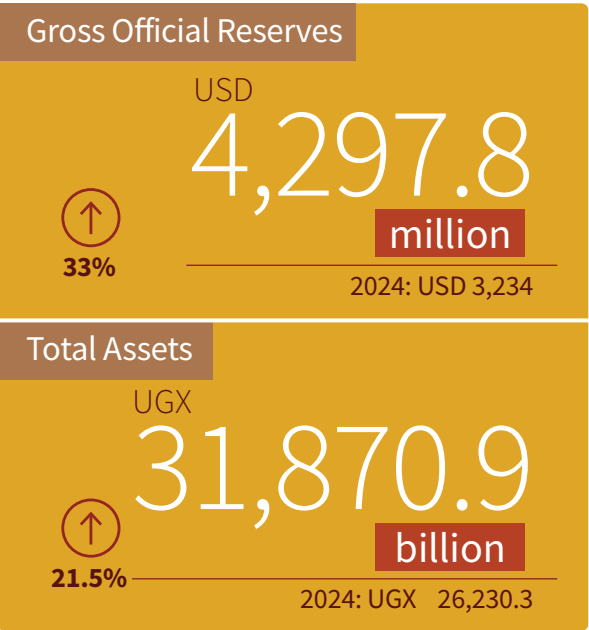
As per the audited accounts, the BoU recorded a net surplus of UGX 658.9 billion (FY 2023/24: UGX 1,142.4 billion). Total assets increased to UGX 31,870.9 billion,

equity to UGX 6,165.1 billion, and the cost-to-income ratio stood at 44 percent. Currency in circulation rose to UGX 8,979.8 billion, aligned with economic activity and seasonal patterns.

The financial system remained sound and resilient. Capital and liquidity buffers stayed well above regulatory minima; Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratios across the banking sector were robust; non-performing loans declined to 3.7 percent (from 4.9 percent), and profitability improved, underpinning confidence and intermediation. Parallel progress in the national payments ecosystem—including an additional Automated Clearing House (ACH) clearing session, continued ISO 20022 migration and Real-Time Gross Settlement (RTGS) replacement—enhanced the speed, safety and reliability of transactions, while targeted financial literacy and consumer-protection initiatives broadened inclusion and trust.

# Strategy, governance, and long-term value

Mid-way through our Strategic Plan 2022–2027, we reaffirmed our Purpose—Promoting a conducive economic environment for Uganda’s sustainable growth—and sharpened our focus around four High-Impact Goals (HIGs): (1) Low and stable inflation; (2) Exchange-rate stability; (3) An efficient, stable and resilient financial system; and (4) Sustainable economic growth. We advanced institutional reforms in risk governance (including climate and cyber risk), digital transformation (ISO 20022, enterprise architecture, cybersecurity), operational excellence (business process improvement, quality management) and human capital (leadership; data analytics; Environmental, Social, and Governance (ESG)). We deepened stakeholder engagement—Government, Parliament, the financial sector, civil society, academia and the public—through policy dialogues, town-halls, media outreach, and digital feedback channels.



# Policy and procedures in practice

during the year under review, the BoU implemented its mandate through a structured set of policies and procedures designed to safeguard price stability, maintain financial system soundness, and ensure the efficiency of national payment systems. These measures were executed in line with the BoU’s statutory obligations and strategic objectives, while observing the principle of transparency without compromising financial stability.

**Monetary Policy.** The BoU continued to operate under its Inflation Targeting framework, which remains the cornerstone of monetary policy in Uganda. The Monetary Policy Committee (MPC) met regularly to assess macroeconomic conditions and guide policy decisions. In response to evolving domestic and global dynamics, the Central Bank Rate (CBR) was adjusted from 10.25 percent at the close of FY 2023/24 to 10.0 percent in August 2024, and further to 9.75 percent in October 2024, where it was maintained for the remainder of the financial year. Liquidity management was conducted through a suite of instruments, including the Standing Lending Facility (SLF), repurchase agreements (REPOs), and Bank of Uganda Bills. These tools ensured that the seven-day interbank rate remained aligned with the policy band. Over the year, SLF transactions amounted to approximately UGX 86.3 trillion, REPOs to UGX 16.5 trillion, and BoU Bills to UGX 0.93 trillion, reflecting active liquidity operations to support monetary policy transmission.

**Financial Sector Supervision.** The BoU strengthened its risk-based supervisory framework, applying both micro- and macro-prudential oversight to preserve financial stability. Key prudential standards, including the LCR and NSFR, were fully operationalised across the banking sector. Recognising emerging risks, the BoU issued guidance on cyber and technology risk management and integrated ESG considerations into supervisory processes. To test resilience, Bottom-Up Stress Tests were conducted on Domestic Systemically Important Banks (DSIBs), complemented by a sector-wide Crisis Simulation Exercise under the Financial Sector Stability Forum. Enhanced Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) supervision further reinforced the integrity of the financial system.

**National Payment Systems.** Significant progress was made in modernising Uganda’s payment infrastructure. In February 2025, the ACH introduced a third clearing session, improving settlement efficiency for retail payments. The migration to ISO 20022 messaging standards and the replacement of the RTGS system advanced as planned, aligning Uganda with global best practices. The BoU continued to license and oversee payment service providers, while laying the groundwork for a National Payment Switch to enhance interoperability. To mitigate fraud risks, the Bank operationalised an Anti-Fraud Consortium and deployed an AI-enabled Payments Control System, strengthening sector-wide defences against cyber threats.

**Foreign Exchange Reserves Management.** In managing the country’s external buffers, the Bank implemented a Strategic Asset Allocation (SAA) framework to optimise the balance between safety, liquidity, and return. Diversification efforts were deepened, including preparations for gold purchases, while maintaining prudent risk limits to safeguard the value and accessibility of reserves.

**Disclosure Note under Section 49(1)(a).** Consistent with the statutory requirement to report “without detriment to the interests of the BoU,” certain operational details—such as specific supervisory findings, foreign exchange intervention tactics, and cyber-resilience measures—have been intentionally aggregated or omitted to preserve financial stability and market confidence.

# The trade-offs we navigated

Balancing price stability with growth, transparency with financial-stability safeguards, prudential rigour with innovation and inclusion, and Central Bank independence with national development priorities remained central to our decisions. We mitigated these tensions through evidence-based policy, timely communication, and close coordination with stakeholders.

## Outlook for FY 2025/26 and the medium term

We remain cautiously optimistic. Core inflation is projected to average 4.5–5.0 percent in FY 2025/26 and to return to 5 percent over the medium term, subject to two-sided risks (commodity prices, weather shocks, global financial conditions, and exchange-rate dynamics). Real GDP growth is projected at 6.0–6.5 percent in FY 2025/26 and to average around 8 percent over five years, supported by prudent policy, investment in oil and related sectors, agricultural productivity, digital finance, and the tenfold growth strategy. We will continue to strengthen monetary policy transmission, build external buffers, deepen financial markets, and reinforce payment-system resilience and consumer protection.



Real GDP growth is projected at **6.0–6.5%** in FY 2025/26 and to average around **8%** over five years,

# Year-at-a-Glance: key policy actions & outcomes

| Area                         | Action (FY 2024/25)                                                                                                                                                                                                                                                                                                                                                                         | Outcome                                                                                                                                                                                                     |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Monetary policy              | <p>The CBR was reduced to 9.75 percent in October 2024 and maintained at that level for the remainder of the financial year.</p> <p>The MPC convened five times to review economic conditions and guide policy decisions.</p>                                                                                                                                                               | <p>Headline inflation was maintained at 3.5 percent and core inflation at 3.9 percent.</p> <p>The seven-day interbank rate remained within the policy band, supporting orderly money market conditions.</p> |
| Liquidity operations         | <p>The BoU actively managed liquidity through its SLF (approximately UGX 86.3 trillion), repurchase agreements (approximately UGX 16.5 trillion), and BoU Bills (approximately UGX 0.93 trillion), as well as targeted sterilisation during periods of reserve accumulation.</p>                                                                                                            | <p>These measures ensured stable short-term interest rates and improved liquidity management across the banking system.</p>                                                                                 |
| External buffers             | <p>The BoU implemented its SAA framework and accumulated foreign exchange reserves to USD 4,297.8 million, equivalent to about 3.9 months of future import cover (excluding oil-related imports).</p>                                                                                                                                                                                       | <p>This strengthened the country’s resilience to external shocks.</p>                                                                                                                                       |
| Financial sector supervision | <p>The LCR and the NSFR were fully operationalised across supervised institutions.</p> <p>The BoU issued guidance on cyber and technology risk management and integrated environmental, social, and governance considerations into supervisory processes.</p> <p>A Crisis Simulation exercise was conducted alongside Bottom-Up Stress Tests for Domestic Systemically Important Banks.</p> | <p>These measures enhanced sector resilience, reduced the ratio of non-performing loans to 3.7 percent, and ensured that capital and liquidity buffers remained well above regulatory minima.</p>           |

| Area                             | Action (FY 2024/25)                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Outcome                                                                                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Payment Systems         | <p>The ACH introduced a third clearing session in February 2025, improving settlement efficiency for retail payments.</p> <p>The migration to the ISO 20022 messaging standard and the replacement of the RTGS system progressed as planned.</p> <p>The BoU also advanced work on the National Payment Switch and strengthened fraud prevention through the operationalisation of an Anti-Fraud Consortium and deployment of an Artificial Intelligence-enabled Payments Control System.</p> | <p>These initiatives resulted in faster retail settlements and heightened fraud defences.</p>                                                                        |
| Financial inclusion and literacy | <p>The BoU expanded outreach through regional town-hall meetings, digital engagement platforms, and Training-of-Trainers programmes.</p> <p>It also scaled up the Agricultural Credit Facility and the Small Business Recovery Fund, thereby improving access to credit for small and medium-sized enterprises and supporting agro-value chains.</p>                                                                                                                                         | <p>These efforts led to wider access and usage of financial services, and stronger support for small and medium-sized enterprises and agricultural value chains.</p> |
| Governance and risk management   | <p>The BoU strengthened its combined assurance framework, advanced climate-risk policy development, and implemented culture-change and leadership development programmes.</p>                                                                                                                                                                                                                                                                                                                | <p>These initiatives fostered a stronger risk culture and improved organisational performance.</p>                                                                   |



Assurance

The Auditor General has issued an unmodified opinion on the BoU’s audited IFRS financial statements for the year ended 30 June 2025. The opinion is included in this report together with detailed financial statements and notes.

Appreciation

I extend my sincere appreciation to the BoU Board of Directors for their guidance, to the Government of Uganda and Parliament for constructive policy coordination and oversight, to the financial sector and international partners for collaboration, and to our staff for their professionalism and dedication. As we approach six decades since our founding, we remain steadfast in our mission: to promote price stability and a sound financial system in support of Uganda’s socio-economic transformation.

Michael Atingi-Ego  
Governor

How we  
create value

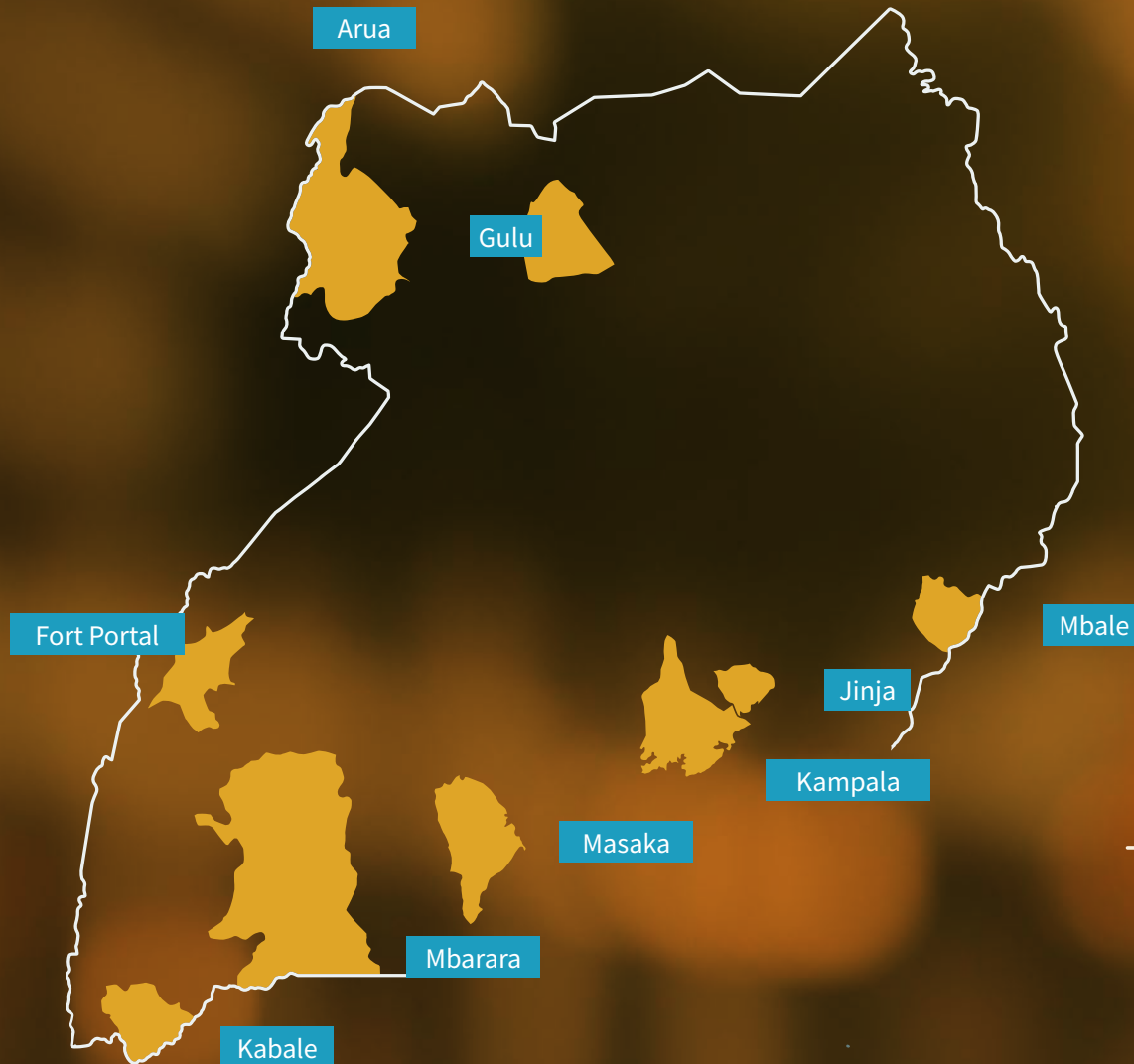


## How we create value

|                                                        |    |
|--------------------------------------------------------|----|
| Our branch network                                     | 16 |
| Key numbers                                            | 16 |
| Strategy performance FY 2024/25                        | 20 |
| Mid-term review of the SP2022-27 and strategy outcomes | 21 |
| Strategy trade-offs                                    | 22 |
| Our material matters                                   | 25 |
| Our value creation model and outcomes                  | 24 |

# At a glance

## Our branch network

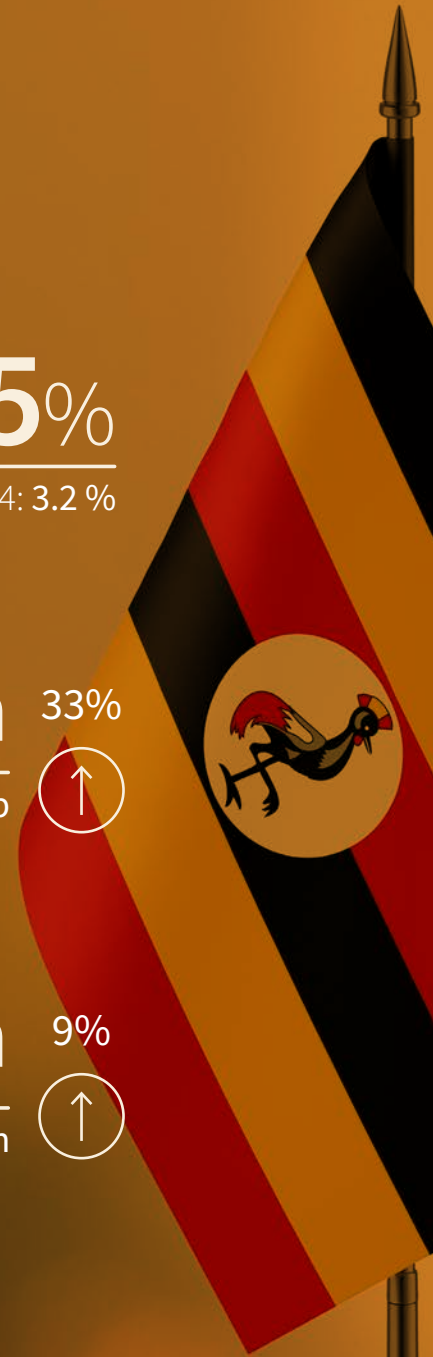


## Key numbers

Annual headline inflation **3.5%**  
FY 2023/24: 3.2 %

USD  
Gross official reserves **4.3bn** 33%  
FY 2023/24: 3.2b 

UGX  
Currency in circulation **8.9tn** 9%  
FY 2023/24: 8.2tn 



## Purpose



Promoting a **Conductive Economic Environment** for Uganda's Sustainable Growth"

## Vision

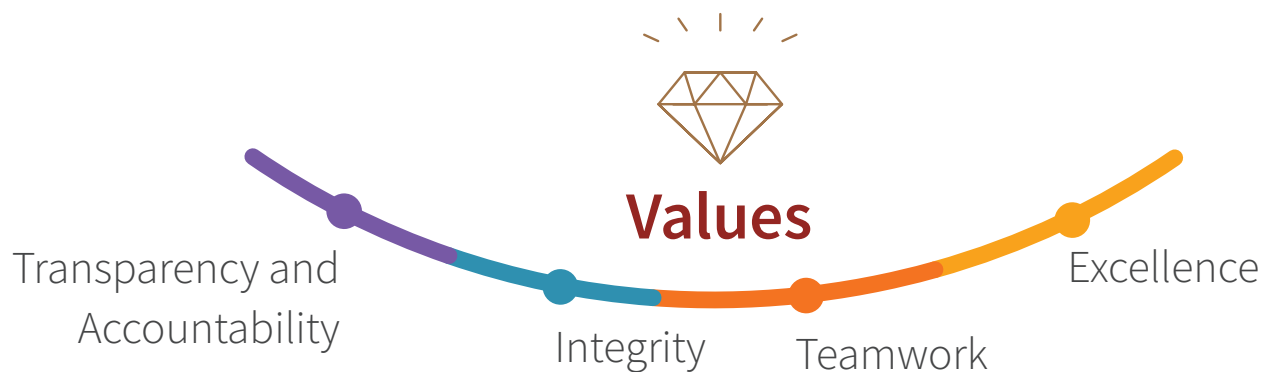


To be a **Centre of Excellence** in **Upholding** Macroeconomic Stability

## Mission



To Promote **Price Stability and a Sound Financial System** in Support of Socio-economic Transformation in Uganda



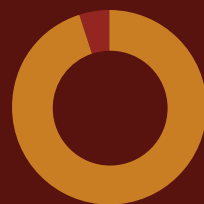
# Our strategy

The Bank of Uganda's value statement, as reflected in its revised Strategic Plan 2022–2027, is its Purpose Statement and Mission which guide the Bank's strategic priorities. including macroeconomic stability, financial sector development, and institutional excellence; reflect the Bank's evolving role in integrating sustainability, innovation, and stakeholder engagement to deliver long-term value and ultimately underscore BoU's contribution to the attainment of sustainable growth and socio-economic transformation which are the overriding intended results of the National Development Plan - 2025/26-2029/30 (NDPIV).

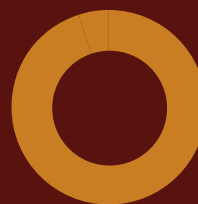
## Strategy performance FY 2024/25

### Enhance price stability

To maintain low, stable and predictable inflation, ensure a stable exchange rate, and strengthen monetary policy communication as a tool for effective monetary policy.



Core Inflation  
**3.9%**  
Target: 5% (+/-3%)



Exchange Rate  
Stability  
**100%**  
Target: 95%

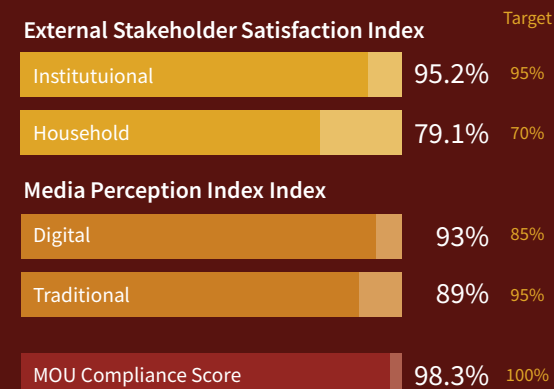
Months of import  
**3.82**  
Target: EAC 4

#### Key ongoing initiatives

- Developing a macro model that analyses climate and monetary policy interactions
- Operationalizing the Domestic Gold Purchase Program - to diversify and boost the foreign reserves.

### Enhance stakeholder confidence

Aimed at elevating the trust the stakeholders have in BoU's ability to deliver its mandate in a transparent, accountable and ethical manner. It ensures that the stakeholders are satisfied with the timeliness, reliability, accessibility, accuracy, confidentiality and quality of BoU services.

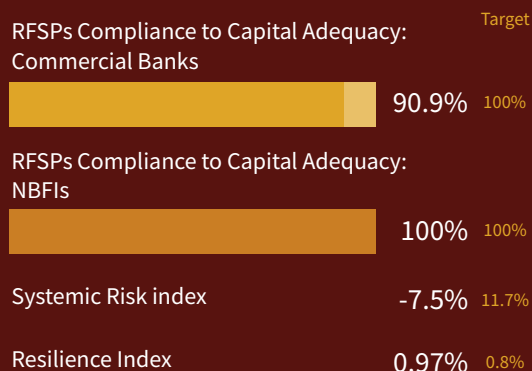


#### Key ongoing initiatives

- Development of a Digital Stakeholder Feedback Framework and System (chatbots, instant surveys).
- Institutionalizing Sustainability Principles into Bank's strategy and operations
- Review and update of the legal framework governing BoU's mandate

## Enhance financial system soundness & resilience

To strengthen the resilience of supervised financial institutions and ensure that they are compliant with the prudential and regulatory requirements, able to withstand systemic shocks and adhere to the principles of good governance.

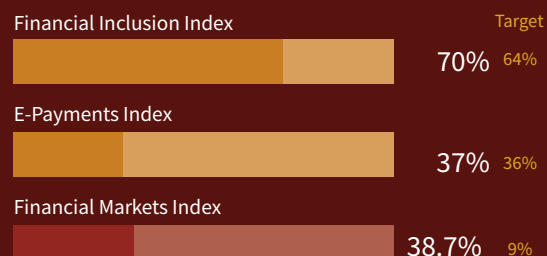


### Key ongoing initiatives

- Review of micro and macro prudential supervisory processes to incorporate climate-related financial risk assessments as well as evaluation of compliance with the ESG Framework for Uganda's Banking Sector.
- Implementation of a SupTech solution for automated regulatory reporting & analytics.

## Enhance financial system development

To increase access, usage and quality of financial services as well as overall growth of the financial markets. It entails the development and implementation of interventions, products, infrastructure, and a supportive regulatory environment that facilitates increased access and usage of affordable and quality financial services in a bid to enhance intermediation.



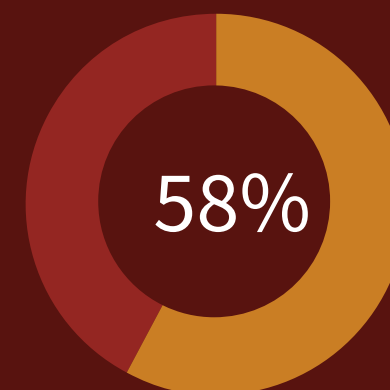
### Key ongoing initiatives

- Establishment of a National Payments Switch.
- Review of National Payment Systems (NPS) regulatory framework.
- Development of a Market Conduct Framework for RFSPs.
- Implementation of Data Replication Project.

## Enhance financial performance

To engender financial resilience of the Bank that is critical to sustaining operational independence.

### Cost to Income Ratio for controllable costs



Target  
≤ 75%

# Strategy performance FY 2024/25

## Improve efficiency and reliability of Bank Processes

This entails streamlining critical processes to promote cost savings, accuracy, reliability and timely delivery of services as well as compliance to relevant laws and regulations

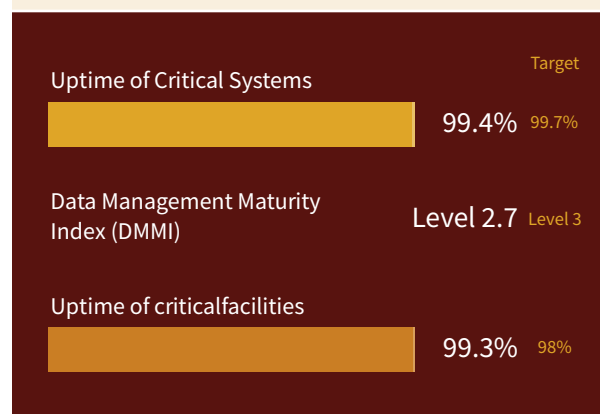
|                                                                                   |         | Target   |
|-----------------------------------------------------------------------------------|---------|----------|
| Core procurements completed on time                                               | 83.3%   | 85%      |
| Turnaround time for generation of BoU quarterly financial reports                 | 15 Days | ≤10 Days |
| Turnaround time for payments and transfers                                        | 1 Days  | ≤2 Days  |
| Compliance rate of critical business processes to applicable laws and regulations | 99%     | 100%     |

### Key ongoing initiatives

- Implementation of Business Process Improvement programs including ISO certification for Quality Management. Implementation of priority initiatives under the Currency Master Plan
- Development of a Cyber Security Framework.

## Improve organisational systems and infrastructure

To ensure the Bank's critical systems are secure, reliable, interoperable, optimally support business processes, and leveraging the systems and best practices to build and improve data and information management capability.

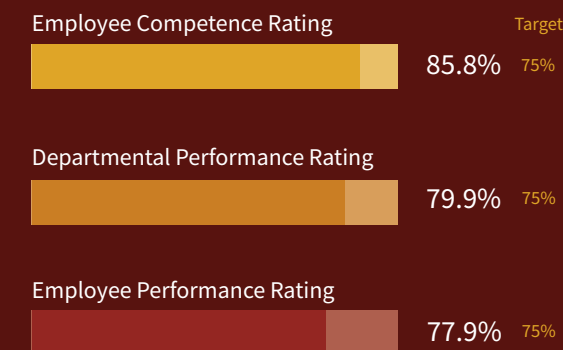


### Key ongoing initiatives

- Relocation of Business Resumption Site Data Centre.
- Implementation of the ISO 20022 Migration Program including RTGS upgrade. Development of Enterprise IT Architecture. Implementation of the ISO27000 Roadmap: Implement data governance Roadmap

## Improve employee competence

This entails building staff capacity in prioritized areas such as artificial intelligence, data analytics, ESG, bank supervision, cloud computing, e-payments, cyber security, leadership and management among others. This is to ensure that employees possess a combination of knowledge, skills and attitude that when applied results into enhanced organisational performance. The objective further includes identifying the competence gaps, talent sourcing, retention and recognizes that the Bank is a learning organization where employees have the requisite competencies and expertise and can readily adapt to change.



### Enhance organisational culture

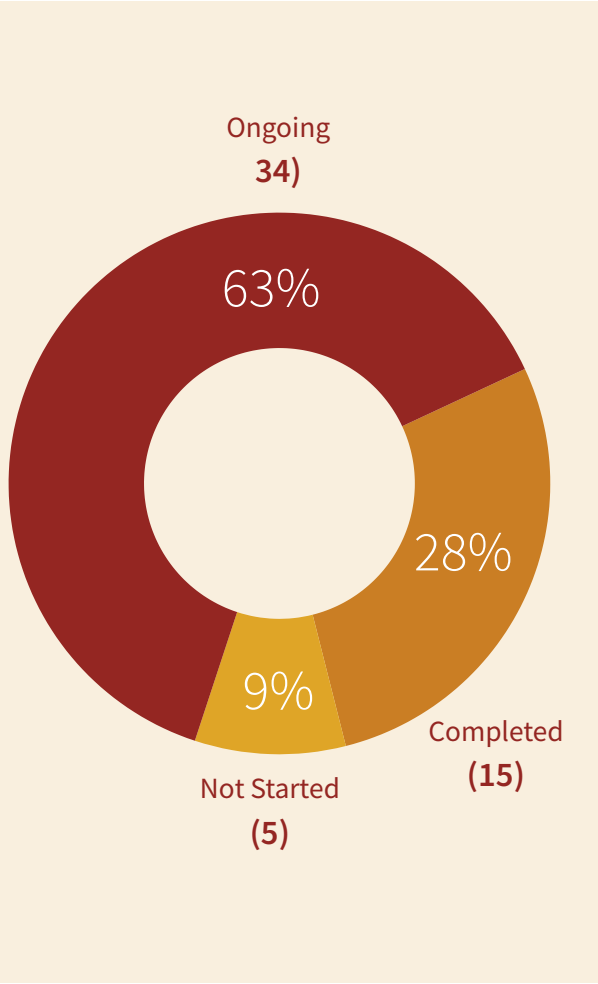
To foster a culture of integrity, accountability, innovation, and inclusivity, the Bank set out to conduct a comprehensive review of the Bank's existing culture and implement initiatives to close the gap between the optimal and actual culture.

|                                                             |         |                 |
|-------------------------------------------------------------|---------|-----------------|
| Average Culture Gap<br>(Between Optimal and Actual Culture) | 22      | Target<br>≤17.3 |
| Strategic Management<br>Maturity index                      | Level 4 | Level 4         |

#### Key ongoing initiatives

- Implementation of the Culture Change Roadmap.
- Development and implementation of an Innovation Strategy.

### Implementation of the strategic plan (initiatives status)



### Mid-term review of the SP2022-27 and strategy outcomes

During the FY 2024/25, the Bank of Uganda Strategic Plan (SP 2022–2027) reached its mid-point, necessitating a mid-term review that was conducted from September 2024 to March 2025 in line with the Bank's Strategy management policy.

The review aimed to assess the progress of implementation of the Strategic Plan and ascertain areas that might need adjustment to enable BOU to remain relevant and well aligned with the needs of the stakeholders.

During the review, sustainability was integrated into the Bank's strategic plan by introducing a Purpose Statement and Four High Impact Goals (HIGS). In addition, new performance measures and strategic initiatives were added to buttress the Bank's agility and resilience in creating a conducive economic environment for Uganda's sustainable growth.

Overall, strategic performance remained broadly on track, with targeted adjustments aimed at addressing the identified challenges such as the dynamic financial sector and technological landscape, evolving stakeholder needs and uncertain global economic and geo-political environment. The resulting revised SP2022-27 places the Bank in good stead to sustainably deliver long-term value to its stakeholders.

## Strategy trade-offs

Delivering sustainable value requires the Bank to make deliberate trade-offs between competing priorities. These trade-offs are carefully evaluated by Management and the Board to ensure that policy choices and operational decisions remain aligned to our strategic objectives, reinforce the Bank's mandate, and safeguard the long-term interests of our stakeholders. Below are the strategic trade-offs the Bank has considered.



### Price stability and economic growth

Bank of Uganda's core mandate is to maintain price stability through effective monetary policy. At the same time, tightening policy to contain inflation can constrain credit growth and slow economic activity. The Bank must therefore carefully balance the objective of stabilising prices with the need to foster sustainable economic growth and support employment.



### Transparency and market confidence

Stakeholders expect transparency in the Bank's monetary policy, supervisory role, and governance practices. However, full disclosure of sensitive information such as supervisory outcomes, foreign exchange reserve strategies, or cyber resilience measures could undermine market stability. The Bank therefore strikes a balance by providing sufficient information to ensure accountability, while safeguarding confidence in the financial system.



### Financial stability and financial inclusion

Regulation is critical in maintaining stability and confidence in the banking and payments system. However, overly stringent requirements can stifle innovation and limit access to financial services, particularly in mobile money and fintech. The Bank therefore balances its prudential role of safeguarding the financial system with its developmental role of promoting financial inclusion and enabling innovation.



### Global standards and local realities

Bank of Uganda aligns with global regulatory frameworks such as Basel standards, and IMF guidelines. At the same time, Uganda's economy is characterised by high informality, strong dependence on agriculture, and the dominance of mobile money. The Bank must therefore adopt international best practices while carefully tailoring them to the country's unique context.



### Independence and national priorities

As an independent Central Bank, Bank of Uganda must ensure that its policy decisions remain free from political influence. At the same time, as a State institution, it is expected to support fiscal policy, government financing needs, and broader national development priorities. The Bank therefore carefully manages the relationship between preserving its independence and credibility while constructively aligning with the country's socio-economic objectives.



### Transformation and resource management

Bank of Uganda is expected to modernise its operations through initiatives such as SupTech, digital payments, big data analytics, and strengthened cyber resilience. However, these ambitions must be pursued within the realities of budgetary constraints and competing priorities. The Bank balances the drive for transformative innovation with the need for prudent resource management.

## Strategic Outlook for FY 2025/26

Attainment of the Bank's strategic objectives is projected to remain on a positive trajectory, driven by prudent policy execution, enhanced stakeholder engagement, and targeted operational improvements.

Price Stability, Financial System Soundness and Development are projected to remain strong, anchored by prudent data-driven monetary policy, increasing compliance with regulatory requirements, implementation of the National Financial Inclusion Strategy and a new focus on supporting fintech innovation.

The positive trajectory is supported by the projected robust financial performance aided by long-term investments and new cost-rationalization measures, key initiatives aimed at improving efficiency of internal processes, employee competence, organizational systems, and culture.

However, performance is subject to external shocks, including global commodity price volatility and geopolitical tensions. Internally, success hinges on the diligent implementation of all planned initiatives and the robust management of challenges, particularly in cybersecurity and risk management.





## Our material matters

We define our material themes as matters that materially affect our ability to execute our strategy and create value over the short, medium and long term, and have the potential to erode value for providers of financial capital and other stakeholders.

The material matters, are consistent with the Purpose Statement, Mission, Vision and are 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. Management's materiality determination process and the material themes were approved by EXCOM and the Board. Refer to Materiality for our materiality determination process.



### Low and stable inflation

We aim to keep inflation low, stable, and predictable. This involves being mindful of new factors that influence prices, such as global supply shocks, technological changes, and climate-related issues. To maintain this low and stable inflation, we will incorporate emerging risks like climate change into our monetary policy analysis. We will also work with fiscal authorities to address the supply-side drivers of inflation and ensure consistent macroeconomic policies.



### Exchange rate stability

A stable exchange rate is crucial because it creates a more predictable environment for investors and helps businesses compete more effectively on the global market.

By keeping the exchange rate stable, we can encourage investment and strengthen our country's ability to compete internationally.



### Efficient, stable and resilient financial system

Our goal is to ensure that Regulated Financial Service Providers (RFSPs) are not only compliant with all prudential and regulatory requirements but also resilient enough to withstand systemic shocks. By adhering to good governance principles, these providers can effectively manage risks and seize opportunities presented by new trends. This, in turn, will lead to sustainable growth in the access and usage of innovative financial products.

We aim to improve the efficiency of the financial system, including the payments system. This will lead to a more competitive financial industry, which benefits customers through greater lending and investment opportunities and, in turn, boosts the real economy. Our efforts also work to broaden and deepen the financial sector, ultimately increasing financial inclusion



### Sustainable economic growth

This involves creating policies to boost private sector credit and international competitiveness. It's expected that high, sustained economic growth will lead to more jobs. The focus is also on policy interventions that enable inclusive, green growth, building economic resilience and high value addition. This approach is environmentally friendly and promotes growth led by exports. Additionally, it requires a macroeconomic policy framework that can adapt to changing global and domestic conditions.



# Our value creation model and outcomes

## Operating Environment

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 the 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 & Cybersecurity Standards • Increased Stakeholder Expectations • Uganda's mineral wealth • Data/Information revolution.

### 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
- Digitalization and Fintech
- Cybersecurity Risk
- Climate change

### Strategic focus areas 2027

-  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.

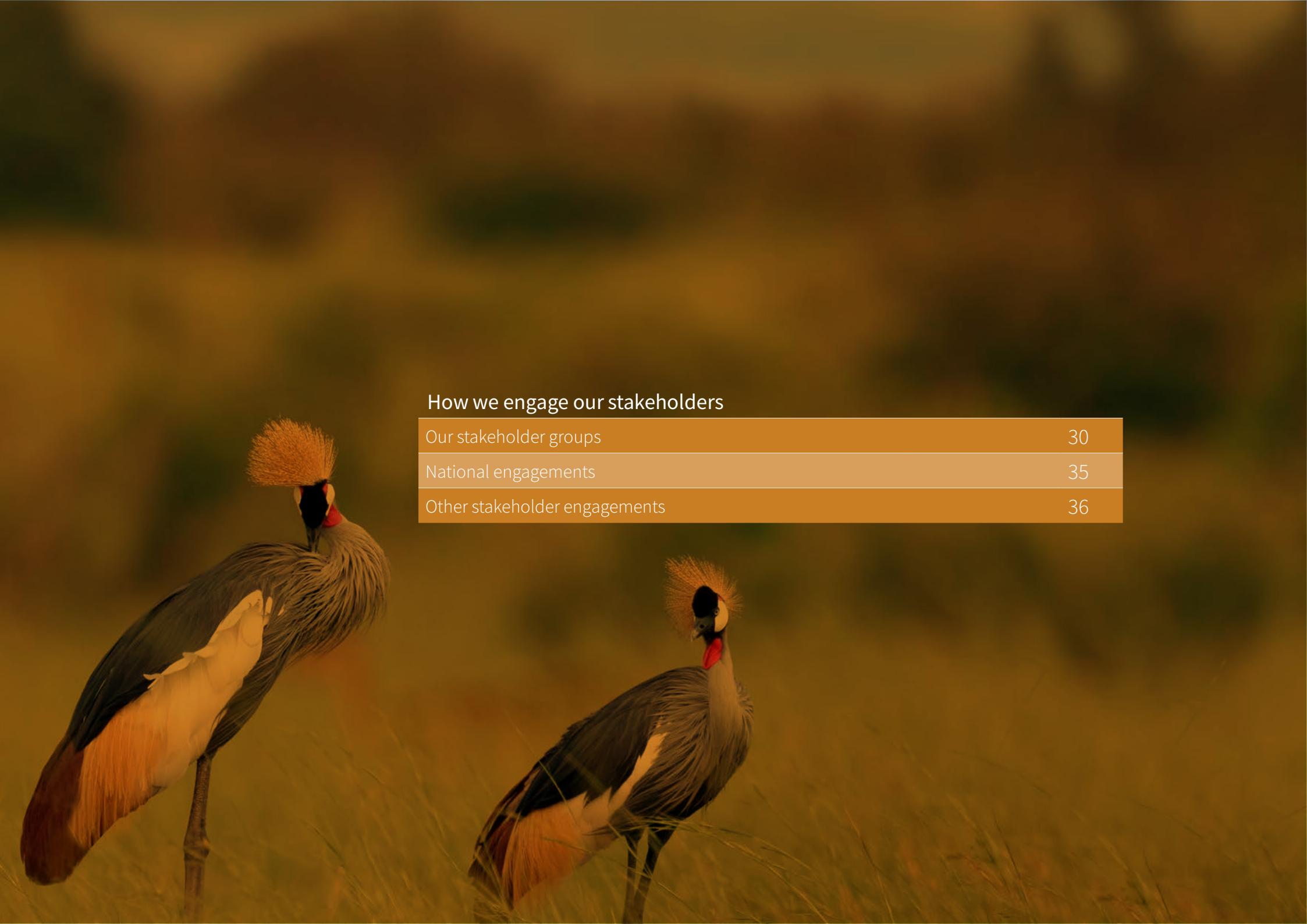
Knowledge products e.g. Working / journal papers etc.  
Outreaches e.g. RTHMS, Staff rewards and remuneration and databases.

## Our value creation model and outcomes

| Capital                                                                                                                    | Out puts                                                                                                                                                                                                                                              | Outcomes and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Intellectual capital</b>              | <ul style="list-style-type: none"> <li>• Low and stable inflation</li> <li>• Sound and resilient regulated financial institutions</li> <li>• Transparent policy and data dissemination</li> <li>• Efficient payment and settlement systems</li> </ul> | <ul style="list-style-type: none"> <li>• Macroeconomic stability and confidence (core inflation <b>3.9 percent</b>, exchange rate stability <b>100 percent</b> and <b>3.82</b> months of import cover)</li> <li>• Mitigation of systemic risk (systemic risk index -<b>7.5 percent</b>)</li> <li>• Resilient financial institutions (resilience index <b>0.97 percent</b>)</li> <li>• Confidence and trust in the financial sector</li> <li>• Compliance to capital requirements (RFSPs compliance to capital adequacy: commercial banks- <b>90.91 percent</b> and NBFIs <b>100 percent</b>)</li> <li>• Monetary policy meetings-5</li> <li>• State of the economy reports-4</li> <li>• Financial stability reports -4</li> <li>• Resilient and inclusive financial systems (financial inclusion index <b>70 percent</b>, e-payments index <b>37 percent</b> and financial markets index <b>38.7 percent</b>)</li> </ul> |
|  <b>Financial capital</b>                 | <ul style="list-style-type: none"> <li>• Adequacy of Bank income to cover controllable costs</li> <li>• Adequate foreign exchange reserves</li> </ul>                                                                                                 | <ul style="list-style-type: none"> <li>• Operating surplus of <b>UGX 871 billion</b></li> <li>• Cost to income ratio: <b>44 percent</b> against target of <b>75 percent</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|  <b>Manufacturing capital</b>             | <ul style="list-style-type: none"> <li>• Efficient issuance and currency in circulation</li> <li>• Reliable currency processing and secure facilities</li> </ul>                                                                                      | <ul style="list-style-type: none"> <li>• Currency in circulation <b>UGX 8.9 trillion</b></li> <li>• Currency processed <b>918 million</b> pieces</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|  <b>Natural capital</b>                 | <ul style="list-style-type: none"> <li>• Efficient energy consumption</li> <li>• Efficient water consumption</li> <li>• Improved waste management and disposal</li> </ul>                                                                             | <ul style="list-style-type: none"> <li>• Water consumption reduced from <b>25,463 litres</b> in 2023/24 to <b>23,979 litres</b> in 2024/25</li> <li>• Fuel consumption reduced from <b>551,416 litres</b> in 2024 to <b>441,319 litres</b> in 2024/25</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|  <b>Relationship and social capital</b> | <ul style="list-style-type: none"> <li>• Enhanced stakeholder engagement</li> <li>• Enhanced stakeholder confidence</li> <li>• Improved community engagement efforts</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>• Strengthened stakeholder trust in Bank of Uganda (external stakeholder satisfaction index-institutional -<b>95.2 percent</b> and households <b>79.1 percent</b>)</li> <li>• Strengthened media trust in Bank of Uganda (media perception index- <b>89 percent</b>)</li> <li>• Support to health sector</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|  <b>Human capital</b>                   | <ul style="list-style-type: none"> <li>• Improved employee competence and performance</li> <li>• Enhanced organization culture</li> </ul>                                                                                                             | <ul style="list-style-type: none"> <li>• Corporate performance at <b>77.9 percent</b></li> <li>• Stronger organizational culture</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

# How we engage our stakeholders



A photograph of two crowned cranes in a savanna landscape. The cranes have grey bodies, white underparts, and a distinctive golden crest. They are standing in tall grass, with a blurred background of more vegetation. The lighting is warm, suggesting a sunset or sunrise.

## How we engage our stakeholders

|                               |    |
|-------------------------------|----|
| Our stakeholder groups        | 30 |
| National engagements          | 35 |
| Other stakeholder engagements | 36 |

## Our stakeholder groups

Below is how the Bank engaged the key stakeholders, their interests, needs and expectations, and how we created value.



### The Government and Public Sector



The government stakeholder group includes, the Ministry of Finance, Planning and Economic Development, Parliament, Parliamentary Committees, and other Government Ministries and Agencies. The public sector includes state-owned enterprises and autonomous government agencies and authorities.

#### 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 2024/2025

- Presented regular Monetary policy statements and engaged through Parliamentary Committee hearings
- Provided economic briefings to Cabinet and MoFPED on macroeconomic outlook and policy options
- Issued statistical publications and research to support fiscal planning
- Participated in joint policy taskforces with MoFPED and other ministries
- Maintained continuous dialogue on debt management, domestic securities issuance, and external reserves
- Partnered in policy forums on financial sector development and digitization.

#### 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

#### Value created for stakeholders

- Enhanced confidence in macroeconomic management
- Improved fiscal planning through access to reliable data and forecasts
- Strengthened coordination mechanisms for debt management and resource mobilization
- Policy clarity that supports parliamentary oversight and budgetary decision-making
- Strengthened trust in Uganda's financial infrastructure.

#### Material matters

- Low and stable inflation • Exchange rate stability • Efficient stable and resilient financial system • Sustainable economic growth



## Civil society, academia and the public



This stakeholder group includes, Civil Society Organizations (CSOs), Consumer Groups, Academic Institutions, Think Tanks, the media, Financial Consumers, Suppliers and the General 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 2024/2025

- Published the Monetary Policy Statement, research papers, and statistical bulletins
- Rolled out financial literacy campaigns across regions, schools, and media platforms
- Partnered with universities and think-tanks on joint research
- Held public engagements through town halls, webinars, and press briefings
- Strengthened social media presence to simplify and explain economic issues

### 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

### Value created for stakeholders

- Improved public trust and awareness of the Bank's role
- Enhanced capacity of academia and civil society through data and research
- Increased financial literacy, empowering households to make informed decisions
- Strengthened inclusivity and outreach to vulnerable groups

### Material matters

- Low and stable inflation
- Exchange rate stability
- Efficient stable and resilient financial system
- Sustainable economic growth



## Business and Private Sector



This stakeholder group includes, Private Sector Foundation Uganda (PSFU), Chambers of Commerce and Business Associations, Foreign Investors and Multinational Corporations, and Strategic Partners

### 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 2024/2025

- Dialogues with the Private Sector Foundation Uganda (PSFU), Chambers of Commerce, and Industry Associations
- Provided macroeconomic briefings and forecasts to guide investment decisions
- Supported financial sector digitization for private sector competitiveness
- Partnered on financial literacy for SMEs and entrepreneurs
- Regular updates on currency availability, exchange rate movements, and market operations

### 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

### Value created for stakeholders

- Improved investment confidence through stability of the macroeconomic environment
- Expanded access to financing through capital market development
- More efficient business operations via digital payment systems
- Enhanced SME competitiveness through targeted financial literacy

### Material matters

- Low and stable inflation • Exchange rate stability • Efficient stable and resilient financial system • Sustainable economic growth



## Financial sector



This stakeholder group includes, Commercial Banks, Uganda Bankers Association (UBA), Non-Bank Financial Institutions, Fintechs and Payment Service Providers, International Financial Institutions (IMF, WB, BIS etc)

### 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 2024/2025

- Conducted prudential supervision, on-site examinations, and regulatory consultations with banks, MDIs, and insurers
- Strengthened National Payment Systems oversight, licensing and monitoring Fintechs and PSPs, and supporting interoperability initiatives
- Engaged through Financial Sector Development Forums and joint working groups on innovation, digital finance, and financial inclusion
- Collaborated with IFIs (World Bank, IMF, AfDB) through Article IV consultations, technical assistance programs, and financing initiatives
- Issued guidelines, circulars, and regulatory updates to ensure compliance and promote resilience

### 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
- IFIs' concerns on debt sustainability, fiscal-monetary coordination, and transparency of macroeconomic data

## Value created for stakeholders

- Enhanced stability and confidence through clear supervisory frameworks and access to liquidity support
- Strengthened enabling environment, fostering digital innovation and extending financial inclusion to underserved populations
- Deeper markets and increased investor confidence through transparent operations and macroeconomic stability
- Reinforced trust through credible macroeconomic management, transparent statistics, and alignment with global best practices
- Greater efficiency in payments and settlements, stronger resilience to risks, and increased financial inclusion and innovation

## Material matters

- Low and stable inflation
- Exchange rate stability
- Efficient stable and resilient financial system
- Sustainable economic growth



## Staff



This stakeholder group includes, active, and retired staff

### Their interests, needs and expectations

- Fair compensation, benefits, and welfare support
- Professional development, training, and career growth opportunities
- A safe, inclusive, and supportive work environment
- Transparent communication and involvement in institutional change processes
- Recognition of performance and contribution
- Timely payment of salary, pension and retirement benefits
- Continued access to medical and welfare support schemes

### How we engaged them in FY 2024/2025

- Held town halls, departmental dialogues, and staff surveys to understand needs and align with strategy
- Offered capacity-building initiatives, training programs, and professional certification support
- Rolled out staff wellness and mental health programs to support work-life balance
- Strengthened internal communication via newsletters, intranet platforms, and staff magazines
- Engaged retired staff through the pensioners' forum, welfare events, and dedicated helpdesk support for benefits processing
- Recognized contributions of retirees in official communications and events to reinforce institutional pride

### 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 organizational transformation and new culture initiatives

## Value created for stakeholders

- For current staff: motivated, skilled, and engaged employees aligned to the Bank's strategic objectives. Improved staff welfare and retention, leading to higher productivity and innovation
- For retired staff: sustained trust in the Bank through reliable pension management and welfare support strengthened institutional pride and continuity by recognizing retired staff as part of the Bank's extended family

## Material matters

Low and stable inflation

## National engagements

### Townhalls

As part of the BoU's 50th anniversary celebrations, Town Hall Meetings (THMs) were introduced in 2016 to bridge the gap between the Bank and the public. The first meetings proved highly effective in building trust and providing a platform for open dialogue, leading the Bank to adopt THMs as a key strategic activity for strengthening stakeholder confidence.

Since then, the Bank has hosted THMs across the country, reaching communities in Mbale, Arua, Gulu, Kabale, Fort Portal, Jinja, Masaka, Kasese, Hoima, and Soroti.

In FY 2024/25, the Bank extended these engagements to areas often referred to as the 'missing middles' - including Tororo, Moroto, and Bushenyi. Looking ahead, the Bank remains committed to taking THMs to more hard-to-reach regions, with the goal of increasing public awareness and understanding of its mandate, policies, and actions in promoting economic stability.

### Reopening of the C.N. Kikonyogo Money Museum

Reopened in August 2024 after a two-year renovation, the Museum now features redesigned galleries and updated exhibitions showcasing Uganda's monetary and economic history. Since then, it has hosted special exhibitions, joined the Pearl of Africa Tourism Expo, welcomed 14 schools, 2 universities, and delegations from the Central Banks of Eswatini and Burundi - strengthening financial literacy and public appreciation of the Bank's role.



## Other stakeholder engagements

### Regional engagements

#### East African Community - Monetary Affairs Committee (MAC)

Throughout the year, the BoU actively participated in a wide range of regional forums with peer Central Banks. As part of its commitment to advancing regional integration under the East African Community (EAC) Monetary Union roadmap, the BoU continued to actively engage in harmonising monetary policy and strengthening financial sector surveillance frameworks across partner states. These efforts aim to promote price stability, foster macroeconomic convergence, and ultimately, facilitate the establishment of the East African Monetary Union (EAMU). BoU participated in the 28th Meeting of the East African Community (EAC) Monetary Affairs Committee (MAC), where significant progress was made in implementing decisions agreed upon by the Governors of the eight EAC Partners States' Central Banks.

#### Common Market of Eastern and Central Africa (COMESA)

BoU also participated in the COMESA Monetary and Integration Meetings and the 2024 Symposium for Governors, which focused on two themes:

- i. Digital Banking and the impact of Cyber Security and other emerging risks to Central Banks in the COMESA region.
- ii. The era of using Big Data and Machine Learning (ML) in Central Banks and Financial Institutions: Implications for Monetary Policy.

The discussions under these themes were timely, given the rapid technological advancements shaping the financial sector and the associated risks and opportunities for central banking. For the BoU, the insights gained will inform ongoing efforts to strengthen cybersecurity resilience, enhance data-driven policy analysis, and modernise monetary policy frameworks to better respond to emerging challenges.

Furthermore, at the 28th Meeting of the COMESA Committee

of Governors of Central Banks, the BoU was appointed the Chairperson. In line with the rules of procedure, BoU will host the COMESA meetings in November 2025, providing an opportunity to showcase Uganda's leadership in regional monetary cooperation and integration.

### Other International Engagements

BoU continues to engage with other Regional Economic Communities (RECs), including the Southern African Development Community under the tripartite arrangement with EAC and COMESA, as well as with the Association of African Central Banks (AACB) and the African Continental Free Trade Area (AfCFTA).

BoU also participated in an IMF staff team visit during FY 2024/25 with the aim of securing an IMF-supported program under the Extended Credit Facility (ECF) to help safeguard macroeconomic stability, and the size, duration, and specific focus areas of the program will be determined in due course.

### Digital engagements

#### BoU Socials

BoU continued to strengthen its digital presence by actively engaging the public through its social media channels, including X (formerly Twitter), Facebook, LinkedIn, Instagram, and YouTube. These platforms have become essential tools for sharing timely updates on monetary policy, financial literacy tips, economic insights, and institutional initiatives. In FY 2024/25, the Bank leveraged interactive content such as infographics, explainer videos, live streams, and short-form reels to simplify complex economic concepts and foster meaningful dialogue with diverse audiences. Through these engagements, the Bank has enhanced transparency, built stronger connections with the public, and expanded outreach to younger, tech-savvy Ugandans who increasingly rely on digital platforms for information.

#### BOU Connects Podcasts

Launched in January 2025, the BOU Connects Podcast is a monthly platform that simplifies financial and economic messages for the public. By reaching wider audiences at lower cost, it has enhanced the Bank's communication efficiency while promoting sustainability by complementing traditional physical engagements.

**As part of the BoU's 50th anniversary celebrations, Town Hall Meetings (THMs) were introduced in 2016 to bridge the gap between the Bank and the public.**

Since then, the Bank has hosted THMs across the country, reaching communities in Mbale, Arua, Gulu, Kabale, Fort Portal, Jinja, Masaka, Kasese, Hoima, Soroti, Tororo, Moroto, and Bushenyi.

**BOU CONNECTS PODCAST**  
**EPISODE NINE**  
**The Money Mandate:**  
**Managing Uganda's Notes and Coins**

**Ralph Akorabirungi**  
Host

**Christine Bernadette Alupo**  
Director Currency

**BOU CONNECTS PODCAST**  
*Episode Seven*  
**Anchoring Economic Stability**  
*"The man, the mandate, the mission"*

**Michael Atingi-Ego**  
Governor

**Pumla Nabachwa**  
Host

Scan the QR codes to access some of the BoU podcats on Youtube

## Tenth (10<sup>th</sup>) Annual Suppliers' Conference

The Bank held its 10th Annual Suppliers' Conference on Thursday, May 15, 2025, at Hotel Africana, Kampala. The event, with the theme "Building Capacity of Local Suppliers and Special Groups for Socio-Economic Development," aimed to foster partnerships, promote inclusive development, and provide a platform for local suppliers to understand procurement processes and explore opportunities. Ninety eight percent (98.77 percent) of participants had at least a good overall experience of the conference with all (100 percent) expressing willingness to attend future events and recommend it to others.



# Our operating environment



The background of the page is a photograph of a savanna landscape. In the foreground, two water buffaloes are standing in tall, dry grass. The middle ground is filled with a dense forest of acacia trees. In the background, there are rolling hills under a hazy sky. The overall color palette is warm, with shades of brown, orange, and green.

## Our operating environment

|                                                     |    |
|-----------------------------------------------------|----|
| Inflation developments                              | 40 |
| Exchange rate developments                          | 40 |
| Interest rates                                      | 41 |
| Bank credit and monetary aggregates                 | 42 |
| Balance of payments and reserves                    | 43 |
| Economic growth                                     | 44 |
| Outlook for FY 2025/26 and the medium term          | 45 |
| Our strategic response to the operating environment | 46 |

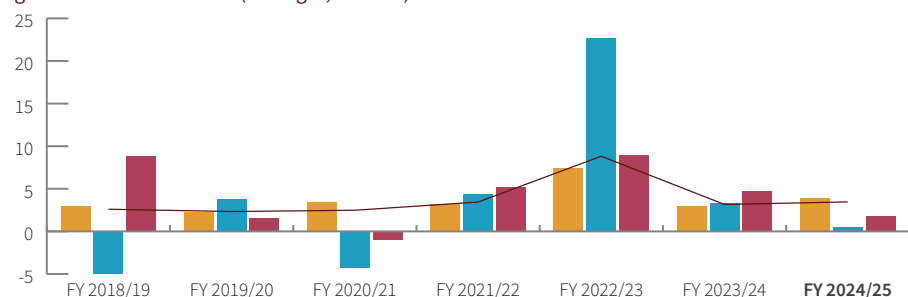
## Introduction

During FY 2024/25, Uganda's macroeconomic landscape was shaped by a mix of domestic and external factors that influenced key financial and economic indicators. Inflation, exchange rate movements, government securities yields, credit growth, and overall economic activity were closely monitored as part of the Bank's assessment of the operating environment. Understanding these dynamics provided essential context for monetary policy decisions and offered insights into the interactions between fiscal and monetary policy developments, financial markets, and broader economic growth. The following section explains the key dynamics during the year.

## Inflation developments

Prudent monetary policy, monetary and fiscal policy coordination, exchange rate stability, low global inflation, subdued food prices and eased domestic fuel prices helped keep inflation under control. In FY 2024/25, inflation rose towards the medium-term target compared to the previous year. Headline inflation averaged 3.5 percent, up from 3.2 percent in FY 2023/24 (Figure 1). The rise was mainly driven by an increase in core inflation, which rose to 3.9 percent from 3.0 percent. This increase in core inflation was largely due to rising prices in services and other goods, the two main components of the core basket. Indeed, services inflation rose sharply to 5.6 percent, up from 4.0 percent, indicating stronger domestic demand or rising input costs in sectors such as transport, education, and healthcare. Other goods' inflation also edged up to 2.6 percent from 2.3 percent, reflecting a modest increase in the cost of imported and locally produced non-food, non-energy items.

**Figure 1: Annual Inflation (Averages, Percent)**

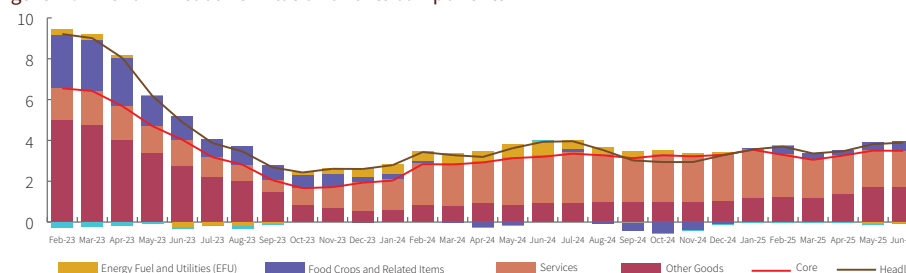


Source: Uganda Bureau of Statistics (UBOS)

In contrast, non-core inflation declined to 1.1 percent, down from 3.9 percent. This decline was driven by lower inflation in food crops and related items, which fell to 0.5 percent from 3.5 percent, and in energy, fuel, and utilities (EFU), which declined to 1.8 percent from 4.8 percent. These reductions reflect favourable weather conditions that improved food supply and continued easing of global energy prices. Inflation remained muted overall, despite the rise in core inflation, supported by subdued imported inflation and the relative stability of the Uganda shilling, backed by prudent monetary policy. Figure 2 illustrates the trend of headline inflation and the contribution

of various components to the overall annual inflation rate in recent years.

**Figure 2: Trend in Headline Inflation and its components**

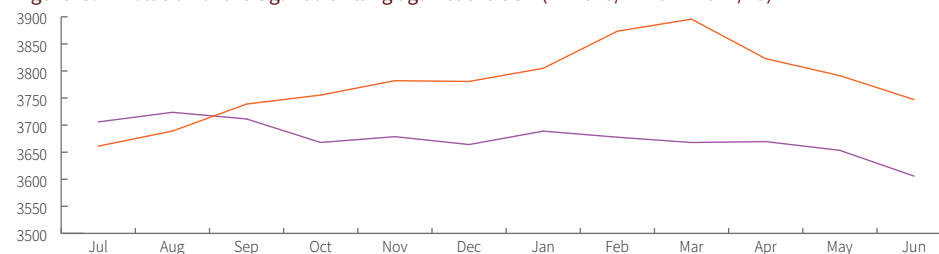


Source: Bank of Uganda

## Exchange rate developments

Uganda's exchange rate is determined by market forces of demand and supply, making it responsive to both external and domestic economic shocks. Despite the heightened global uncertainty, particularly in the second half of the year, the Uganda shilling strengthened against the US dollar, appreciating by an average of 2.7 percent over FY 2024/25. The shilling gained 1.1 percent in the first half of the year and a further 4.2 percent in the second half, reflecting sustained strength throughout the period (Figure 3). This resulted in an annual mid-rate of UGX 3,678 per USD, compared to UGX 3,777 per USD the previous year. The performance of the Uganda shilling was supported by prudent monetary and fiscal policies, financial market reforms, and increased foreign exchange inflows from coffee exports, remittances, and NGOs that comfortably met corporate demand. Additionally, the weakening of the US dollar, reflected in the decline of the US Fed Index, partly due to tariffs and retaliatory measures from trade partners, also contributed to the exchange rate stability.

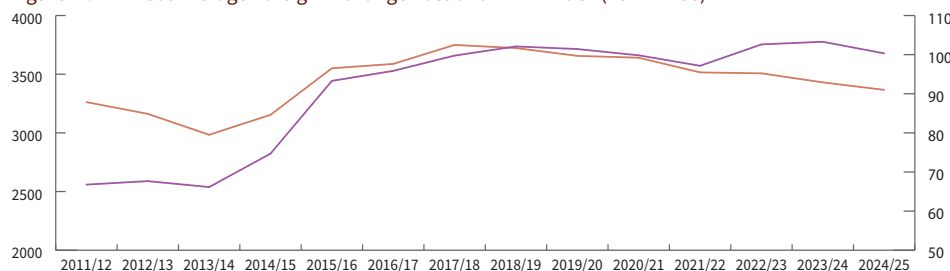
**Figure 3: Evolution of the Uganda shilling against the USD (FY 2023/24 vs FY 2024/25)**



Source: Bank of Uganda

Relative to a basket of trading partner currencies, the Uganda shilling remained strong, as reflected by a 2.1 percent average appreciation in the Nominal Effective Exchange Rate (NEER) index over FY 2023/24, consistent with trends in the bilateral exchange rate (Figure 4).

Figure 4: Annual Average Foreign Exchange Rate and NEER Index (2017 = 100)



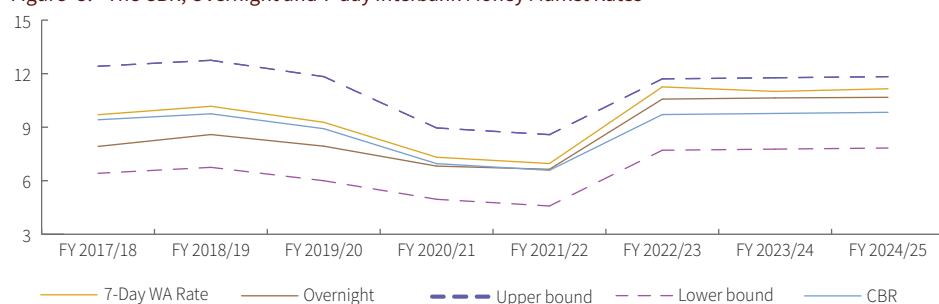
Source: Bank of Uganda

## Interest rates

### Money market rates and liquidity conditions

Interest rates remained stable and remained within the band as a reflection of the monetary policy stand. The 7-day weighted average interbank money market rate remained broadly within the  $\pm 2$  percentage points of CBR band (Figure 5). However, in contrast to the slight decline recorded in the previous year, the rate rose marginally to an average of 11.2 percent in FY 2024/25, from 11.0 percent in FY 2023/24, driven by prevailing market conditions and aggregate liquidity dynamics.

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



Source: Bank of Uganda

During FY 2024/25, liquidity conditions remained relatively favourable, mainly supported by the Bank of Uganda's prudent monetary policy stance. The CBR was reduced from 10.25 percent at the end of FY 2023/24 to 10 percent in August 2024 and further to 9.75 percent in October 2024, where it was maintained for the rest of the financial year. This policy stance helped ease liquidity pressures and stimulate economic activity amid a favourable inflation outlook.

However, during the year, there were episodes of tightened liquidity conditions, particularly in October 2024 and April 2025, which posed risks to the stability of short-term interest rates. To manage

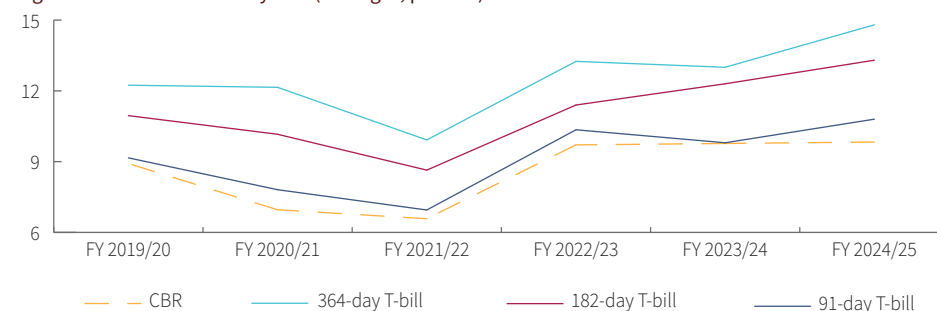
these pressures, the Bank provided liquidity support through the Standing Lending Facility (SLF), which helped to stabilize the interbank money markets. Utilization of the SLF rose to UGX 86.1 trillion, up from UGX 68.2 trillion in FY 2023/24.

Towards the end of the year, particularly in May and June 2025, liquidity conditions eased significantly as BoU purchased foreign exchange for reserve build-up, prompting increased issuances of REPOs to mop up the excess liquidity. REPOs worth UGX 16.5 trillion were issued, up from UGX 7.7 trillion issued in FY 2023/24. These interventions were aimed at maintaining interbank market rates aligned with the policy rate while ensuring adequate liquidity in the financial system. The interest costs of these liquidity-withdrawing operations were partially offset by income from SLF operations.

### Yields on treasury bills and bonds

The Bank of Uganda continued to conduct regular auctions of both treasury bills (T-bills) and bonds (T-bonds) in line with the government's domestic financing strategy. To offset the shortfall in external funding and ensure the smooth implementation of fiscal objectives, the Government increased domestic borrowing. This led to an increase in funds raised from the domestic market on a net basis by UGX 555.8 billion above earlier projections, which in turn contributed to higher yields. Indeed, yields rose across most tenors of bills and bonds in FY 2024/25 compared to FY 2023/24. The 91-day, 182-day, and 364-day treasury bill yields averaged 10.8 percent, 13.3 percent, and 14.8 percent, respectively, up from 9.8 percent, 12.3 percent, and 13.0 percent recorded in FY 2023/24 (Figure 6).

Figure 6: Yields on treasury bills (Averages, percent)



Source: Bank of Uganda

The 2-year, 3-year, 5-year, 10-year, 15-year and 20-year treasury bond yields averaged 15.4 percent, 16.0 percent, 16.1 percent, 16.8 percent, 16.9 percent, 17.5 percent, respectively in FY 2024/25, up from 13.3 percent, 14.1 percent, 14.9 percent, 15.4 percent, 16.1 percent and 16.2 percent in FY 2023/24. Notably, the rise in yields was partly contained by improved investor sentiment, reflected by the increased demand for government securities from both domestic and offshore investors. This was supported by a more stable inflation outlook and adjustments in monetary and fiscal policies during the year.

## Lending and deposit rates

In line with the relatively tight financial conditions and rise in risk-free rates, the weighted average shilling lending rate rose to 18.2 percent in the FY 2024/2025 from 17.9 percent in the previous financial year. Similarly, the average time deposit rate on shilling deposits increased to 11.5 percent from 10.8 percent, indicating a moderate rise in the cost of funds for banks. Consequently, the spread between shilling lending and time deposit rates narrowed to 6.6 percent from 7.1 percent. However, the weighted average foreign-currency lending rate fell to 8.6 percent from 8.9 percent in the previous financial year, supported by exchange rate appreciation.

**Table 7: Commercial Banks' Interest Rates (Averages, Percent)**

|                         |                | FY<br>2019/20 | FY<br>2020/21 | FY<br>2021/22 | FY<br>2022/23 | FY<br>2023/24 | FY<br>2024/25 |
|-------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Local currency</b>   | Lending (UGX)  | 19.3          | 18.9          | 18.6          | 18.6          | 17.9          | <b>18.2</b>   |
|                         | Deposit (WARD) | 2.4           | 2.4           | 2.1           | 2.6           | 2.7           | <b>2.9</b>    |
|                         | Demand         | 1.5           | 1.6           | 1.5           | 2             | 2.1           | <b>2.2</b>    |
|                         | Saving         | 2.5           | 2.4           | 2.4           | 2.6           | 2.6           | <b>2.8</b>    |
|                         | Time           | 10.1          | 9.4           | 8.2           | 10.6          | 10.8          | <b>11.5</b>   |
|                         | Spread         | 9.2           | 9.5           | 10.3          | 7.9           | 7.1           | <b>6.6</b>    |
| <b>Foreign currency</b> | Lending (US\$) | 6.4           | 5.9           | 6             | 7.7           | 8.9           | <b>8.6</b>    |
|                         | Deposit (WARD) | 1.3           | 1.3           | 1.2           | 1.4           | 1.5           | <b>1.5</b>    |
|                         | Demand         | 1             | 1             | 1             | 1.1           | 1.2           | <b>1.3</b>    |
|                         | Saving         | 1.8           | 1.8           | 1.8           | 1.9           | 2             | <b>1.9</b>    |
|                         | Time           | 2.6           | 3.3           | 3.7           | 4.4           | 4.9           | <b>4.5</b>    |
|                         | Spread         | 4.5           | 3.7           | 2.6           | 3.3           | 4             | <b>4.1</b>    |

Source: Bank of Uganda

## Lending by sector

The shilling lending rate edged up across major economic sectors in FY 2024/2025; however, from a historical perspective, interest rates have generally eased. The highest rates were charged on loans to the Mining sector (21.7 percent), Agriculture (21.2 percent), Electricity and water (20.5 percent) and Personal and Household Loans (18.7). In contrast, the lowest interest rates were observed in Transport and Communication (15.0 percent), Manufacturing (16.8 percent), and Trade sector (17.9 percent). These relatively lower average lending rates in these sectors reflect the dominance of prime borrowers, particularly in the telecommunication industry.

**Table 8: Lending rates by sector (averages, percent)**

| Weighted Average Interest Rates Per Sector        | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24/25    |
|---------------------------------------------------|----------|----------|----------|----------|-------------|
| Agriculture                                       | 21.2     | 21.5     | 21.5     | 21.5     | <b>21.2</b> |
| Mining and Quarrying                              | 20.5     | 19.6     | 19.9     | 20.9     | <b>21.7</b> |
| Manufacturing                                     | 15.8     | 14.7     | 16       | 16.9     | <b>16.8</b> |
| Trade                                             | 18.3     | 18.1     | 18.1     | 17.3     | <b>17.9</b> |
| Transport and Communication.                      | 19.2     | 15.2     | 14.8     | 13.2     | <b>15</b>   |
| Electricity and Water                             | 17.9     | 18.6     | 17.5     | 19.8     | <b>20.5</b> |
| Building, Mortgages, Construction and Real Estate | 21.2     | 20.1     | 20.4     | 20.1     | <b>19.8</b> |
| Services                                          | 20.6     | 20.1     | 20.4     | 19.4     | <b>19.1</b> |
| Personal and Household Loans                      | 20.3     | 19.9     | 19.7     | 18.6     | <b>18.7</b> |

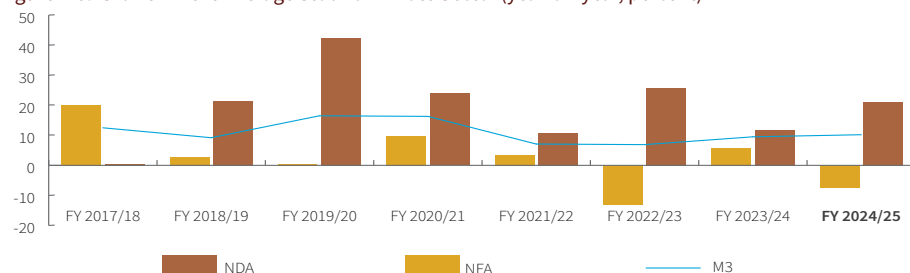
Source: Bank of Uganda

## Bank credit and monetary aggregates

### Private sector credit

Private Sector Credit (PSC) extended by commercial banks, credit institutions, and microfinance deposit-taking institutions continued to recover, with the average stock growing by 8.8 percent in for FY 2024/25 compared to 8.4 percent in FY 2023/24. This improvement reflects stronger economic activity, a stable exchange rate, and low inflation. The average growth rate of shilling-denominated loans edged up slightly to 10.6 percent from 10.5 percent, while foreign-denominated loans grew by 3.7 percent relative to 3.1 percent over the same period (Figure 9). During the period under review, lending conditions eased as default rates declined, reflected in lower non-performing loans. These favourable conditions boosted borrowing appetite, resulting in increased lending. Furthermore, PSC growth has been supported by various structured/community-based government credit schemes such as Emiyoooga and the Parish Development Model (PDM). The schemes have helped develop creditworthy enterprises and promoted financial literacy, aiding the transition of previously unbanked individuals into the formal banking sector.

Figure 10: Growth in the Average Stock of Private Sector (year-on-year, percent)



Source: Bank of Uganda

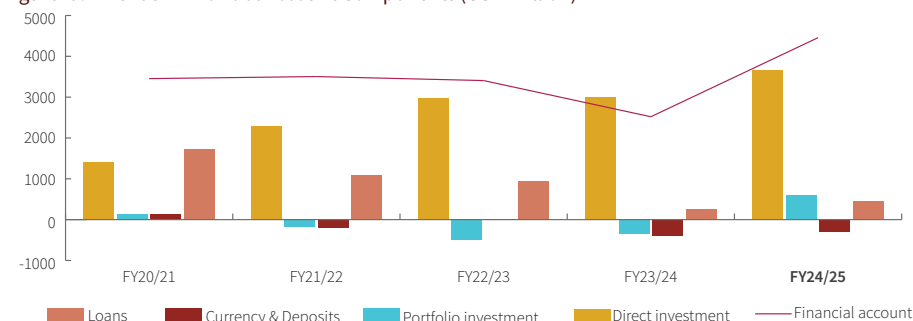
Notably, PSC growth was uneven across major economic sectors. Credit growth slowed in manufacturing, trade, transport & communication, electricity & water, and personal loans, declining to 4.6 percent, 2.3 percent, 0.1 percent, -32.4 percent and 15.1 percent, respectively, in FY 2024/25, compared to 5.3 percent, 4.3 percent, 3.2 percent, -21.0 percent and 17.1 percent in FY 2023/24. In contrast, credit growth strengthened in agriculture, building, mortgage, construction and real estate, business services and mining and quarrying, expanding to 13.1 percent, 8.7 percent, 30.1 percent, and 52.9 percent, respectively, in FY 2024/25, up from 10.4 percent, 6.8 percent, 3.3 percent and 32.1 percent in FY 2023/24.

## Monetary aggregates

Reflecting improvement in economic activity, money supply increased in the FY 2024/25. The annual average stock of broad money (M3), comprising foreign and domestic currency deposits and currency in circulation, grew by 10.2 percent compared to 9.5 percent in FY 2023/24. The increase in M3 was primarily driven by a sharp rise in foreign currency deposits, which grew by 10.6 percent, compared to 4.1 percent in the previous year. Growth in currency in circulation remained broadly stable at 11.2 percent compared to 11.0 percent previously, while growth in shilling deposits moderated to 9.8 percent from 11.5 percent, largely driven by slower growth in time and savings deposits of 11.1 percent relative to 15.1 percent.

On the asset side, the overall growth in the average M3 stock in FY 2024/25 was driven by strong growth in Net Domestic Assets (NDA), which rose on average by 21.1 percent, compared to 11.8 percent in FY 2023/24. In contrast, Net Foreign Assets (NFA) contracted by 7.4 percent, relative to a 5.8 percent increase in the previous fiscal year. The average annual percentage increases in monetary aggregates are illustrated in Figure 9.

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



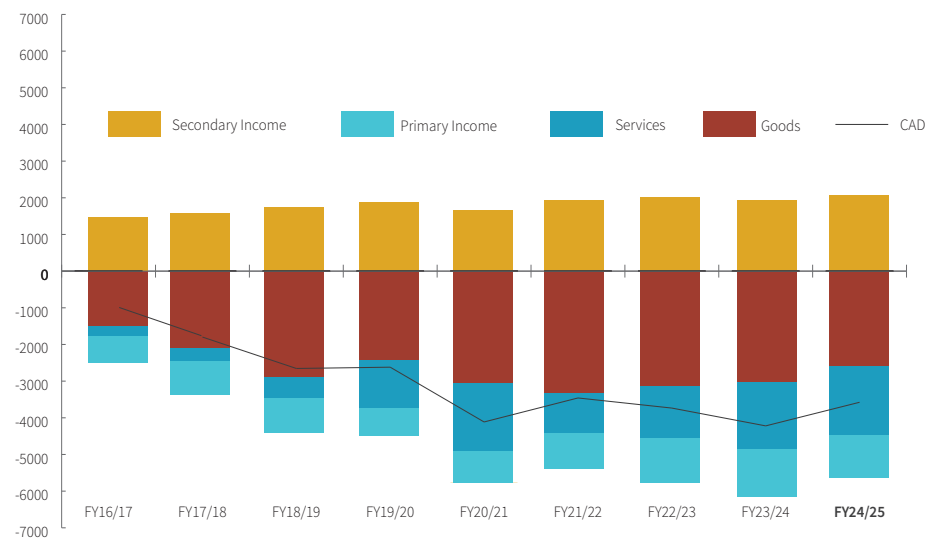
Source: Bank of Uganda

## Balance of payments and reserves

Uganda's position with the rest of the world remained strong, supported by sustained investor confidence, robust export performance, and stable capital and financial inflows. In FY 2024/25, Uganda recorded an overall Balance of Payments (BoP) surplus of USD 1.0 billion, which was an improved performance compared to the deficit position of USD 995 million recorded in the previous year. The improvement was largely attributed to the 15.3 percent contraction in the current account deficit to USD 3.6 billion, driven by improvement in the goods and income sub-accounts (Figure 9). The trade balance deficit narrowed by 20.4 percent to USD 2.5 billion from USD 3.2 billion recorded in the previous year, supported by a surge in export earnings mainly from gold, coffee and cocoa, which moderated the increase in the import bill. The primary income deficit narrowed by 9.5 percent to USD 1.2 billion, driven by lower income payments on direct investments. However, interest payments on government external debt remained high at USD 384 million. Additionally, the secondary income surplus recorded an increase of 7.4 percent to USD 2.1 billion supported by an increase in both remittances and grants to the general government. Remittances increased to USD 1.6 billion from 1.4 billion. On the other hand, the services deficit widened by 2.6 percent to USD 1.9 billion, mainly because of higher payments for transport services.

The financial account surplus increased from USD 2.5 billion to USD 4.5 billion in the year ended June 2025 (Figure 10). This expansion was primarily driven by strong direct investment flows, with estimated net inflows of USD 3.7 billion attributed mainly to investments in the oil sector and spillovers to related sectors. The portfolio investment account registered net inflows of USD 610 million, which was a turnaround from the net outflow of USD 342 million recorded in the previous year on account of an increase in offshore investments in government securities. Other investments recorded a net inflow of US\$164 million compared to the net outflow of US\$137 million recorded in the previous year, supported by loan disbursements.

Figure 11: Trends in Current Account Components (USD million)



Source: Bank of Uganda

In a deliberate strategy to build reserves in FY 2024/25, the Bank of Uganda stepped up purchases of foreign exchange through the Interbank Foreign Exchange Market. This was primarily driven by an increase in dollar supply, stemming from portfolio inflows, coffee receipts, and remittances. The relatively high rates in government securities have attracted offshore investors to participate in scheduled government auctions, particularly Treasury Bond auctions. The relative stability of the shilling throughout most of the financial year has also facilitated the BoU's accumulation of reserves. As a result, the Bank achieved a buildup in the reserve assets to a stock of USD 4,297.8 million, which is equivalent to 3.9 months of future import cover (excluding oil project-related imports), from USD 3,234.0 million, equivalent to 3.1 months in the previous year. In the coming year, the Bank plans to start gold purchases in addition to employing various tools, including foreign exchange swaps and cross-currency repos, to diversify reserves.

## Economic growth

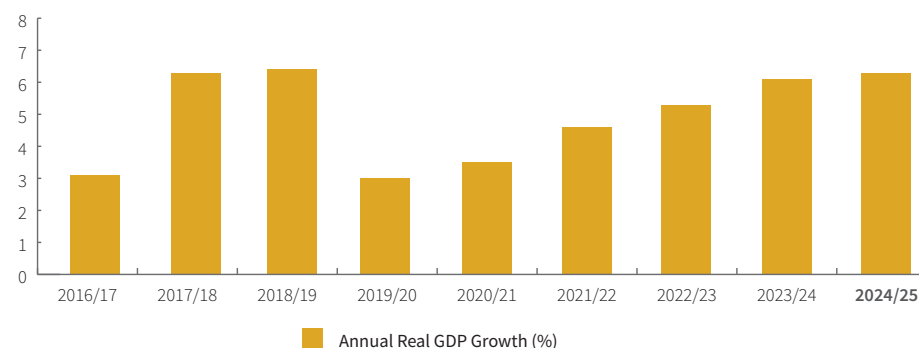
The macroeconomic environment in FY 2024/25 was relatively stable, supported by effective coordination between monetary and fiscal policies in relation to government interventions. The low and stable inflation was appropriate for sustainable growth, safeguarded consumers' purchasing power and anchored investor confidence, leading to increased investment despite the uncertain external environment. Alongside a stable exchange rate, which helped contain price pressures, and strong export performance, these factors contributed to improved economic growth.

Data from the Uganda Bureau of Statistics (UBOS) shows that real GDP is on a recovering trend in FY 2024/25, growing by 6.3 percent, an increase from 6.1 percent recorded in FY 2023/24 (Figure 9). This positive economic performance was mainly driven by the significant growth in the agricultural and industrial sectors. The agricultural sector expanded by 6.6 percent in FY 2024/25, compared to 5.6 percent in the previous fiscal year. The improved performance in agriculture is partly attributed to continued government support through the Agricultural Credit Facility (ACF), administered by the Bank of Uganda. This fund has enabled farmers and agribusinesses to access affordable financing for improved inputs, mechanization, post-harvest handling, and agro-processing, in turn enhancing productivity and value addition across the agricultural value chain and strengthening the sector's contribution to overall economic growth.

Similarly, the industrial sector grew by 7.0 percent in FY 2024/25, up from 5.5 percent in FY 2023/24. Contributing to this performance, the BoU, through the Small Business Recovery Fund (SBRF), provided low-interest working capital to small and medium enterprises engaged in light manufacturing, agro-processing, and other industrial-related activities. By easing credit constraints and supporting business continuity and expansion, such initiatives continue to contribute directly to the recovery and growth of the real economy, aligning with the Bank's support for socio-economic transformation. The Bank of Uganda will continue to support these and other government initiatives aimed at sustaining inclusive growth, enhancing productivity, and strengthening the resilience of the economy.

On the expenditure side, GDP growth in FY 2024/25 was underpinned by stronger aggregate demand. Final consumption expenditure grew by 10.3 percent, up from 2.5 percent in FY 2023/24, with government expenditure growing by 29.4 percent from 19.4 percent, while household spending rose by 8.2 percent compared to 0.8 percent previously. Gross fixed capital formation also strengthened, expanding by 8.1 percent relative to 6.7 percent in the previous year.

Figure 12: Annual Growth in Real GDP (Percent)



Source: Bank of Uganda

# Outlook for FY 2025/26 and the medium term

## Inflation outlook

Inflation is projected to remain subdued, with core inflation averaging between 4.5 and 5.0 percent in FY 2025/26 and expected to return to the target over the medium term. However, the forecast is subject to both upside and downside risks. The upside risks include exchange rate depreciation, rising import costs due to trade barriers, increased government spending, and adverse weather conditions affecting food supply. On the other hand, downside risks could emerge if the exchange rate continues to appreciate, favourable weather enhances agricultural production, global oil prices decline and if the domestic and global economies weaken. Overall, the near-term inflation outlook is tilted to the upside. The Bank remains committed to managing these risks proactively in support of its mandate of promoting price stability and a sound financial system in support of socio-economic transformation in Uganda.

## Growth outlook

Economic growth is projected at 6.0–6.5 percent in FY 2025/26 and is expected to average 8.0 percent over the next five years, underpinned by sustained prudent monetary policy, targeted government initiatives to stimulate growth, rising agricultural output, and increased investment in the extractive industry, all aligned with the continued implementation of the tenfold growth strategy. This outlook is, however, subject to downside risks, including falling commodity prices, global supply chain disruptions, tighter financing conditions, and adverse weather. If geopolitical tensions ease, infrastructure investment accelerates, and business sentiments improve, the economy could expand at a faster pace than currently projected. Over the medium term, the growth outlook remains positive, supported by strategic government initiatives and resilient domestic activity.

### BANK OF UGANDA



## MONETARY POLICY STATEMENT - at a glance

May, 2025

### PRIMARY OBJECTIVES

- Maintain Annual Core Inflation (change in the overall price level, excluding prices of items which change rapidly and are beyond the control of policy like food crops, oil prices and administered prices-e.g. water & electricity) as close as possible to **5%**.
- BoU communicates its decision on the **Central Bank Rate (CBR)**, a policy interest rate intended to influence short-term interbank lending rates & other interest rates in the economy. Ultimately, changes in the CBR affect the cost of borrowing in the economy.



### WHAT DECISION HAS BEEN TAKEN AND WHY?

- Bank of Uganda has maintained the Central Bank Rate (CBR) at **9.75%** in **May 2025**.
- This decision reflects heightened global risks.

### KEY DEVELOPMENTS

#### INFLATION:

In April 2025, Overall and Core inflation rose to **3.5%** and **3.9%** respectively from 3.4% and 3.6% in March 2025.



#### EXCHANGE RATE:

Previous monetary policy actions have kept the shilling exchange rate stable

#### ECONOMIC GROWTH:

GDP growth of 6% was indicated in the 1st half of FY2024/25, an improvement over the same period in FY2023/24. This growth is primarily driven by a recovery in household spending.



### WHAT DOES THE FUTURE HOLD?

#### INFLATION:

Inflation is projected to average between **4.5%** and **5.0%** in FY2025/26 and converge to the **5%** target in the next 2 to 3 years.



#### Factors that could raise Inflation

- Extreme weather conditions affecting food production.
- Stronger domestic demand.
- Global trade disruptions.
- Global uncertainty and financial market volatility.



#### Factors that could lower Inflation

- Continued declines in global commodity & energy prices
- Further strengthening of the Uganda shilling.
- Weaker-than-expected demand
- Slower growth in major economies.



#### GROWTH:

Economic growth for FY2024/25 remains projected between 6.0% and 6.5%; and **7.0%** in the next 3 years.

#### Factors expected to support Growth

- Increased investment in oil and minerals.
- Supportive government initiatives
- Stronger trade and tourism boosting foreign earnings.

#### Factors that could constrain Growth

- Trade tensions disrupting global supply chains.
- Slower global growth and policy uncertainty
- Tighter global financial conditions.

## Our strategic response to the operating environment

In FY 2024/25, the Bank of Uganda (BoU) navigated a challenging yet stable macroeconomic and financial landscape with firm leadership and strategic foresight. While inflation inched upward due to rising core prices, the exchange rate held steady, liquidity pressures were managed effectively, and private sector credit showed renewed growth.

Against this backdrop, the Bank sustained confidence in the financial system and demonstrated resilience through prudent policy interventions and disciplined execution of the 2022–2027 Strategic Plan. This response was underpinned by the Organisational Change Management Policy (April 2021) and the Change Management Strategy and Plan (October 2021), which provided a structured framework for driving reforms, strengthening institutional capacity, and aligning operations to national socio-economic priorities.

### Maintaining price stability

Inflation averaged 3.5 percent, remaining below the medium-term target. The Bank achieved this outcome by lowering the Central Bank Rate gradually to 9.75 percent, thereby supporting economic activity while anchoring inflation expectations. The monetary policy transmission was highly effective, with adjustments to the policy rate explaining over 95 percent of changes in financial conditions. Moreover, the Uganda Shilling (UGX) remained Africa's most stable currency, supported by foreign exchange inflows from exports, remittances, and offshore investors, while the Bank's reserve build-up enhanced resilience to shocks.

### Exchange rate stability and reserve accumulation

The BoU prioritized exchange rate stability, recognizing its importance in containing imported inflation and supporting investor confidence. Through a combination of sound monetary policy, financial market reforms, active participation in the interbank foreign exchange market, and positive externality of a weakening USD, the Shilling appreciated by 2.7 percent against the US dollar. To build resilience, BoU took advantage of strong foreign exchange inflows from exports, remittances, and portfolio investments to accumulate international reserves, raising cover from 3.1 to 3.9 months of imports. Looking ahead, diversification of reserves through gold purchases and cross-currency operations reflects a forward-looking approach to external stability.

### External sector and balance of payments

The Bank's deliberate efforts to foster external sustainability paid off, with the balance of payments shifting from a deficit to a surplus of USD 1.0 billion. By facilitating higher export earnings, remittance inflows, and foreign direct investment, the BoU contributed to narrowing the current account deficit and strengthening the financial account. These achievements enhanced Uganda's resilience to global shocks and positioned the economy for stronger growth.

## Strengthening financial system soundness and resilience

The Bank prioritized safeguarding financial soundness. Compliance with capital adequacy requirements among commercial banks improved immensely with provision for bad debts under capital restoration plans. Liquidity buffers across domestic systemically important banks were maintained above minimum thresholds, while supervisory reviews and stress testing frameworks were updated to anticipate shocks. Persistent weaknesses in risk management among smaller i

nstitutions were addressed through enhanced on-site and off-site supervision. Strategic initiatives, including the development of crisis management and resolution frameworks, were fast-tracked to reinforce resilience.

### Supporting economic recovery and financial development

Private sector credit grew by 8.8 percent, aided by improved borrower quality and structured government schemes such as the Agricultural Credit Facility and Small Business Fund. The Financial Inclusion Index rose to 70 percent and the E-Payments Index reached 37 percent, reflecting deeper access and usage of financial services. Growth in the Financial Markets Index, driven by foreign exchange swaps and bond market reforms, enhanced depth and efficiency. These advances demonstrate the Bank's proactive role in supporting financial inclusion, innovation, and capital market growth.

### Ensuring liquidity and interest rate stability

The Bank responded flexibly to liquidity pressures. Through the Standing Lending Facility, it injected UGX 86 trillion during tight episodes, while excess liquidity was sterilized through repos worth UGX 16.5 trillion. These measures kept interbank rates aligned with the policy stance, preserving stability in money markets. Treasury yields rose modestly, reflecting higher domestic borrowing needs, but improved investor sentiment—partly from offshore investors—helped contain costs.

## Enhancing institutional capacity and stakeholder confidence

Beyond its monetary and financial operations, the Bank of Uganda advanced critical institutional reforms. By the close of FY 2024/25, the External Stakeholder Satisfaction Survey reflected stronger confidence, with both institutional and household indices improving on the back of community engagements, proactive media outreach, and enhanced service delivery. Internally, departmental performance rose to nearly 80 percent, supported by targeted staff training, strengthened appraisal systems, and succession planning. In addition, the Bank set out a clear roadmap to fast-track transformative initiatives—including the electronic document management system (EDMS), the organisational culture transformation programme, sustainability standards certification, and paper usage reduction—creating synergies to accelerate progress toward the objectives of the SP2022–2027.

## Conclusion

The Bank strategically navigated FY 2024/25 by combining prudent monetary policy, proactive supervision, and developmental initiatives with internal reforms to deliver stability and growth. While challenges remain—such as weak risk management in some supervised institutions, slow digital transformation, and data quality gaps—the overall performance remained strong. The Bank's forward-looking approach, including diversifying reserves into gold and expanding financial inclusion initiatives, underscores its commitment to price stability, financial resilience, and inclusive socio-economic transformation.



# How we performed our mandates

The background image is a landscape photograph. On the left, a steep, dark, and craggy rock face rises vertically. Below the cliff, the terrain slopes down into a valley. The ground in the valley is a mix of bright red soil and patches of green, scrubby vegetation. In the distance, more hills or mountains are visible under a hazy, orange-tinted sky, suggesting a sunset or sunrise. The overall mood is dramatic and somewhat somber.



## How we performed on our mandates

|                                                    |    |
|----------------------------------------------------|----|
| Monetary policy                                    | 50 |
| Financial sector soundness and resilience          | 52 |
| National payment systems                           | 58 |
| Currency operations                                | 65 |
| Administered funds                                 | 66 |
| IT Operations, innovations, and project management | 70 |
| Foreign exchange reserves management               | 74 |
| People and culture                                 | 76 |

## Monetary policy

The operating environment outlined on page 38 guided the Bank's monetary policy decisions, informing both the timing and nature of interventions to address inflationary pressures, exchange rate volatility, credit growth, and overall economic activity. Against this backdrop, the Bank calibrated its policy responses (policy formulation/ design and implementation) to maintain price stability, support orderly financial markets, and foster sustainable economic growth. The following section highlights the specific measures implemented during the year.

### Monetary policy formulation

The Bank of Uganda (BoU) estimates and publicly announces a target inflation rate (core inflation of 5.0 percent) and uses the Central Bank Rate (CBR) to steer actual inflation towards the target. To achieve this objective, BoU employs an Inflation Targeting (IT) monetary policy framework. Rather than pursuing strict inflation targeting at all times, the BoU prioritizes achieving the target over the medium term (2–3 years), thereby allowing monetary policy to also address other objectives such as smoothing output over the short term. Since monetary policy works with a lag, policy decisions are based on the inflation outlook over a 12-month horizon. The implementation of these decisions calls for Bank of Uganda to conduct open market operations to align short-term money market interest rates with the CBR. These actions are transmitted to the rest of the economy through various channels, including the commercial banks' lending and deposit rates, government securities yields, private sector credit, and exchange rates, while also serving as a signal of the monetary policy stance.

A stable exchange rate was prioritized as a cornerstone for facilitating international trade, reducing financial risk, and attracting foreign investment. By ensuring predictability in currency valuation, the Bank helped safeguard inflation control, protect employment in key sectors such as manufacturing and tourism, and mitigate speculative pressures in the foreign exchange market. This stability created a secure and predictable environment for businesses, investors, and consumers alike.

### Monetary Policy Committee

During FY 2024/2025, the Monetary Policy Committee (MPC) met five times and adjusted the policy rate on several occasions in response to evolving economic conditions based on domestic and external risks. Throughout this period, the CBR band was maintained at  $\pm 2$  percentage points, while the rediscount and bank rate margins were kept unchanged at 3 and 4 percentage points, respectively. These adjustments reflect BoU's efforts to support economic growth while maintaining inflation control in a dynamic macroeconomic environment.

BoU successfully completed an independent assessment of the effectiveness of its monetary policy framework, including its components and the functioning of the MPC. Following this review, the Bank implemented key recommendations aimed at strengthening policy formulation and decision-making processes and monetary policy communication. The implementation of these recommendations marks a significant step in aligning the Bank's operations with international best practices and reinforces its commitment to evidence-based policymaking, institutional accountability, and delivering long-term value to stakeholders.

### Monetary policy tools

To steer short-term interest rates toward the Central Bank Rate (CBR) and maintain orderly market conditions, the Bank actively deployed key instruments including Repurchase Agreements (REPOs), BoU Bills, and the Standing Lending Facility (SLF).

#### SLF usage

**86.3**  
trillion  
↑ 25% 2023/24: UGX 69tn

This was a reflation of tighter liquidity conditions in the first half of the year.

#### IREPO volumes

**17**  
trillion  
↑ 120% 2023/24: UGX 7.7tn

This was an indication of increased reliance on short-term liquidity management tools.

#### BoU Bill usage

Declined to **UGX 0.93** trillion, suggesting more targeted deployment of structural absorption instruments.

## Other monetary policy initiatives

The Bank, recognizing that monetary policy is forward-looking and grounded in forecasts, enhanced its modelling tools to better capture emerging dynamics. These enhancements included the integration of climate-related factors, the use of big data sets such as mobile money transactions and the incorporation of fiscal-monetary policy interactions. Specifically, the initiatives included;

- i. Dynamic Stochastic General Equilibrium (DSGE) model was refined to assess how climate related events such as rainfall patterns, flooding, long-term shifts in precipitation and temperature changes affect economic agents. This complemented core Quarterly Projection Model (QPM), which itself was extended to incorporate fiscal and monetary interactions.
- ii. Design of a framework to assess the macroeconomic effects of oil prices and incomes, as well as a macroeconomic model to analyse the interactions between climate change and monetary policy.

## Monetary and fiscal coordination during FY 2024/25

To enhance strategic decision-making, the BoU intensified coordination with key external stakeholders, particularly the Ministry of Finance, Planning and Economic Development (MoFPED), recognising that effective monetary and fiscal alignment is critical for macroeconomic stability. The Bank actively contributed to national macroeconomic planning through regular and structured engagements with the MoFPED.

## Market operations

### Exchange rate surveillance and market intelligence

The Bank conducted continuous surveillance of exchange rate market dynamics, to guide timely and targeted policy interventions. This helped maintain orderly market conditions and supported exchange rate stability amid evolving global and domestic developments.

## Interbank rate monitoring

Despite tighter liquidity conditions, the Bank successfully maintained the 7-day Weighted Average (WA) interbank rate within the CBR corridor. The average rate stood at 11.16 percent, slightly above the previous year's 10.98 percent, reflecting market tightening due to elevated Treasury issuance and subdued fiscal injections. These outcomes underscore the effectiveness of the Bank's liquidity operations and its commitment to smooth monetary policy transmission.

## Cross-currency repo transactions

As part of its reserve accumulation strategy, the Bank entered into cross-currency repurchase agreements with various counterparties. These arrangements diversified foreign currency inflows, strengthened reserve adequacy, and reinforced investor confidence in Uganda's external position.

## Treasury bills and bonds issuance

The Bank conducted 26 Treasury bill auctions and 13 Treasury bond auctions in line with the domestic borrowing program. Bonds across tenors—2, 3, 5, 10, 15, and 20 years—were issued multiple times, enhancing the benchmark yield curve and offering diverse investment options.

The net domestic financing target of UGX 12.117 trillion was fully met, reflecting efficient debt management and robust market demand.

## Outlook for FY 2025/26

Looking ahead to FY 2025/26, the Bank of Uganda will maintain a proactive and resilient posture in the face of evolving global financial and geopolitical uncertainties. Building on the achievements of the previous fiscal year, the Bank will prioritize exchange rate stability, reinforce monetary policy transmission, build staff capacity and deepen stakeholder engagement to safeguard macroeconomic stability and foster inclusive financial market development.



## Financial sector soundness and resilience



Through its Bank Supervision Directorate, the Bank regulates and supervises a wide range of financial institutions which include commercial banks, credit institutions, forex bureaus, money remitters, microfinance deposit-taking institutions, credit reference bureaus, and large registered SACCOs.

BOU undertakes two (2) complementary supervisory approaches (macroprudential and microprudential supervision).

Macroprudential supervision focuses on monitoring systemic risk and developing policies aimed at enhancing financial stability as a foundation for sustainable socio-economic transformation. This includes conducting regular surveillance of the macroeconomy and financial system, publishing periodic Financial Stability Reviews and Reports (FSRs), and coordinating the implementation of macroprudential policy as well as financial sector crisis preparedness efforts.

Microprudential supervision focuses on the resilience of individual supervised financial institutions (SFIs) through risk-based assessments of governance, risk management, financial soundness, and compliance with laws and regulations.

By ensuring financial soundness, the Bank enables access to capital, protects the financial wellbeing of citizens and businesses, and supports equitable growth, poverty reduction, and Uganda's transition to an industrialized and inclusive economy, in line with the National Development Plan IV.

In the FY 2024/25, our objectives were to enhance stake holder confidence in BOU supervision services and financial soundness of SFIs.

## Key activities

### Micro-prudential supervision

The Bank conducted onsite examinations of Commercial Banks rated High to Above Average risk, Domestic Systemically Important Banks irrespective of their risk ratings, all MDIs, Credit Institutions downgraded from Tier I to Tier II, Forex Bureaus and Money Remittance operators that had not been inspected in the previous five (5) years. The examinations assessed the adequacy of risk management frameworks, governance effectiveness, financial soundness, and compliance with applicable laws and regulations. Inspection reports included corrective actions and directives, leading to tangible improvements in governance and risk management practices, enhanced consumer protection, and strengthened compliance. These improvements were reflected in stronger capital and liquidity buffers across the sector.

Over time, such outcomes contribute to a stable, resilient, and inclusive banking system that mobilizes savings, channels credit to productive sectors such as agriculture, manufacturing, and SMEs, supports financial inclusion through safe expansion of digital and agency banking, and fosters sustainable finance aligned with Uganda's development priorities. In this way, the Supervision Directorate's mandate directly supports the Bank's mission of fostering socio-economic transformation by ensuring the financial sector remains a reliable engine for economic development.

### ESG Framework for the financial sector



During the year, Environmental, Social and Governance (ESG) risk assessment was embedded into the Risk-Based Supervision Framework through the development of specific examination procedures aligned with the Uganda Bankers Association ESG Framework. On-site inspection reports for banks examined in the last quarter included an assessment

of each institution's progress in implementing the framework. This integration has strengthened supervisory oversight of ESG risks and is expected to enhance banks' capacity to embed ESG considerations into governance, strategy, and risk management, in order to promote sustainable and responsible finance practices.

Embedding the Environmental, Social and Governance (ESG) risk assessment into the Bank's supervision framework has strengthened the Bank's capacity in managing ESG considerations i.e promoting sustainable and responsible finance practices.



## Key activities

### Capital adequacy assessments

We continued offsite monitoring of SFIs through quarterly financial performance analysis, review of annual financial statements and supervisory review of the Internal Capital Adequacy Assessment Processes (ICAAP). Offsite surveillance / monitoring enabled BOU to assess the financial soundness of SFIs, verify compliance with regulatory framework, prudential requirements and international standards. The offsite surveillance process serves as a critical early warning mechanism, enabling the Bank to detect emerging risks through continuous monitoring and analysis of financial and operational indicators. Insights from this process inform timely and proportionate supervisory interventions, thereby supporting the stability and resilience of the financial system.



### Supervision of large SACCOS

Following the amendment of the Micro-Finance Deposit Taking Institutions Act, Cap 58, and the enactment of the Micro-Finance Deposit Taking Institutions (Registered Societies) Regulations, 2023, the BOU issued licenses to three (3) large SACCOS during the year. These SACCOS were also onboarded on the Deposit Protection Fund of Uganda, ensuring that their members' savings are protected up to the current limit of UGX 10m per depositor. BOU conducted training for Senior staff and Board members of selected SACCOS as well as public campaigns through radio talk shows aimed at creating public awareness and enhancing financial inclusion.



## Key activities

### Macro-prudential supervision

BOU implemented several initiatives aimed at strengthening financial sector surveillance, enhancing macroprudential policy, and improving crisis preparedness. Specifically, the key initiatives and activities undertaken, along with the main deliverables are highlighted below.

**Financial Sector Crisis Simulation Exercise (CSE):** In January 2025, Bank of Uganda spearheaded the successful conduct of the Financial Sector Crisis Simulation Exercise (CSE) in collaboration with the Financial Sector Stability Forum (FSSF) and with Technical Assistance (TA) from the World Bank. The objective of the CSE was to test coordinated responses from the financial sector regulatory agencies during a crisis and to enhance crisis preparedness and management in the event of a crisis. The preliminary CSE report revealed that Uganda’s financial regulatory agencies are broadly prepared to handle system-wide stress.

**Bottom-up Stress Test (BUST):** BOU conducted the first successful Bottom-up Stress Test (BUST) for Domestic Systemically Important Banks (DSIBs). The results indicate that most DSIBs were largely resilient to the shocks, while a few would face challenges under some scenarios. Monitoring for the less resilient banks has been enhanced to ensure implementation of appropriate remedial measures.

**Quarterly Financial Stability Risk Assessment Reports:** BOU published the Quarterly Financial Stability Review (QFSR) to keep the public updated on the main financial system developments, emerging risks, and related policy actions.

**BOU also conducted quarterly network analyses and annual stress testing of Systemically Important Payment Systems (SIPS),** to assess the level of interconnectedness within the payments’ network and therefore resilience of the participants (SFIs) to liquidity and operational disruptions. In the same way, a new cyber and operational risk monitoring tool for payment service providers was developed and piloted starting July 1, 2025.

### State of the financial sector

The banking industry remained safe and sound over the year to June 2025. Growth remained strong, supported by BOU’s accommodative policy stance and targeted measures aimed at reinforcing the stability of the financial sector. A summary of key performance highlights is indicated below:

**Total assets**  
**61.3**  
**trillion**  
↑ **13.7%** 2024: UGX 53.9tn

This was driven largely by a 16 percent increase in government securities holdings to **UGX 17.4 trillion**, reflecting strategic liquidity management.

**Customer deposits**  
**41.6**  
**trillion**  
↑ **14.2%** 2024: UGX 36.4tn

Supported by increased foreign currency purchases by BOU. Liquid assets rose by **33.4 percent** to **UGX 23.1 trillion**, increasing the liquid assets to deposits ratio to **56.4 percent**. The sector maintained robust liquidity ratios with LCR at **498.7 percent** and NSFR at **184 percent**, well above regulatory thresholds.

**Loans & advances to private sector**  
**9.2%**  
↑ 2024: 6.8%

Highest growth in three (3) years, signaling cautious but positive credit expansion despite remaining below the long-term target of 13.5 percent.

**Non -performing loans**  
**3.7%**  
↓ 2024: 4.9%

supported by a reduction in NPL stock to **UGX 881.6 billion**. Expected Credit Losses (ECLs) also decreased to **UGX 761.2 billion**, reflecting enhanced borrower repayment and risk management.

**Aggregate Net Profit after Tax (NPAT)**  
**1.9**  
**trillion**  
↑ **36%** 2023/24: UGX 1.4tn

Improving Return on Assets (ROA) to **3.3 percent**. This was supported by a **10.7 percent** rise in interest income, alongside significant reductions in expected credit losses.

**The sectoral Core Capital to Risk-Weighted Assets Ratio** (Core CAR) improved to **25 percent**, with all subsectors exceeding regulatory minimums. Notably, all Domestic Systemically Important Banks (DSIBs) met systemic risk buffer requirements.

**The reliance on the BOU Standing Lending Facility (SLF)** which banks can tap into to meet overnight liquidity demand reduced during the year, indicating stronger self-sufficiency in liquidity management across the banking sector.

## Key Activities

### Anti-money laundering supervision

- BOU conducted sectoral Money Laundering / Terrorism Financing (ML/TF) risk assessments for SFIs. The assessment is a key deliverable in achieving BOU's strategic objective of enhancing Financial System Soundness and Resilience. This requirement is further emphasized by the Financial Action Task Force (FATF) under their FATF Recommendation 1 which states

"...Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively"

- Bank of Uganda's compliance with FATF Recommendation 1, will strongly facilitate Uganda's Technical Compliance with the FATF Recommendations during the next Mutual Evaluation Exercise in June 2028. The country remains committed to sustaining the progress achieved in strengthening its AML/CFT framework, with the overarching goal of avoiding a return to the FATF Grey List.
- The Bank conducted AML/CFT specific risk-based on-site examinations and issued reports of examination to the Board of Directors, with detailed corrective actions to be addressed within specified timelines. Enhanced Prompt Corrective Action was taken on non-complaint SFIs in accordance with the regulatory regime.
- Guidance notes were issued to the SFIs, highlighting the common deficiencies prevalent in the institutions and recommended remedial action to mitigate infractions. This was in a bid to strengthen Uganda's AML/CFT compliance regime.
- We mandated the screening of all prospective ultimate beneficial shareholders, members of the Boards of Directors and Executive management prior to appointment by the SFIs. This prevents people with fraud history, poor governance track records, or weak technical skills from controlling or managing licensed financial institutions in Uganda, hence maintaining public and investor confidence.

### Regulatory reforms



**We operationalized the Financial Institutions (Liquidity) Regulations 2023** in December 2024, making compliance with the Liquidity Coverage Ratio (LCR) in significant currencies as well as the Net Stable Funding Ratio (NSFR) a prudential requirement. The regulations also enhanced liquidity planning and stress testing for SFIs.



**Issued The Microfinance Deposit-Taking Institutions (Agent Banking) Regulations, 2025**, paving the way for MDIs to adopt cost-effective, technology-driven distribution models, especially in underserved rural areas.



**Issued The Financial Institutions (Corporate Governance) (Amendment) Regulations, 2025**, to provide for reappointment of independent non-executive directors who have served on the board for more than nine years subject to BoU's approval and streamline approval of credit facilities within commercial banks.



**Issued Guidelines on Cyber and Technology Risk Management, December 2024** to address the emerging Cyber and Technology risks in the sector.



**Issued guidelines on the minimum disclosure requirements under IFRS S1 and S2** on sustainability and climate related financial risks to address emerging climate and ESG risks.

## Outlook for FY 2025/2026



The financial system remains safe and sound, with adequate capital and liquidity buffers, improved asset quality as well as profitability. A key strategic focus for FY 2025/26 is to operationalize the macroprudential tools such as the policy proposal on credit concentration risk, targeted at over-exposures to certain economic sectors. Similarly, the updated LTV framework, whose revision was completed and is pending final approval, will be rolled out to further mitigate risks in mortgage lending.

In FY 2025/26, the Bank will continue to conduct offsite surveillance of all SFIs and onsite examinations of all Domestic Systemically Important Banks and SFIs rated High to Above Average risk, ensuring early detection and mitigation of vulnerabilities. The scope of inspections will be strengthened through enhanced ESG risk assessments aligned with the Uganda Bankers' Association ESG Framework, deeper climate-related risk analysis to build sector preparedness, and targeted fraud risk assessments to address weaknesses in controls, governance, and operational processes. Supervisors will also proactively engage banks to address emerging risk escalations before they materialize into systemic concerns, thereby safeguarding financial system stability. Continued innovation to improve business processes in the conduct of onsite inspections remains a priority. We also plan to issue Islamic Banking Guidelines to set clear regulatory expectations for Islamic banking operations and enhance prudential clarity for this emerging banking model.

Going forward, offsite surveillance will include the supervisory review of the Internal Liquidity Adequacy Assessment Process (ILAAP), to evaluate the ability of banks to meet their financial obligations as and when they fall due and at a reasonable cost. This will promote more intentional balance sheet management and assessment of funding requirements of each bank.

We plan to operationalize Agent Banking in MDIs in our efforts to enhance financial inclusion. Similarly, we shall continue conducting public awareness campaigns and engagements with SACCOs to communicate our mandate to the Public.

However, some vulnerabilities remain, including heightened global protectionism and geopolitical tensions, sluggish private sector credit growth and a few SFIs that continue to face

operational challenges. Nonetheless, BOU will continue to deploy macroprudential tools to preserve Financial Sector Stability, sustain orderly intermediation, and absorb potential shocks as risks evolve. In addition, climate risk remains a key emerging issue and BOU has therefore leveraged the scenarios developed by the Network for Greening the Financial System (NFGS), to compile indicators and data on climate risk for the financial system, and to develop a scenario-based model of climate risks for Uganda. BOU has also partnered with the Uganda Meteorological Center to compile high frequency indicators and embark on climate risks stress testing.



**We plan to operationalize Agent Banking in MDIs in our efforts to enhance financial inclusion. Similarly, we shall continue conducting public awareness campaigns and engagements with SACCOs to communicate our mandate to the Public.**



## National payment systems

The Bank of Uganda plays a central and critical role in the country's national payment systems, primarily as the regulator, supervisor, and overseer. This mandate, formalized under legislation such as the National Payment Systems Act, Cap 59, allows the Central Bank to ensure the safety, efficiency, and integrity of all payment systems, including traditional banking channels and emerging financial technologies like mobile money.

The Bank's responsibilities include licensing and regulating payment service providers and electronic money issuers, establishing a legal and regulatory framework to govern their operations, and enforcing standards for consumer protection, data security, and anti-money laundering. Furthermore, the Bank of Uganda operates key national payment infrastructure,

such as the Real-Time Gross Settlement (RTGS) system, which facilitates high-value interbank payments, and it has the authority to issue directives, conduct audits, and even suspend operations to mitigate systemic risks and maintain financial stability.



## Achievements during the year

### Enhancement of payment system efficiency and modernization

To enhance the efficiency of the national payments infrastructure, the Bank successfully launched the third clearing session on the Automated Clearing House (ACH) on February 7, 2025. This strategic initiative was aimed at improving settlement timelines and ensuring faster clearance of retail transactions across banking institutions, thus contributing to increased reliability and customer satisfaction in payment services.

In parallel, the Bank commenced the Real-Time Gross Settlement (RTGS) Replacement and ISO 20022 Migration Projects, aligning Uganda's payments infrastructure with international messaging standards. This migration is expected to improve interoperability, enrich transaction data, and facilitate regional integration. The projects are on course for go-live in November 2025.

### 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 four on-site assessments were conducted during the year to evaluate risk management practices, operational resilience, and compliance levels.

The Bank also processed numerous licence applications, of which seventeen (17) were approved. These licenses enable entities to operate legally within the payment ecosystem, fostering innovation while safeguarding consumer interests.

Additionally, proposed changes in products, services, and management structures from regulated institutions were reviewed to ensure alignment with regulatory expectations.

## Advancing national and regional interoperability initiatives

As part of Uganda's broader digital transformation agenda, the Bank continued to spearhead the development of the National Payment Switch. In collaboration with key stakeholders, new strategic partners were identified, and discussions to finalize the collaboration framework are ongoing. The National Payment Switch is expected to significantly improve interoperability across banks, mobile money operators, and FinTechs, reducing fragmentation and lowering transaction costs.

## Regulatory framework enhancement and industry engagement

Recognizing 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.

To enhance transparency in cross-border remittances, a new remittance data reporting template was rolled out to Supervised Financial Institutions (SFIs). Supported by the International Fund for Agricultural Development (IFAD), this data will help in monitoring financial flows and designing policies to boost financial inclusion for remittance recipients.

## Consumer protection and financial literacy promotion

The Bank remained responsive to financial consumer protection issues, ensuring that complaints and concerns were addressed in a timely and effective manner.

In addition, a targeted Financial Literacy Training of Trainers (ToT) initiative was conducted, reaching over 113 participants across regions including Fort Portal, Entebbe, Agago, and Jinja. Importantly, 60

percent of trainees were women, in line with the Bank's commitment to promoting women financial inclusion. As at end of the year, the number of certified financial literacy trainers was 2,489.

Furthermore, nationwide e-payments and financial literacy campaigns were carried out using multiple channels including radio, TV, social media, and community outreach. These initiatives targeted underserved and rural populations, equipping them with the knowledge to safely use digital financial services and make informed financial decisions.

## Promoting inclusive financial ecosystems through data and innovation

The Bank initiated the development of a National Financial Inclusion Dashboard incorporating sex-disaggregated data. This tool is designed to enhance evidence-based policy-making and monitor the participation of women and other underserved groups in the formal financial system.

In support of a data-driven approach to financial sector development, the Bank developed both a Financial Inclusion Index and an E-Payments Index. These indices will provide critical benchmarks for tracking progress in the accessibility, usage, and quality of digital and traditional financial services.

## FinTech innovation and emerging technology exploration

In line with its innovation mandate, the Bank reviewed five (5) applications submitted to the Regulatory Sandbox. The applications aimed to test several innovative solutions including cashless transactions in schools, group savings wallets, digital payment solutions for MSMEs and cross border stablecoin remittance via mobile. Deficiency letters were issued to all applicants, guiding them on areas of improvement.

The Bank also continued with surveillance and monitoring of sandbox experiments, assessing their scalability and market suitability. Key to note, Rexial Payment Systems Limited successfully exited the sand box and has applied for a Payment Systems Operator licence.

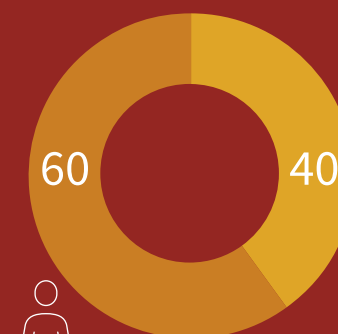


## The targeted financial literacy Training of Trainers (ToT) Initiative

133

Participants  
trained

across regions including  
Fort Portal, Entebbe,  
Agago, and Jinja.



Women

## Performance of the payment systems

### Uganda National Interbank Settlement System (UNISS)



Transaction activity on UNISS increased significantly, posting 21.8 percent growth in volume from 2.1 million transactions reported in the year ended June 2024 to 2.5 million transactions in the year ending June 2025. Similarly, the transaction values rose by 18.2 percent from UGX 808.7 trillion for the year ending June 2024 to UGX 955.6 trillion this year.

### Automated Clearing House (ACH)



Cheque transaction values fell by 3.6 percent from UGX 4.8 trillion in the year to June 2024 to UGX 4.62 trillion in the year to June 2025. Similarly, the volume decreased by 3.9 percent from 1.05 million to 1.01 million during the same period.

The continued reduction in use of cheques is consistent with the policy measure of capping interbank cheques which took effect on January 15, 2022 in support of electronic payments. The Bank shall continue to monitor the trend and will consider the possibility of further lowering the cap for interbank cheques.

The EFTs recorded an 8.7 percent increment in transaction value from UGX 59.4 trillion in the preceding year to UGX 64.6 trillion in the year ending June 2025.

Overall, cheques accounted for only 6.2 percent of the transaction volume and 5.6 percent of the transaction values in the period under review compared to 6.9 percent and 6.75 percent respectively, in June 2024. The decline in use of cheques reflects increased public adoption of digital payment channels.

### Agent banking platform



The Agent Banking Platform is a shared system used by the banks to offer interoperable agent banking services. As at June 30, 2025 a total of 24 institutions (23 commercial banks and 1 Microfinance Deposit-taking Institution) had signed up to the shared platform.

The platform registered a significant 76.1 percent increment in transaction values from UGX 16.7 trillion in the year ending June 2024 to UGX 29.4 trillion in the year ending June 2025. Correspondingly, the transaction volumes notably increased by 50.5 percent from 8.3 million to 12.5 million over the same period. The average transaction value increased by 17 percent from UGX 2 million to UGX 2.35 million reflecting increased use of bank agents for higher value transactions.

The number of agents on the shared network increased by 49.1 percent from 15,288 in June 2024 to 22,793 in June 2025. This increase was mainly attributed to agents recruited by Centenary Bank, KCB Bank, and Post Bank. Nonetheless, the active agent ratio reduced from 58 percent to 48 percent mainly driven by the relative increase in the number of new Agents.

### Interswitch



Interswitch East Africa (U) Ltd, has supported interbank switching of ATM transactions since 2005. As at June 30, 2025 the platform had 29 participants, including 19 banks, 1 Microfinance Institution, 4 SACCOs and 5 other payment service providers.

An increase of 18.9 percent was registered in the volume of interbank ATM transactions processed, from 1.77 million in the year ending June 2024 to 2.1 million in the year to June 2025. Similarly, the transaction values increased by 28.4 percent from UGX 456 billion to UGX 585.1 billion over the same period.

### Other payment system operators



The Payment System Operators (PSOs) support integration and aggregation services which support bill payments, bulk payments, inbound remittances and general funds transfers in the retail payments space.

There was a notable upsurge of 29.1 percent in transaction volumes from 205.4 million in the year ending June 2024 to 265.1 million in the year ending June 2025. Similarly, transaction values increased significantly by 49.3 percent from UGX 38.5 trillion to UGX 57.5 trillion over the same period. The growth is in line with the increased number of licensed players and institutions supported by PSOs. This trend reflects increased use of digital payments and the related funds transfer interlinkages across the financial sector agents.



## Electronic money service providers



As at June 30, 2025 eighteen (18) entities had been licensed as e-money issuers namely: MTN Mobile Money (U) Ltd, Airtel Mobile Commerce (U) Ltd, Micropay Uganda Ltd, MCash Uganda Ltd, Stanbic Bank Uganda Ltd (Flexipay), Guinness Tech (U) Ltd, Wave Transfer Ltd, EzeeMoney Ltd, IoTec Limited, Fincom Ltd, Postbank Uganda Ltd, Interswitch, e-Tranzact, Drakma, Hamilton Mobile Commerce ,Rhino

Payment Services and Lycamoney Uganda Limited. These payment service providers had enlisted the services of 1,016,914 agents representing a considerable increase of 27 percent compared to 775,294 agents reported in June 2024. The agent network is a key component of the value chain and a critical part of the drive to extend financial services to the rural communities.

## Transaction values and volumes

There was a significant 28.6 percent increase in electronic money transaction values from UGX 253.7 trillion in the twelve months ending June 2024 to UGX 326.3 trillion in the year to June 2025. Similarly, the volumes increased by 20.6 percent from 7 billion transactions to 8.4 billion over the same period. The value of financial services (excluding airtime and data purchases) notably increased by 28.6 percent from UGX 248.6 trillion in 2024 to UGX 319.6 trillion, while Person to Business Payment values increased by 15.9 percent from UGX 51.1 trillion to close at UGX 59.2 trillion over the same period. This shows increased usage of e-money for business transactions.

## Loans, insurance and savings products

The volume of loan disbursements increased nearly three-fold from 40.1 million loan transactions to 156.5 million transactions while the value more than doubled from UGX 1.66 trillion in 2024 to UGX 3.5 trillion in the year to June 2025. Similarly, loan repayments sharply increased by 248.7 percent and 123.3 percent in volume and value respectively from 56.8 million transactions worth UGX 1.6 trillion to 198.2 million transactions worth UGX 3.6 trillion in the same period. The growth in both disbursements and repayments ameliorated the concerns over nonperforming digital loans. Additionally, Bank of Uganda continued to work with other regulatory authorities to address concerns about unethical digital lending practices.

## Electronic money and trust account balances

Trust account balances held by the partner banks recorded an increase of 7.3 percent from UGX 2.05 trillion reported in June 2024 to UGX 2.2 trillion in June 2025 reflecting an increase in issuance of e-money. The proportion of e-value held by customer accounts to the total outstanding balance increased from 32.7 percent to 33.9 percent, the agent balances decreased from 27.9 percent to 22.9 percent while balances held on other accounts (collection accounts for taxes, commissions and partner pre-funds) increased from 39.4 percent to 43.6 percent during the same period.

The reconciliation of e-value issued against the trust account balances as at June 30, 2025, indicated that the e-money in circulation was sufficiently covered by the trust account balances. Furthermore, the liquidity profile of the trust accounts indicated that a total of UGX 615.8 billion (19.8 percent) was invested in fixed deposits, UGX 21.7 billion (0.7 percent) in other liquid assets, while the rest (79.5 percent) was held as cash.

## Closed e-money accounts

During the year ended June 30, 2025, a total of UGX 10.8 billion in closed account balances was transferred to the Central Bank for custody, in accordance with Section 57(5) of the NPS Act, Cap 59. As at the reporting date, a total of UGX 560.8 million had been refunded to claimants in accordance with Section 57(7) of the NPS Act, Cap 59, leaving a balance of UGX 88.1 billion held by Bank of Uganda in custody.

## Payment cards



The number of active debit cards decreased by 5.1 percent from 3.8 million cards reported in June 2024 to 3.6 million cards in June 2025 while the number of active credit cards slightly increased by 6.7 percent from 9,569 to 10,213 over the same period.

Debit card transaction volumes posted an increase of 16.5 percent from 10.8 million transactions in the year ending June 2024 to 12.6 million in the year ending June 2025. Similarly, the debit card transaction values increased by 10.1 percent from UGX 2.2 trillion in the year ending June 2024 to UGX 2.4 trillion in the year ending June 2025. Credit card transaction volumes increased by 4.1 percent from 0.31 million in the period ending June 2024 to 0.33 million in the year to June 2025. The transaction values increased by 9.6 percent from UGX 115.5 billion in the year ending June 2024 to UGX 126.7 billion in the year to June 2025.

## Internet banking



The number of active users on Internet Banking decreased by 6.6 percent from 0.96 million in June 2024 to 0.9 million in June 2025. Similarly, the transaction volumes decreased by 19.5 percent from 9.7 million transactions to 7.84 million transactions over while transaction values marginally decreased by 3.4 percent from UGX 117.9 trillion to UGX 113.9 trillion. This reduction reflected potential user concerns about the cyber threat landscape. Bank of Uganda continues to work with all regulated financial service providers to strengthen cyber resilience across the financial sector.

## Mobile banking



The number of active users on mobile banking increased by 6.5 percent from 1.94 million users in June 2024 to 2.1 million users in June 2025. The transaction volume notably increased by 20.9 percent from 27.9 million transactions in the year ending June 2024 to 33.7 million transactions in the year to June 2025 while the transaction values significantly increased by 39.4 percent from UGX 11.1 trillion to UGX 15.5 trillion.

## Regional Payment Systems

### Regional Payment and Settlement System



The Common Market for Eastern and Southern Africa Regional Payment and Settlement System (REPSS) is a clearing platform that facilitates cross-border payments within the COMESA region using the SWIFT network and settles transactions denominated in either US Dollars or Euros. As at June 30, 2025, nine countries were live on REPSS namely: Democratic Republic of Congo, Egypt, Kenya, Mauritius, Malawi, Rwanda, Swaziland, Uganda, and Zambia.

The overall transaction value on REPSS remains low compared to other systems. During the reporting period, the transaction volume on REPSS increased by 5.4 percent while the transaction values decreased by 9 percent from USD 47.8 million to USD 43.4.

### East African Payment System

East African Payment System (EAPS) is a system that links the RTGS systems of the participating Central Banks under the East African Community (EAC). The system facilitates cross border payments in the currencies of the participating EAC member states. Currently, Uganda, Kenya, Tanzania and Rwanda are connected to the EAPS.

The statistics show a 17 percent increase in inbound EAPS transaction values from UGX 1.1 trillion posted in the year ending June 2024 to UGX 1.3 trillion in the year to June 2025. In terms of value, KES and TZS dominated the inflows at 76 percent (UGX 1 trillion) and 23 percent (UGX 304.6 billion) respectively.

Regarding the outbound transaction values, an overall year-on-year increment of 26.1 percent was noted from UGX 1.1 trillion to UGX 1.44 trillion. As the case was with the inbound transactions, KES and TZS transactions dominated the outflows at 77 percent (UGX 1.1 trillion).

## Other initiatives

### Upgrade of Central Securities Depository (CSD)

The Central Securities Depository (CSD) system was upgraded from DEPOX 2 to DEPOX 3 on 31st March 2025. The benefits of the system upgrade include the following.

- Enhanced (new) system functionality including better trading platform, horizontal REPOs and lien operations.
- Enhanced user experience offered by latest CSD version 3, which is entirely web based for all users at BOU and commercial banks.
- Enhanced system security by leveraging on security features of CSD Depo 3 and use of RSA tokens for all users.
- Enhanced reporting features by enabling banks to access reports & statements directly.

### 12.2 Anti-fraud initiatives

#### Anti-Fraud Consortium

Bank of Uganda in conjunction with the Uganda Bankers Association, the Payment Service Providers Association, Financial Intelligence Authority, Uganda Communications Commission and other stakeholders set up the Anti-Fraud Consortium whose primary objective is to implement measures to mitigate fraud in the financial sector. This multi stakeholder forum seeks to advance joint efforts against fraud through information sharing, policy advocacy, joint public awareness and capacity building initiatives.

#### Anti-fraud detection system

Bank of Uganda implemented a fraud detection system; Payments Control System (PCS) that utilizes Artificial Intelligence capabilities using set rules and transaction patterns. The system filters transactions processed through Real Time Gross

Settlement System (RTGS) and Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment messaging applications. The system went live on 13th June 2025.

#### Service Level Agreement (SLA) between MoFPED and BoU

A significant milestone was the signing of a Service Level Agreement (SLA) between the Ministry of Finance, Planning and Economic Development (MoFPED) and the Bank of Uganda on July 23, 2025. The SLA clearly outlines roles, responsibilities, and turnaround times for various government payment processes, including EFTs, RTGS, and cheque transactions. This agreement is expected to streamline operations, reduce delays, enhance accountability, and improve overall service delivery to Government Ministries, Departments, and Agencies (MDAs).

#### ACH third clearing session

A third Automated Clearing House (ACH) session was successfully introduced on February 7, 2025. This new clearing window with a cut-off time of 3:30 p.m. significantly reduced turnaround time (TAT) for Electronic Funds Transfers (EFTs), especially for Government payments which often required same-day processing. The additional session improved operational flexibility and responsiveness, particularly during high-volume periods.

## Financial Markets Development

### The ABSA African Financial Markets Index (AFMI)

The Bank of Uganda's (BoU) initiatives in enhancing macroeconomic performance, legal standards and enforceability, financial market reforms, and the integration of Environmental, Social, and Governance (ESG) factors have contributed to Uganda maintaining its position in the AFMI, where it ranked 4th out of 29 African countries in financial market development. Uganda's score improved in 2024 from 62 to 63, out of a maximum score of 100. The AFMI evaluates countries' financial development based on measures of market accessibility, openness, and transparency. This improvement in Uganda's AFMI is a clear indicator of the country's progress in developing a more robust and transparent financial market.

This improved score signals to both local and international investors that Uganda's financial markets are becoming more stable, transparent, and efficient. This confidence leads to greater long-term investment flows and increased participation in the financial markets, fostering greater long-term investment flows. For instance, secondary market activity in government securities grew by 63.8 percent to UGX 83.56 billion in FY 2024/25, up from UGX 51.02 billion the previous financial year. This increased market participation supports sustainable economic growth and price stability.

### The Global Master Repurchase Agreement (GMRA)

The BoU has successfully coordinated the signing of the GMRA with commercial banks for monetary policy operations. This initiative is part of the Bank's ongoing efforts to deepen Uganda's domestic financial markets and enhance monetary policy transmission. The initiative was achieved through the Central Bank's active leadership in providing capacity-building workshops and securing consensus among stakeholders. The primary objective of BoU signing the GMRA is to catalyze interbank activity in the secured market, thereby addressing market segmentation caused by credit risk. This enhances the functioning of the secured market and helps reduce financial market volatility, which is crucial for maintaining price stability.

### Project Okusevinga

The BoU is collaborating with the Ministry of Finance, Planning and Economic Development (MoFPED) to democratize access to capital markets through Project Okusevinga, a mobile-phone platform designed to broaden retail investor participation in government securities. This platform will drastically reduce the entry barrier, allowing Ugandans to invest in government securities starting from just US\$3.00, a notable reduction from the current minimum of US\$30.00. In November 2024, the CMA granted Okusevinga a Unit Trust license, reflecting regulatory confidence in its operational model. The platform, initially set up with Airtel

Uganda, will undergo a six-month pilot phase starting in the FY 2025/26 and thereafter a full-fledged public launch. By enabling a broader segment of the population to participate in government securities, Project Okusevinga aims to enhance financial inclusion and promote socioeconomic transformation.

### The Mortgage Refinance Institutions (MRI) Bill

The Bank of Uganda (BoU) has spearheaded efforts to establish a regulatory framework for mortgage refinance institutions. The MRI Bill had its first reading on March 12, 2025 and once passed, it will create a structured mechanism for the securitization of mortgages, providing much-needed liquidity to the housing sector. This will make affordable home loans more accessible to Ugandans, supporting the government's goal of increasing home ownership. Additionally, it will establish a market for mortgage-backed securities (MBS), which will introduce new investment opportunities for both institutional and individual investors.

This will diversify Uganda's investment landscape and provide a stable source of long-term capital for the real estate sector. The MRI Bill is a crucial step toward transforming Uganda's housing finance system and capital markets. It will not only enhance access to affordable housing but also promote sustainable economic growth by providing a robust framework for the growth of mortgage finance and real estate investment.





## Central bank digital currency

As part of exploratory research into digital currencies, the Bank concluded stakeholder consultations on the potential issuance of a Central Bank Digital Currency (CBDC) and published a comprehensive report detailing the potential benefits, risks, and opportunities. The next step is to carry out a feasibility study to assess the technical, legal, economic, social, and operational viability of issuing a CBDC in Uganda, to evaluate the costs and benefits and to inform decision making.

Additionally, a technical working group (comprising of Ministry of Finance Planning and Economic Development, Capital markets Authority, Financial Intelligence Authority, Deposit Protection Fund, Uganda Retirement Benefits Regulatory Authority, Insurance Regulatory Authority and Bank of Uganda, was constituted to explore the use of blockchain technology in Uganda's financial sector. The group is tasked with identifying potential applications and associated regulatory or operational risks.

## Outlook for FY 2025/26

Looking ahead, the Bank will:

- Go live with RTGS Replacement and ISO 20022 migration
- Strengthen consumer protection frameworks and oversight of licensed entities
- Support extension of financial services access in underserved areas, supported by MDIs' agent networks and financial literacy initiatives
- Conduct the end-term evaluation of the e-payment strategy 2022-2026 and commence development of the second strategy
- Finalise the collaboration framework for the National Payment Switch and draft scheme rules
- Conduct a feasibility study on CBDC and continue tracking financial inclusion indices
- Review the regulatory sandbox framework and continue proactively engaging the private sector on emerging digital innovations

# Currency operations

## Currency in circulation

The Bank of Uganda continued to fulfill its mandate of providing adequate currency to support economic activity. Currency in circulation increased by 9 percent (UGX 771 billion), from UGX 8.21 trillion in FY 2023/24 to UGX 8.98 trillion in FY 2024/25 (Table 14). The value of banknotes increased by 10 percent (UGX 763 billion), while that of coins rose by 4 percent (UGX 9 billion) over the same period.

Table 14: Currency in Circulation (UGX Billion)

|                               | 2023/24  | 2024/25  |        |
|-------------------------------|----------|----------|--------|
|                               | UGX (Bn) | UGX (Bn) | Growth |
| Coins                         | 227.35   | 236.25   | 4%     |
| Banknotes                     | 7,981.69 | 8,743.53 | 10%    |
| Total Currency in Circulation | 8,209.04 | 8,979.77 | 9%     |

Source: Bank of Uganda

The net increase in circulation was attributed to higher withdrawals relative to deposits. Both inflows and outflows declined by 5 percent, resulting in a net outflow of UGX 771 billion, a 12 percent decrease from the UGX 878 billion recorded in FY 2023/24. The contraction in inflows and outflows is attributed to increased inter-bank collaboration and the recycling of currency in the banking system during the financial year. Below is a summary of inflows and outflows.

Table 17: Banknote Withdrawals and Deposits (UGX Billion)

| Inflows (Deposits)     | 2023/24   | 2024/25   |        |
|------------------------|-----------|-----------|--------|
|                        | UGX (Bn)  | UGX (Bn)  | Growth |
| Banknotes              | 12,349.25 | 11,739.33 | -5%    |
| Coins                  | 0.88      | 0.33      | -62%   |
| Total Inflows          | 12,350    | 11,740    | -5%    |
| Outflows (Withdrawals) |           |           |        |
| Banknotes              | 13,215.89 | 12,501.17 | -5%    |
| Coins                  | 11.93     | 9.22      | -23%   |
| Total Outflows         | 13,227.82 | 12,510.39 | -5%    |
| Net Outflows           | 877.70    | 770.73    | -12%   |

Source: Bank of Uganda

## Currency outlook

The demand for cash is anticipated to remain strong in line with projected GDP growth of 7 percent in FY 2025/26, driven by rising household consumption and public investment.

The Bank will continue enhancing processing efficiencies in collaboration with commercial banks to meet the expected increase in cash demand.

Although digital payment platforms, including mobile wallets, online banking, and fintech solutions, are growing steadily, cash is likely to stay the main retail payment method in the near future because of infrastructure limitations and higher electronic transaction costs, which slow down the shift to digital payments.



## Administered funds

### Petroleum Revenue Investment Reserve

Bank of Uganda is responsible for the operational management of the PRIR within a framework of a written agreement to be signed by the Minister and the Governor. Additionally, the investment of the funds in the PRIR should be in accordance with the Petroleum Revenue Investment Policy issued by the Minister (MoFPED) in consultation with Secretary to the Treasury and on the advice of the Investment Advisory Committee.

The Committee was first appointed in 2019 for a three-year term and reappointed in January 2022. The second term for the committee members ended in January 2025 and the Minister is yet to appoint new members.

Whereas there was no appropriation of funds to the PRIR for investment in FY 2024/2025, BoU's contributions in the petroleum sector centered on providing advisory and technical support in the various Petroleum-sector related activities. These included the financing for the East African Crude Oil Pipeline (EACOP) project and implementation agreement for the Uganda Refinery.

The BOU participated in the Multi-Stakeholder Group of the Extractive Industries Transparency Initiative (MSG-EITI) activities comprising of representatives from the government, private sector, and civil society. It oversees EITI implementation in Uganda, ensuring transparency and stakeholder engagement. Uganda's fourth EITI report (FY 2022/2023) is being finalized for submission to the International EITI Secretariat in Q1 FY 2025/26.

During the year, BoU focused on advanced planning and readiness actions including establishment of relationships critical to operational support for investment operations. These include custodians for funds and financial intermediaries.



**With the prospect of commencement of commercial oil production in FY 2025/26, the Bank is finalizing preparations to facilitate the investment of oil revenue. The Bank is undertaking;**

- Internal review and approval of BoU Investment Management Framework. This consists of the Strategic Asset Allocation, Investment guidelines, Responsible Investment Policy and Performance monitoring and reporting guidelines among others.
- Implementation of compliance systems and procedures for investment management operations. These include IT infrastructure and risk management.
- In liaison with MoFPED, reviewing the Petroleum Revenue Investment Policy to align it with global developments.
- Cross-cutting stakeholder engagement initiatives to raise awareness on Uganda's management of petroleum revenue.
- Strategic engagements with Global Sovereign Wealth Funds and Reserve Management forums to facilitate alignment with international best practices for sovereign wealth management.

## Agriculture funds

The Bank of Uganda, in collaboration with the Government of Uganda and Participating Financial Institutions administers strategic development financing initiatives that are central to Uganda's economic transformation and macroeconomic stability.

These initiatives are the Agricultural Credit Facility (ACF), established in 2009, and the Small Business Recovery Fund (SBRF), launched in 2021. These funds provide affordable medium- and long-term financing to critical sectors such as agriculture and micro, small, and medium enterprises (MSMEs), which are key drivers of inclusive growth, employment, and resilience.

The ACF supports projects engaged in agriculture and agro-processing, promoting commercialization, modernization and mechanization of agriculture. This enhances value addition across the agricultural value chain and contributes to rural development and food security. The SBRF, on the other hand, was designed to support MSMEs adversely affected by the COVID-19 pandemic, enabling them to recover and contribute to Uganda's post-pandemic economic rebound.

Both funds operate under a revolving mechanism, ensuring sustainability and continuity of financing for future borrowers. A notable feature of these funds is the block allocation model, which promotes inclusive access to credit by allowing the underserved populations (especially the youth and women) to borrow up to UGX 20 million with subsidized collateral requirements. This model fosters equitable participation in agriculture and entrepreneurship, helping to reduce poverty and economic inequalities.

These financing initiatives directly support the Bank of Uganda's core mandate of maintaining price stability. By increasing agricultural productivity and supporting business recovery, they help stabilize food supply and market activity, thereby reducing inflationary pressures and enhancing economic predictability. Furthermore, by strengthening household incomes and employment, they contribute to socio-economic transformation and national development.

### Agriculture funds



These funds provide affordable medium- and long-term financing to critical sectors such as agriculture and micro, small, and medium enterprises (MSMEs), which are key drivers of inclusive growth, employment, and resilience.



## Objectives and targets for FY 2024/25

- Development and implementation of the ACF and SBRF multi-marketing strategy to increase awareness and uptake of the Funds aimed at achieving a 35 per cent increase in the number of applications from the PFIs by the end of the financial year.
- Review of the ACF/SBRF MoAs to strengthen governance to remove restrictive eligibility criteria by the end of the financial year.
- Review and improvement of the ACS System to enhance efficiency and reliability. This is to achieve a 20 per cent decrease in average processing time and refinance by the end of the financial year.
- Conduct quarterly stakeholder engagement sessions and publish performance reports to increase confidence in the ACF and SBRF services.

## Key initiatives and activities

- Stakeholder engagements with the PFIs, development of tailored messaging and adverts for the media and public awareness workshops especially in the underserved regions.
- Focus on block allocation models for borrowers in need of facilities of up to UGX 20 million to implement financial inclusion and increase uptake by the small holder farmers.
- Review of the MoAs in conjunction with MoFPED and other stakeholders to assess gaps and ensure alignment with fund policies and governance standards.
- Improvement (Upgrade) of the ACS system with reduction on loan processing time and refinance.

## Output

### Agricultural Credit Facility

The BoU received 7,620 ACF applications from the PFIs for financing worth UGX 263.32 billion. This is a cumulative increase of 99 per cent in the number of applications received during the year ended June 30, 2025, compared to the last financial year.

Disbursements during the year increased by UGX 253.12 billion extended to 3,224 projects. This represents a 73 per cent increase in the number of projects supported by the Agricultural Credit Facility.

Uptake under the block allocation increased with disbursements of UGX 10.52 billion made to 2,500 small-holder farmers.

This performance is attributed to the developed marketing strategy and automation of the ACS System. The details of the performance are indicated in the table below.

### Small Business Recovery Fund

The value of loans approved more than doubled in respect of 1,329 SMEs. This indicates efficiency of the ACS System.

This in turn increased the disbursements within the year by 31.68 billion to 1,100 SMEs. This accounts for more than 80 per cent of the approved loans during the year.

| Portfolio Classification (Cumulative) | 30-Jun-25      | 30-Jun-24      | Change (UGX)   | % Change |
|---------------------------------------|----------------|----------------|----------------|----------|
| Number of Loan Applications Received  | 3,640          | 3,086          | 554            | 18%      |
| Value of Applications Received        | 72,428,250,000 | 62,406,950,000 | 10,021,300,000 | 16%      |
| Number of Approved Loans              | 3,399          | 2,070          | 1,329          | 64%      |
| Total Value of Approved Loans         | 66,081,350,000 | 32,360,600,000 | 33,720,750,000 | 104%     |
| Number of Loans Disbursed             | 2,994          | 1,894          | 1,100          | 58%      |
| Total Value of Loans Disbursed        | 59,171,300,000 | 27,490,400,000 | 31,680,900,000 | 115%     |
| GoU Contribution of Loans Disbursed   | 29,585,650,000 | 13,745,200,000 | 15,840,450,000 | 115%     |

| Portfolio Classification                    | 30-Jun-25         | 30-Jun-24         | Movement between 2024 and 2025 | Change. |
|---------------------------------------------|-------------------|-------------------|--------------------------------|---------|
| Number of applications received             | 15,346            | 7,726             | 7,620                          | 99%     |
| Value of loan applications received         | 1,847,839,294,041 | 1,584,514,559,549 | 263,324,734,492                | 17%     |
| Number of loans disbursed                   | 7,666             | 4,442             | 3,224                          | 73%     |
| Total value of loan disbursements           | 1,234,119,004,898 | 981,001,991,777   | 253,117,013,121                | 26%     |
| Block allocation projects financed          | 5,267             | 2,767             | 2,500                          | 90%     |
| Value of block allocation projects financed | 29,120,647,587    | 18,599,963,587    | 10,520,684,000                 | 57%     |
| Repayment of GoU-Contribution               | 395,051,581,564   | 335,116,885,855   | 59,934,695,709                 | 18%     |

## Outcomes and impact of the key activities on the stakeholders



### Improved access to credit

**Over 284.8 billion has been disbursed**, funding over **4,324** projects and SMEs accounting for 40 per cent of the cumulative number of projects supported since inception. This is highly attributed to the aggressive marketing strategy, block allocation arrangement and automation of the ACS system.



### Financial inclusion

**UGX. 13.26 billion was disbursed to 2,782 SMEs**, accounting for 64 per cent of the total number of beneficiaries for the year were under the block allocation arrangement which includes borrowers with amounts not exceeding UGX 20 million and does not require traditional collateral. This underscores the Bank's objective of socio-economic transformation.



### Support to grain-trade and on-farm activities

A total of **UGX 131.08 billion was disbursed to projects engaged in grain trade**, while **UGX 91.92 billion supported on-farm activities**. Grain trade plays a pivotal role in stabilizing prices, directly aligning with the Bank's core mandate. On-farm activities, which serve as the foundation for grain trade and agro-processing, have the highest number of beneficiaries and employ the majority within the agricultural value chain. This underscores the Fund's strong commitment to driving Uganda's socio-economic transformation through strategic investment in agriculture.

## Agricultural award ceremony

The key highlight activity for the FY 2024/25 was the PFI Award ceremony, which was held on May 28, 2025, to recognize the efforts of the participating financial institutions in achieving the objectives of the administered funds. The award ceremony also aimed to enhance the visibility of BoU-administered Funds, highlighting their impact on agricultural financing and small business recovery.

The PFIs were awarded in accordance with their efforts to support financial inclusion by increased uptake in the underserved regions and support to the strategic objectives of the Funds, most especially agro-industrialization by financing value addition and the grain trade.

PostBank Uganda Limited, and Opportunity Bank were the overall winners for the Agricultural Credit Facility and Small Business Recovery Fund in Tier I and II respectively.



## IT Operations, innovations, and project management

The Bank has continued to prioritize the modernization and enhancement of its Information Technology infrastructure. In the 2024/25 financial year, Bank of Uganda strengthened its IT infrastructure to enhance resilience, scalability, and sustainability. Investments were directed towards modernizing core data centers and reinforcing redundancy through the Business Resumption Data Centre (BRDC). The Bank expanded network capacity to support higher transaction volumes and real-time reporting.



Cybersecurity remained a top priority in safeguarding the financial system. The Bank enhanced its cybersecurity framework in line with international standards such as ISO 27001 and NIST, while expanding the capacity of its Security Operations Centre (SOC) for real-time threat monitoring. Endpoint protection, firewalls, and intrusion detection systems were upgraded, complemented by regular cyber drills, penetration testing, and business continuity simulations. The Bank also continued to collaborate with peer central banks and global institutions to strengthen cyber resilience and safeguard financial stability.

In FY 2025/26, the Bank plans to undertake several projects to enhance its IT capabilities, security, and address concerns of its stakeholders. The projects include the following:

### IT Enterprise Architecture (ITEA)

The Enterprise Architecture will link business strategy and technology investments. Further more this will enable Bank of Uganda to optimize processes, eliminate redundancies, and establish robust risk and compliance frameworks. With clear views of systems, data, and operations, EA will enhance decision-making, foster innovation, and ensure that technology supports the Bank's mission.

### Digitalization Alignment Strategy (DAS)

The Bank needs a well-aligned IT strategy to fulfill its mandate. By adopting DAS, the Bank of Uganda will coordinate digital initiatives, maintain compliance, and target its strategy. This will reduce duplication, maximizes technology investment, and strengthen the Bank's ability to provide secure, efficient, modern financial services.

### RTGS upgrade

A Real-Time Gross Settlement (RTGS) system is a payment infrastructure used by central banks to enable the instantaneous transfer of funds between banks and financial institutions. The implementation of a Real-Time Gross Settlement (RTGS) system will enable faster and more secure transactions.

### EDMS (paperless BOU implementation)

An Electronic Document Management System (EDMS) is a digital solution that helps organizations create, store, manage, track, and retrieve documents electronically. It replaces manual, paper-based filing systems with a centralized, secure, and automated platform for handling documents throughout their lifecycle. The EDMS will provide centralized and secure digital storage. It will eliminate paperwork and greatly improve document retrieval speed.

## National Payments Switch (NPS)

The Bank of Uganda relies on the National Payment System to fulfill its mandate. The National Payment System shall enable faster and more secure financial transactions, strengthen interoperability across banks, mobile money operators, and fintechs, and ensure compliance with International Financial Standards.

## Real-time data collection from supervised financial service providers (SUPTECH)

Bank of Uganda supervises commercial banks and oversees FinTechs. The Bank shall require robust tools to monitor financial sector activities in real-time. The SUPTECH Data Replication System will ensure that supervisory data is accurate, consolidated, and accessible. This will enable BoU to detect risks early, enforce compliance, and safeguard financial stability.

## Business resumption site data centre relocation project

A Business Resumption Site will serve as a secure backup facility, and enable Bank of Uganda to sustain payments processing, monetary operations, and other essential activities during crises such as system failures, cyberattacks, or natural disasters. This will support adherence to international business continuity standards, reduce systemic risk, and reinforce the Bank's commitment to a stable, reliable, and resilient financial system.

Therefore, relocating the Business Resumption Site will enhance the Bank's capacity to sustain critical operations during disruptions, and ensure that essential services remain uninterrupted. It will deliver robust availability, redundancy, and disaster recovery measures, minimizing downtime and protecting vital payment and settlement processes.

## Mobile network operators data replication project

As required under NPS Regulation 22(7), Bank of Uganda must maintain access to complete and accurate mobile money transaction data for oversight and compliance. A Mobile Money Data Replication System shall ensure that all transaction records are securely replicated and accessible in real time. This will reduce information gaps and strengthen regulatory enforcement.



Cybersecurity remained a top priority in safeguarding the financial system. The Bank enhanced its Cybersecurity Framework in line with International Standards such as ISO 27001 and NIST,





## Innovation strategy and policies

In FY 2024/2025, the Bank prioritized the development of an Innovation Strategy as a key Strategic Initiative under the Strategic Objective “Enhance Organisational Culture.”

The Innovation Strategy envisions a Bank that is ‘Innovation driven, Transformed and Future-Ready,’ where innovation is not only a technological function but a culture that empowers employees, enhances stakeholder value, improves innovator experience, improves the innovation management process, and leverages technology to improve operational efficiency and responsiveness.

The Innovation Strategy is anchored on seven core objectives: -

- Enhance Stakeholder Value
- Enhance Innovator Experience
- Improve Innovation Adoption
- Improve Innovation Management Process
- Improve Systems and Infrastructure for Innovation
- Improve Collaboration
- Strengthen Innovation Culture and Leadership

Each objective is clearly scoped with key Strategic Results, measurable targets (KPIs), initiatives and Lead persons to operationalize the Strategy.

As part of the Strategic Initiatives, a draft Innovation Management Policy and Guidelines was developed and is set to be considered by Management and the Board in FY 2025/26 for approval.

## Innovation partnerships

The Bank recognizes the importance of harnessing Strategic partnerships and the transformative power of collaboration in driving innovation. To this regard, the Bank actively participated in prominent innovation events, including the National Science Week (15–20 June 2025) and the Makerere University Research

& Innovations Week (8–10 April 2025). These engagements underscored the Bank’s commitment to strengthening strategic partnerships and contributing to Uganda’s innovation ecosystem.

In addition, BOU signed a Memorandum of Understanding (MoU) with the Central Banks of Namibia and Mauritius, aimed at enhancing knowledge sharing and collaboration. The MOUs provide for joint experimentation, capacity building, and other initiatives designed to strengthen innovation management across the partner institutions. The Bank is committed to fully operationalizing these MOUs and fostering additional partnerships across both the public and private sectors.

## Key activities

The key activities during the reporting period are detailed below; -

- Innovation Strategy Approval:** The Innovation Strategy was developed in collaboration with Financial Sector Deepening Uganda.
- Innovation Management Policy Development:** A draft Innovation Management Policy and Guidelines was developed.
- Budget Allocation:** An implementation budget for Innovation was developed and allocated under the Strategy Expenditure Vote for FY 2025/26.
- Innovation Strategy Implementation Plan:** A detailed work plan was developed to guide the execution of planned activities based on resource needs and ease of implementation.
- TORs for the Innovation Hub Design:** Terms of Reference for the procurement of a Consultant to design the Innovation Hub were developed and the procurement process is expected to be concluded in FY 2025/26.

## Outlook for FY 2025/2026

The next two years will be pivotal in shaping innovation management and implementation at the Bank of Uganda. With the approval of the Innovation Strategy, the Bank shall focus on translating the Strategy into tangible results by prioritizing the implementation of initiatives to ensure that Innovation management is integrated across the Bank’s structures, policies, systems, and operations.

Central to this effort will be building stakeholder awareness and buy-in, recognizing that active engagement is critical to creating value and sustaining innovation. The planned activities are designed to strengthen internal capacity, promote a culture of innovation, and ensure that the benefits of innovation are felt across the institution and its stakeholders.

## Key focus initiatives for the FY 2025/26

- Institutionalizing the Innovation Management Process
- Development and implementation of the Innovation Change Management Strategy and Plan.
- Launching the Innovation submission form and development of the Innovation Management System to streamline idea generation, selection, tracking and adoption.
- Implementation of the Innovator Engagement Roadmap.
- Strengthening cross-functional collaboration and strategic partnerships to leverage knowledge, expertise, resources, and best practice.

## Foreign exchange reserves management

The Bank is mandated to maintain external assets equivalent to at least four weeks of the country's import requirements. These reserves may include: **(a)** gold coin or bullion; **(b)** convertible foreign exchange in the form of deposits, cash, marketable securities, or instruments guaranteed by foreign governments or international financial institutions; and **(c)** external funds or drawing rights, including the reserve tranche with the IMF.

The Bank's Foreign Exchange Reserves Management Policy prioritizes capital preservation, adequate liquidity, and moderate returns. To implement this, strategic and tactical asset allocation across currencies, asset classes, and counterparties is implemented. Foreign exchange reserves are managed by both internal and external managers.

### Activities for the year

- During FY 2024/25, the Bank of Uganda successfully reviewed and implemented a Strategic Asset Allocation (SAA) framework for the country's foreign exchange reserves. This represented a major policy and operational milestone in strengthening the long-term resilience, efficiency, and transparency of reserve management. The SAA framework establishes a disciplined, forward-looking approach to determining the optimal long-term allocation of reserves across asset classes, currencies, and investment horizons. It balances the primary objectives of safety, liquidity, and return, while ensuring alignment with Uganda's external sector dynamics, trade patterns, and risk tolerance.
- Onboarded new counterparties to expand and diversify the Bank's investment network while ensuring compliance with approved investment parameters. This initiative aimed to enhance execution efficiency and reduce concentration risk in trading operations.
- Progressed the domestic gold purchase program to build and diversify reserves.

### Achievements

**Foreign exchange reserves rose to USD 4.3 billion (3.82 months of import cover) in FY 2024/25 from USD 3.2 billion (3.1 months) in FY 2023/24, exceeding statutory and IMF thresholds.**

**The revised SAA and enhanced strategy formulation approaches generated positive returns** and outperformed benchmarks due to favorable market conditions and effective management.

**Increased the allocation of non-US dollar assets within the foreign exchange reserves' portfolio**, thereby improving currency diversification, reducing concentration risk and closer alignment with the liability profile. This strategic shift was aimed at enhancing long-term returns and mitigating the impact of US dollar volatility on the overall portfolio.

### Outcomes

The reserve management framework was strengthened to increase the resilience of foreign exchange reserves against external shocks, including global financial volatility, commodity price swings, and geopolitical disruptions.

Through prudent reserve management, enhanced transparency, and timely communication, the Bank reinforced investor and market confidence in Uganda's capacity to meet its external obligations. This credibility has helped to attract capital inflows, reduce risk premiums, and maintain favorable access to international financial markets.

Targeted training programs, workshops, and on-the-job learning significantly improved the technical competencies of staff involved in reserve management. Areas of enhanced expertise include portfolio construction, risk modelling, macro-financial analysis, and the use of advanced analytical tools, ensuring that the Bank's human capital remains aligned with global best practices.

## Foreign exchange reserves

4.3  
billion  
↑  
34% 2024: USD 3.2b

Statutory and IMF thresholds  
were exceeded



## Outlook for FY 2025/26

1. **Continued efforts to diversify the international reserves portfolio by introducing new asset classes**, including the strategic incorporation of gold. This move aims at enhancing portfolio stability, reducing correlation with traditional financial assets, and providing a long-term hedge against inflation and global financial uncertainty. The inclusion of gold aligns with global reserve management trends and reflects a proactive approach to safeguarding national wealth.
2. **Reserves will continue to be managed prudently within risk limits** to maintain stability and resilience against global shocks.



## People and culture

Our human capital strategy focuses on building a skilled, agile, and diverse workforce equipped to navigate an evolving financial landscape and support national development objectives.

During the FY 2024/2025, the Bank sustained investments in talent attraction, capacity building, performance management, and staff welfare, while promoting a work environment anchored in integrity, accountability, and excellence.



### Employee training and development

The Bank remains committed to investing in the continuous professional growth and development of its staff to build a skilled and adaptable workforce capable of responding to emerging trends in the financial sector.

During the year, the Bank prioritized capacity building in alignment with the Bank's strategic objectives. Emphasis was placed on critical areas such as Leadership and Management Programmes, ESG, climate change and its impact on monetary and financial stability, Information Technology (cloud computing, e-payments and cyber security and risk management).

In addition, the Bank conducted an induction program for 128 newly recruited Staff, and an in-house Central Banking course for 30 Staff.



### Employee engagement

The Bank recognizes that engaged employees are essential to achieving organisational excellence and fulfilling its mandate. During the year, the Bank maintained a strong focus on fostering an inclusive, participatory, and supportive work environment that encourages open communication, collaboration, and employee well-being.

The Bank implemented targeted initiatives including flexible work arrangements and supportive work environments such as ergonomic workspace support demonstrating the Bank's commitment to employee wellbeing and work-life balance.

To promote continuous dialogue, the Bank regularly convened town hall meetings, focus groups, and staff forums, providing platforms for employees at all levels to share feedback and contribute to organisational decision-making.

Recognition programmes celebrating individual and team achievements continued to motivate and reinforce a culture of appreciation, for instance exceptional performance and sports awards.



## Performance management

The Bank recognizes that a robust performance management system is critical to driving individual accountability, aligning employee objectives with the Bank's strategic goals, and fostering a culture of high performance.

During the financial year, SMART targets were set and cascaded down to individual level ensuring all staff appreciate their contribution towards the achievement of the set targets.

17 staff were recognized for their exceptional performance during the financial year. 2 staff received the employee of the year award while 15 received commendation letters. Their pictures were displayed in various shared spaces within the Bank.



### Recognition of exceptional performance

17 staff

2 staff received the employee of the year award

15 received commendation letters.



### Staff Wellbeing

The Bank is committed to providing a safe and healthy working environment for all employees, contractors, and visitors.



## Occupational health and safety

The Bank is committed to providing a safe and healthy working environment for all employees, contractors, and visitors. Recognising that occupational health and safety is fundamental to employee well-being and organisational effectiveness, the Bank continuously strives to uphold and exceed statutory requirements and industry best practices.

During the year, the Bank conducted regular risk assessments, safety audits, and emergency preparedness drills across all facilities. Training programmes focused on safety awareness, hazard identification, and emergency response were delivered to 30 employees, ensuring that safety protocols are well understood and consistently applied.



## Employee retention and succession planning

The Bank remains focused on attracting, nurturing, and retaining top talent to sustain high standards of service and operational excellence. During the year, the Bank maintained a high retention rate, with a voluntary turnover of less than 1 percent, reflecting a stable and committed workforce. The average employee tenure of 15.4 years underscores the effectiveness of our talent management and retention strategies. The Bank continues to recognize and reward long-term service, exceptional performance, and significant achievements in a bid to foster loyalty and deepen employee commitment.

Mindful of the importance of business continuity and knowledge transfer, the Bank strengthened its succession planning frameworks to ensure a robust pipeline of future leaders and critical talent. The Bank continues to build capacity and maintain institutional knowledge across all key functions through structured talent development initiatives and targeted leadership programmes (leadership modular programme, female leadership programme, coaching & mentoring among others).



## Culture transformation initiatives

The Bank recognises that a strong, adaptive, and values-driven organisational culture is critical to achieving its strategic objectives and delivering on its mandate. During the year, the Bank continued to implement targeted culture transformation initiatives aimed at fostering a work environment anchored in integrity, accountability, collaboration, and continuous improvement.

Key focus areas included conducting a culture survey, designing a change management plan, training 100 culture ambassadors, participation in an Executive Ownership and Leadership Assessment programme.

In June 2025, the Culture Transformation Initiative's implementation phase was launched at the Bank's headquarters and Upcountry Branches. "Dress Down Fridays" were implemented as a first step in creating a more flexible, welcoming, and employee-focused workplace.

The Bank remains committed to deepening its culture transformation journey by empowering staff to champion positive change, strengthening accountability mechanisms, and fostering a workplace where innovation, respect, and excellence are continuously promoted.

### Employee retention and succession planning



The average employee tenure of 15.4 years underscores the effectiveness of our talent management and retention strategies. The Bank continues to recognize and reward long-term service, exceptional performance, and significant achievements in a bid to foster loyalty and deepen employee commitment.



## Remuneration and benefits

The Bank remains committed to offering a competitive and equitable remuneration and benefits framework designed to attract, motivate, and retain high-calibre professionals. The Bank's remuneration structure is regularly reviewed to ensure alignment with industry benchmarks, economic conditions, and evolving market trends, while upholding principles of fairness and sustainability.

In addition to competitive salaries, the Bank provides a comprehensive benefits package that includes medical benefits, retirement benefits, and other welfare provisions that support the well-being of staff and their dependants. The Bank also recognizes and rewards long service and exceptional performance through structured recognition schemes and incentive mechanisms.



## Employee health and wellbeing

Health and wellbeing is critical to maintaining a productive and resilient workforce. Throughout the year, the Bank sustained its commitment to promoting holistic health initiatives designed to support the physical, mental, and emotional wellbeing of all staff.

Key programmes implemented during the year included counselling services, health screenings, mental health awareness campaigns, stress management workshops, Global health days (World AIDS Day, World Cancer Day, World Sickle Cell Day and World Diabetes Day among others). In addition, the Bank commemorated the international women and men's days.

The Bank has continued to promote employee fitness activities including workout clubs at all its 9 Branches, and 17 in-house sports clubs. Notably, Team Pillar emerged overall winner of the 2024 Annual bankers Gala that brings together all supervised financial institutions fraternity. Team Pillar; champions of the Annual Bankers Gala 2024.



## Internship

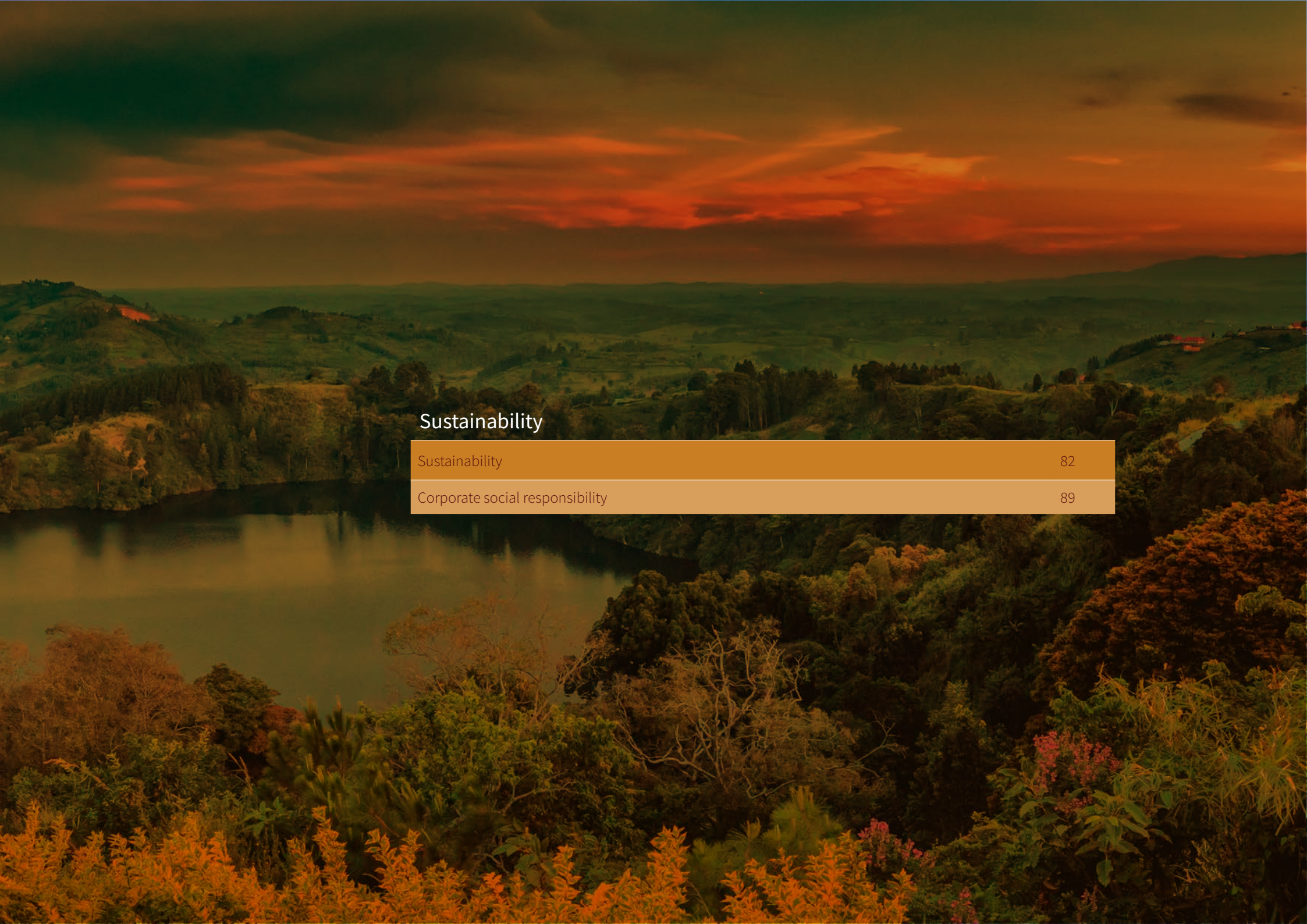
The essence of the Bank of Uganda Internship Program lies in its commitment to nurturing the next generation of professionals by providing university students with a structured and practical platform to bridge the gap between academic knowledge

and real-world application. Designed to expose interns to the Bank's diverse functions and operations, the program equips participants with hands-on experience in central banking practices such as financial stability oversight, monetary policy implementation, supervision of financial institutions, and operational support services. It fosters professional growth by cultivating critical skills including analytical thinking, problem-solving, teamwork, and ethical decision-making, all of which are essential in today's dynamic financial and economic environment. Beyond technical exposure, the internship emphasizes the Bank's core values of integrity, excellence, and accountability, thereby instilling in students a strong sense of professionalism and public service. Integrating learning with mentorship from seasoned staff, the program creates a transformative experience that not only enhances employability and career readiness but also builds a pool of future leaders capable of contributing meaningfully to Uganda's socio-economic development.



# Sustainability





## Sustainability

|                                 |    |
|---------------------------------|----|
| Sustainability                  | 82 |
| Corporate social responsibility | 89 |

## Sustainability

During the formulation of the Strategic Plan 2022- 2027, the BoU mission statement was revised “*To promote Price Stability and a sound financial system in support of socio-economic transformation in Uganda.*” The revised Mission mainstreams sustainability considerations in the core mandate in tandem with the Country’s Vision 2040 that aims to transform Uganda from a predominantly peasant and low-income country into a competitive upper middle-income nation.

Subsequently, sustainability was integrated into the SP through introduction of high-level elements such as Purpose Statement and High

Impact Goals. In addition, several initiatives are being undertaken across different Strategic Objectives to align the bank’s policies, strategies, and operations with sustainability principles.

## Governance

The governance and structure outlined below enables broad ownership and active participation of all key stakeholders, including the Board, in the Bank’s sustainability agenda.

As part of the Rationalization of BoU Management Committees approved in December 2024, the Name and Terms of Reference (TORs) of the Strategy and Finance Sub-Committee (SFSC) were revised. The newly established Strategy, Sustainability and Finance Sub-Committee (SSFSC) was mandated to oversee the implementation of sustainability initiatives, reviewing proposals and/or reports, and recommending them first to EXCOM and subsequently to SFCB. Nonetheless, sustainability matters specifically related to financial sector development, financial stability, and prudential regulation are handled by the relevant committees, such as the Financial Stability Committee (FSC) of the Board.

## Strategy and risk management

Following the review of the structure to align it with SP2022-2027, the mandate of the Strategy & Innovation Department (SID) of the Bank was expanded to among others coordinate the institutionalization of Sustainability Principles into BoU’s Strategy and Operations, and report on performance to relevant Management and Board committees.

Sustainability Implementation Technical Team (SITT), a cross-functional team comprising members from all Directorates, was established to provide subject matter expertise for implementing sustainability initiatives within the respective technical

areas. The team also ensures that SSCI tasks are integrated into departmental annual workplans and monitors their implementation. SITT reports to the SSFSC and collaborates closely with SID.

The BOU Board, on 16 June 2022, approved a Climate Change Risk Policy, while the adoption of IFRS S1 and S2 was underway. To institutionalize Sustainability in the Bank’s strategy and operations, BOU is being guided by the SSCI, international standards for value-driven Central Banks overseen by the European Organization for Sustainable Development (EOSD).



## Metrics and targets

The HIG Targets being set under the SSCI cover the breadth of the Bank’s impact on the economy, people and environment. These targets track the Bank’s contribution, through its oversight of the financial sector and the price stability mandate, to boosting the real economy, creating a high-income, internationally competitive and future-proof economy, and building economic resilience. They also cover

promoting entrepreneurship and innovation in the society, enhancing the quality of lives through safer, better and higher-paid jobs, and enabling inclusive prosperity.

For the environment, the targets under consideration include the Bank’s efforts to reduce its Green House Gas Emissions (GHGs) including carbon dioxide equivalent

saved, reduction in water usage, electricity consumption, refrigerants consumption, fossil fuel consumption by fleet vehicles, paper consumption, and solid waste as well as interventions to support biodiversity conservation. The HIG targets are aligned with the NDPIV goals and the UN Sustainable Development Goals (SDGs).

## Progress of implementation of sustainability initiatives

The section below covers the status of initiatives across strategic objectives as well as other interventions aimed at embedding sustainability into BoU operations.

### Enhance stakeholder confidence

#### Initiative

Implement the SSCI Roadmap with the purpose of attaining an international seal of approval as a sustainability certified central bank.

#### Status

The completed key tasks included the approval of the Purpose Statement and the High Impact Goals.

The key ongoing tasks under implementation included the following:

- i. Finalization of the HIG Targets following incorporation of input from the participating SFIs including Pearl Bank, Pride Bank and Housing Finance Bank.
- ii. Review of the BOU Innovation Policy in addition to the approved Innovation Strategy.

- iii. Completion of the Goal Implementation Plan for Each HIG.
- iv. Consideration of the Digitalization Alignment Strategy (DAS) and the Target to Goal Alignment Plan (TAG Plan) for each HIG to align the Bank’s IT strategy with the sustainability agenda.
- v. Development of BOU’s climate and environmental targets.

All key tasks required to achieve certification were initiated including the revision of the Bank’s Ethics & Integrity Policy, Human Capital Alignment Plan, and Crisis Management Plan to align the Bank’s human resource practices with the global sustainability principles. The Bank also ran sustainability awareness activities including quizzes, newsletters, and interactive exercises to enhance staff knowledge and engagement on sustainability issues.

## Enhance stakeholder confidence

### Initiative

Review the CSR Policy and Strategy and align with sustainability principles

### Status

The Strategic Initiative was introduced in the Bank's SP2022-2027 in March 2025 to align the Bank's CSR agenda with the sustainability considerations that speak to the SDGs.

## Enhance price stability

### Initiative

Develop a Macro Model that analyses climate and monetary policy interactions

### Status

Climate change variables were incorporated in the Nowcasting, DSGE and Quarterly Projection Models while training of staff on software and climate models and development of an operational manual for creating climate change models was on-going.

## Improve efficiency and reliability of Bank processes

### Initiative

Implement priority initiatives under the currency master plan

### Status

To support lower emissions from the Bank's currency operations, the Bank piloted a pre-sorting arrangement with commercial banks in Kampala, resulting in lower logistical currency-related traffic.

## Enhance financial system soundness and resilience

### Initiative

Review of the regulatory framework for the Banking Sector

### Status

To ensure compliance with the Industry ESG Framework for the banking sector that was launched in June 2024, a new sub initiative of *“Review Micro and Macro Prudential Supervisory Processes to incorporate climate-related financial risk assessments as well as evaluation of compliance with the ESG Framework for Uganda's Banking Sector”* was introduced during the mid-term review of the SP 2022-2027.

Climate Risk Guidelines for the banking sector were drafted and presented to the Financial Stability Sub Committee of Management (FSSCM) in the period under review and shall come into effect in FY 2025/2026.

### Initiative

Develop a framework to enhance resilience and risk mitigation of RFSPs to emerging technologies and sector developments

### Status

Corporate Governance Guidelines for Supervised Financial Institutions (SFIs) were reviewed and updated.

## Enhance financial system development

### Initiative

Develop mechanisms for the advancement of Uganda's financial markets

### Status

Development of the green bond issuance framework which shall position Uganda to tap into global sustainable finance markets commenced in collaboration with IMF and MoFPED.

## Enhance financial system soundness and resilience

### Initiative

Coordinate the review and development of the National Financial Inclusion Strategy

### Status

As part of the implementation of the NFIS II, BoU conducted various financial literacy programs for different stakeholders such as the Gulu City and Nebbi Business Communities, Safe Boda riders, and other activities to enhance access and usage of financial services to drive inclusive and sustainable growth. In addition, BOU conducted public awareness sessions to sensitize the public about the objectives and mandate of financial sector Anti-Fraud Consortium, compiled and published quarterly Bank of Uganda Financial Inclusion Newsletter, as well as updated and cleaned up the financial literacy trainer's database.

Block Allocation scheme under the Agricultural Credit Facility (ACF) and Small Business Recovery Fund (SBRF) supported extension of affordable credit to Women, Youth and MSMEs. For instance, women beneficiaries under the ACF were at 20 percent as at June 2025 while the MSMEs accounted for 93 percent of all ACF beneficiaries as at end June 2025.

## Improve employee competence

### Initiative

Build staff capacity in prioritized areas (e.g ESG, Climate change and its impact on monetary and financial stability)

### Status

During the year, the Bank prioritized capacity building in alignment with the Bank's strategic objectives. Emphasis was placed on critical areas such as Leadership and Management Programmes, ESG, Climate change and its impact on monetary and financial stability, Big Data Analytics, Information Technology (cloud computing, e-payments and cyber security and risk management.

## Improve organizational systems and infrastructure

### Initiative

Implement the Electronic Document Management System (EDMS) for a paperless office environment

### Status

In line with the desired strategic result of a paperless office environment, the Bank undertook several automation initiatives including the EDMS project and issuance of digital financial statements by Pension Administration Department to reduce paper usage and demonstrate environmental sustainability and the pursuit of sustainable operations.

### Initiative

Review the strategic initiatives and projects selection framework

### Status

To ensure that BOU projects comply with sustainability considerations, the Project Management Policy and Guidelines approved in January 2025 incorporated ESG as one of the aspects in the Project Selection and Quality Assurance Rating Criteria.

## Enhance organizational culture

### Initiative

Conduct a comprehensive review of the Bank's existing culture and implement a Culture Change Roadmap.

### Status

The Bank launched a culture change roadmap that entailed initiatives to promote diversity and inclusivity such as increasing the number of female staff at senior management level to over 38 percent by 2026, and the review of the Bank infrastructure Plan to improve accessibility especially to persons with disabilities.

## Other sustainability activities

### Activity

Integration Of Sustainability in the procurement and disposal processes

### Comments

Sustainability was integrated into the Procurement and Disposal Guidelines during the period that ended June 2025, including the requirement for suppliers of medicines and sundries to submit a certificate of Good Manufacturing Practices in their tender documents.

### Activity

Integration of sustainability in pension administration services

### Comments

The Bank carried out performance evaluations to assess compliance of pension funds investment strategies to ESG parameters.

### Activity

Enhancing wellness of staff

### Comments

To effectively fulfill the Bank's mandate, it is essential to maintain the health and well-being of its employees. As such, the Bank supported 17 internal sports clubs and promoted fitness initiatives such as workout clubs across all branches and at Headquarters. Wellness clinics, mental health awareness campaigns, stress management workshops and health camps were also organized. Additionally, the Bank strengthened its in-house laboratory capabilities to reduce dependence on external facilities.

### Activity

Advancing inclusivity

### Comments

The Bank promoted equal opportunities and fostered a diverse, inclusive, and a respectful workplace where every employee can thrive and contribute meaningfully. During the year, the Bank maintained a gender balance of 50.2 percent female and 49.8 percent male employees, with women representing 41.4 percent of middle to senior leadership roles from 28.6 percent of women in senior management in June 2024. To further support gender inclusivity, twelve (12) female staff undertook the Female Future Leadership development program.

The Bank worked with the Uganda National Association of the Blind to translate currency sensitization material into braille to among others, protect this segment of stakeholders from currency counterfeits.

### Activity

Integration of climate risk into the BoU risk management framework and policy

### Comments

Development of the BOU Climate Risk Management Framework commenced in the period under review.

### Activity

Remote working capacity

### Comments

To promote operational resilience and business continuity in the event of unpredictable climate related and other disasters impeding access to the bank premises, the Bank implemented the Remote Access Solution Project to enhance remote access by bank staff.

## Activity

### Collaborations and strategic partnerships

#### Comments

BoU partnered with the Ministry of Finance's Climate Finance Unit in developing a National Green Taxonomy and the National Climate Finance Strategy to enhance climate resilience and access to sustainable finance.

In June 2025, BoU sponsored and participated in the NEMA Sustainability Awards, which recognized entities in the industrial and services integrating ESG principles.

BoU participated in the review and validation of a comprehensive National Green Finance Curriculum that is critical in building industry capacity in assessing and

increasing access to sustainable finance. This initiative was led by the Uganda Institute of Banking and Financial Services in partnership with aBi Finance and the National Curriculum development center.

Participated in the workstreams of the Central Bankers and Supervisors Network for Greening the Financial System (NGFS).

Through the NDC Partnership and European Investment Bank, technical assistance was sought to conduct a diagnostic study on climate-related financial risks, and build

capacity for micro and macroprudential supervision of such risks.

BOU working with South South North (SSN) (CLARE Opportunities Fund) to develop a Climate related database as a primer to climate related analysis.

BoU provided input to the World Bank's Country Climate and Development Report (CCDR) with the aim of determining impact of climate risks on the financial sector and monetary policy.



## Sustainability outlook for F Y 2025/26

With more awareness of sustainability in the Bank, and the need to rigorously implement the SSCI Roadmap becoming more urgent, various activities have been planned to be executed in FY 2025/2026. This will ensure that sustainability principles are embedded at all levels within the Bank and the supervised financial sector is aligned with the global sustainability principles. Below are the areas the Bank will focus on in FY 2025/26.



| Theme                                                                                                                        | Planned interventions                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Sustainability Strategy and Reporting      | Implementation of the SSCI Roadmap to attain certification, Develop Business Models for Sustainability; and undertake Integrated reporting under IFRS S1 & S2.                                                                                                                                                                                                                                                                                    |
|  Policy and Framework Development           | Align policies with the Bank's Sustainability Purpose and High Impact Goals (HIGs) including the Review of Ethics & Integrity Policy; Development of Human Capital Alignment Plan (HUCAPS); Review and Implementation of Innovation Policy & Strategy; and Development of Climate Risk Management Framework.<br><br>Review of the micro and macro prudential toolkit including climate risk stress testing for supervised financial institutions. |
|  Training and Awareness                     | Support sustainability awareness campaigns by stakeholders, training with respect to the green finance curriculum and National Green Taxonomy as well as implementation of the national sustainable finance strategy to engender the country's sustainable finance agenda                                                                                                                                                                         |
|  Operational Sustainability                | Review Bank operations and infrastructure plan to align with sustainability agenda including setting climate and environmental targets for BOU; Scoping solar & water systems for Gulu Branch; as well as Integrating sustainable budgeting and procurement practices.                                                                                                                                                                            |
|  Governance and Leadership Development    | Develop Board & Executive Competency and Diversity Plan; Develop Board Performance System; Develop Code of Conduct for Sustainability; Develop Executive Management Performance System                                                                                                                                                                                                                                                            |
|  Stakeholder Engagement and Communication | Establish Grievance Redressal and Monitoring (GRAM) Framework in line with financial consumer protection agenda, and undertake stakeholder engagements to bolster multi-agency action in furthering the economy's green transition.                                                                                                                                                                                                               |
|  Inclusion and Accessibility              | Develop braille sensitization materials for currency awareness in partnership with Uganda National Association of the Blind.                                                                                                                                                                                                                                                                                                                      |

## Corporate social responsibility

In the 2024/25, Bank of Uganda (BoU) deepened its commitment to sustainable development by implementing a Corporate Social Responsibility (CSR) strategy that directly addressed Uganda's pressing socio-economic challenges. Recognizing its unique role as both the nation's central bank and a public institution, BoU positioned CSR as an extension of its mandate to foster financial stability, inclusive growth, and resilience.

The Bank's CSR interventions were guided by the three foundational pillars of CSR environment, social, and governance. Through this approach, the Bank ensured that its contributions not only delivered immediate relief but also promoted long-term value creation for society.

The key CSR focus areas of the Bank for FY 2024/25 are presented below



### Environmental Restoration

As part of Uganda's climate action agenda, BoU participated in tree-planting exercises. These initiatives helped reduce the Bank's environmental footprint and contribute to the nation's efforts to achieve carbon neutrality targets.

Bank of Uganda advanced its environmental sustainability agenda by protecting ecosystems and enhancing climate resilience through tree-planting initiatives. These activities were implemented across strategic sites, including Soroti University; Rwoburunga Health Centre III in Mitooma District; Magoro Health Centre III in Katakwi District; Kigoroby Health Centre IV, Kigoroby Primary School,

Kigoroby Secondary School, St. Thomas Secondary School, Kyabisagazi Primary School, Kyeyeramya Primary School, and St. Kizito Primary School in Hoima District; as well as Ayago Health Centre III, Ayago Primary School, Burlobo Primary School, Mantle Primary School, and Omara Road in Lira City.



## Healthcare and public health awareness

In line with our CSR theme “Maternal & Child Healthcare for a Healthy Society”, Bank of Uganda invested in initiatives that improved healthcare access, strengthened public awareness, and fostered inclusive outreach across diverse communities.

### Healthcare Infrastructure Development

**Rwoburunga HC III (Mitooma District):** Construction of a maternity block, kitchen, laundry, VIP toilets, bathrooms, solar system, water harvesting system, and provision of medical equipment.

**Magoro HC III (Katakwi District):** Construction of an Outpatients Department (OPD), renovation of the maternity block and old OPD, and provision of medical equipment.

**Kigorobya HC IV (Hoima District):** Construction of an operating theatre, installation of power and water harvesting systems.

**Ayago HC III (Lira City):** Construction of an OPD, renovation of the maternity block and old OPD, installation of a water harvesting system, and provision of medical equipment.

### Medical Outreach and Public Health Campaigns

**CURE Brain Surgery Run (Mbale):** Supported life-saving surgeries for children.

**Engwaara ya Tooro Marathon (Fort Portal):** Mobilized communities in the fight against HIV/AIDS.

**Qadh Run (Mbarara):** Sponsored community radio programming to enhance health awareness.

**Kiringente Medical Camp (Mpigi):** Partnered with the Rotary Club of Makindye to deliver free medical services.

**Kabaka Birthday Run (Kampala):** Promoted men’s health and advocated for the rights and wellbeing of the girl child.



## Disaster relief and community resilience

In response to climate-induced disasters such as flooding and landslides, BoU mobilized emergency relief resources, provided shelter support, and partnered with humanitarian agencies to restore livelihoods. The Bank provided emergency support to over 100 households affected by wild fires, which included essential supplies and recovery aid to residents of Rupa parish, Moroto district.



## Education and financial literacy

During FY 2024/25, Bank of Uganda provided financial literacy programs to the public particularly targeting women, youth, and rural communities. Initiatives included school outreach programs, digital literacy campaigns, and capacity-building partnerships with SACCOs and community organizations.

# How we manage risk





## How we manage risk

|                         |    |
|-------------------------|----|
| Risk governance         | 94 |
| Risk appetite           | 95 |
| Combined assurance      | 95 |
| Key risks               | 96 |
| Risk outlook FY 2025/26 | 99 |

## Overview

The Bank of Uganda remains committed to maintaining an adaptive risk management framework for safeguarding the stability of the financial sector, as well as the resilience of the Bank. During the 2024/25 financial year, the Bank focused on strengthening its risk governance structures and embedding sustainability considerations into its risk management processes to effectively navigate the evolving economic and technological landscape in the country.

## Risk governance

Effective risk governance is the bedrock of a sound financial system. Therefore, a risk management process focused on the identification, assessment, monitoring, reporting and management of risks in alignment with the institution's strategic objectives and mandate is paramount. The Bank relies on a structured risk governance hierarchy that cuts across all management levels of the Bank to ensure a holistic approach to risk management.

## The Board

The ultimate responsibility for risk management within the Bank of Uganda, rest unequivocally with the Board of Directors. The Board, through its various committees provides governance and oversight over the entire risk management process at the Bank, and by extension, its oversight of supervised financial institutions. This foundational responsibility emphasizes the top-down commitment to risk discipline.

## Strategy and Finance Committee of the Board and Audit and Governance Committee of the Board

The Strategy and Finance Committee of the Board (SFCB) and the Audit and Governance Committee of the Board (AGCB) play

the critical roles of establishing an effective risk management framework and providing assurance on the effectiveness of the said framework respectively.

## Executive Committee of Management

- The Risk Management Sub-Committee (RMSC), which ensures that risk considerations are integrated into day-to-day strategic and operational decisions.
- The Financial Stability Committee (FSC), reviews systematic risk, formulates mitigating strategies, and implements macroprudential policies aimed at safeguarding the stability of the banking network.
- The Foreign Exchange Reserves Management Policy Committee (FERMPC) provides strategic guidance and monitors reserves management operations supported by a sub-committee chaired by the Executive Director Finance.

## Risk and compliance management department

The Risk and Compliance Management Department (RCMD) plays the pivotal role of developing and implementing the Bank's risk management framework and cascading the risk management strategy into the Bank's processes.

## Business units

Directly manage risks in the Bank's operations. The business units are responsible for implementing the risk and compliance policies of the Bank, identify risks and maintain the mitigating and rep incidents.

The BOU three lines model in Enterprise Management (ERM)

### Bank of Uganda Board/ Audit and Governance Committee of the Board (AGCB)

**Role:** Governance & Oversight

### First Line

**Role:** Provision of services to Bank's stakeholders while directly managing risks in the Bank's operations.

**Units:** The Bank's Audit Universe (All bank's Departments and operations)

### Second Line

**Role:** Expertise, support, monitoring and challenge on risk management in the Bank.

**Units:** RCD, SID, AccountS Security, Legal, and Quality Assurance units.

### Third Line

**Role:** Independent, objective assurance and advice on risk management to the achievement of Bank's objectives.

**Units:** Internal Audit Directorate.

Management  
(Managing risks to achieve Bank objectives)

Internal Audit  
(Independent Assurance and advice)

External Assurance Providers

## Risk appetite

The Bank's low risk appetite reflects a cautious approach, prioritizing financial stability and operational resilience, in the fulfilment of its statutory mandate, and adherence to its compliance obligations. Hence the tolerance limits developed at all levels in the Bank comply with the low-risk appetite position. The Bank of Uganda's mission statement- to promote price stability and a sound financial system in support of socio-economic transformation in Uganda- lends shape to the Bank's risk appetite. Thus, in the event of any compelling need to vary the risk level, the Board has the mandate to expand and cause the implementation of an appropriate risk level.

## Combined assurance

To enhance stakeholder confidence in the risk management process, the Bank adopted a combined assurance model involving independent internal audit reviews and risk assessments, external audit reviews as well as compliance reviews and risk assessments. Complementary to the combined assurance model is the three lines of defence model<sup>1</sup>. The models give structure to the Bank's risk and control design by assigning distinct roles and responsibilities to different functional areas while allowing for the synergetic effects of an integrated approach to risk management. Departments within the Bank are the first line of defence as risk owners. As such, they are responsible for implementing risk mitigation strategies to reduce the likelihood and impact of risk. The Risk & Compliance Management department in the Bank acts as the second line of defense, providing oversight and giving expert risk management guidance to departments and complementing the work of the Internal Audit department as third line of defense. The Bank's external auditors provide external assurance based on an objective assessment of the Bank's risk management and control procedures, offering an additional layer of assurance beyond the internal functions. This integrated approach ensures comprehensive coverage, early risk detection, and continuous improvement. Regular reporting to senior management and the Board fosters informed decision making and accountability.



To enhance stakeholder confidence in the risk management process, the Bank adopted a combined assurance model involving independent internal audit reviews and risk assessments, external audit reviews as well as compliance reviews and risk assessments.

## Key risks

### Risk assessment process

The Bank's risk assessment process is systematic and ongoing, involving identification, analysis, evaluation, and prioritization of risks. During 2024/25, increased emphasis was placed on emerging risk areas such as cybersecurity, environmental, social and governance (ESG) exposures, and climate-related risks. The Bank's risk management framework was accordingly updated to capture these and more risk areas. The updates included defining the new risk areas, refining the key risk indicators and incident reporting guidelines as well as updating the Bank-wide risk management policy to reflect the changes in the key risk focus areas.



#### Risk definition

##### Cyber security

Cybersecurity is a specialized domain within information security, focused on protecting systems, networks, and digital assets from threats that originate in cyberspace.

The evolving cyber threat landscape continues to present significant operational risks across the financial sector.

In response, the Bank of Uganda has maintained a proactive and strategic focus on strengthening its cybersecurity and resilience frameworks, in line with its broader digital transformation agenda. These efforts are aimed at safeguarding critical systems, maintaining public confidence, and supporting the stability of Uganda's financial ecosystem.

##### Mitigating activities and monitoring

In 2024/25, the Bank commenced the certification process of the ISO/IEC 27001:2022 Information Security Management System (ISMS). This globally recognized standard provides a comprehensive framework for identifying, managing, and mitigating information security risks. The ongoing certification process demonstrates the Bank's commitment to international best practices and to upholding the confidentiality, integrity, and availability of information assets.

At the sectoral level, the Bank issued updated regulatory requirements in December 2024 to guide supervised financial institutions in establishing minimum standards for cybersecurity and technology risk management. These measures are part of a broader effort to foster a secure and resilient digital financial ecosystem across Uganda.

##### Assessment rationale and opportunities arising

In 2025/2026, the Bank will operationalize the risk management frameworks on climate risk and third-party risk and complete the ISMS certification process.



#### Risk definition

##### Technology risk and financial crime

Technological risk in relation to financial crime relates to threat and vulnerabilities that arise from the use of technology in financial systems.

Recognizing the growing complexity of financial crime, the Bank is exploring ways to integrate Artificial Intelligence (AI) into its fraud risk management initiatives.

##### Mitigating activities and monitoring

AI technologies are being adopted to analyze transactional data in real-time, enabling the early detection of anomalies and fraudulent activity. This proactive approach supports more responsive decision-making and contributes to the integrity of the financial industry.

Beyond fraud prevention, AI is being embraced more broadly to optimize internal workflows, streamline risk monitoring, and improve overall operational efficiency. These tools enhance the Bank's ability to respond to emerging threats while promoting the agility of internal processes, and informed oversight.

##### Assessment rationale and opportunities arising

To further strengthen its technological resilience, the Bank has continued to invest in secure infrastructure, advanced monitoring capabilities, and institution-wide staff sensitization. Recognizing that human factors remain a key vulnerability, regular awareness training, simulated phishing exercises, and role-based capacity building have been prioritized to foster a security-conscious culture throughout the Bank.



Risk definition

Regulatory and compliance risks

Compliance risk arises from the complex landscape of laws & regulations affecting our operations, increasing the likelihood of non-compliance.

The Bank’s ability to deliver its mandate in a transparent and accountable manner is influenced by the level of trust its stakeholders have in the Bank. The level of trust is influenced by the timeliness, reliability and accessibility of the Bank’s services.

Mitigating activities and monitoring

To manage the enormous regulatory and compliance obligations therefrom, the Bank maintains a comprehensive regulatory risk management framework based on ISO 37301 that provides a structured framework and set of tools to ensure adherence to evolving laws, regulations, standards, memoranda of understanding and international best practices with zero-tolerance for non-compliance.

To enhance operational excellence and internal stakeholder confidence, the Bank annually carries out occupational health and safety inspections of its premises throughout the country against the applicable provisions of the OHS Act, 2006 and the Bank Health and Safety Policy. The objective of the exercise is to affirm the functionality of the Bank’s buildings and suitability of the work environment, as well as determine, as far as is reasonably practicable, the safety of Bank staff. The scope of the inspections extends to fire safety equipment and training literature, provision of personal protective equipment and gear, and presence of physical fitness facilities, among others.

Assessment rationale and opportunities arising

The Bank strategically maintains a portfolio of memoranda of understanding (MoUs) with its strategic partners including academic institutions, government ministries, departments and agencies as well as international institutions, and others which it monitors regularly for compliance.



Risk definition

Third-party risks

Refers to the potential threats and vulnerabilities that arise from the Bank’s reliance on third-party service providers.

Strategically, third-party relationships contribute to the efficiency and reliability of Bank processes through the delivery of various services enabling the Bank to focus on its core mandate. As the Bank increasingly relies on third-party service providers, it is exposed to risks including reputational and concentration risks.

Mitigating activities and monitoring

During 2024/2025, the Bank developed a risk management framework to establish comprehensive third-party risk management practices that protect the Bank from potential threats arising from third-party relationships and establish robust due-diligence, monitoring and control mechanisms for the same.

The development of the Bank’s third-party risk management framework will help to align vendor relationship management with the Bank’s operational, regulatory and strategic objectives, thereby protecting the confidentiality, integrity and availability of its sensitive assets.

Assessment rationale and opportunities arising

With the third-party risk management guidelines, the Bank expects to establish a consistent framework to manage third-party risks arising from failures or disruptions in services.

While benefiting from the mutual relationship with vendors, the Bank remains cognizant of the data and information exchange that takes place in the outsourcing relationship. Therefore, with the third-party risk management framework, the Bank established a protocol to protect the confidentiality, integrity and availability of its information assets.





## Risk definition

### Climate and sustainability risks

The potential negative consequences or impacts of climate change on the environment, society, and the economy.

The Bank is cognizant of the socio-economic impact of climate change which threatens infrastructure, water and agricultural resources as well as health and livelihoods. The realisation of these threats can result in economic fluctuations.

### Mitigating activities and monitoring

In 2024/2025 a climate change committee composed of senior representatives from relevant departments in the Bank was formed to oversee the implementation of the climate change policy, monitor the Bank's progress towards integrating climate risk within its processes, policies and sectoral guidelines, and provide recommendations for continuous improvement.

### Assessment rationale and opportunities arising

The Bank is proactively integrating sustainability initiatives into its operations. In June 2025, Information Technology Directorate run the Records Management Awareness Week (REMAW), a weeklong campaign for a paperless office under the theme, **"Paperless, not Recordless"**. The awareness week was aimed at encouraging staff to embrace on-line memos, reduce printing and reduce greenhouse emissions<sup>1</sup>.

Through the Administered Funds Department, the Bank administers the Agricultural Credit Facility (ACF), a private-public credit scheme. Through the scheme, Bank is promoting financial inclusion and supporting agricultural development through targeting micro, small and medium enterprises (MSMEs), especially in rural areas, through affordable financing.

In line with Uganda's sustainable development goals, the Bank is actively including environmental, social and governance (ESG) risk areas in its policy formulation, promoting green finance initiatives, and collaborating with stakeholders to develop sustainable financial products and services. This integration underscores the Bank's commitment to fostering a resilient financial system that supports sustainable economic growth.

## Risk management week 2024/25

The Bank annually conducts a Risk Management Awareness Week (RIMAW) aimed at increasing effective risk management by disseminating risk awareness information through various platforms within the Bank. The 2024/2025 RIMAW run under the theme, **"Rethinking Our Systems: Driving Innovation Amidst Evolving Cybersecurity Threats"**. The objectives of the awareness drive were to engage the Board and staff on matters of risk management through their active participation in quizzes and questionnaires; remind staff to recommit to the Bank's objectives in respect to risk

management and notify the Board and staff on emerging risks facing the Bank.

As part of the activities, RCMD developed countdown messages, soundbites and video streams of the Chairperson Capital Projects Committee of the Board, Ms. Rosemary Kiseembo and Mr. Richard Mayebo, Executive Director Information Technology (former). The week affirmed the Bank's commitment to engaging staff to deepen the risk awareness culture and provided invaluable insights into continuous improvement.

## Risk Management Awareness Week (RIMAW) 2024-25 Branch Awareness

*"Rethinking our Systems: Driving innovation amidst evolving Cybersecurity Threats"*



**BANK OF UGANDA**

**MISSION** To Promote Price Stability and a Sound Financial System in Support of Socio-economic Transformation in Uganda.

## Risk outlook FY 2025/26

Looking ahead, the Bank anticipates an increasingly complex risk environment driven by digital advancement, climate change and geopolitical tensions, all contributing to economic volatility. The Bank is steadfast in enhancing its risk resilience through risk management within its processes, strengthening

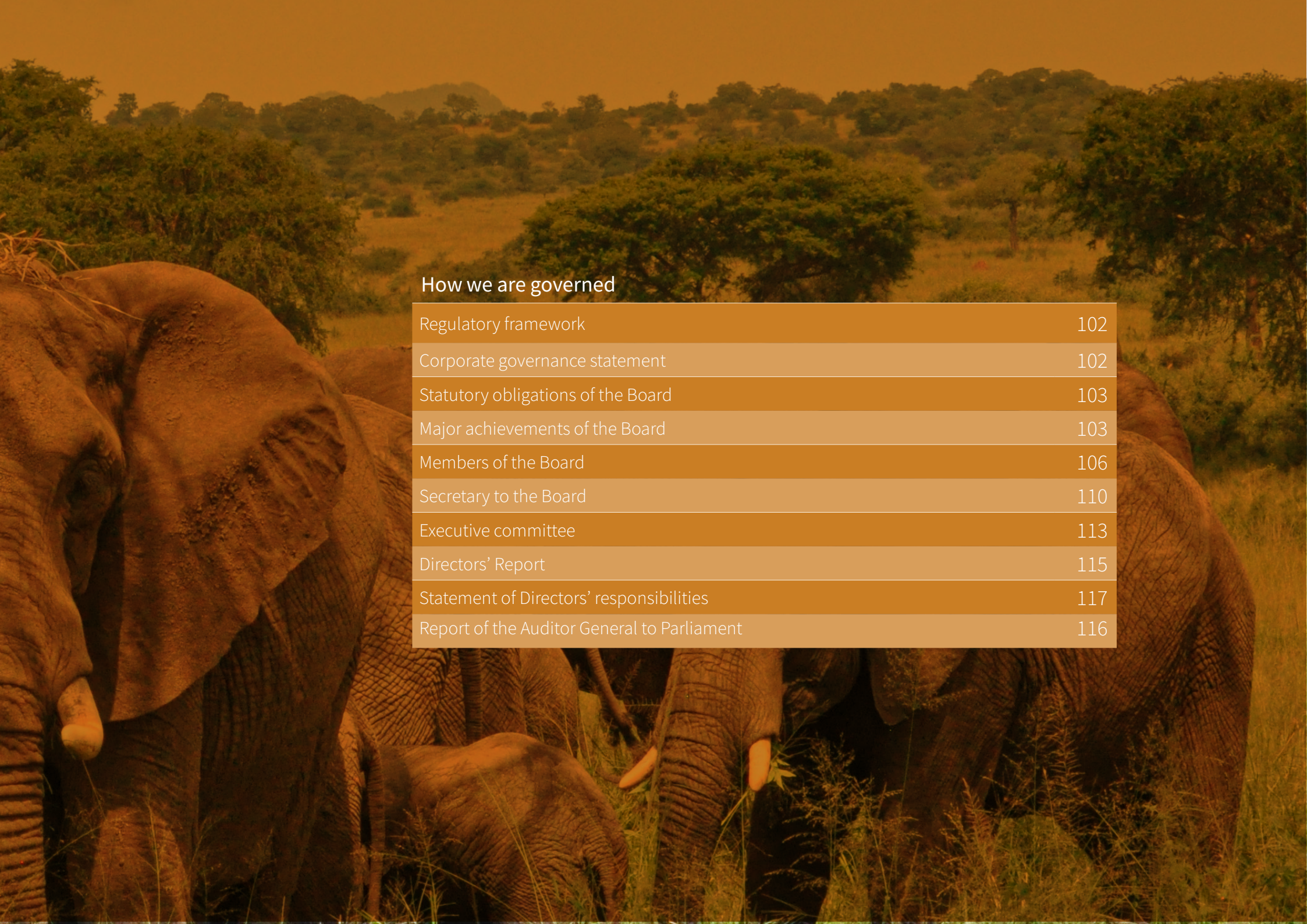
its crisis management capabilities as well as fostering a risk awareness culture among the staff. In 2025/2026, the Bank will operationalize the risk management frameworks on climate risk and third-party risk and complete the ISMS certification process. Risk management in the Bank is based on continuously

creating risk awareness across all levels of the Bank to ensure a supportive risk culture where the Bank's staff and third parties understand and actively participate in managing risk as an integral part of their day-to-day duties.



# How we are governed



A photograph of a herd of elephants in a savanna landscape, with a warm orange tint. The elephants are in the foreground, and the background shows a line of trees and a hazy horizon.

## How we are governed

|                                             |     |
|---------------------------------------------|-----|
| Regulatory framework                        | 102 |
| Corporate governance statement              | 102 |
| Statutory obligations of the Board          | 103 |
| Major achievements of the Board             | 103 |
| Members of the Board                        | 106 |
| Secretary to the Board                      | 110 |
| Executive committee                         | 113 |
| Directors' Report                           | 115 |
| Statement of Directors' responsibilities    | 117 |
| Report of the Auditor General to Parliament | 116 |

## Regulatory framework

The Bank of Uganda derives its mandate from Article 161 (1) of the Constitution of the Republic of Uganda, 1995, and the Bank of Uganda Act (Chapter 54, Laws of Uganda). The functions of the Bank are spelt out in Article 162 of the Constitution and Section 4 of the Bank of Uganda Act (Chapter 54, Laws of Uganda). In addition, the Bank executes its mandate in accordance with several legislations lending.

### Our Independence

In performing its functions, the Bank of Uganda conforms to the Constitution of the Republic of Uganda. It is, however, not subject to the direction or control of any person or authority.



### Corporate governance statement

The Bank of Uganda operates under a comprehensive corporate governance framework comprising three key components: the Board of Directors, Board Committees, and the Executive Committee of Management. The Bank's governing authority is derived from Articles 162(2) and (3) of the Constitution of Uganda and vested in the Board consisting of a Governor, Deputy Governor, and up to five (5) Non-Executive Directors. All Board appointments, including the Governor and Deputy Governor positions, are made by the President, subject to Parliamentary approval.

The Board of Directors maintain an unwavering commitment to upholding the highest standards of integrity and ethical conduct in all its operations and stakeholder interactions. To ensure consistent adherence to these principles, all Board members have formally endorsed and committed to following the Board of Directors' Charter and Code of Conduct, which serves as the primary reference document guiding their conduct and decision-making processes.

The Board's responsibilities encompass several critical obligations derived from common law and explicitly outlined in the Code of Conduct. These include maintaining fiduciary responsibility to act in the Bank's best interests; operating within established powers and authority; actively promoting the Bank's success and objectives; exercising independent judgment in all matters; demonstrating reasonable care, skill, and diligence in their duties; and vigilantly avoiding conflicts of interest that could compromise their effectiveness or the Bank's integrity.

The Board of Directors is ultimately responsible for the performance of the Bank. It has a fiduciary duty to act in the best interest of its stakeholders through overseeing the Management's stewardship over public resources and commitment to serving the public interest. The Board exercises all the powers of the Bank in conformity with the Constitution of the Republic of Uganda and the Bank of Uganda Act.

The Board is collectively responsible for:

1. Setting the Bank's strategic goals
2. Providing a prudent and effective risk management framework
3. Overseeing the integrity of financial and reporting systems
4. Establishing the values and ethical standards of the Bank
5. Ensuring a high-performance culture
6. Ensuring effective communication with the Government and stakeholders

## Statutory obligations of the Board

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

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

Other statutory duties of the Board as provided for in the Bank of Uganda Act (Cap.54) laws of Uganda are as follows:

In guiding the strategic direction of the Bank, the Board:

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

## Major achievements of the Board

As part of their commitment to transparency, accountability and continuous improvement, the Board registered a number of accomplishments. The accomplishments reflect the Bank's strategic priorities, oversight responsibilities, and collaborative efforts and include, among others:

- i. Completion of the Organisational Structural Review in alignment with the Strategic Plan 2022/27
- ii. Conducted a mid-term review of the Strategic Plan 2022/27
- iii. Recruitment in line with the new organisational structure
- iv. Review of the Board and Internal Audit Charters
- v. Review of the reward and remuneration structure
- vi. Approved a Cultural Transformation Program

- vii. Approval of new policies and policy amendments, along with issuance of regulatory guidelines. This includes key frameworks such as the Project Management Policy, IFRS 9 Policy, and Cyber and Technology Risk Management Guidelines for Supervised Financial Institutions, among other critical regulatory instruments.

## Composition of the Board of Directors

Composition of the Board of Directors

The Board of Directors consists of seven members:

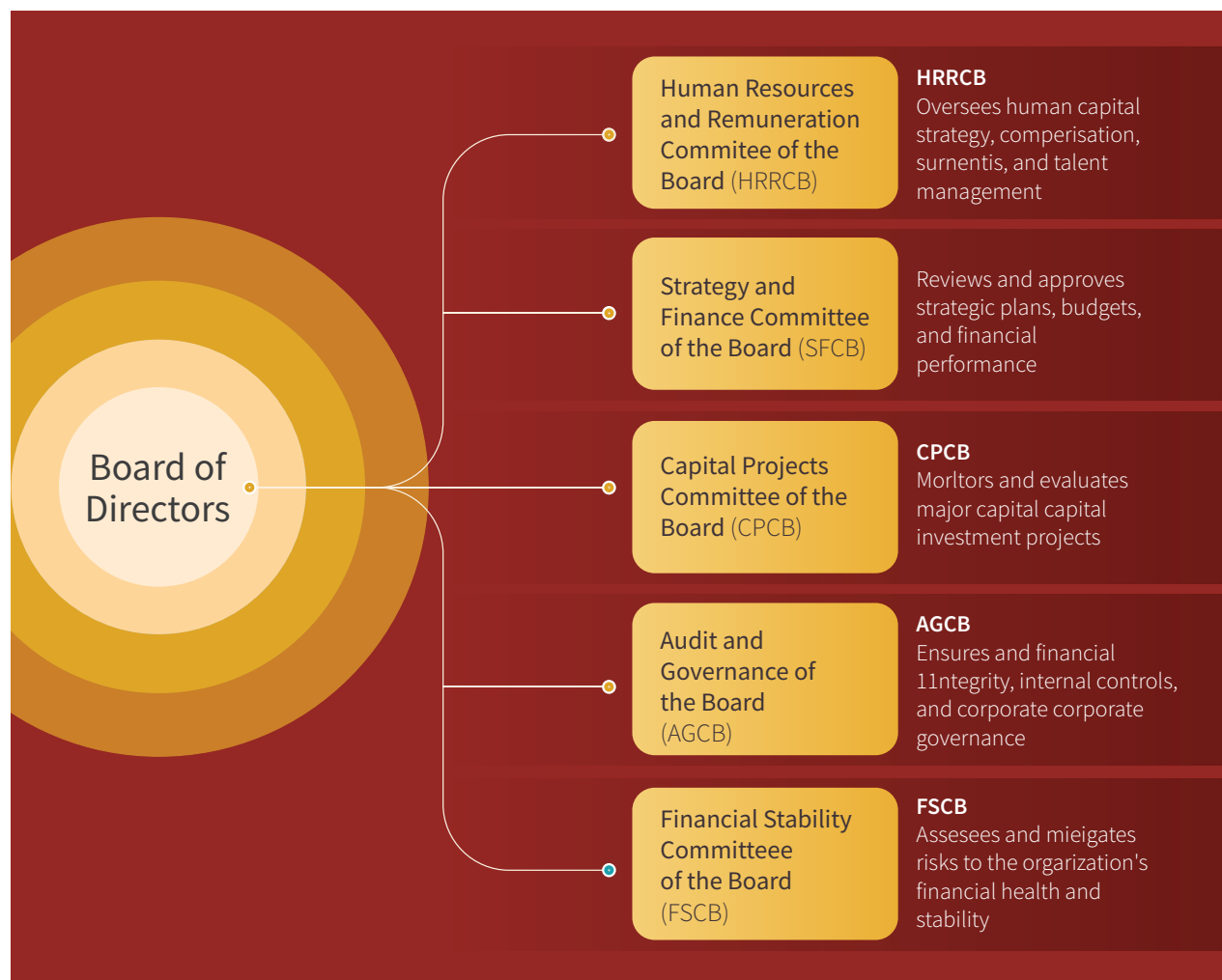
- i. The Governor, who serves as Chairperson
- ii. The Deputy Governor, who serves as Deputy Chairperson
- iii. Five (5) non-Executive Directors (NEDs)



## The Board Committees

To achieve effectiveness and focus in discharging its functions, the Board delegates some of its responsibilities to Board Committees. The committees operate within defined terms of reference as laid down in the Board Charter. The Board Committees make recommendations to the Board, for approval.

All Board Committees are chaired by Non-Executive Directors (NEDs), with the Bank Secretary serving as secretary to each committee. The committees operate on a structured quarterly meeting schedule while maintaining the flexibility to convene additional ad hoc or special meetings when necessary. Board committee membership typically comprises the Deputy Governor and four (4) Non-Executive Directors. However, the Audit and Governance Committee of the Board (AGCB) operates under a distinct composition, consisting exclusively of Non-Executive Directors. All Board Committees are chaired by Non-Executive Directors (NEDs), with the Bank Secretary serving as secretary to each committee. The committees operate on a structured quarterly meeting schedule while maintaining the flexibility to convene additional ad hoc or special meetings when necessary. Board committee membership typically comprises the Deputy Governor and four (4) Non-Executive Directors. However, the Audit and Governance Committee of the Board (AGCB) operates under a distinct composition, consisting exclusively of Non-Executive Directors.





## Members of the Board



### 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 organizations, 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 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

- 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.

## Board appointments

The Governor, Deputy Governor, and all Board Members are appointed by the President with Parliamentary approval, each serving a five-year term with eligibility for reappointment. The Board composition focuses on diversity and expertise, with all Directors possessing the requisite qualifications, skills, and experience across critical disciplines, including economics, finance, banking, law, corporate governance and information technology. Beyond technical competence, all appointees are individuals of exceptional integrity who uphold the highest ethical standards.

The Governor and Deputy Governor were appointed by His Excellency the President of the Republic of Uganda on February 16, 2025, in accordance with the powers vested in the presidential office under Article 162(3) of the Constitution.

Prior to the above appointments, Michael Atingi-Ego was duly appointed Deputy Governor for a five-year term on April 22, 2020.

## Secretary to the Board

The position of Bank Secretary is a key governance role, delivering comprehensive secretarial services and coordinating policy development and implementation. The position provides strategic advisory support to the Board and Management on corporate governance, ensuring adherence to best practices and regulatory requirements.

The Bank Secretary ensures the timely and accurate flow of information among the Board, Board Committees, and Management Committees to enable informed decision-making and transparency across governance structures. The Board Secretariat maintains an open-door policy, remaining accessible to Board members and Management whenever guidance or support is needed. The Bank Secretary during the Financial Year 2024/25 was Mrs. Susan Kanyemibwa

## Board meetings attendance

|    | BOARD MEMBER              | Board<br>[06]    | AGCB<br>[06]      | CPCB<br>[02]      | SFCB<br>[07]      | FSCB<br>[02]     | HRCCB<br>[03]     |
|----|---------------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| 1. | Mr. Michael Atingi-Ego    | 6/6              | <sup>^</sup> 1/1  | <sup>**</sup> 1/1 | <sup>**</sup> 3/5 | 2/2              | <sup>**</sup> 2/3 |
| 2. | Prof. Augustus Nuwagaba   | <sup>*</sup> 2/6 | <sup>^^</sup> 2/2 | 1/1               | <sup>*</sup> 2/2  | <sup>*</sup> 1/1 | <sup>*</sup> 1/1  |
| 3. | Mr. Ramathan Ggoobi       | 6/6              | N/A               | N/A               | 4/7               | 2/2              | N/A               |
| 4. | Mr. Japheth Katto         | 6/6              | 6/6               | 2/2               | 7/7               | 2/2              | 3/3               |
| 5. | Mr. Didas Nkurunziza      | 6/6              | 6/6               | 2/2               | <sup>7/7</sup>    | 2/2              | 3/3               |
| 6. | Ms. Rosemary Kitembo      | 5/6              | 5/6               | 2/2               | <sup>^</sup> 1/1  | <sup>^</sup> 1/1 | 3/3               |
| 7. | Ms. Josephine Okui-Ossiya | 6/6              | 5/6               | 1/2               | 7/7               | 1/2              | 2/3               |

<sup>\*</sup>Appointed on 16th February 2025 after the first set of meetings had already been held  
<sup>\*\*</sup>Appointed Governor on 16th February 2025. The Governor does not sit on Board committees.  
<sup>^</sup>Attendance on special invitation  
<sup>^^</sup>Attendance on invitation as part of the induction program  
Source: Bank of Uganda Board Secretariat

## Qualifications of the Bank Secretary

The Board (Bank) Secretary, Ms. Susan Kanyemibwa holds a Master of Business Administration degree (2010), Master of Laws (2003), a Post Graduate Diploma in Legal Practice (1994), Bachelor of Laws (1993) and an ICSA certification (2005).

## Assessment of Board performance

Periodic Board performance evaluation is intended to assess the Board’s effectiveness and identify areas for improvement. The performance evaluation process covers the assessment of:

- i. The Board as a collective unit
- ii. Board Committees
- iii. Board Chairperson,
- iv. Individual Board Members
- v. The Board Secretary
- vi. The Board skill set and
- vii. Board and Board committee meetings’ attendance

The Board performance assessment exercise comprehensively evaluates multiple dimensions of governance effectiveness, including Board composition, meeting dynamics, strategic oversight capabilities, and overall organizational performance.

The most recent Board performance assessment yielded several strategic recommendations for strengthening governance practices. Key recommendations included developing measurable performance indicators for Board effectiveness, establishing a comprehensive Board Succession Plan, implementing a structured Director Development Plan, and creating a Board Competence Framework to ensure optimal skill alignment. Additionally, the assessment recommended elevating conflict of interest declarations to a standing agenda item for all Board and Committee meetings, conducting Board assessments on a more frequent basis, and accelerating Board member appointment processes through enhanced coordination with the Ministry of Finance, Planning and Economic Development (MoFPED).

An independent consultant carries out periodic Board performance evaluation with the guidance of a pre-approved assessment instrument.

The mid-term assessment exercise is scheduled for Financial Year 2025/2026.

## Director induction, training and development

The Central 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 2024-2025, Board Members participated in targeted capacity development programs aligned with both the Bank of Uganda Director Development Plan and recommendations from previous Board performance evaluations. This systematic approach ensures training initiatives address identified areas for improvement while supporting the Board's evolving responsibilities.



Throughout the financial year, Board Members engaged in diverse professional development opportunities spanning critical areas, including pension investment strategies, comprehensive corporate governance practices encompassing digital competence, Environmental, Social and Governance (ESG) principles, board induction methodologies, evaluation frameworks, and reserves management techniques.

As part of the leadership transition, the Deputy Governor (who serves as Deputy Chairperson of the Board) completed a customised internal Director Induction Program specifically designed to enhance his effectiveness in the dual role of Deputy Chief Executive Officer and Deputy Chair of the Board. This comprehensive induction ensured seamless integration into the Bank's governance structure and operational framework.

Throughout the financial year, Board Members engaged in diverse professional development opportunities spanning critical areas, including pension investment strategies, comprehensive corporate governance practices encompassing digital competence, Environmental, Social and Governance (ESG) principles, board induction methodologies, evaluation frameworks, and reserves management techniques. These programs collectively strengthened the Board's capacity to navigate complex financial decisions and maintain oversight excellence in an evolving regulatory landscape.

Select members of the Board's Audit and Governance Committee participated in a specialized capacity development program focused on corporate governance best practices. The program specifically addressed the evolving role and responsibilities of African audit committees operating in today's dynamic and challenging business environment.

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

- i. The Association of Chartered Certified 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)

## Disclosure and conflict of interest

In strict adherence to Bank of Uganda Byelaws (specifically Byelaw 7), all Board Members submitted annual declarations of conflict of interest and debt positions for both 2024 and 2025, ensuring transparency regarding potential conflicts that could impact their decision-making capacity.

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

When a Board member identifies a conflict of interest, they must recuse themselves from both the discussion and decision-making process related to that specific agenda item. During this recusal, the member is prohibited from communicating with other Board members regarding the matter under consideration. All conflict of interest declarations are formally documented in a dedicated register and the meeting minutes to ensure transparency and maintain a complete governance record. This practice, mandated by the Bank of Uganda Board Charter, ensures real-time transparency and enables appropriate management of potential conflicts as they arise during Board deliberations, thereby safeguarding the integrity of the decision-making process.

## Board succession plan

The Governor, on the advice from the Bank Secretary, initiates correspondence with the Minister of Finance, Planning and Economic Development when a Non-Executive Director (NED) has six months remaining in their term of office, formally requesting commencement of the replacement process.

Under Uganda's Constitution, the authority to appoint Bank Board Members rests with His Excellency the President of the Republic of Uganda, subject to parliamentary approval. This constitutional framework 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 systematic filling of vacant positions and maintain institutional continuity.

## Bank management committees

The Board of Directors 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 established a comprehensive system of Management Committees as integral components of its organizational 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 & 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 BoU's strategic objectives and policies. The FERMPC has one (1) sub-committee, the Investment Sub-Committee, chaired by the Executive Director, Finance.

### Statutory Committee: The Contracts Committee

In line with the Public Procurement and Disposal of Assets (PPDA) Act and Regulations, the Bank of Uganda has a fully constituted Contracts Committee. 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.

### The Medical Board

An independent Medical Board comprised of five (5) external consultant doctors advises Management and the Board on medical-related issues. One of the consultant doctors serves as the Chairperson of the Medical Board, while the Bank's Director of the Medical Department provides secretarial support. The members of the Board include Dr. Ben Mbonye (Chairman), Dr. Joel Kiryabwire, Dr. John Omagino, Dr. Victoria Walusansa, and Prof. Harriet Mayanja-Kizza.

## Executive committee



**Michael Atingi-Ego**  
Governor



**Prof. Augustus Nuwagaba**  
Deputy Governor



**Susan Kanyemibwa (Mrs)**  
Bank Secretary



**Adam Mugume (PhD)**  
Executive Director Research and Policy



**Jacob Opolot (PhD)**  
Executive Director Operations



**Richard Byarugaba**  
Executive Director Finance



**David L. Kalyango**  
Executive Director Supervision



**Joyce Okello (Mrs)**  
Chief Internal Auditor



**Margaret Kaggwa Kasule (Mrs)**  
General Counsel



**Philip Wabulya**  
Executive Director  
Risk and Strategy Management



**John Chemonges**  
Executive Director  
People and Culture



**Collin Babirukamu**  
Executive Director Information  
Technology



**Tumubweinee  
Twinemanzi (PhD)**  
Executive Director National Payment Systems

# Directors' Report

## Reporting entity

The Directors are pleased to present their report on the activities and financial results for the year ended 30 June 2025. 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 678 billion for the year ended June 30, 2025, compared to UGX 1,212 billion as of June 30, 2024. This was largely driven by expected credit loss provisions and unrealised foreign exchange translation losses arising from the appreciation of the Uganda shilling against the major currencies.

The Bank's total operating income before unrealised foreign exchange losses, which is the sum of net interest income, net non-interest income, and other income and expected credit loss provisions, decreased by 0.5 percent to UGX 1,531 billion from UGX 1,538 billion recorded in 2023/24.

The total interest income totalled UGX 1,648 billion in FY 2024/25 compared to UGX 1,438 billion for FY 2023/24. The 15 percent growth was driven by interest from Government Advances and Securities.

Interest expenses amounted to UGX 209 billion in FY 2024/25 compared to UGX 125 billion in the previous year attributed to interest costs on cross-currency repurchase agreements. In pursuit of its monetary policy mandate, the Bank made use of the cross-currency repurchase agreements with Financial Institutions by concluding transactions amounting to USD 300 million and EUR 50 million.

Annual operating expenditure increased by 6 percent from UGX 621 billion in FY 2023/24 to UGX 660 billion in FY 2024/25, and 3 percent below the total budget of UGX 706 billion. All expenditure lines were within the budget expect for currency costs.

The cost-to-income ratio stood at 44 percent for the FY 2024/25 (FY 2023/24: 40 percent) and was in line with the strategic target of 75 percent.

The Bank recognised an unrealised translation loss of UGX 212 billion as of June 30, 2025 following the translation of foreign currency-denominated balances compared to an unrealised translation gain of UGX 226 billion in FY 2023/24. This resulted from the appreciation of the Uganda shilling against the major foreign currencies.

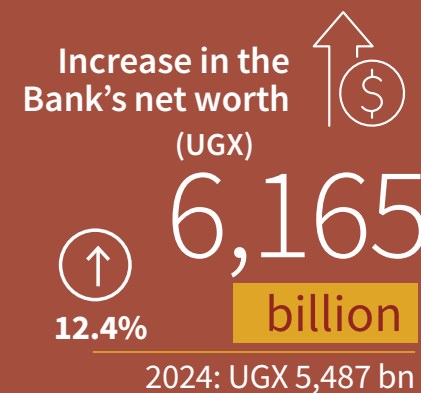
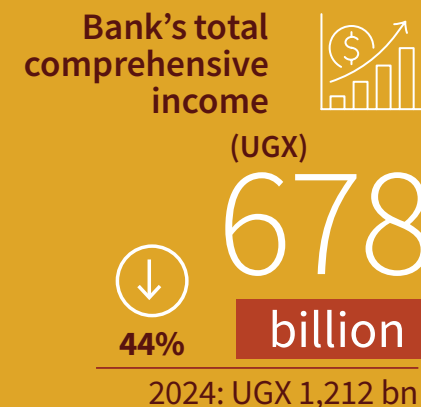
The Banks' total assets increased by 21.5 percent to UGX 31,871 billion compared to UGX 26,230 billion reported as at 30 June 2024.

Total liabilities stood at UGX 25,706 billion, representing an increase of 23.9 percent compared to UGX 20,744 billion as of 30 June 2024.

The Bank's net worth recorded a growth of 12.4 percent, reaching UGX 6,165 billion from UGX 5,487 billion at the end of June 2024. This growth was attributed to the total comprehensive gain of UGX 679 billion.

## Dividend

The Directors do not recommend payment of a dividend to the Government for the year ended 30 June 2025 (30 June 2024: Nil).



## Board of Directors

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

### Executive Board Member

#### Michael Atingi-Ego

Chairman and Governor

Appointed 10 February 2025

#### Augustus Nuwagaba

Member and Deputy Governor

Appointed 10 February 2025

### Non Executive Board Members

#### Josephine Okui Ossiya

Member

#### Japheth Katto

Member

#### Rosemary Kisembo

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 Board Member did not have any loans with the Bank. However, loans may be granted as part of the entitlements of the Board Members as outlined in the terms and conditions of service. The loans are therefore recovered from emoluments in accordance with the Bank's policy.

## 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 2025 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

Events material to the understanding of these financial statements that occurred between the financial year end and the date of this report have been disclosed in note 60.

## Approval of the financial statements

The financial statements were approved and authorised for issue at a meeting of the Board of Directors held on 25 September 2025.

By order of the Board



**Susan Kanyemibwa**

Bank Secretary

25 September 2025

## 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 2025 and the statement of 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.

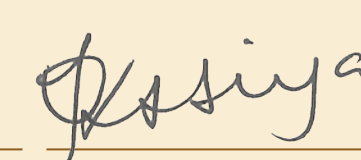
The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by the Bank of Uganda Act Cap. 54, Laws of Uganda.

## Approval of the financial statements

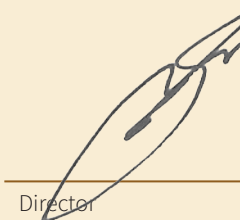
The financial statements of Bank of Uganda which appear from page 124 to page 187 were approved and authorised for issue by the Board of Directors on 25 September 2025.



Chairman



Director



Director



A woman with dark hair in a bun, wearing glasses and a light blue blazer, is seated at a desk. She is looking down at a document in her hands. On the desk, there is a calculator and several papers. In the background, a computer monitor is visible, displaying some data. The overall lighting is warm and yellowish.

# 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 from page 124 to page 187, which comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive income, statement of changes in equity and 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 2025, and of 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) together with the ethical requirements that are relevant to my audit of the financial statements in Uganda, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

I have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the

procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

1. Expected credit losses on financial assets

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

- 2.4.1 - Judgments;
- 2.4.2 - 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;
- 4.2.5 - Assumptions applied in the calculation of expected credit losses (ECLs);
- 4.2.6 - External benchmarks used;
- 4.2.7 - Bank of Uganda credit risk exposure;
- 21 - Expected credit loss expense on financial assets;
- 28 - Cash and cash equivalents;
- 29 - Assets held and obligations with International Monetary Fund (IMF);
- 31 - Debt instruments at amortised cost;
- 32 - Debt instruments at fair value through other comprehensive income;
- 36 - Loans and advances to Government
- 38 - Investments in Government securities;
- 39 - Loans and advances to commercial banks.

| Key Audit Matter                                                                                                                                                                                                                                                                                                      | How the key audit matter was addressed in my audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Bank is required to compute expected credit losses (ECLs) on debt instruments at fair value through other comprehensive income and amortised cost in accordance with IFRS 9 <i>Financial Instruments</i> . ECLs have been assessed for the financial assets summarized in note 4.2.7 to the financial statements. | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"><li>– 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.</li><li>– Assessing the predictive capability of the ECL model through performing retrospective review by comparing the prior period ECL estimate with the actual results of the estimate in the current year.</li><li>– Selecting a sample of financial assets 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 for each</li></ul> |
| The financial assets amounted to UGX 25,857 billion as at 30 June 2025, which represents 81.1 percent of total assets, after taking into account the ECL allowance amounting to UGX 602 billion as at 30 June 2025.                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

The Bank uses various models and assumptions 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.

Management exercises a high degree of estimation uncertainty and applies significant judgement in assumptions when determining both the timing and the amounts of the ECL for these financial assets.

Key areas of judgement and estimation included:

- The determination of significant increase in credit risk (SICR), this is assessed based on the current risk of default of an account relative to its risk of default since initial recognition.
- The measurement of ECL which is dependent upon key assumptions relating to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Due to the significant judgements applied by management and the significant audit effort required, the determination of ECLs was considered to be a key audit matter.

stage of the instrument.

- Evaluating the appropriateness of the Bank's significant increase in credit risk (SICR) criteria by assessing:
  - the reasonableness of qualitative staging decisions such as the counterparty'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 loans and verifying external credit risk ratings used.
- Assessing the reasonableness of the LGD assumptions applied such as increasing haircut adjustments by performing recalculations and obtaining corroborating evidence for the parameters used in deriving the adjustments.
- Reperforming the ECL calculations using the parameters – Probability of Default (PD), Loss given Default (LGD) and Exposure at Default (EAD) and comparing the results with the final audited ECL results.
- Evaluating the adequacy of the Bank's disclosures in the financial statements in accordance with the requirements of IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*.

## 2. Recognition and disclosure of litigation and contractual claims

The disclosures associated with recognition and disclosure of litigation and contractual claims are set out in the financial statements in the following notes:

- 2.4.1 - Judgments;
- 2.4.5 - Litigation costs;
- 3.23 - Provisions;
- 52 - Provisions;
- 57 - Contingent liabilities and commitments;

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How the key audit matter was addressed in my audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>At the year-end, there were pending legal cases and contractual claims where the Bank was a party.</p> <p>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.</p> <p>The Directors have assessed all the cases outstanding as at 30 June 2025 and where considered necessary based on the merits of each case, appropriate provisions have been recognised in the 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.</p> <p>As disclosed in note 52 to the financial statements, for the matters for which the Bank's Directors' assessment is that it is probable that the outcome will be unfavourable to the Bank, the estimated loss has been provided for.</p> <p>The disclosures to the financial statements include contingent liabilities for which the quantum and likely outcome is uncertain. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur.</p> | <p>My audit procedures included the following;</p> <ul style="list-style-type: none"> <li>– Understanding the Bank's process for accounting for the obligations and contingencies arising from litigations and contractual claims.</li> <li>– Inspecting legal communications between the Bank's internal legal team and external lawyers, as well as Board and management meeting minutes and confirmations from the Bank's external lawyers to identify potential claims against the Bank and that these potential exposures are assessed and accounted for.</li> <li>– Obtaining written confirmations from the Bank's external lawyers on the status of the legal cases and contractual claims including the likely outcome and estimated exposure of the matters and assessing the reasonableness of management's judgment on the likely outcome of the cases and the provisions made.</li> <li>– Assessing the competence and objectivity of external lawyers representing the Bank in the litigations and contractual claims through performing an assessment on the qualifications, experience and memberships of the lawyers.</li> <li>– Assessing whether the recognition and/</li> </ul> |

The determination of legal and contractual claims, provisions and contingent liabilities was considered a key audit matter because of the significance of the potential amounts involved, related estimation uncertainty and the significant subjective judgments involved.

or disclosure of litigations and contractual claims in the Bank's financial statements met the requirements of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* based on my understanding of these matters.

## Other matter

The financial statements of Bank of Uganda as at and for the year ended 30 June 2024, were audited by another delegated auditor who expressed an unmodified opinion on those financial statements on 25 September 2024.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Bank of Uganda Integrated Annual Report 30 June 2025"*, 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 an audit opinion or 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 the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the 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 judgment and maintain professional scepticism throughout the audit. I am 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 management.
- 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

30 September 2025

# Financial statements

## Financial statements

|                                   |     |
|-----------------------------------|-----|
| Statement of comprehensive income | 124 |
| Statement of financial position   | 125 |
| Statement of changes in equity    | 126 |
| Statement of cash flows           | 127 |
| Notes to the financial statements | 128 |

## Statement of comprehensive income

| For the year ended                                                          | Note | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------------------------------------------|------|------------------------|------------------------|
| <b>Operating income</b>                                                     |      |                        |                        |
| Interest income from international reserves                                 | 8    | 470,394                | 570,203                |
| Interest income from monetary policy operations                             | 9    | 43,419                 | 37,655                 |
| Interest income from Government advances and Securities                     | 10   | 993,817                | 703,251                |
| Other interest income                                                       | 11   | 140,623                | 127,478                |
| <b>Total interest income calculated using the effective interest method</b> |      | <b>1,648,253</b>       | <b>1,438,587</b>       |
| Interest expense from monetary policy operations                            | 12   | (24,360)               | (53,774)               |
| Other interest expense                                                      | 13   | (184,994)              | (71,017)               |
| <b>Total interest expense</b>                                               |      | <b>(209,354)</b>       | <b>(124,791)</b>       |
| <b>Net interest income</b>                                                  |      | <b>1,438,899</b>       | <b>1,313,796</b>       |
| Other income from banking operations                                        | 14   | 79,491                 | 67,537                 |
| Other income from currency operations                                       | 15   | 6,934                  | 8,776                  |
| Other income from supervising Financial Institutions                        | 16   | 8,006                  | 6,885                  |
| Other income from supervising National Payment Systems                      | 17   | 8,412                  | 7,479                  |
| Net gains on financial assets at FVPL                                       | 18   | 162,589                | 119,277                |
| Gains/(losses) arising from derecognition of FVOCI* assets                  | 19   | 319                    | (2,560)                |
| Other income                                                                | 20   | 52,259                 | 17,941                 |
| <b>Net non interest and other income</b>                                    |      | <b>318,010</b>         | <b>225,335</b>         |
| Expected credit loss expense on financial assets                            | 21   | (226,058)              | (1,243)                |
| <b>Net operating income before forex (losses)/gains</b>                     |      | <b>1,530,851</b>       | <b>1,537,888</b>       |
| Net foreign exchange (losses)/gains                                         | 22   | (211,648)              | 225,852                |
| <b>Net operating income</b>                                                 |      | <b>1,319,203</b>       | <b>1,763,740</b>       |

\* FVOCI- Fair value through other comprehensive income

| For the year ended                                                        | Note      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------------------------------|-----------|------------------------|------------------------|
| <b>Expenses</b>                                                           |           |                        |                        |
| Employee benefits                                                         | 23        | (286,562)              | (230,247)              |
| General and administration costs                                          | 24        | (102,674)              | (98,464)               |
| Currency costs                                                            | 25        | (212,620)              | (203,098)              |
| Financial and professional charges                                        | 26        | (26,231)               | (55,640)               |
| Amortization                                                              | 42        | (4,057)                | (4,132)                |
| Depreciation                                                              | 43        | (28,128)               | (29,807)               |
| <b>Total expenses</b>                                                     |           | <b>(660,272)</b>       | <b>(621,388)</b>       |
| <b>Net surplus for the year</b>                                           | <b>27</b> | <b>658,931</b>         | <b>1,142,352</b>       |
| <b>Other comprehensive income</b>                                         |           |                        |                        |
| <b>OCI to be reclassified to profit or loss in subsequent periods</b>     |           |                        |                        |
| Net change in fair value for debt instruments at FVOCI                    | 32        | 24,641                 | 22,457                 |
| Net change in impairment for debt instruments at FVOCI                    | 21        | 72                     | 57                     |
| Net amount reclassified to profit or loss for FVOCI instruments           | 32        | (1,696)                | (616)                  |
| <b>OCI not to be reclassified to profit or loss in subsequent periods</b> |           |                        |                        |
| Actuarial losses on defined benefit pension plan                          | 41        | (34,639)               | (20,952)               |
| Net change in fair value for equity instruments at FVOCI                  | 35        | 43,358                 | 65,010                 |
| Unrealised forex (losses)/gains on equity instruments at FVOCI            | 35        | (12,352)               | 3,373                  |
| <b>Other comprehensive income for the year</b>                            |           | <b>19,384</b>          | <b>69,329</b>          |
| <b>Total comprehensive income for the year</b>                            |           | <b>678,315</b>         | <b>1,211,681</b>       |

The presentation in the prior year comparatives has been updated to align with changes recommended by the International Monetary Fund for Central Banks.

The accounting policies and notes from page 128 to page 187 form an integral part of these financial statements.

## Statement of financial position

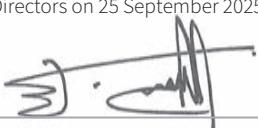
| As at                                                 | Note | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------------------|------|------------------------|------------------------|
| <b>Assets</b>                                         |      |                        |                        |
| <b>Foreign currency assets</b>                        |      |                        |                        |
| <b>International reserves</b>                         |      |                        |                        |
| Cash and cash equivalents                             | 28   | 1,359,169              | 840,693                |
| Assets held with International Monetary Fund          | 29   | 654,997                | 713,501                |
| Debt instruments at amortised cost                    | 31   | 9,599,461              | 6,570,002              |
| Debt instruments at fair value through OCI            | 32   | 2,662,152              | 2,029,440              |
| Financial assets at fair value through profit or loss | 33   | 4,689,283              | 4,512,245              |
| Derivative financial instruments                      | 34   | 14,320                 | 16,468                 |
| <b>Other foreign currency assets</b>                  |      |                        |                        |
| Equity instruments at fair value through OCI          | 35   | 530,554                | 499,548                |
|                                                       |      | 19,509,936             | 15,181,897             |
| <b>National currency assets</b>                       |      |                        |                        |
| Loans and advances to government                      | 36   | 1,798,544              | 8,555,577              |
| Loans and advances to staff                           | 37   | 112,438                | 99,116                 |
| Investments in government securities                  | 38   | 9,648,555              | 1,540,506              |
| Assets held for sale                                  | 40   | 2,738                  | 14,806                 |
| Retirement benefits plan                              | 41   | 91,812                 | 100,887                |
| Intangible assets                                     | 42   | 18,700                 | 17,480                 |
| Property, plant and equipment                         | 43   | 393,376                | 380,454                |
| Other assets                                          | 44   | 294,802                | 339,661                |
|                                                       |      | 12,360,965             | 11,048,487             |
| <b>Total assets</b>                                   |      | <b>31,870,901</b>      | <b>26,230,384</b>      |

| As at                                             | Note | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------|------|------------------------|------------------------|
| <b>Liabilities</b>                                |      |                        |                        |
| <b>Foreign currency liabilities</b>               |      |                        |                        |
| International Monetary Fund obligations           | 29   | 1,654,385              | 1,616,753              |
| International Monetary Fund Rapid Credit Facility | 30   | 1,124,335              | 1,217,278              |
| Derivative financial instruments                  | 34   | 33,374                 | 10,288                 |
| Government deposits                               | 46   | 3,052,081              | 1,898,831              |
| Commercial and Central Banks' deposits            | 47   | 993,141                | 783,991                |
| Cross currency repos                              | 49   | 1,674,169              | 372,649                |
| Other liabilities                                 | 51   | 15,726                 | 2,347                  |
|                                                   |      | 8,547,211              | 5,902,137              |
| <b>National currency liabilities</b>              |      |                        |                        |
| Currency in circulation                           | 45   | 8,967,177              | 8,200,337              |
| <b>Monetary policy instruments</b>                |      |                        |                        |
| Repurchase agreements with commercial banks       | 48   | 2,008,843              | 653,527                |
| <b>Other national currency liabilities</b>        |      |                        |                        |
| Government deposits                               | 46   | 2,020,195              | 2,569,205              |
| Commercial and Central Banks' deposits            | 47   | 3,885,406              | 3,091,852              |
| Lease liabilities                                 | 50   | 145                    | 185                    |
| Other liabilities                                 | 51   | 242,898                | 262,014                |
| Provisions                                        | 52   | 33,909                 | 64,325                 |
|                                                   |      | 17,158,573             | 14,841,445             |
| <b>Total liabilities</b>                          |      | <b>25,705,784</b>      | <b>20,743,582</b>      |
| <b>Equity</b>                                     |      |                        |                        |
| Share capital                                     | 53   | 20,000                 | 20,000                 |
| Recapitalization securities                       | 54   | 1,859,018              | 1,859,018              |
| Reserves                                          | 55   | 4,286,099              | 3,607,784              |
|                                                   |      | 6,165,117              | 5,486,802              |
| <b>Total liabilities &amp; equity</b>             |      | <b>31,870,901</b>      | <b>26,230,384</b>      |

The presentation in the prior year comparatives has been updated to align with changes recommended by the International Monetary Fund for Central Banks.

The accounting policies and notes from page 128 to page 187 form an integral part of these financial statements.

The financial statements from page 124 to page 187 were approved and authorised for issue by the Board of Directors on 25 September 2025.

  
Chairman

  
Director

  
Director

## Statement of changes in equity

| For the year ended 30 June 2025                                         | Issued capital | BoU recapitalisation | Translation reserve | Asset revaluation reserve | Fair value reserve | Revenue reserve  | Actuarial reserve | General reserve | Totals           |
|-------------------------------------------------------------------------|----------------|----------------------|---------------------|---------------------------|--------------------|------------------|-------------------|-----------------|------------------|
|                                                                         | UGX (m)        | UGX (m)              | UGX (m)             | UGX (m)                   | UGX (m)            | UGX (m)          | UGX (m)           | UGX (m)         | UGX (m)          |
| At 01 July 2023                                                         | 20,000         | 1,641,718            | 3,531,058           | 216,607                   | 109,657            | (1,797,069)      | (63,427)          | 399,277         | 4,057,821        |
| Surplus for the year                                                    | -              | -                    | -                   | -                         | -                  | 1,142,352        | -                 | -               | 1,142,352        |
| <b>Other comprehensive income</b>                                       |                |                      |                     |                           |                    |                  |                   |                 |                  |
| Net change in fair value for debt instruments at FVOCI                  | -              | -                    | -                   | -                         | 22,457             | -                | -                 | -               | 22,457           |
| Net change in impairment for debt instruments at FVOCI                  | -              | -                    | -                   | -                         | 57                 | -                | -                 | -               | 57               |
| Net amount reclassified to profit or loss for debt instruments at FVOCI | -              | -                    | -                   | -                         | (616)              | -                | -                 | -               | (616)            |
| Actuarial losses on defined benefit pension plan                        | -              | -                    | -                   | -                         | -                  | -                | (20,952)          | -               | (20,952)         |
| Net change in fair value of equity instruments at FVOCI                 | -              | -                    | -                   | -                         | 65,010             | -                | -                 | -               | 65,010           |
| Unrealised foreign exchange gains on equity instruments at FVOCI        | -              | -                    | -                   | -                         | 3,373              | -                | -                 | -               | 3,373            |
| <b>Total comprehensive income</b>                                       | -              | -                    | -                   | -                         | 90,281             | 1,142,352        | (20,952)          | -               | 1,211,681        |
| Revaluation surplus release                                             | -              | -                    | -                   | (12,949)                  | -                  | 12,949           | -                 | -               | -                |
| BoU recapitalisation securities                                         | -              | 217,300              | -                   | -                         | -                  | -                | -                 | -               | 217,300          |
| Foreign exchange gains                                                  | -              | -                    | 225,852             | -                         | -                  | (225,852)        | -                 | -               | -                |
| <b>At 30 June 2024</b>                                                  | <b>20,000</b>  | <b>1,859,018</b>     | <b>3,756,910</b>    | <b>203,658</b>            | <b>199,938</b>     | <b>(867,620)</b> | <b>(84,379)</b>   | <b>399,277</b>  | <b>5,486,802</b> |
| <b>At 01 July 2024</b>                                                  | <b>20,000</b>  | <b>1,859,018</b>     | <b>3,756,910</b>    | <b>203,658</b>            | <b>199,938</b>     | <b>(867,620)</b> | <b>(84,379)</b>   | <b>399,277</b>  | <b>5,486,802</b> |
| Surplus for the year                                                    | -              | -                    | -                   | -                         | -                  | 658,931          | -                 | -               | 658,931          |
| <b>Other comprehensive income</b>                                       |                |                      |                     |                           |                    |                  |                   |                 |                  |
| 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)          |
| Actuarial losses on defined benefit pension plan                        | -              | -                    | -                   | -                         | -                  | -                | (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)         |
| <b>Total comprehensive income</b>                                       | -              | -                    | -                   | -                         | 54,023             | 658,931          | (34,639)          | -               | 678,315          |
| Revaluation surplus release                                             | -              | -                    | -                   | (11,886)                  | -                  | 11,886           | -                 | -               | -                |
| Foreign exchange losses                                                 | -              | -                    | (211,648)           | -                         | -                  | 211,648          | -                 | -               | -                |
| <b>At 30 June 2025</b>                                                  | <b>20,000</b>  | <b>1,859,018</b>     | <b>3,545,262</b>    | <b>191,772</b>            | <b>253,961</b>     | <b>14,845</b>    | <b>(119,018)</b>  | <b>399,277</b>  | <b>6,165,117</b> |

The accounting policies and notes from page 128 to page 187 form an integral part of these financial statements.

## Statement of cash flows

| For the year ended                                                         | Note | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------------------------------------|------|------------------------|------------------------|
| <b>Cash flows from operating activities:</b>                               |      |                        |                        |
| Net surplus for the year                                                   |      | 658,931                | 1,142,352              |
| Amortisation                                                               | 42   | 4,057                  | 4,132                  |
| Depreciation                                                               | 43   | 28,128                 | 29,807                 |
| Finance cost on lease liability                                            | 26   | 13                     | 17                     |
| Net interest income                                                        |      | (1,438,899)            | (1,313,796)            |
| Dividends on equity instruments measured at FVOCI                          | 20   | (45,579)               | (7,440)                |
| Loss on disposal of property, plant and equipment                          | 24   | 379                    | 36                     |
| Loss on disposal of Intangibles                                            |      | 6                      | -                      |
| Credit loss expense on financial assets                                    | 21   | 226,058                | 1,243                  |
| (Gains)/losses arising from derecognition of FVOCI assets                  | 19   | (319)                  | 2,560                  |
| Change in fair value for financial assets at FVTPL                         | 18   | 162,589                | 119,277                |
| Effect of movements in exchange rates on cash and cash equivalents         |      | (8,829)                | (36,681)               |
| Defined benefit plan costs charged to profit or loss                       | 41   | (3,166)                | (4,009)                |
| <b>Cash flows from operating activities before working capital changes</b> |      | <b>(416,631)</b>       | <b>(62,502)</b>        |
| <b>Foreign currency assets</b>                                             |      |                        |                        |
| <b>International reserves</b>                                              |      |                        |                        |
| Decrease in assets held with International Monetary Fund                   |      | 61,760                 | 995,690                |
| (Increase)/decrease in debt instruments at amortised cost                  |      | (2,878,481)            | 379,331                |
| Increase in debt instruments at fair value through OCI                     |      | (583,721)              | (831,326)              |
| Increase in financial assets at fair value through profit or loss          |      | (303,514)              | (361,518)              |
| Decrease in derivative financial instruments                               |      | 2,148                  | 21,511                 |
| <b>(Increase)/decrease in foreign currency assets</b>                      |      | <b>(3,701,808)</b>     | <b>203,688</b>         |
| <b>National currency assets</b>                                            |      |                        |                        |
| Decrease/(increase) in loans and advances to government                    |      | 6,642,206              | (1,122,154)            |
| Decrease/(increase) in loans and advances to commercial banks              |      | 8,375                  | (2,938)                |
| Increase in loans and advances to staff                                    |      | (14,830)               | (11,158)               |
| Increase in investments in government securities                           |      | (7,973,673)            | (461,678)              |
| Decrease/(increase) in other assets                                        |      | 67,809                 | (76,866)               |
| <b>Increase in national currency assets</b>                                |      | <b>(1,270,113)</b>     | <b>(1,674,794)</b>     |
| <b>Increase in total assets</b>                                            |      | <b>(4,971,921)</b>     | <b>(1,471,106)</b>     |

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.

The interest received and interest paid has been restated to reflect actual cash flows as required by IAS 7:Statement of cashflows.

This change has no impact on Cash flows from operating activities due to offsetting movements in the working capital accounts.

| For the year ended                                                 | Note      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------------------------|-----------|------------------------|------------------------|
| <b>Foreign currency liabilities</b>                                |           |                        |                        |
| Increase/(decrease) in International Monetary Fund obligations     |           | 24,850                 | (939,633)              |
| Decrease in International Monetary Fund Rapid Credit Facility      |           | (92,943)               | (2,366)                |
| Increase/(decrease) in Derivative financial instruments            |           | 23,086                 | (16,432)               |
| Increase in Government deposits                                    |           | 1,153,250              | 1,770,155              |
| Increase/(decrease) in Commercial and Central Banks' deposits      |           | 209,150                | (60,341)               |
| Increase in Cross currency repos                                   |           | 1,275,920              | 370,672                |
| Increase in Other liabilities                                      |           | 13,379                 | 2,350                  |
| <b>Increase in foreign currency liabilities</b>                    |           | <b>2,606,692</b>       | <b>1,124,405</b>       |
| <b>National currency liabilities</b>                               |           |                        |                        |
| Increase in currency in circulation                                |           | 766,840                | 886,740                |
| <b>Monetary policy instruments</b>                                 |           |                        |                        |
| Increase/(decrease) in repurchase agreements with commercial banks |           | 1,352,279              | (1,512,005)            |
| <b>Other national currency liabilities</b>                         |           |                        |                        |
| Decrease in government deposits                                    |           | (549,010)              | (2,991,835)            |
| Increase in commercial and Central Banks' deposits                 |           | 793,554                | 157,907                |
| (Decrease)/increase in other liabilities                           |           | (19,118)               | 36,955                 |
| (Decrease)/increase in provisions                                  |           | (30,416)               | 28,799                 |
| <b>Increase/(decrease) in national currency liabilities</b>        |           | <b>2,314,129</b>       | <b>(3,393,439)</b>     |
| <b>Increase/(decrease) in total liabilities</b>                    |           | <b>4,920,821</b>       | <b>(2,269,034)</b>     |
| <b>Net cash used in operations</b>                                 |           | <b>(467,731)</b>       | <b>(3,802,642)</b>     |
| Bank contribution to BoU defined benefit plan                      |           | (22,398)               | (29,967)               |
| Payment of interest on lease liability                             |           | (13)                   | (17)                   |
| Interest received                                                  |           | 1,187,143              | 994,282                |
| Interest paid                                                      |           | (167,935)              | (102,552)              |
| <b>Net cash from/(used in) operating activities</b>                |           | <b>529,066</b>         | <b>(2,940,896)</b>     |
| Proceeds from sale of property, plant and equipment                |           | 993                    | 835                    |
| Purchase of property, plant and equipment                          | 43        | (30,353)               | (19,680)               |
| Purchase of software                                               | 42        | (5,283)                | (6,703)                |
| Dividends received                                                 |           | 22,629                 | 7,440                  |
| <b>Net cash used in investing activities</b>                       |           | <b>(12,014)</b>        | <b>(18,108)</b>        |
| Recapitalization securities                                        |           | -                      | 217,300                |
| Principal payment of leases                                        | 50        | (40)                   | (36)                   |
| <b>Net cash (used in)/from financing activities</b>                |           | <b>(40)</b>            | <b>217,264</b>         |
| Increase/(decrease) in cash and cash equivalents                   |           | 517,012                | (2,741,740)            |
| Effect of movements in exchange rates on cash and cash equivalents |           | 8,829                  | 36,681                 |
| Add: Cash and cash equivalents at the beginning of the year        |           | 843,644                | 3,548,703              |
| <b>Cash and cash equivalents at 30 Jun</b>                         | <b>28</b> | <b>1,369,485</b>       | <b>843,644</b>         |

The presentation in the prior year comparatives has been updated to align with changes in the statement of financial position.  
The accounting policies and notes from page 128 to page 187 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;
- Financial assets at FVOCI;
- The receivable for defined benefit obligations recognised as fair value of the plan assets less the present value of the defined benefit obligation, plus unrecognised actuarial gains less unrecognised past service cost and unrecognised actuarial losses; and
- Revaluation of certain property, plant and equipment.

### 2.3 Functional and presentation currency

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

## 2.4 Use of estimates and judgements

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.

### 2.4.1 Judgments

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Bank’s accounting policies and that have the most significant effect on the amounts recognised in financial statements:

#### i. Business model assessment

Classification and measurement of financial assets depends on the results of the 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 fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### ii. Significant increase of credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk

has increased significantly since initial recognition.

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 4 for more details.

### iii. Establishing banks of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are 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 bank of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

### iv. Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 4 for more details on ECL and Note 6 for more details on fair value measurement.

### v. Legal provisions, contingent assets and liabilities

Significant judgment and estimation is made by the Directors in determining the Bank's litigation provisions and contingent disclosures. Key assumptions are made with respect to the likelihood and magnitude of any potential outflow of resources. The provisions and contingencies are further disclosed in Notes 52 and 57.

## 2.4.2 Assumptions and estimation uncertainties

The information relating to assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the financial statements are set out below.

### 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 orderly transaction between market participants at the measurement date.

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Bank's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Bank establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Bank's financial instruments is based on observable market prices or derived from observable market parameters.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## 2.4.3 Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature

of these plans, such estimates are subject to significant uncertainty and a change in any of the assumptions will alter the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Bank considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. (Refer to Note 41).

#### 2.4.4 Property, plant and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account which involves extensive subjective judgment. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The rates used are set out on accounting policy Note 3.15.

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 recognized in other comprehensive income.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. (Refer to Note 3.15).

#### 2.4.5 Litigation costs

The Bank is involved in several court cases. In cases where the judgements have not been delivered or have not been made in the Bank's favor, the Bank in consultation with the external lawyers estimates the likely costs that the Bank might incur subject to any appeal process. The estimation of costs is performed in line with Advocates Remuneration and Taxation of Costs Rules for cases in the High Court of Uganda, Court of Appeal Rules for cases in the Court of Appeal and Supreme Court Rules for cases in the Supreme Court.

The rules specify a minimum fee although increases in the costs can be justified based on complexity, importance and nature of the subject matter. The final costs are however determined by the Courts of Law on a case by case basis. Details are provided under note 52.

## 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 a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### i. Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The Bank has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Bank does not have liabilities with covenants that are impacted by the amendments in this standard.

#### ii. Amendments to IAS 1—Non-current Liabilities with Covenants

The Bank has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments did not have an impact on the

Bank's statement of financial position, which is presented in order of liquidity.

### iii. Supplier Finance Arrangements-Amendments to IAS 7 and IFRS 7

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. With the amendments, the IASB has introduced new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements. The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. As a result, supplier finance arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the original payment due dates. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments did not have an impact in the Bank's financial statements.

### iv. Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The Bank has adopted the amendments to IFRS 16 for the first time in the current year. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability. The seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction on initial recognition. The bank did not have any sale and leaseback transaction during the year.

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

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier applications is permitted. However, the Bank has not yet adopted early the new and amended accounting standards in preparing these financial statements.

### i. Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to;

- Settling financial liabilities using electronic payments system; and
- Assessing contractual cashflow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the new amendments.

### ii. IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements;

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing and discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cashflows when presenting operating cash flows under the indirect method. The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

### iii. Other accounting standards

The Lack of Exchangeability (Amendments to IAS 21) is not expected to have a significant impact on the Bank's financial statements.

### 3.1.3 Annual Improvements to IFRS Accounting Standards-Volume 11

On 18 July 2024, the International Accounting Standards Board (IASB) issued the Annual Improvements to IFRS Accounting Standards-Volume 11. It contains amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

| Accounting Standard                                                         | Subject of amendment                                                       | IASB's summary of amendment                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 1 'First-time Adoption of International Financial Reporting Standards' | Hedge accounting by a first-time adopter                                   | Amends paragraphs B5–B6 of IFRS 1: <ul style="list-style-type: none"> <li>to improve consistency with the requirements in IFRS 9 'Financial Instruments', and</li> <li>to add cross-references to improve the understandability of IFRS 1.</li> </ul>                                                                                                                                                                    |
| IFRS 7 'Financial Instruments: Disclosures'                                 | Gain or loss on derecognition                                              | Amends paragraph B38 of IFRS 7: <ul style="list-style-type: none"> <li>to replace an obsolete reference to paragraph 27A of IFRS 7 with a reference to paragraphs 72–73 of IFRS 13 'Fair Value Measurement', and</li> <li>to replace the phrase 'inputs that were not based on observable market data' with 'unobservable inputs' to make the wording consistent with the wording in paragraph 72 of IFRS 13.</li> </ul> |
| Guidance on implementing IFRS 7 'Financial Instruments: Disclosures'        | Disclosure of deferred difference between fair value and transaction price | Amends paragraph IG14 to make its wording consistent with the requirements in paragraph 28 of IFRS 7 and with the wording and concepts in IFRS 9 and IFRS 13.                                                                                                                                                                                                                                                            |
|                                                                             | Introduction and credit risk disclosures                                   | Improved clarity by: <ul style="list-style-type: none"> <li>amending paragraph IG1 to clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, and amending paragraph IG20B to simplify the explanation of the aspects of the requirements that are not illustrated.</li> </ul>                                                                            |

|                                             |                                     |                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 9 'Financial Instruments'              | Derecognition of lease liabilities  | Amends paragraph 2.1(b)(ii) of IFRS 9 to add a cross-reference to paragraph 3.3.3 of IFRS 9 to clarify that when a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss.                                   |
|                                             | Transaction price                   | Amends paragraph 5.1.3 of IFRS 9 to replace 'their transaction price (as defined in IFRS 15 'Revenue from Contracts with Customers')' with 'the amount determined by applying IFRS 15' due to an inconsistency between 5.1.3 and the requirements in IFRS 15. As a result, IFRS 9 Appendix A was also amended to remove the term. |
| IFRS 10 'Consolidated Financial Statements' | Determination of a 'de facto agent' | Amends paragraph B74 of IFRS 10 'Consolidated Financial Statements' to use less conclusive language and to clarify that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.                              |
| IAS 7 'Statement of Cash Flows'             | Cost method                         | Amends paragraph 37 of IAS 7 to replace the term 'cost method' with 'at cost'.                                                                                                                                                                                                                                                    |

These amendments are mandatory for financial years beginning on or after 1 January 2026; earlier application is permitted. The Bank does not plan to early adopt these standards.

### 3.1.4 Sustainability reporting

In June 2024, the International Sustainability Standards Board published the first sustainability related disclosure standards: IFRS S1 and IFRS S2. The standards will assist entities to prepare consistent and reliable sustainability information. The standards are effective on or after 1 January 2024, however the adoption of the standards in Uganda will depend on a decision that is to be made by the Institute of Certified Public Accountants of Uganda.

## 3.2 Foreign currency translation

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

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

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

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

### 3.3 Recognition of income and interest expense

#### 3.3.1 Interest income and expenses

Interest income and expense 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;

| Category                                               |    | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------------|----|------------------------|------------------------|
| Other income from banking operations                   | 14 | 79,491                 | 67,537                 |
| Other income from currency operations                  | 15 | 6,934                  | 8,776                  |
| Other income from supervising Financial Institutions   | 16 | 8,006                  | 6,885                  |
| Other income from supervising National Payment Systems | 17 | 8,412                  | 7,479                  |
| Other income                                           | 20 | 52,259                 | 17,941                 |

### 3.4.2 Contract balances

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

| Category                                                     |    | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------------------|----|------------------------|------------------------|
| Receivables which are included in other assets               | 44 | 32                     | 21                     |
| Contract liabilities which are included in other liabilities | 51 | -                      | -                      |

The receivables relate to RTGS processing fees from commercial banks.

### 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 adhoc 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 adhoc basis and are recovered from the NPS licenses 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. |

|              |                                                                                                                                                                                                                                                                                                                |                                                                                                                                              |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Other income | These include dividends from Afreximbank, write-back of unutilised provisions, proceeds from sale of old items, insurance claims among others. The Bank is paid cash when the transactions occur. Dividend are received in cash if the Bank opts so, otherwise the dividends from Afreximbank are re-invested. | Revenue related to transactions is recognised at the point in time when the transaction takes place. Dividends are recognised when declared. |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|

*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 fair value through profit or loss

Net gain on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not qualifying for hedge accounting relationships, financial assets at FVTPL. The line item includes fair value changes 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 recognized on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received.

### 3.7 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 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 Fair Value Through Other Comprehensive Income (FVTOCI);
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Bank may make the following irrevocable election /designation at initial recognition of a financial asset on an asset- by asset basis:

- The Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- The Bank may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

#### a. Financial assets at amortised cost or at FVTOCI

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

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

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Bank has not identified a change in its business models.

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

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

#### b. Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

#### c. Derivatives recorded at fair value through profit or loss

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or 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 enters through the external fund managers enters into derivative transactions with various counter parties. 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 38. Changes in the fair value of derivatives are included in net gains on financial assets measured at fair value through profit or loss.

### 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 fair value through other comprehensive income
- Debt instruments at amortised cost
- Assets held with IMF
- Recapitalization 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 of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

### 3.8.6 Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates a credit loss release.

### 3.8.7 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 counter party are key inputs in this analysis.

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

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

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

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

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

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

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

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

### 3.8.9 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 POCL.

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

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counter party;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

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

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 FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

#### 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 FVTOCI, 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 FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve 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 recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

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

### 3.8.13 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 provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

| At 30 June 2025                                       | Note | FVTPL<br>debt in-<br>struments<br>UGX (m) | FVOCI- debt<br>instruments<br>UGX (m) | FVOCI- eq-<br>uity instru-<br>ments<br>UGX (m) | Debt<br>instruments<br>at Amortised<br>cost<br>UGX (m) | Total carrying<br>amount<br>UGX (m) |
|-------------------------------------------------------|------|-------------------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------------|-------------------------------------|
| <b>Assets</b>                                         |      |                                           |                                       |                                                |                                                        |                                     |
| <b>Foreign currency assets</b>                        |      |                                           |                                       |                                                |                                                        |                                     |
| <b>International reserves</b>                         |      |                                           |                                       |                                                |                                                        |                                     |
| Cash and cash equivalents                             | 28   | -                                         | -                                     | -                                              | 1,359,169                                              | 1,359,169                           |
| Assets held with International Monetary Fund          | 29   | -                                         | -                                     | -                                              | 654,997                                                | 654,997                             |
| Debt instruments at amortised cost                    | 31   | -                                         | -                                     | -                                              | 9,599,461                                              | 9,599,461                           |
| Debt instruments at fair value through OCI            | 32   | -                                         | 2,662,152                             | -                                              | -                                                      | 2,662,152                           |
| Financial assets at fair value through profit or loss | 33   | 4,689,283                                 | -                                     | -                                              | -                                                      | 4,689,283                           |
| Derivative financial instruments                      | 34   | 14,320                                    | -                                     | -                                              | -                                                      | 14,320                              |
| <b>Other foreign currency assets</b>                  |      |                                           |                                       |                                                |                                                        |                                     |
| Equity instruments at fair value through OCI          | 35   | -                                         | -                                     | 530,554                                        | -                                                      | 530,554                             |
| <b>National currency assets</b>                       |      |                                           |                                       |                                                |                                                        |                                     |
| Loans and advances to government                      | 36   | -                                         | -                                     | -                                              | 1,798,544                                              | 1,798,544                           |
| Loans and advances to staff                           | 37   | -                                         | -                                     | -                                              | 112,438                                                | 112,438                             |
| Investments in government securities                  | 38   | -                                         | -                                     | -                                              | 9,648,555                                              | 9,648,555                           |
| Other assets                                          | 44   | -                                         | -                                     | -                                              | 22,994                                                 | 22,994                              |
| <b>Total financial assets</b>                         |      | <b>4,703,603</b>                          | <b>2,662,152</b>                      | <b>530,554</b>                                 | <b>23,196,158</b>                                      | <b>31,092,467</b>                   |
| <b>Liabilities</b>                                    |      |                                           |                                       |                                                |                                                        |                                     |
| <b>Foreign currency liabilities</b>                   |      |                                           |                                       |                                                |                                                        |                                     |
| International Monetary Fund obligations               | 29   | -                                         | -                                     | -                                              | 1,654,385                                              | 1,654,385                           |
| International Monetary Fund Rapid Credit Facility     | 30   | -                                         | -                                     | -                                              | 1,124,335                                              | 1,124,335                           |
| Derivative financial instruments                      | 34   | 33,374                                    | -                                     | -                                              | -                                                      | 33,374                              |
| Government deposits                                   | 46   | -                                         | -                                     | -                                              | 3,052,081                                              | 3,052,081                           |
| Commercial and Central Banks' deposits                | 47   | -                                         | -                                     | -                                              | 993,141                                                | 993,141                             |
| Cross currency repos                                  | 49   | -                                         | -                                     | -                                              | 1,674,169                                              | 1,674,169                           |
| Other liabilities                                     | 51   | -                                         | -                                     | -                                              | 15,726                                                 | 15,726                              |
| <b>Monetary policy instruments</b>                    |      |                                           |                                       |                                                |                                                        |                                     |
| Repurchase agreements with commercial banks           | 48   | -                                         | -                                     | -                                              | 2,008,843                                              | 2,008,843                           |
| Other national currency liabilities                   | 37   | -                                         | -                                     | -                                              | -                                                      | -                                   |
| Government deposits                                   | 46   | -                                         | -                                     | -                                              | 2,020,195                                              | 2,020,195                           |
| Commercial and Central Banks' deposits                | 47   | -                                         | -                                     | -                                              | 3,885,406                                              | 3,885,406                           |
| Lease liabilities                                     | 50   | -                                         | -                                     | -                                              | 145                                                    | 145                                 |
| Other liabilities                                     | 51   | -                                         | -                                     | -                                              | 242,898                                                | 242,898                             |
| <b>Total financial liabilities</b>                    |      | <b>33,374</b>                             | <b>-</b>                              | <b>-</b>                                       | <b>16,671,324</b>                                      | <b>16,704,698</b>                   |

| At 30 June 2024                                       | Note | FVTPL debt instruments<br>UGX (m) | FVOCI- debt instruments<br>UGX (m) | FVOCI- equity instruments<br>UGX (m) | Debt instruments at Amortised cost<br>UGX (m) | Total carrying amount<br>UGX (m) |
|-------------------------------------------------------|------|-----------------------------------|------------------------------------|--------------------------------------|-----------------------------------------------|----------------------------------|
| <b>Assets</b>                                         |      |                                   |                                    |                                      |                                               |                                  |
| <b>Foreign currency assets</b>                        |      |                                   |                                    |                                      |                                               |                                  |
| <b>International reserves</b>                         |      |                                   |                                    |                                      |                                               |                                  |
| Cash and cash equivalents                             | 28   | -                                 | -                                  | -                                    | 840,693                                       | 840,693                          |
| Assets held with International Monetary Fund          | 29   | -                                 | -                                  | -                                    | 713,501                                       | 713,501                          |
| Debt instruments at amortised cost                    | 31   | -                                 | -                                  | -                                    | 6,570,002                                     | 6,570,002                        |
| Debt instruments at fair value through OCI            | 32   | -                                 | 2,029,440                          | -                                    | -                                             | 2,029,440                        |
| Financial assets at fair value through profit or loss | 33   | 4,512,245                         | -                                  | -                                    | -                                             | 4,512,245                        |
| Derivative financial instruments                      | 34   | 16,468                            | -                                  | -                                    | -                                             | 16,468                           |
| Equity instruments at fair value through OCI          | 35   | -                                 | -                                  | 499,548                              | -                                             | 499,548                          |
| <b>National currency assets</b>                       |      |                                   |                                    |                                      |                                               |                                  |
| Loans and advances to government                      | 36   | -                                 | -                                  | -                                    | 8,555,577                                     | 8,555,577                        |
| Loans and advances to staff                           | 37   | -                                 | -                                  | -                                    | 99,116                                        | 99,116                           |
| Investments in government securities                  | 38   | -                                 | -                                  | -                                    | 1,540,506                                     | 1,540,506                        |
| Other assets                                          | 44   | -                                 | -                                  | -                                    | 106                                           | 106                              |
| <b>Total financial assets</b>                         |      | <b>4,528,713</b>                  | <b>2,029,440</b>                   | <b>499,548</b>                       | <b>18,319,501</b>                             | <b>25,377,202</b>                |
| <b>Liabilities</b>                                    |      |                                   |                                    |                                      |                                               |                                  |
| <b>Foreign currency liabilities</b>                   |      |                                   |                                    |                                      |                                               |                                  |
| International Monetary Fund obligations               | 29   | -                                 | -                                  | -                                    | 1,616,753                                     | 1,616,753                        |
| International Monetary Fund Rapid Credit Facility     | 30   | -                                 | -                                  | -                                    | 1,217,278                                     | 1,217,278                        |
| Derivative financial instruments                      | 34   | 10,288                            | -                                  | -                                    | -                                             | 10,288                           |
| Government deposits                                   | 46   | -                                 | -                                  | -                                    | 1,898,831                                     | 1,898,831                        |
| Commercial and Central Banks' deposits                | 47   | -                                 | -                                  | -                                    | 783,991                                       | 783,991                          |
| Cross currency repos                                  | 49   | -                                 | -                                  | -                                    | 372,649                                       | 372,649                          |
| Other liabilities                                     | 51   | -                                 | -                                  | -                                    | 2,347                                         | 2,347                            |
| <b>Monetary policy instruments</b>                    |      |                                   |                                    |                                      |                                               |                                  |
| Repurchase agreements with commercial banks           | 48   | -                                 | -                                  | -                                    | 653,527                                       | 653,527                          |
| <b>Other national currency liabilities</b>            |      |                                   |                                    |                                      |                                               |                                  |
| Government deposits                                   | 46   | -                                 | -                                  | -                                    | 2,569,205                                     | 2,569,205                        |
| Commercial and Central Banks' deposits                | 47   | -                                 | -                                  | -                                    | 3,091,852                                     | 3,091,852                        |
| Lease liabilities                                     | 50   | -                                 | -                                  | -                                    | 185                                           | 185                              |
| Other liabilities                                     | 51   | -                                 | -                                  | -                                    | 262,014                                       | 262,014                          |
| <b>Total financial liabilities</b>                    |      | <b>10,288</b>                     | <b>-</b>                           | <b>-</b>                             | <b>12,468,632</b>                             | <b>12,478,920</b>                |

### 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 amortized cost using effective interest method in the statement of financial position.

### 3.14 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.

## 3.15 Property, plant and equipment

### 3.15.1 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.

### 3.15.2 Depreciation

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

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

Land and buildings on leasehold land are depreciated on a straight line basis over the lower of the useful life or the lease term. Other assets are depreciated over the term of their estimated useful lives at the following principal annual rates:

| Major Category      | Minor Category                       | Useful Life (Yrs.)  | Depreciation Rate | Salvage Value |
|---------------------|--------------------------------------|---------------------|-------------------|---------------|
| Computer Hardware   | Fixed computer equipment and Laptops | 5                   | 20%               | 1%            |
|                     | 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%            |
|                     | Engineering                          | 8                   | 13%               | 2%            |
| Furniture           | Beds                                 | 5                   | 20%               | 2%            |
|                     | Chairs                               | 4                   | 25%               | 2%            |
|                     | Desks                                | 8                   | 13%               | 2%            |
|                     | Shelves                              | 10                  | 10%               | 2%            |
|                     | Tables                               | 10                  | 10%               | 2%            |
|                     | Fittings                             | 8                   | 13%               | 2%            |
|                     | Currency                             | 15                  | 7%                | 0%            |
| Plant and Machinery | Currency and Banking                 | 15                  | 7%                | 0%            |
|                     | Engineering                          | 15                  | 7%                | 1%            |
|                     | Forklifts                            | 15                  | 7%                | 1%            |
|                     | Security                             | 15                  | 7%                | 1%            |
|                     | Executive & Pool                     | 5                   | 20%               | 10%           |
| Vehicles            | Bullion vans                         | 10                  | 10%               | 5%            |
|                     | Armoured Personnel Carrier           | 8                   | 13%               | 5%            |
|                     | Motorcycles                          | 5                   | 20%               | 5%            |
|                     | Buildings                            | 50                  | 2%                | 1%            |
| Land and Buildings  | 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 capitalized only when it is probable that the future economic benefits will flow to the Bank. Expenditure incurred to replace a component of item of property, plant and equipment is accounted for separately and capitalized while the replaced component is derecognised.

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

### 3.15.3 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 derecognized.

## 3.16 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.

## 3.17 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.

## 3.18 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%            |
|                   | Specialized software | 7                  | 14%               | 0%            |

### 3.19 Consumable stores stocks

Consumable stores stocks include stationery, laundry, building maintenance items, catering, computer stationery and drugs & medicines. Consumable stores stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated disposal price in line with the Bank's procurement and disposal policies. Provisions are made for all obsolete stock.

### 3.20 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.

### 3.21 Currency in circulation

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

### 3.22 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.

### 3.23 Provisions

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

### 3.24 Repurchase and sale agreement (REPO)

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

date or at maturity.

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

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

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

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

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

### 3.25 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 translation reserve.

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

### 3.26 Deposits

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

Cash Ratio Deposits are taken from commercial banks for liquidity management (monetary policy purposes) of the Bank in accordance with the Banking Act and are interest free. Cash Ratio Reserves is a monetary policy instrument used to manage liquidity. The deposits earn no interest to commercial banks and the Bank does not trade on these deposits in any way. The deposits are currently computed at 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 monthly basis.

## 3.27 Employee benefits

Wages, salaries, employer's National Social Security Fund (NSSF) contributions and gratuity are accrued in the year in which the associated services are rendered by employees and recognised in profit or loss. Short term compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. The Bank contributes 10 percent to NSSF in respect of all eligible employees, while staff contributes 5 percent of their total wages.

### 3.27.1 Bank of Uganda Defined Benefits Scheme

The Bank of Uganda Defined Benefits Scheme was established under an irrevocable trust in 1995 and is governed by the appointed Trustees. Employees on permanent and pensionable terms of service contribute 4 percent of their pensionable pay to the Scheme, while the employer (Sponsor) contributes 17.1 percent of each member's pensionable pay. The Scheme was closed to new entrants with effect from 01 January 2014.

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

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

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

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

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

### 3.27.2 Bank of Uganda Defined Contribution Scheme

The Bank started operating a defined contributions (DC) pension scheme for contract staff and any other staff recruited in the Bank with effect from 01 January 2014. The scheme is administered by the Defined Contribution Scheme Board of Trustees. The Scheme is funded by contributions from

both the Bank and employees (17.1 percent and 4 percent of gross salary respectively).

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

### 3.27.3 Gratuity

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

### 3.27.4 Other Employee Benefits

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

## 3.28 Restatement of comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

| Description                                             | As previously stated<br>30 Jun 2024<br>UGX (m) | Difference<br>UGX (m) | As currently stated<br>30 Jun 2024<br>UGX (m) |
|---------------------------------------------------------|------------------------------------------------|-----------------------|-----------------------------------------------|
| Government deposits                                     | 4,468,036                                      | (4,468,036)           | -                                             |
| Foreign currency government deposits                    | -                                              | 1,898,831             | 1,898,831                                     |
| National currency government deposits                   | -                                              | 2,569,205             | 2,569,205                                     |
|                                                         | <b>4,468,036</b>                               | <b>-</b>              | <b>4,468,036</b>                              |
| Commercial and Central Banks deposits                   | 3,875,843                                      | (3,875,843)           | -                                             |
| Foreign Currency Commercial and Central Banks deposits  | -                                              | 783,991               | 783,991                                       |
| National Currency Commercial and Central Banks deposits | -                                              | 3,091,852             | 3,091,852                                     |
|                                                         | <b>3,875,843</b>                               | <b>-</b>              | <b>3,875,843</b>                              |
| Other Liabilities                                       | 264,361                                        | (264,361)             | -                                             |
| Foreign Currency other liabilities                      | -                                              | 2,347                 | 2,347                                         |
| Local currency other liabilities                        | -                                              | 262,014               | 262,014                                       |
|                                                         | <b>264,361</b>                                 | <b>-</b>              | <b>264,361</b>                                |
| <b>Total</b>                                            | <b>8,608,240</b>                               | <b>-</b>              | <b>8,608,240</b>                              |

The comparatives were disaggregated to align with the recommended presentation format for Central Banks by the International Monetary Fund.

## 4 Financial risk management

The Bank is involved in policy-orientated activities. Therefore, the Bank's risk management framework differs from the risk management frameworks for most other Financial Institutions. The main financial risks to which the Bank is exposed include operational risk, credit risk, liquidity risk, interest rate risk and currency risk. In the management of foreign reserves, minimizing liquidity

risk is the prime consideration in order to maintain an effective foreign exchange intervention capability. Profiles for managing interest rate, credit, foreign currency and liquidity are noted. Like most other central banks, the nature of the Bank's operations creates exposures to a range of operational risks and reputational risks.

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

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

The Internal Audit function reports to the Governor and the Audit and Governance Committee of the Board of Directors on internal audit and related issues. A risk-based framework, which evaluates key business risks and internal controls, is used to determine the extent and frequency of internal audits conducted. All Bank departments are subject to periodic internal audit review.

The Bank insures all property, plant and equipment. Auditing arrangements are overseen by an Audit and Governance Committee comprising three of the Bank's non-executive directors, which meets regularly to monitor the financial reporting and audit function within the Bank. The Committee reviews the internal audit function and has direct access to the external auditor. The Committee reports to the Board of Directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Banks' risks. The Bank seeks to ensure the risk management framework is consistent with financial market best practice.

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

## 4.1 Operational risk

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems.

### 4.1.1 Management of operational risk

Managing operational risk in the Bank is seen as an integral part of the day-to-day operations and

management, which include explicit consideration of both the opportunities and the risks of all business activities.

Operational risk management includes Bank-wide corporate policies that describe the standard of conduct required of staff, a number of mandated generic requirements (e.g. A project management template) and specific internal control system designed around the particular characteristics of various activities of the Bank.

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

- An induction programme for new employees that makes them aware of the requirements;
- A quarterly management affirmation by each Head of Department that corporate policies and departmental internal control systems have been complied with;
- Requirements for regular reconciliations and monitoring of transactions;
- Requirements for appropriate segregation of duties;
- Risk mitigation including insurance where this is effective;
- Training and professional development; and,
- An active internal audit function.

The above policies and procedures for managing operational risk are reinforced by the requirement to promptly report all important unexpected issues and to provide management with an opportunity to give immediate advice.

## 4.2 Credit risk

### 4.2.1 Definition

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

### 4.2.2 Synopsis

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

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

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

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

### 4.2.3 Governance of credit risk

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

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

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

- Risk and Compliance Department is responsible for assessment formulation, limit setting, risk measurement, monitoring, exception reporting and development and review of the Expected Credit Loss models.
- Accounts Department is responsible for preparation of financial statements in accordance with 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.

### 4.2.4 Sources of credit risk

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

#### i. Foreign assets

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

#### ii. Domestic assets

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

#### 4.2.5 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 13 below shows the basis of credit risk assessment for each asset category.

Table 13: Basis for credit risk assessment

| Financial asset                                                                                                                                                                                                                                                             | Basis for low credit risk assessment                                   | Basis for higher credit risk assessment                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Cash and cash equivalents</li> <li>Foreign reserves</li> <li>Investments in Government of Uganda securities</li> <li>Advances to Government</li> <li>Advances to commercial banks (Monetary policy and liquidity support)</li> </ul> | 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                           |

Investment grade refers to Moodys' ratings from Aaa to Baa3.

##### b. Default

Default is the failure of the borrower to meet its financial obligations on time. The basis of default for each asset category is shown below:

Table 14: Definition of basis for default

| Financial asset                                                      | Basis for default                                                                                                        |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Cash and cash equivalents                                            | <ul style="list-style-type: none"> <li>7 days past due</li> </ul>                                                        |
| Foreign reserves                                                     | <ul style="list-style-type: none"> <li>7 days past due -money markets</li> <li>30 days past due- fixed income</li> </ul> |
| Investments in Government of Uganda securities                       | <ul style="list-style-type: none"> <li>364 days past due</li> </ul>                                                      |
| Advances to Government and other receivables from Government         | <ul style="list-style-type: none"> <li>364 days past due</li> </ul>                                                      |
| Advances to commercial banks (Monetary policy and liquidity support) | <ul style="list-style-type: none"> <li>7 days past due</li> </ul>                                                        |
| Staff loans                                                          | <ul style="list-style-type: none"> <li>90 days past due.</li> </ul>                                                      |

##### 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 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.

| 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 15: Basis for Significant Increase in Credit Risk

| Financial asset                                                            | Basis for SICR                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash and cash equivalents                                                  | Downgrade from one credit rating grade* to another                                                                                                                                                                                                                                                    |
| Foreign reserves                                                           | Downgrade from one credit rating grade to another<br>Widening of credit default swaps rates by 2 standard deviations<br>Assessments that indicate that repayments will be in doubt e.g. geopolitical risks                                                                                            |
| Investments in Government of Uganda securities                             | Downgrade from one credit rating grade to another<br>Assessments that indicate that repayments will be in doubt e.g. geopolitical risks.<br>182-364 days past the repayment date.<br>Any other qualitative assessment.                                                                                |
| Advances to Government and other receivables from Government               | Downgrade from one credit rating grade to another<br>Assessments that indicate that repayments will be in doubt e.g. geopolitical risks.<br>182-364 days past the repayment date.                                                                                                                     |
| Advances to Financial Institutions (Monetary policy and liquidity support) | Downgrade from one credit rating grade to another<br>Transition from a supervisory rating of 1 (Strong), 2 (Satisfactory), or 3 (Fair) to a rating of 4 (Marginal) or 5 (Unsatisfactory).<br>A credit event or adverse regulatory action affecting a parent of the institution.<br>1-7 days past due. |
| 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.

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.

|                                              | Stage 1 to stage 2<br>UGX (m) | Stage 2 to stage 3<br>UGX (m) | Stage 3 to stage 2<br>UGX (m) | Stage 2 to stage 1<br>UGX (m) |
|----------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents                    | 10,779                        | -                             | -                             | -                             |
| Assets held with International Monetary Fund | 1,363                         | -                             | -                             | -                             |
| Debt instruments at amortised cost           | 54,260                        | -                             | -                             | -                             |
| Debt instruments at fair value through OCI   | 5,632                         | -                             | -                             | -                             |
| Loans and advances to government             | 268,585                       | -                             | (155,779)                     | -                             |
| Loans and advances to commercial banks       | -                             | -                             | (152,963)                     | -                             |
| Investments in government securities         | 1,305,120                     | -                             | -                             | -                             |
| Staff loans                                  | 7,544                         | 142                           | (766)                         | (282)                         |

#### 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 is determined for each asset category per stage as shown below.

Table 16: Probability of default determination

| Financial asset                                                            | Stage 1                                                                                                                                                                 | Stage 2                                                                                                                                                                 | Stage 3 |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Cash and cash equivalents                                                  | PDs based on ratings of the counterparties.                                                                                                                             | PDs based on ratings of the counterparties.                                                                                                                             | 100%    |
| Foreign reserves                                                           | PDs based on ratings of counterparties.                                                                                                                                 | PDs based on ratings of counterparties.                                                                                                                                 | 100%    |
| Investments in Government of Uganda securities                             | PDs based on ratings of domestic debt for Uganda.                                                                                                                       | PDs of two rating notches below the existing rating of domestic debt for Uganda.                                                                                        | 100%    |
| Advances to Government                                                     | PDs based on ratings of domestic debt for Uganda.                                                                                                                       | PDs of two rating notches below the existing rating of domestic debt for Uganda                                                                                         | 100%    |
| Advances to Financial Institutions (Monetary policy and liquidity support) | Industry-based rating derived from CAMEL's transitional matrix as a baseline. Adjustments shall be made for each institution based on the individual historical rating. | Industry-based rating derived from CAMEL's transitional matrix as a baseline. Adjustments shall be made for each institution based on the individual historical rating. | 100%    |
| Staff loans (Active)                                                       | Attrition rate                                                                                                                                                          | N/A                                                                                                                                                                     | N/A     |
| Staff loans (non-active)                                                   | N/A                                                                                                                                                                     | Ratio of paying Ex-staff over the total number of indebted Ex-staff.                                                                                                    | 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 is determined for each asset category per stage as shown below.

Table 17: Loss Given defaults 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%                                                  |                                                                                                              |                                                                                                              |
| Advances to Government                                                     | As per the Basel framework for LGDs for sovereigns plus 5%                                                  |                                                                                                              |                                                                                                              |
| 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%                                                                                                         |

*The disclosures on LGD have been enhanced to align with the requirements of IFRS 9- Financial Instruments.*

#### 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- Amortized cost<br>Term deposit-Carrying amount<br>IMF assets-Carrying amount                                                                   |
| Investments in Government of Uganda securities                             | Amortized cost                                                                                                                                                                  |
| Advances to Government                                                     | Carrying amount                                                                                                                                                                 |
| Advances to Financial Institutions (Monetary policy and liquidity support) | Carrying amount                                                                                                                                                                 |
| 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 (Active Secured)                                               | Carrying amount                                                                                                                                                                 |
| Ex staff Secured                                                           | Calculate as many EADs as equivalent to the number of years of repayment. Where the remaining lifetime is less than a year, consider the carrying amount at the reporting date. |
| Ex staff Unsecured                                                         | Calculate as many EADs as equivalent to the number of years of repayment. Where the remaining lifetime is less than a year, consider the carrying amount at the reporting date. |
| Other assets                                                               | 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 recognized interest revenue adjustments based on the net carrying amount are updated to reflect gross carrying amounts once cured.

During the year, there were no movements from stage 3 to stage 2 and from stage 3 to 1 (2024: Nil), however, staff loans balances amounting to UGX 1,332 million (2024: UGX 1,791 million) moved from stage 2 to stage 1 accounting of staff returning from unpaid leave.

#### 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 19: Discount Rates determination

| Financial asset                                                            | Basis for Discount Rates                                                                                     |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Cash and cash equivalents                                                  | Contractual rates where applicable or zero where is none.                                                    |
| Foreign reserves                                                           | Fixed income and Treasury bills- Yield to Maturity<br>Term deposit-Contractual Rates<br>IMF assets-SDR Rates |
| Investments in Government of Uganda securities                             | Yield to Maturity                                                                                            |
| Advances to Government                                                     | Contractual rates where applicable or zero where is none.                                                    |
| Advances to Financial Institutions (Monetary policy and liquidity support) | Contractual rates where applicable or zero where is none.                                                    |
| Staff loans (Active Secured)                                               | Market rate                                                                                                  |
| Ex-staff                                                                   | Contractual rate                                                                                             |
| Other assets                                                               | Contractual rates where applicable or zero where 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:-

**Table 20: Basis for incorporation of FLIs in Probabilities of Default**

| Financial asset                                                            | Basis for incorporation of FLIs in PDs                                                                                                                                 |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash and cash equivalents                                                  | Counterparty ratings on which PDs are based are adjusted with forward looking information                                                                              |
| Foreign reserves                                                           | Counterparty ratings on which PDs are based are adjusted with forward looking information                                                                              |
| Investments in Government of Uganda securities                             | Counterparty ratings on which PDs are based are adjusted with forward looking information                                                                              |
| Advances to Government                                                     | Counterparty ratings on which PDs are based are adjusted with forward looking information                                                                              |
| Advances to Financial Institutions (Monetary policy and liquidity support) | Stage 1- Basel minimum adjusted for forward looking information<br>Stage 2- Incorporate macroeconomic parameters to the derived PDs (GDP growth rates, inflation, CBR) |
| Staff loans (Active)                                                       | Incorporate macroeconomic parameters to the attrition rate (Unemployment, GDP and population growth rates and others)                                                  |
| Staff loans (Inactive)                                                     | Incorporate macroeconomic parameters to the PD derived from the transition matrix (Inflation, CBR, GDP among others)                                                   |

**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: a base case, best case scenario, and a worst-case scenario. These reflect the potential upside and downside risks based on macroeconomic conditions.

i.

- 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.

*The current year disclosure has been enhanced to include disclosures required by IFRS 9- Financial Instruments.*

## 4.2.6 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 2025 | 30 Jun 2024 | 30 Jun 2025     | 30 Jun 2024 | 30 Jun 2025               |                           |
|                                              | UGX (m)     | UGX (m)     |                 | PD range    | LDG                       |                           |
| Cash and cash equivalents                    | 1,359,169   | 840,693     | 0.02%-30.3%     | 0.02%-2.61% | 45%                       | 45%                       |
| Assets held with International Monetary Fund | 654,997     | 713,501     | 0.000           | 0.000       | 45%                       | N/A                       |
| Debt instruments at amortised cost           | 9,599,461   | 6,570,002   | 0.02%-0.22%     | 0.02%-0.22% | 45%                       | 45%                       |
| Debt instruments at fair value through OCI   | 2,662,152   | 2,029,440   | 0.02%-0.11%     | 0.02%-0.11% | 45%                       | 45%                       |
| Loans and advances to government             | 1,798,544   | 8,555,577   | 2.61%           | 0.02%       | 50-100%                   | N/A                       |
| Investments in government securities*        | 9,648,555   | 1,540,506   | 2.61%           | 0.02%       | 50-100%                   | N/A                       |

## 4.2.7 Bank of Uganda credit risk exposure

The table below shows the gross amounts, ECLs and net carrying amounts on financial assets measured at amortised cost and fair value through OCI as at 30 June 2025.

|                                              | Gross amount      | ECLs           | Net Carrying amount |
|----------------------------------------------|-------------------|----------------|---------------------|
|                                              | UGX (m)           | UGX (m)        | UGX (m)             |
| Cash and cash equivalents                    | 1,369,485         | 10,316         | 1,359,169           |
| Assets held with International Monetary Fund | 655,054           | 57             | 654,997             |
| Debt instruments at amortised cost           | 9,603,024         | 3,563          | 9,599,461           |
| Debt instruments at fair value through OCI   | 2,662,152         | 245            | 2,661,907           |
| Loans and advances to government             | 2,059,847         | 261,303        | 1,798,544           |
| Loans and advances to staff                  | 114,149           | 1,711          | 112,438             |
| Loans and advances to commercial banks       | 219,459           | 219,459        | -                   |
| Investments in government securities         | 9,753,722         | 105,167        | 9,648,555           |
| Other assets                                 | 22,994            | 475            | 22,519              |
| <b>Total</b>                                 | <b>26,459,886</b> | <b>602,296</b> | <b>25,857,590</b>   |

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 fair value through other comprehensive income | Stage 1-<br>12 month<br>ECL | Year ended 30 June 2025<br>Stage 2<br>-Life time<br>ECL | Year ended 30 June 2025<br>Stage 3<br>-Life time<br>ECL | Total            | Stage 1-<br>12 month<br>ECL | Year ended 30 June 2024<br>Stage 2<br>-Life time<br>ECL | Year ended 30 June 2024<br>Stage 3<br>-Life time<br>ECL | Total            |
|-------------------------------------------------------------------|-----------------------------|---------------------------------------------------------|---------------------------------------------------------|------------------|-----------------------------|---------------------------------------------------------|---------------------------------------------------------|------------------|
|                                                                   | UGX (m)                     | UGX (m)                                                 | UGX (m)                                                 | UGX (m)          | UGX (m)                     | UGX (m)                                                 | UGX (m)                                                 | UGX (m)          |
|                                                                   |                             |                                                         |                                                         |                  |                             |                                                         |                                                         |                  |
| <b>Internal rating grade</b>                                      |                             |                                                         |                                                         |                  |                             |                                                         |                                                         |                  |
| Grade 1: Strong                                                   | 2,662,152                   | -                                                       | -                                                       | 2,662,152        | 2,029,440                   | -                                                       | -                                                       | 2,029,440        |
| Grade 2: Higher risk                                              | -                           | -                                                       | -                                                       | -                | -                           | -                                                       | -                                                       | -                |
| Grade 3: Default                                                  | -                           | -                                                       | -                                                       | -                | -                           | -                                                       | -                                                       | -                |
| <b>Total gross carrying amount</b>                                | <b>2,662,152</b>            | <b>-</b>                                                | <b>-</b>                                                | <b>2,662,152</b> | <b>2,029,440</b>            | <b>-</b>                                                | <b>-</b>                                                | <b>2,029,440</b> |

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

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
|                                                       |                                  |                                  |                    |                  |
| <b>Fair value as at 30 June 2023</b>                  | <b>1,157,278</b>                 | <b>-</b>                         | <b>-</b>           | <b>1,157,278</b> |
| New assets originated or purchased                    | 1,670,623                        | -                                | -                  | 1,670,623        |
| Assets derecognised or matured (excluding write offs) | (830,159)                        | -                                | -                  | (830,159)        |
| Changes in fair value                                 | 22,457                           | -                                | -                  | 22,457           |
| Foreign exchange adjustments                          | 9,857                            | -                                | -                  | 9,857            |
| Recycled to profit or loss                            | (616)                            | -                                | -                  | (616)            |
| <b>At 30 June 2024</b>                                | <b>2,029,440</b>                 | <b>-</b>                         | <b>-</b>           | <b>2,029,440</b> |
| <b>At 01 July 2024</b>                                | <b>2,029,440</b>                 | <b>-</b>                         | <b>-</b>           | <b>2,029,440</b> |
| New assets originated or purchased                    | 1,646,812                        | -                                | -                  | 1,646,812        |
| Assets derecognised or matured (excluding write offs) | (985,044)                        | -                                | -                  | (985,044)        |
| Changes in fair value                                 | 24,641                           | -                                | -                  | 24,641           |
| Foreign exchange adjustments                          | (52,001)                         | -                                | -                  | (52,001)         |
| Recycled to profit or loss                            | (1,696)                          | -                                | -                  | (1,696)          |
| <b>At 30 June 2025</b>                                | <b>2,662,152</b>                 | <b>-</b>                         | <b>-</b>           | <b>2,662,152</b> |

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
|                                                       |                                  |                                  |                    |                  |
| <b>ECLs as at 01 July 2023</b>                        | <b>116</b>                       | <b>-</b>                         | <b>-</b>           | <b>116</b>       |
| New assets originated or purchased                    | 92                               | -                                | -                  | 92               |
| Assets derecognised or matured (excluding write offs) | (51)                             | -                                | -                  | (51)             |
| Net remeasurement of loss allowance                   | 16                               | -                                | -                  | 16               |
| <b>At 30 June 2024</b>                                | <b>173</b>                       | <b>-</b>                         | <b>-</b>           | <b>173</b>       |
| <b>ECLs as at 01 July 2024</b>                        | <b>173</b>                       | <b>-</b>                         | <b>-</b>           | <b>173</b>       |
| New assets originated or purchased                    | 175                              | -                                | -                  | 175              |
| Assets derecognised or matured (excluding write offs) | (103)                            | -                                | -                  | (103)            |
| <b>At 30 June 2025</b>                                | <b>245</b>                       | <b>-</b>                         | <b>-</b>           | <b>245</b>       |

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

| Cash and cash equivalents          | Year ended 30 June 2025     |                              |                              |                  | Year ended 30 June 2024     |                              |                              |                |
|------------------------------------|-----------------------------|------------------------------|------------------------------|------------------|-----------------------------|------------------------------|------------------------------|----------------|
|                                    | Stage 1-<br>12 month<br>ECL | Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total            | Stage 1-<br>12 month<br>ECL | Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total          |
|                                    | UGX (m)                     | UGX (m)                      | UGX (m)                      | UGX (m)          | UGX (m)                     | UGX (m)                      | UGX (m)                      | UGX (m)        |
| <b>Internal rating grade</b>       |                             |                              |                              |                  |                             |                              |                              |                |
| Grade 1: Strong                    | 1,307,347                   | -                            | -                            | 1,307,347        | 843,644                     | -                            | -                            | 843,644        |
| Grade 2: Higher risk               | 62,138                      | -                            | -                            | 62,138           | -                           | -                            | -                            | -              |
| Grade 3: Default                   | -                           | -                            | -                            | -                | -                           | -                            | -                            | -              |
| <b>Total gross carrying amount</b> | <b>1,369,485</b>            | <b>-</b>                     | <b>-</b>                     | <b>1,369,485</b> | <b>843,644</b>              | <b>-</b>                     | <b>-</b>                     | <b>843,644</b> |
| ECL loss allowance                 | (10,316)                    | -                            | -                            | (10,316)         | (2,951)                     | -                            | -                            | (2,951)        |
| <b>Carrying amount</b>             | <b>1,359,169</b>            | <b>-</b>                     | <b>-</b>                     | <b>1,359,169</b> | <b>840,693</b>              | <b>-</b>                     | <b>-</b>                     | <b>840,693</b> |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| Gross carrying amount as at 01 July 2023              | 3,548,703                        | -                                | -                  | 3,548,703        |
| New assets originated or purchased                    | 843,644                          | -                                | -                  | 843,644          |
| Assets derecognised or matured (excluding write offs) | (3,548,703)                      | -                                | -                  | (3,548,703)      |
| <b>At 30 June 2024</b>                                | <b>843,644</b>                   | <b>-</b>                         | <b>-</b>           | <b>843,644</b>   |
| <b>As at 01 July 2024</b>                             | <b>843,644</b>                   | <b>-</b>                         | <b>-</b>           | <b>843,644</b>   |
| New assets originated or purchased                    | 1,369,485                        | -                                | -                  | 1,369,485        |
| Assets derecognised or matured (excluding write offs) | (843,644)                        | -                                | -                  | (843,644)        |
| <b>At 30 June 2025</b>                                | <b>1,369,485</b>                 | <b>-</b>                         | <b>-</b>           | <b>1,369,485</b> |

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| ECLs as at 01 July 2023                               | 4,592                            | -                                | -                  | 4,592            |
| New assets originated or purchased                    | 3,014                            | -                                | -                  | 3,014            |
| Assets derecognised or matured (excluding write offs) | (4,655)                          | -                                | -                  | (4,655)          |
| <b>At 30 June 2024</b>                                | <b>2,951</b>                     | <b>-</b>                         | <b>-</b>           | <b>2,951</b>     |
| <b>ECLs as at 01 July 2024</b>                        | <b>2,951</b>                     | <b>-</b>                         | <b>-</b>           | <b>2,951</b>     |
| New assets originated or purchased                    | 10,316                           | -                                | -                  | 10,316           |
| Assets derecognised or matured (excluding write offs) | (2,951)                          | -                                | -                  | (2,951)          |
| <b>At 30 June 2025</b>                                | <b>10,316</b>                    | <b>-</b>                         | <b>-</b>           | <b>10,316</b>    |

| Debt instruments at amor-<br>tised cost | Year ended 30 June 2025     |                              |                              |                  | Year ended 30 June 2024  |                              |                              |                  |
|-----------------------------------------|-----------------------------|------------------------------|------------------------------|------------------|--------------------------|------------------------------|------------------------------|------------------|
|                                         | Stage 1-<br>12 month<br>ECL | Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total            | Stage 1- 12<br>month ECL | Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total            |
|                                         | UGX (m)                     | UGX (m)                      | UGX (m)                      | UGX (m)          | UGX (m)                  | UGX (m)                      | UGX (m)                      | UGX (m)          |
| <b>Internal rating grade</b>            |                             |                              |                              |                  |                          |                              |                              |                  |
| Grade 1: Strong                         | 9,603,024                   | -                            | -                            | 9,603,024        | 6,572,231                | -                            | -                            | 6,572,231        |
| Grade 2: Higher risk                    | -                           | -                            | -                            | -                | -                        | -                            | -                            | -                |
| Grade 3: Default                        | -                           | -                            | -                            | -                | -                        | -                            | -                            | -                |
| <b>Total gross carrying amount</b>      | <b>9,603,024</b>            | <b>-</b>                     | <b>-</b>                     | <b>9,603,024</b> | <b>6,572,231</b>         | <b>-</b>                     | <b>-</b>                     | <b>6,572,231</b> |
| ECL loss allowance                      | (3,563)                     | -                            | -                            | (3,563)          | (2,229)                  | -                            | -                            | (2,229)          |
| <b>Carrying amount</b>                  | <b>9,599,461</b>            | <b>-</b>                     | <b>-</b>                     | <b>9,599,461</b> | <b>6,570,002</b>         | <b>-</b>                     | <b>-</b>                     | <b>6,570,002</b> |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| Gross carrying amount as at 01 July 2023              | 6,788,149                        | -                                | -                  | 6,788,149        |
| New assets originated or purchased                    | 6,572,231                        | -                                | -                  | 6,572,231        |
| Assets derecognised or matured (excluding write offs) | (6,788,149)                      | -                                | -                  | (6,788,149)      |
| <b>At 30 June 2024</b>                                | <b>6,572,231</b>                 | <b>-</b>                         | <b>-</b>           | <b>6,572,231</b> |
| <b>As at 01 July 2024</b>                             | <b>6,572,231</b>                 | <b>-</b>                         | <b>-</b>           | <b>6,572,231</b> |
| New assets originated or purchased                    | 9,603,024                        | -                                | -                  | 9,603,024        |
| Assets derecognised or matured (excluding write offs) | (6,572,231)                      | -                                | -                  | (6,572,231)      |
| <b>At 30 June 2025</b>                                | <b>9,603,024</b>                 | <b>-</b>                         | <b>-</b>           | <b>9,603,024</b> |

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| ECLs as at 01 July 2023                               | 2,563                            | -                                | -                  | 2,563            |
| New assets originated or purchased                    | 2,229                            | -                                | -                  | 2,229            |
| Assets derecognised or matured (excluding write offs) | (2,563)                          | -                                | -                  | (2,563)          |
| <b>At 30 June 2024</b>                                | <b>2,229</b>                     | <b>-</b>                         | <b>-</b>           | <b>2,229</b>     |
| <b>ECLs as at 01 July 2024</b>                        | <b>2,229</b>                     | <b>-</b>                         | <b>-</b>           | <b>2,229</b>     |
| New assets originated or purchased                    | 3,563                            | -                                | -                  | 3,563            |
| Assets derecognised or matured (excluding write offs) | (2,229)                          | -                                | -                  | (2,229)          |
| <b>At 30 June 2025</b>                                | <b>3,563</b>                     | <b>-</b>                         | <b>-</b>           | <b>3,563</b>     |

| Assets held with IMF               | Stage 1- 12<br>month<br>ECL | Year ended 30 June 2025<br>Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total          | Stage 1- 12<br>month<br>ECL | Year ended 30 June 2024<br>Stage 2<br>-Life time<br>ECL | Stage 3<br>-Life time<br>ECL | Total          |
|------------------------------------|-----------------------------|---------------------------------------------------------|------------------------------|----------------|-----------------------------|---------------------------------------------------------|------------------------------|----------------|
|                                    | UGX (m)                     | UGX (m)                                                 | UGX (m)                      | UGX (m)        | UGX (m)                     | UGX (m)                                                 | UGX (m)                      | UGX (m)        |
|                                    |                             |                                                         |                              |                |                             |                                                         |                              |                |
| <b>Internal rating grade</b>       |                             |                                                         |                              |                |                             |                                                         |                              |                |
| Grade 1: Strong                    | 655,054                     | -                                                       | -                            | 655,054        | 713,563                     | -                                                       | -                            | 713,563        |
| Grade 2: Higher risk               | -                           | -                                                       | -                            | -              | -                           | -                                                       | -                            | -              |
| Grade 3: Default                   | -                           | -                                                       | -                            | -              | -                           | -                                                       | -                            | -              |
| <b>Total gross carrying amount</b> | <b>655,054</b>              | <b>-</b>                                                | <b>-</b>                     | <b>655,054</b> | <b>713,563</b>              | <b>-</b>                                                | <b>-</b>                     | <b>713,563</b> |
| ECL loss allowance                 | (57)                        | -                                                       | -                            | (57)           | (62)                        | -                                                       | -                            | (62)           |
| <b>Carrying amount</b>             | <b>654,997</b>              | <b>-</b>                                                | <b>-</b>                     | <b>654,997</b> | <b>713,501</b>              | <b>-</b>                                                | <b>-</b>                     | <b>713,501</b> |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>Gross carrying amount as at 01 July 2023</b>       | <b>1,704,443</b>                 | -                                | -                  | <b>1,704,443</b> |
| New assets originated or purchased                    | 59,113                           | -                                | -                  | 59,113           |
| Assets derecognised or matured (excluding write offs) | (1,042,378)                      | -                                | -                  | (1,042,378)      |
| Foreign exchange adjustments                          | (7,615)                          | -                                | -                  | (7,615)          |
| <b>At 30 June 2024</b>                                | <b>713,563</b>                   | -                                | -                  | <b>713,563</b>   |
| <b>As at 01 July 2024</b>                             | <b>713,563</b>                   | -                                | -                  | <b>713,563</b>   |
| New assets originated or purchased                    | 28,207                           | -                                | -                  | 28,207           |
| Assets derecognised or matured (excluding write offs) | (101,591)                        | -                                | -                  | (101,591)        |
| Foreign exchange adjustments                          | 14,875                           | -                                | -                  | 14,875           |
| <b>At 30 June 2025</b>                                | <b>655,054</b>                   | -                                | -                  | <b>655,054</b>   |

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>ECLs as at 01 July 2023</b>                        | <b>229</b>                       | -                                | -                  | <b>229</b>       |
| Assets derecognised or matured (excluding write offs) | (167)                            | -                                | -                  | (167)            |
| <b>At 30 June 2024</b>                                | <b>62</b>                        | -                                | -                  | <b>62</b>        |
| <b>ECLs as at 01 July 2024</b>                        | <b>62</b>                        | -                                | -                  | <b>62</b>        |
| Assets derecognised or matured (excluding write offs) | (5)                              | -                                | -                  | (5)              |
| <b>At 30 June 2025</b>                                | <b>57</b>                        | -                                | -                  | <b>57</b>        |

| Investments in Government Securities | Year ended 30 June 2025                |                                         |                                         |                  | Year ended 30 June 2024                |                                         |                                         |                  | Total     |
|--------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------|------------------|----------------------------------------|-----------------------------------------|-----------------------------------------|------------------|-----------|
|                                      | Stage 1-<br>12 month<br>ECL<br>UGX (m) | Stage 2<br>-Life time<br>ECL<br>UGX (m) | Stage 3<br>-Life time<br>ECL<br>UGX (m) | Total<br>UGX (m) | Stage 1-<br>12 month<br>ECL<br>UGX (m) | Stage 2<br>-Life time<br>ECL<br>UGX (m) | Stage 3<br>-Life time<br>ECL<br>UGX (m) | Total<br>UGX (m) |           |
| Internal rating grade                |                                        |                                         |                                         |                  |                                        |                                         |                                         |                  |           |
| Grade 1: Strong                      | -                                      | -                                       | -                                       | -                | 1,540,773                              | -                                       | -                                       | -                | 1,540,773 |
| Grade 2: Higher risk                 | 9,753,722                              | -                                       | -                                       | 9,753,722        | -                                      | -                                       | -                                       | -                | -         |
| Grade 3: Default                     | -                                      | -                                       | -                                       | -                | -                                      | -                                       | -                                       | -                | -         |
| <b>Total gross carrying amount</b>   | <b>9,753,722</b>                       | -                                       | -                                       | <b>9,753,722</b> | <b>1,540,773</b>                       | -                                       | -                                       | <b>1,540,773</b> |           |
| ECL loss allowance                   | (105,167)                              | -                                       | -                                       | (105,167)        | (267)                                  | -                                       | -                                       | (267)            |           |
| <b>Carrying amount</b>               | <b>9,648,555</b>                       | -                                       | -                                       | <b>9,648,555</b> | <b>1,540,506</b>                       | -                                       | -                                       | <b>1,540,506</b> |           |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                 | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>Gross carrying amount as at 01 July 2023</b> | <b>1,059,958</b>                 | -                                | -                  | <b>1,059,958</b> |
| New assets originated or purchased              | 480,815                          | -                                | -                  | 480,815          |
| <b>At 30 June 2024</b>                          | <b>1,540,773</b>                 | -                                | -                  | <b>1,540,773</b> |
| <b>As at 01 July 2024</b>                       | <b>1,540,773</b>                 | -                                | -                  | <b>1,540,773</b> |
| New assets originated or purchased              | 422,949                          | -                                | -                  | 422,949          |
| Conversion to amortised bond                    | 7,790,000                        | -                                | -                  | 7,790,000        |
| <b>At 30 June 2025</b>                          | <b>9,753,722</b>                 | -                                | -                  | <b>9,753,722</b> |

|                                    | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>ECLs as at 01 July 2023</b>     | <b>185</b>                       | -                                | -                  | <b>185</b>       |
| New assets originated or purchased | 82                               | -                                | -                  | 82               |
| <b>At 30 June 2024</b>             | <b>267</b>                       | -                                | -                  | <b>267</b>       |
| <b>ECLs as at 01 July 2024</b>     | <b>267</b>                       | -                                | -                  | <b>267</b>       |
| New assets originated or purchased | 104,900                          | -                                | -                  | 104,900          |
| <b>At 30 June 2025</b>             | <b>105,167</b>                   | -                                | -                  | <b>105,167</b>   |

| Loans and advances to Government   | Year ended 30 June 2025             |                                         |                                      |                  | Year ended 30 June 2024             |                                         |                                         |                  |
|------------------------------------|-------------------------------------|-----------------------------------------|--------------------------------------|------------------|-------------------------------------|-----------------------------------------|-----------------------------------------|------------------|
|                                    | Stage 1- 12<br>month ECL<br>UGX (m) | Stage 2<br>-Life time<br>ECL<br>UGX (m) | Stage 3 -Life<br>time ECL<br>UGX (m) | Total<br>UGX (m) | Stage 1- 12<br>month ECL<br>UGX (m) | Stage 2<br>-Life time<br>ECL<br>UGX (m) | Stage 3<br>-Life time<br>ECL<br>UGX (m) | Total<br>UGX (m) |
| Internal rating grade              |                                     |                                         |                                      |                  |                                     |                                         |                                         |                  |
| Grade 1: Strong                    | -                                   | -                                       | -                                    | -                | 8,557,134                           | -                                       | -                                       | 8,557,134        |
| Grade 2: Higher risk               | 1,820,143                           | -                                       | -                                    | 1,820,143        | -                                   | -                                       | -                                       | -                |
| Grade 3: Default                   | -                                   | -                                       | 239,704                              | 239,704          | -                                   | -                                       | 140,487                                 | 140,487          |
| <b>Total gross carrying amount</b> | <b>1,820,143</b>                    | -                                       | <b>239,704</b>                       | <b>2,059,847</b> | <b>8,557,134</b>                    | -                                       | <b>140,487</b>                          | <b>8,697,621</b> |
| ECL loss allowance                 | (21,599)                            | -                                       | (239,704)                            | (261,303)        | (1,557)                             | -                                       | (140,487)                               | (142,044)        |
| <b>Carrying amount</b>             | <b>1,798,544</b>                    | -                                       | -                                    | <b>1,798,544</b> | <b>8,555,577</b>                    | -                                       | -                                       | <b>8,555,577</b> |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>Gross carrying amount as at 01 July 2023</b>       | <b>7,233,515</b>                 | -                                | 140,487            | <b>7,374,002</b> |
| New assets originated or purchased                    | 14,940,245                       | -                                | -                  | 14,940,245       |
| Assets derecognised or matured (excluding write offs) | (13,616,626)                     | -                                | -                  | (13,616,626)     |
| <b>At 30 June 2024</b>                                | <b>8,557,134</b>                 | -                                | 140,487            | <b>8,697,621</b> |
| <b>As at 01 July 2024</b>                             | <b>8,557,134</b>                 | -                                | 140,487            | <b>8,697,621</b> |
| 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             | -                |
| <b>At 30 June 2025</b>                                | <b>1,820,143</b>                 | -                                | 239,704            | <b>2,059,847</b> |

|                                                       | Stage 1<br>Individual<br>UGX (m) | Stage 2<br>Individual<br>UGX (m) | Stage 3<br>UGX (m) | Total<br>UGX (m) |
|-------------------------------------------------------|----------------------------------|----------------------------------|--------------------|------------------|
| <b>ECLs as at 01 July 2023</b>                        | <b>1,332</b>                     | -                                | 140,487            | <b>141,819</b>   |
| New assets originated or purchased                    | 1,557                            | -                                | -                  | 1,557            |
| Assets derecognised or matured (excluding write offs) | (1,332)                          | -                                | -                  | (1,332)          |
| <b>At 30 June 2024</b>                                | <b>1,557</b>                     | -                                | 140,487            | <b>142,044</b>   |
| <b>ECLs as at 01 July 2024</b>                        | <b>1,557</b>                     | -                                | 140,487            | <b>142,044</b>   |
| New assets originated or purchased                    | 21,599                           | -                                | 99,217             | 120,816          |
| Assets derecognised or matured (excluding write offs) | (1,557)                          | -                                | -                  | (1,557)          |
| <b>At 30 June 2025</b>                                | <b>21,599</b>                    | -                                | 239,704            | <b>261,303</b>   |

| Loans and advances to commercial banks | Year ended 30 June 2025 |                        |                        |           | Year ended 30 June 2024 |                        |                        |           |
|----------------------------------------|-------------------------|------------------------|------------------------|-----------|-------------------------|------------------------|------------------------|-----------|
|                                        | 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                        | -                       | -                      | -                      | -         | -                       | -                      | -                      | -         |
| Grade 2: Higher risk                   | -                       | -                      | -                      | -         | -                       | -                      | -                      | -         |
| Grade 3: Default                       | -                       | -                      | 219,459                | 219,459   | -                       | -                      | 227,834                | 227,834   |
| <b>Total gross carrying amount</b>     | -                       | -                      | 219,459                | 219,459   | -                       | -                      | 227,834                | 227,834   |
| ECL allowance                          | -                       | -                      | (219,459)              | (219,459) | -                       | -                      | (227,834)              | (227,834) |
| <b>Carrying amount</b>                 | -                       | -                      | -                      | -         | -                       | -                      | -                      | -         |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                 | Stage 1 Individual UGX (m) | Stage 2 Individual UGX (m) | Stage 3 UGX (m) | Total UGX (m) |
|-------------------------------------------------|----------------------------|----------------------------|-----------------|---------------|
| <b>Gross carrying amount as at 01 July 2023</b> | -                          | -                          | 224,896         | 224,896       |
| Foreign exchange adjustments                    | -                          | -                          | 2,938           | 2,938         |
| <b>At 30 June 2024</b>                          | -                          | -                          | 227,834         | 227,834       |
| <b>As at 01 July 2024</b>                       | -                          | -                          | 227,834         | 227,834       |
| Foreign exchange adjustments                    | -                          | -                          | (8,375)         | (8,375)       |
| <b>At 30 June 2025</b>                          | -                          | -                          | 219,459         | 219,459       |

|                                | Stage 1 Individual UGX (m) | Stage 2 Individual UGX (m) | Stage 3 UGX (m) | Total UGX (m) |
|--------------------------------|----------------------------|----------------------------|-----------------|---------------|
| <b>ECLs as at 01 July 2023</b> | -                          | -                          | 224,896         | 224,896       |
| Foreign exchange adjustments   | -                          | -                          | 2,938           | 2,938         |
| <b>At 30 June 2024</b>         | -                          | -                          | 227,834         | 227,834       |
| <b>ECLs as at 01 July 2024</b> | -                          | -                          | 227,834         | 227,834       |
| Foreign exchange adjustments   | -                          | -                          | (8,375)         | (8,375)       |
| <b>At 30 June 2025</b>         | -                          | -                          | 219,459         | 219,459       |

| Loans and advances to staff        | Year ended 30 June 2025 |                        |                        |         | Year ended 30 June 2024 |                        |                        |         |
|------------------------------------|-------------------------|------------------------|------------------------|---------|-------------------------|------------------------|------------------------|---------|
|                                    | 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                    | 109,222                 | -                      | -                      | 109,222 | 94,288                  | -                      | -                      | 94,288  |
| Grade 2: Higher risk               | -                       | 1,283                  | -                      | 1,283   | -                       | 4,136                  | -                      | 4,136   |
| Grade 3: Default                   | -                       | -                      | 3,644                  | 3,644   | -                       | -                      | 1,689                  | 1,689   |
| <b>Total gross carrying amount</b> | 109,222                 | 1,283                  | 3,644                  | 114,149 | 94,288                  | 4,136                  | 1,689                  | 100,113 |
| ECL allowance                      | (344)                   | (68)                   | (1,299)                | (1,711) | (93)                    | (5)                    | (899)                  | (997)   |
| <b>Carrying amount</b>             | 108,878                 | 1,215                  | 2,345                  | 112,438 | 94,195                  | 4,131                  | 790                    | 99,116  |

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

|                                                         | Stage 1 Individual UGX (m) | Stage 2 Individual UGX (m) | Stage 3 UGX (m) | Total UGX (m) |
|---------------------------------------------------------|----------------------------|----------------------------|-----------------|---------------|
| <b>Gross carrying amount as at 01 July 2023</b>         | 84,872                     | 659                        | 3,446           | 88,977        |
| New assets originated or purchased                      | 22,973                     | -                          | -               | 22,973        |
| Payments and assets derecognised (excluding write offs) | (11,114)                   | (659)                      | (64)            | (11,837)      |
| Transfer to stage 2                                     | (2,282)                    | 4,136                      | (1,854)         | -             |
| Transfer to Stage 3                                     | (161)                      | -                          | 161             | -             |
| <b>At 30 June 2024</b>                                  | 94,288                     | 4,136                      | 1,689           | 100,113       |
| <b>As at 01 July 2024</b>                               | 94,288                     | 4,136                      | 1,689           | 100,113       |
| New assets originated or purchased                      | 104,065                    | -                          | -               | 104,065       |
| Payments and assets derecognised (excluding write offs) | (88,647)                   | (531)                      | (54)            | (89,232)      |
| Write-offs                                              | -                          | -                          | (797)           | (797)         |
| Transfers to Stage 1                                    | 1,332                      | (1,332)                    | -               | -             |
| Transfers to Stage 3                                    | (1,816)                    | (990)                      | 2,806           | -             |
| <b>At 30 June 2025</b>                                  | 109,222                    | 1,283                      | 3,644           | 114,149       |

|                                                         | Stage 1 Individual UGX (m) | Stage 2 Individual UGX (m) | Stage 3 UGX (m) | Total UGX (m) |
|---------------------------------------------------------|----------------------------|----------------------------|-----------------|---------------|
| <b>ECLs as at 01 July 2023</b>                          | 93                         | 1                          | 1,317           | 1,411         |
| New assets originated or purchased                      | 75                         | -                          | -               | 75            |
| Payments and assets derecognised (excluding write offs) | (41)                       | -                          | (27)            | (68)          |
| Net remeasurement of loss allowance                     | -                          | (407)                      | 8               | (399)         |
| Transfers to stage 1                                    | 14                         | 2                          | (16)            | -             |
| Transfers to Stage 2                                    | -                          | 409                        | (409)           | -             |
| Transfers to Stage 3                                    | (48)                       | -                          | 48              | -             |
| Write offs                                              | -                          | -                          | (22)            | (22)          |
| <b>At 30 June 2024</b>                                  | 93                         | 5                          | 899             | 997           |
| <b>ECLs as at 01 July 2024</b>                          | 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-off                                               | -                          | -                          | (794)           | (794)         |
| Transfers to Stage 1                                    | 1                          | (1)                        | -               | -             |
| Transfers to Stage 3                                    | (1)                        | -                          | 1               | -             |
| <b>At 30 June 2025</b>                                  | 344                        | 68                         | 1,299           | 1,711         |

## 4.2.8 Credit risk exposure

### i. Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of 30 June 2025 and 30 June 2024 are presented in Table 21 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

**Table 21: Credit risk exposure by credit rating**

|                                                       |                           | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------------------|---------------------------|------------------------|------------------------|
| Cash and cash equivalents                             | A1                        | 351                    | 80,226                 |
|                                                       | A2                        | 46,421                 | -                      |
|                                                       | A3                        | -                      | 1,022                  |
|                                                       | Aaa                       | 277,179                | 548,166                |
|                                                       | Aa1                       | 604,733                | 23,788                 |
|                                                       | Aa3                       | 303,421                | 72,538                 |
|                                                       | Ba2                       | -                      | 40,035                 |
|                                                       | B1                        | 3                      | 523                    |
|                                                       | B2                        | 225                    | 210                    |
|                                                       | B3                        | -                      | 72,018                 |
|                                                       | Baa2                      | 53,629                 | -                      |
|                                                       | Baa3                      | 11,069                 | 2,167                  |
|                                                       | Caa1                      | 62,138                 | -                      |
|                                                       |                           | 1,359,169              | 840,693                |
| Financial assets at fair value through profit or loss | A1                        | 902,990                | 378,363                |
|                                                       | A2                        | 222,493                | 136,426                |
|                                                       | A3                        | 181,314                | 130,346                |
|                                                       | Aa1                       | 1,212,327              | 200,819                |
|                                                       | Aa2                       | 315,940                | 273,634                |
|                                                       | Aa3                       | 645,768                | 199,463                |
|                                                       | Aaa                       | 970,492                | 3,093,593              |
|                                                       | Baa1                      | 216,362                | 76,178                 |
|                                                       | Baa2                      | 21,597                 | 23,423                 |
|                                                       |                           | 4,689,283              | 4,512,245              |
| Debt instruments at fair value through OCI            | A1                        | 36,572                 | 53,363                 |
|                                                       | Aaa                       | 144,573                | 1,930,959              |
|                                                       | Aa1                       | 2,458,343              | -                      |
| Multinational Institution                             |                           | 22,664                 | 45,118                 |
|                                                       |                           | 2,662,152              | 2,029,440              |
| Debt instruments at amortised cost                    | A1                        | 4,040,600              | 190,532                |
|                                                       | A2                        | 800,014                | 311,130                |
|                                                       | Aa1                       | 2,281,913              | -                      |
|                                                       | Aa2                       | 1,171,562              | 2,588,565              |
|                                                       | Aa3                       | -                      | 1,014,453              |
|                                                       | Aaa                       | 448,926                | 1,449,273              |
|                                                       | Baa1                      | 241,022                | 1,016,049              |
|                                                       | Baa2                      | 615,424                | -                      |
|                                                       |                           | 9,599,461              | 6,570,002              |
| Derivative financial instruments                      |                           | 14,320                 | 16,468                 |
| Assets held with IMF                                  | Multinational Institution | 654,997                | 713,501                |
| Investments in government securities                  |                           | 9,648,555              | 1,540,506              |
| Loans and advances to government                      |                           | 1,798,544              | 8,555,577              |
| Loans and advances to staff                           |                           | 112,438                | 99,116                 |
| Other assets                                          |                           | 22,994                 | 106                    |
| Total                                                 |                           | 30,561,913             | 24,877,654             |

### ii. Credit risk exposure by sector

The sectorial classification of the Bank's credit exposure as of 30 June 2025 is as follows:

**Table 22: Credit risk exposure by sector FY 2024/25**

| Details                              | Foreign<br>Country<br>Treasury | Supra-<br>national<br>Institu-<br>tions | Foreign<br>Companies | Foreign<br>Financial<br>Institu-<br>tions | Govern-<br>ment Guar-<br>anteed<br>Agencies | Uganda<br>Govern-<br>ment<br>Treasury<br>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 amortized 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 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 |

The sectorial classification of the Bank's credit exposure as of 30 June 2024 is as follows:

**Table 23: Credit risk exposure by sector FY 2023/24**

| Details                            | Foreign<br>Country<br>Treasury | Supra-<br>national<br>Institu-<br>tions | Foreign<br>Companies | Foreign<br>Financial<br>Institu-<br>tions | Govern-<br>ment Guar-<br>anteed<br>Agencies | Uganda<br>Govern-<br>ment<br>Treasury<br>and Others | Total      |
|------------------------------------|--------------------------------|-----------------------------------------|----------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------|------------|
|                                    | UGX (m)                        | UGX (m)                                 | UGX (m)              | UGX (m)                                   | UGX (m)                                     | UGX (m)                                             | UGX (m)    |
| Cash and cash equivalents          | 589,883                        | 1,574                                   | -                    | 231,768                                   | -                                           | 17,468                                              | 840,693    |
| Financial assets at FVTPL          | 2,079,325                      | -                                       | 900,172              | -                                         | 1,532,748                                   | -                                                   | 4,512,245  |
| Debt instruments at FVOCI          | 1,863,816                      | 60,258                                  | -                    | -                                         | 105,366                                     | -                                                   | 2,029,440  |
| Debt instruments at amortised cost | 1,449,273                      | 898,433                                 | -                    | 4,222,296                                 | -                                           | -                                                   | 6,570,002  |
| Derivative financial instruments   | -                              | -                                       | -                    | 16,468                                    | -                                           | -                                                   | 16,468     |
| Assets held with IMF               | -                              | 713,501                                 | -                    | -                                         | -                                           | -                                                   | 713,501    |
| Recapitalization securities        | -                              | -                                       | -                    | -                                         | -                                           | 1,540,506                                           | 1,540,506  |
| Loans and advances to government   | -                              | -                                       | -                    | -                                         | -                                           | 8,555,577                                           | 8,555,577  |
| Loans and advances to staff        | -                              | -                                       | -                    | -                                         | -                                           | 99,116                                              | 99,116     |
| Other assets                       | -                              | -                                       | -                    | -                                         | -                                           | 106                                                 | 106        |
| Total Assets                       | 5,982,297                      | 1,673,766                               | 900,172              | 4,470,532                                 | 1,638,114                                   | 10,212,773                                          | 24,877,654 |

### iii. Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liabilities of the Bank as of 30 June 2025 is as follows:

**Table 24: Credit risk exposure by geographical location FY 2024/25**

| Details                              | Uganda<br>UGX (m) | USA<br>UGX (m)   | UK<br>UGX (m)    | Eurozone<br>UGX (m) | Other<br>European<br>Countries<br>UGX (m) | Other<br>Countries<br>UGX (m) | Total<br>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 amortized 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 assets                         | 22,994            | -                | -                | -                   | -                                         | -                             | 22,994            |
| <b>Total Assets</b>                  | <b>11,582,531</b> | <b>6,707,733</b> | <b>3,584,393</b> | <b>2,772,472</b>    | <b>1,262,532</b>                          | <b>4,652,252</b>              | <b>30,561,913</b> |

**Table 25: Credit risk exposure by geographical location FY 2023/24**

| Details                            | Uganda<br>UGX (m) | USA<br>UGX (m)   | UK<br>UGX (m)    | Eurozone<br>UGX (m) | Other<br>European<br>Countries<br>UGX (m) | Other<br>Countries<br>UGX (m) | Total<br>UGX (m)  |
|------------------------------------|-------------------|------------------|------------------|---------------------|-------------------------------------------|-------------------------------|-------------------|
| Cash and cash equivalents          | 17,677            | 461,253          | 184,460          | 100,583             | 1,573                                     | 75,147                        | 840,693           |
| Financial assets at FVTPL          | -                 | 1,483,822        | 88,195           | 1,220,805           | 207,966                                   | 1,511,457                     | 4,512,245         |
| Debt instruments at FVOCI          | -                 | 1,891,144        | -                | 30,543              | 35,675                                    | 72,078                        | 2,029,440         |
| Debt instruments at amortized cost | -                 | 1,449,273        | 1,573,961        | 1,132,069           | -                                         | 2,414,699                     | 6,570,002         |
| Derivative financial instruments   | -                 | -                | 15,476           | -                   | -                                         | 992                           | 16,468            |
| Assets held with IMF               | -                 | 713,501          | -                | -                   | -                                         | -                             | 713,501           |
| Recatitalization securities        | 1,540,506         | -                | -                | -                   | -                                         | -                             | 1,540,506         |
| Loans and advances to Government   | 8,555,577         | -                | -                | -                   | -                                         | -                             | 8,555,577         |
| Loans and advances to staff        | 99,116            | -                | -                | -                   | -                                         | -                             | 99,116            |
| Other assets                       | 106               | -                | -                | -                   | -                                         | -                             | 106               |
| <b>Total Assets</b>                | <b>10,212,982</b> | <b>5,998,993</b> | <b>1,862,092</b> | <b>2,484,000</b>    | <b>245,214</b>                            | <b>4,074,373</b>              | <b>24,877,654</b> |

## 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 26 and Table 27 below. The analysis below for the Bank's liabilities is based on undiscounted amounts:

**Table 26: Liquidity Profile 2024/25**

|                                                       | Carrying<br>amount<br>30-Jun-2025<br>UGX (m) | Contractu-<br>al amount<br>30-Jun-2025<br>UGX (m) | On demand<br>UGX (m) | <3<br>Months<br>UGX (m) | 4-12<br>Months<br>UGX (m) | 1-5<br>Years<br>UGX (m) | > 5<br>Years<br>UGX (m) |
|-------------------------------------------------------|----------------------------------------------|---------------------------------------------------|----------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                         |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>Foreign currency assets</b>                        |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>International reserves</b>                         |                                              |                                                   |                      |                         |                           |                         |                         |
| 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                                    | 9,795,093                                         | -                    | 2,104,410               | 7,690,683                 | -                       | -                       |
| Debt instruments at fair value through OCI            | 2,662,152                                    | 2,813,685                                         | -                    | 232,119                 | 667,144                   | 1,914,422               | -                       |
| Financial assets at fair value through profit or loss | 4,689,283                                    | 40,711,388                                        | -                    | 246,305                 | 17,427,546                | 22,290,622              | 746,915                 |
| Derivative financial instruments                      | 14,320                                       | 14,320                                            | -                    | 14,320                  | -                         | -                       | -                       |
| Equity instruments at fair value through OCI          | 530,554                                      | 530,554                                           | -                    | -                       | -                         | -                       | 530,554                 |
| <b>National currency assets</b>                       |                                              |                                                   |                      |                         |                           |                         |                         |
| 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 assets                                          | 22,994                                       | 22,994                                            | 22,994               | -                       | -                         | -                       | -                       |
|                                                       | 31,092,467                                   | 76,100,651                                        | 22,994               | 5,879,278               | 28,693,425                | 31,978,545              | 9,526,409               |
| <b>Liabilities</b>                                    |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>Foreign currency liabilities</b>                   |                                              |                                                   |                      |                         |                           |                         |                         |
| International Monetary Fund obligations               | 1,654,385                                    | 1,654,385                                         | 1,654,385            | -                       | -                         | -                       | -                       |
| International Monetary Fund Rapid Credit Facility     | 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               | -                       | -                         | -                       | -                       |
| <b>Monetary policy instruments</b>                    |                                              |                                                   |                      |                         |                           |                         |                         |
| Repurchase agreements with commercial banks           | 2,008,843                                    | 2,014,700                                         | -                    | 2,014,700               | -                         | -                       | -                       |
| <b>National currency liabilities</b>                  |                                              |                                                   |                      |                         |                           |                         |                         |
| 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                 | -                       |
| <b>Net liquidity gap</b>                              | <b>14,387,769</b>                            | <b>59,310,317</b>                                 | <b>(11,874,212)</b>  | <b>3,864,578</b>        | <b>26,714,571</b>         | <b>31,078,971</b>       | <b>9,526,409</b>        |

**Table 27: Liquidity Profile 2023/24**

|                                                       | Carrying<br>amount<br>30-Jun-2024<br>UGX (m) | Contractu-<br>al amount<br>30-Jun-2024<br>UGX (m) | On demand<br>UGX (m) | <3<br>Months<br>UGX (m) | 4-12<br>Months<br>UGX (m) | 1-5<br>Years<br>UGX (m) | > 5<br>Years<br>UGX (m) |
|-------------------------------------------------------|----------------------------------------------|---------------------------------------------------|----------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                         |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>Foreign currency assets</b>                        |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>International reserves</b>                         |                                              |                                                   |                      |                         |                           |                         |                         |
| Cash and cash equivalents                             | 840,693                                      | 840,693                                           | 823,598              | -                       | -                         | -                       | 17,095                  |
| Assets held with International Monetary Fund          | 713,501                                      | 713,501                                           | -                    | -                       | 713,501                   | -                       | -                       |
| Debt instruments at amortised cost                    | 6,570,002                                    | 6,684,581                                         | -                    | 3,516,350               | 3,168,231                 | -                       | -                       |
| Debt instruments at fair value through OCI            | 2,029,440                                    | 2,215,304                                         | -                    | 238,040                 | 537,475                   | 1,439,789               | -                       |
| Financial assets at fair value through profit or loss | 4,512,245                                    | 36,583,970                                        | -                    | 8,736,830               | 5,315,080                 | 21,637,163              | 894,897                 |
| Derivative financial instruments                      | 16,468                                       | 16,468                                            | -                    | 16,468                  | -                         | -                       | -                       |
| Equity instruments at fair value through OCI          | 499,548                                      | 499,548                                           | -                    | -                       | -                         | -                       | 499,548                 |
| <b>National currency assets</b>                       |                                              |                                                   |                      |                         |                           |                         |                         |
| Loans and advances to government                      | 8,555,577                                    | 8,769,466                                         | -                    | -                       | 8,769,466                 | -                       | -                       |
| Loans and advances to staff                           | 99,116                                       | 160,036                                           | -                    | 7,813                   | 21,118                    | 66,434                  | 64,671                  |
| Investments in government securities                  | 1,540,506                                    | 2,537,096                                         | -                    | 107,809                 | 107,809                   | 1,634,580               | 686,898                 |
| Other assets                                          | 106                                          | 106                                               | 106                  | -                       | -                         | -                       | -                       |
|                                                       | 25,377,202                                   | 59,020,769                                        | 823,704              | 12,623,310              | 18,632,680                | 24,777,966              | 2,163,109               |
| <b>Liabilities</b>                                    |                                              |                                                   |                      |                         |                           |                         |                         |
| <b>Foreign currency liabilities</b>                   |                                              |                                                   |                      |                         |                           |                         |                         |
| International Monetary Fund obligations               | 1,616,753                                    | 1,616,753                                         | 1,616,753            | -                       | -                         | -                       | -                       |
| International Monetary Fund Rapid Credit Facility     | 1,217,278                                    | 1,217,278                                         | -                    | -                       | -                         | 973,823                 | 243,455                 |
| Derivative financial instruments                      | 10,288                                       | 10,288                                            | 10,288               | -                       | -                         | -                       | -                       |
| Government deposits                                   | 1,898,831                                    | 1,898,831                                         | 1,898,831            | -                       | -                         | -                       | -                       |
| Commercial and Central Banks' deposits                | 783,991                                      | 783,991                                           | 783,991              | -                       | -                         | -                       | -                       |
| Cross currency repos                                  | 372,649                                      | 404,592                                           | -                    | -                       | 404,592                   | -                       | -                       |
| Other liabilities                                     | 2,347                                        | 2,347                                             | 2,347                | -                       | -                         | -                       | -                       |
| <b>Monetary policy instruments</b>                    |                                              |                                                   |                      |                         |                           |                         |                         |
| Repurchase agreements with commercial banks           | 653,527                                      | 654,480                                           | -                    | 654,480                 | -                         | -                       | -                       |
| <b>National currency liabilities</b>                  |                                              |                                                   |                      |                         |                           |                         |                         |
| Government deposits                                   | 2,569,205                                    | 2,569,205                                         | 2,569,205            | -                       | -                         | -                       | -                       |
| Commercial and Central Banks' deposits                | 3,091,852                                    | 3,091,852                                         | 3,091,852            | -                       | -                         | -                       | -                       |
| Lease liabilities                                     | 185                                          | 212                                               | -                    | -                       | 53                        | 159                     | -                       |
| Other liabilities                                     | 262,014                                      | 262,014                                           | 262,014              | -                       | -                         | -                       | -                       |
|                                                       | 12,478,920                                   | 12,511,843                                        | 10,235,281           | 654,480                 | 404,645                   | 973,982                 | 243,455                 |
| Net liquidity gap                                     | 12,898,282                                   | 46,508,926                                        | (9,411,577)          | 11,968,830              | 18,228,035                | 23,803,984              | 1,919,654               |

The prior year maturity profiles have been restated to include financial assets and contractual cashflows on IMF obligations, cross currency repos and repurchase agreements with commercial banks which were not disclosed in the prior year.

### 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.

### 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), Allianz Global Investors, JP Morgan Chase and the World Bank Treasury.

The table below summarizes the Bank's exposure to interest rates risk. Included in the table are the Bank's assets and liabilities at carrying amounts categorized by the earlier of contractual repricing or maturity dates.

**Table 28: Interest risk analysis 2024/25**

|                                                       | 30 Jun 2025<br>UGX (m) | 0-3<br>Months<br>UGX (m) | 4-12<br>Months<br>UGX (m) | > 12<br>Months<br>UGX (m) | Non-Interest<br>Bearing<br>UGX (m) |
|-------------------------------------------------------|------------------------|--------------------------|---------------------------|---------------------------|------------------------------------|
| <b>Assets</b>                                         |                        |                          |                           |                           |                                    |
| <b>Foreign currency assets</b>                        |                        |                          |                           |                           |                                    |
| Cash and cash equivalents                             | 1,359,169              | 1,359,169                | -                         | -                         | -                                  |
| Financial assets at fair value through profit or loss | 4,689,283              | 121,398                  | 611,257                   | 3,956,628                 | -                                  |
| Debt instruments at fair value through OCI            | 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                 | -                                  |
| <b>National currency assets</b>                       |                        |                          |                           |                           |                                    |
| 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 assets                                          | 22,994                 | -                        | -                         | -                         | 22,994                             |
|                                                       | 11,582,531             | 350                      | 1,799,934                 | 9,759,253                 | 22,994                             |
| <b>Total assets</b>                                   | <b>30,561,913</b>      | <b>4,452,430</b>         | <b>10,517,004</b>         | <b>15,569,485</b>         | <b>22,994</b>                      |
| <b>Liabilities</b>                                    |                        |                          |                           |                           |                                    |
| <b>Foreign currency liabilities</b>                   |                        |                          |                           |                           |                                    |
| 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                          |
| <b>National currency liabilities</b>                  |                        |                          |                           |                           |                                    |
| 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                          |
| <b>Total liabilities</b>                              | <b>16,704,698</b>      | <b>3,663,228</b>         | <b>-</b>                  | <b>1,674,314</b>          | <b>11,367,156</b>                  |
| <b>On balance Sheet interest Sensitivity Gap</b>      | <b>13,857,215</b>      | <b>789,202</b>           | <b>10,517,004</b>         | <b>13,895,171</b>         | <b>(11,344,162)</b>                |

**Table 29: Interest risk analysis 2023/24**

|                                                       | 30 Jun 2024<br>UGX (m) | 0-3<br>Months<br>UGX (m) | 4-12<br>Months<br>UGX (m) | > 12<br>Months<br>UGX (m) | Non-Interest<br>Bearing<br>UGX (m) |
|-------------------------------------------------------|------------------------|--------------------------|---------------------------|---------------------------|------------------------------------|
| <b>Assets</b>                                         |                        |                          |                           |                           |                                    |
| <b>Foreign currency assets</b>                        |                        |                          |                           |                           |                                    |
| Cash and cash equivalents                             | 840,693                | 823,598                  | -                         | -                         | 17,095                             |
| Financial assets at fair value through profit or loss | 4,512,245              | 591,935                  | 382,756                   | 3,537,554                 | -                                  |
| Debt instruments at fair value through OCI            | 2,029,440              | 956,033                  | 321,526                   | 751,881                   | -                                  |
| Debt instruments at amortised cost                    | 6,570,002              | 2,975,380                | 3,594,622                 | -                         | -                                  |
| Derivative financial instruments                      | 16,468                 | 16,468                   | -                         | -                         | -                                  |
| Assets held with International Monetary Fund          | 713,501                | -                        | -                         | 713,501                   | -                                  |
|                                                       | 14,682,349             | 5,363,414                | 4,298,904                 | 5,002,936                 | 17,095                             |
| <b>National currency assets</b>                       |                        |                          |                           |                           |                                    |
| Investments in government securities                  | 1,540,506              | -                        | -                         | 1,540,506                 | -                                  |
| Loans and advances to government                      | 8,555,577              | -                        | 8,555,577                 | -                         | -                                  |
| Loans and advances to staff                           | 99,116                 | 350                      | 1,390                     | 97,376                    | -                                  |
| Other assets                                          | 106                    | -                        | -                         | -                         | 106                                |
|                                                       | 10,195,305             | 350                      | 8,556,967                 | 1,637,882                 | 106                                |
| <b>Total assets</b>                                   | <b>24,877,654</b>      | <b>5,363,764</b>         | <b>12,855,871</b>         | <b>6,640,818</b>          | <b>17,201</b>                      |
| <b>Liabilities</b>                                    |                        |                          |                           |                           |                                    |
| <b>Foreign currency liabilities</b>                   |                        |                          |                           |                           |                                    |
| International Monetary Fund obligations               | 1,616,753              | 1,616,753                | -                         | -                         | -                                  |
| International Monetary Fund Rapid Credit Facility     | 1,217,278              | -                        | -                         | -                         | 1,217,278                          |
| Derivative financial instruments                      | 10,288                 | -                        | -                         | -                         | 10,288                             |
| Government deposits                                   | 1,898,831              | (0)                      | -                         | -                         | 1,898,831                          |
| Commercial and Central Banks' deposits                | 783,991                | -                        | -                         | -                         | 783,991                            |
| Cross currency repos                                  | 372,649                | -                        | -                         | -                         | 372,649                            |
| Other liabilities                                     | 2,347                  | 2,269                    | -                         | -                         | 78                                 |
|                                                       | 5,902,137              | 1,619,022                | -                         | -                         | 4,283,115                          |
| <b>National currency liabilities</b>                  |                        |                          |                           |                           |                                    |
| Government deposits                                   | 2,569,205              | -                        | -                         | -                         | 2,569,205                          |
| Commercial and Central Banks' deposits                | 3,091,852              | -                        | -                         | -                         | 3,091,852                          |
| Repurchase agreements with commercial banks           | 653,527                | 653,527                  | -                         | -                         | -                                  |
| Lease liabilities                                     | 185                    | -                        | -                         | 185                       | -                                  |
| Other liabilities                                     | 262,014                | -                        | -                         | -                         | 262,014                            |
|                                                       | 6,576,783              | 653,527                  | -                         | 185                       | 5,923,071                          |
| <b>Total liabilities</b>                              | <b>12,478,920</b>      | <b>2,272,549</b>         | <b>-</b>                  | <b>185</b>                | <b>10,206,186</b>                  |
| <b>On balance Sheet interest Sensitivity Gap</b>      | <b>12,398,734</b>      | <b>3,091,215</b>         | <b>12,855,871</b>         | <b>6,640,633</b>          | <b>(10,188,985)</b>                |

## 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 30: Interest risk sensitivity analysis FY 2024/25

|                  | 30 Jun 2025<br>0.5% Increase<br>UGX (m) | 30-Jun-2025<br>0.5% decrease<br>UGX (m) |
|------------------|-----------------------------------------|-----------------------------------------|
| Impact on profit | 134,307                                 | (134,307)                               |
| Impact on equity | 156,484                                 | (156,484)                               |

Table 31: Interest risk sensitivity analysis FY 2023/24

|                  | 30 Jun 2024<br>0.5% Increase<br>UGX (m) | 30-Jun-2024<br>0.5% decrease<br>UGX (m) |
|------------------|-----------------------------------------|-----------------------------------------|
| Impact on profit | 112,951                                 | (112,951)                               |
| Impact on equity | 133,162                                 | (133,162)                               |

## 4.5 Currency risk

Currency risk is a risk that changes in foreign exchange rates will affect the Bank's income or value of its holdings of financial instruments. The Bank has monetary assets and liabilities denominated in foreign currencies which consists mainly of Pound Sterling, US Dollar, SDRs and Euro. The table below shows the distribution of the currencies.

Table 32: Currency risk profile 2024/25

|                                                       | TOTAL<br>UGX (m) | USD<br>UGX (m) | GBP<br>UGX (m) | EURO<br>UGX (m) | OTHER<br>UGX (m) |
|-------------------------------------------------------|------------------|----------------|----------------|-----------------|------------------|
| <b>Assets</b>                                         |                  |                |                |                 |                  |
| <b>Foreign currency assets</b>                        |                  |                |                |                 |                  |
| Cash and cash equivalents                             | 1,359,169        | 881,069        | 122,354        | 290,811         | 64,935           |
| Assets held with International Monetary Fund          | 654,997          | -              | -              | -               | 654,997          |
| Debt instruments at amortised cost                    | 9,599,461        | 8,119,449      | 296,767        | 1,183,245       | -                |
| Debt instruments at fair value through OCI            | 2,662,152        | 2,662,152      | -              | -               | -                |
| Financial assets at fair value through profit or loss | 4,689,283        | 2,308,530      | 194,961        | 1,368,183       | 817,609          |
| Derivative financial instruments                      | 14,320           | 14,320         | -              | -               | -                |
| Equity instruments at fair value through OCI          | 530,554          | 527,909        | -              | 2,645           | -                |
|                                                       | 19,509,936       | 14,513,429     | 614,082        | 2,844,884       | 1,537,541        |
| <b>Liabilities</b>                                    |                  |                |                |                 |                  |
| <b>Foreign currency liabilities</b>                   |                  |                |                |                 |                  |
| 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               |
| <b>Total liabilities</b>                              | 8,547,211        | 5,033,687      | 27,460         | 694,572         | 2,791,492        |
| <b>Net currency position</b>                          | 10,962,725       | 9,479,742      | 586,622        | 2,150,312       | (1,253,951)      |

Table 33: Currency risk profile 2023/24

|                                                       | TOTAL<br>UGX (m) | USD<br>UGX (m) | GBP<br>UGX (m) | EURO<br>UGX (m) | OTHER<br>UGX (m) |
|-------------------------------------------------------|------------------|----------------|----------------|-----------------|------------------|
| <b>Assets</b>                                         |                  |                |                |                 |                  |
| <b>Foreign currency assets</b>                        |                  |                |                |                 |                  |
| Cash and cash equivalents                             | 840,693          | 581,019        | 75,844         | 109,497         | 74,333           |
| Financial assets at fair value through profit or loss | 4,512,245        | 2,078,258      | 161,944        | 1,517,995       | 754,048          |
| Debt instruments at fair value through OCI            | 2,029,440        | 2,029,440      | -              | -               | -                |
| Debt instruments at amortised cost                    | 6,570,002        | 5,999,947      | 178,754        | 391,301         | -                |
| Derivative financial instruments                      | 16,468           | 16,468         | -              | -               | -                |
| Assets held with International Monetary Fund          | 713,501          | -              | -              | -               | 713,501          |
| Equity instruments at fair value through OCI          | 499,548          | 497,413        | -              | 2,135           | -                |
| <b>Total assets</b>                                   | 15,181,897       | 11,202,545     | 416,542        | 2,020,928       | 1,541,882        |
| <b>Liabilities</b>                                    |                  |                |                |                 |                  |
| <b>Foreign currency liabilities</b>                   |                  |                |                |                 |                  |
| International Monetary Fund obligations               | 1,616,753        | -              | -              | -               | 1,616,753        |
| International Monetary Fund Rapid Credit Facility     | 1,217,278        | -              | -              | -               | 1,217,278        |
| Derivative financial instruments                      | 10,288           | 10,288         | -              | -               | -                |
| Government deposits                                   | 1,898,831        | 1,583,671      | 294            | 182,794         | 132,072          |
| Commercial and Central Banks' deposits                | 783,991          | 601,191        | 17,357         | 153,074         | 12,369           |
| Cross currency repos                                  | 372,649          | 372,649        | -              | -               | -                |
| Other liabilities                                     | 2,347            | 78             | -              | -               | 2,269            |
| <b>Total liabilities</b>                              | 5,902,137        | 2,567,877      | 17,651         | 335,868         | 2,980,741        |
| <b>Net currency position</b>                          | 9,279,760        | 8,634,668      | 398,891        | 1,685,060       | (1,438,859)      |

### 4.5.1 Management of currency risk

The Bank has an investment committee that offers oversight over this risk that regularly meets to review and monitor developments in the respective currency markets.

### 4.5.2 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 34: Currency Risk Sensitivity analysis FY 2024/25

|                                       | Increase/ (de-<br>crease) in % | 15% Depreciation | 15% Appreciation |
|---------------------------------------|--------------------------------|------------------|------------------|
| <b>Currency of assets/liabilities</b> | <b>30-Jun-2025</b>             | <b>UGX (m)</b>   | <b>UGX (m)</b>   |
| 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          |
| <b>Impact on profit</b>               | -                              | 1,644,408        | (1,644,408)      |
| <b>Impact on equity</b>               | -                              | 1,642,555        | (1,642,555)      |

Table 35: Currency Risk Sensitivity analysis FY 2023/24

| Currency of assets/liabilities | Increase/ (decrease) in %<br>30-Jun-2024 | 15% Depreciation<br>UGX (m) | 15% Appreciation<br>UGX (m) |
|--------------------------------|------------------------------------------|-----------------------------|-----------------------------|
| USD                            | +15/(15)                                 | 1,295,200                   | (1,295,200)                 |
| GBP                            | +15/(15)                                 | 59,834                      | (59,834)                    |
| Euro                           | +15/(15)                                 | 252,759                     | (252,759)                   |
| Others                         | +15/(15)                                 | (215,829)                   | 215,829                     |
| <b>Impact on profit</b>        | -                                        | <b>1,391,964</b>            | <b>(1,391,964)</b>          |
| <b>Impact on equity</b>        | -                                        | <b>1,392,470</b>            | <b>(1,392,470)</b>          |

## 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 to ensure its quality and adequacy.

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 Fund.

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 Notes 6.4

### 6.3 Assets and liabilities by fair value hierarchy

Table 36 and Table 37 show an analysis of assets and liabilities recorded at fair value by level of their fair value hierarchy:

Table 36: Financial assets and liabilities by fair value hierarchy as at 30 June 2025

|                                                       | Level 1<br>UGX (m) | Level 2<br>UGX (m) | Level 3<br>UGX (m) |
|-------------------------------------------------------|--------------------|--------------------|--------------------|
| <b>Assets measured at fair value</b>                  |                    |                    |                    |
| Financial assets at fair value through profit or loss | -                  | 4,689,283          | -                  |
| Debt instruments at fair value through OCI            | -                  | 2,662,152          | -                  |
| Equity instruments at fair value through OCI          | -                  | -                  | 530,554            |
| Derivative financial instruments                      | -                  | 14,320             | -                  |
| Land                                                  | -                  | -                  | 61,930             |
| Leased Land                                           | -                  | -                  | 65,374             |
| Buildings                                             | -                  | -                  | 139,965            |
| Leased Buildings                                      | -                  | -                  | 133                |
| Plant & Machinery                                     | -                  | -                  | 73,732             |
| Furniture                                             | -                  | -                  | 3,625              |
| Equipment                                             | -                  | -                  | 20,548             |
| Computer Equipment                                    | -                  | -                  | 15,995             |
| Motor Vehicles                                        | -                  | -                  | 6,905              |
| <b>Liabilities measured at fair value</b>             |                    |                    |                    |
| Derivative financial instruments                      | -                  | 33,374             | -                  |

**Table 37: Financial assets and liabilities by fair value hierarchy as at 30 June 2024**

|                                                       | Level 1<br>UGX (m) | Level 2<br>UGX (m) | Level 3<br>UGX (m) |
|-------------------------------------------------------|--------------------|--------------------|--------------------|
| <b>Assets measured at fair value</b>                  |                    |                    |                    |
| Financial assets at fair value through profit or loss | -                  | 4,512,245          | -                  |
| Debt instruments at fair value through OCI            | -                  | 2,029,440          | -                  |
| Equity instruments at fair value through OCI          | -                  | -                  | 499,548            |
| Derivative financial instruments                      | -                  | 16,468             | -                  |
| Land                                                  | -                  | -                  | 49,604             |
| Leased Land                                           | -                  | -                  | 67,833             |
| Buildings                                             | -                  | -                  | 142,152            |
| Leased Buildings                                      | -                  | -                  | 177                |
| Plant & Machinery                                     | -                  | -                  | 70,947             |
| Furniture                                             | -                  | -                  | 3,951              |
| Equipment                                             | -                  | -                  | 15,887             |
| Computer Equipment                                    | -                  | -                  | 13,656             |
| Motor Vehicles                                        | -                  | -                  | 9,561              |
| <b>Liabilities measured at fair value</b>             |                    |                    |                    |
| Derivative financial instruments                      | -                  | 10,288             | -                  |

The prior year fair value hierarchy for equity instruments at fair value through OCI has been updated to align with the requirements of IFRS 13-Fair Value Measurements.

## 6.4 Valuation techniques

### 6.4.1 Financial assets at fair value through profit or loss and Debt instruments at fair value through OCI

#### 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 fair value through OCI

Equity instruments in non-listed entities included investments in AfreximBank and SWIFT. The fair value is based a 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 fair value through OCI 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:<br>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.<br><br>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 :<br>• The shareholders' funds were higher/ (lower)<br>• 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 categorized within Level 3 of the fair value hierarchy are shown below:

| Significant unobservable valuation input | Range       |           |                 |               |
|------------------------------------------|-------------|-----------|-----------------|---------------|
|                                          | USD<br>From | USD<br>To | UGX (m)<br>From | UGX (m)<br>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 categorized 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 un-observable 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-25                                               | Level 1 | Level 2   | Level 3 | Total fair values | Total carrying amount |
|---------------------------------------------------------|---------|-----------|---------|-------------------|-----------------------|
|                                                         | UGX (m) | UGX (m)   | UGX (m) | UGX (m)           | UGX (m)               |
| <b>Assets measured at amortised cost</b>                |         |           |         |                   |                       |
| 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                |
| <b>Liabilities measured at amortised cost</b>           |         |           |         |                   |                       |
| 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               |

| 30-Jun-24                                               | Level 1 | Level 2   | Level 3 | Total fair values | Total carrying amount |
|---------------------------------------------------------|---------|-----------|---------|-------------------|-----------------------|
|                                                         | UGX (m) | UGX (m)   | UGX (m) | UGX (m)           | UGX (m)               |
| <b>Assets measured at amortised cost</b>                |         |           |         |                   |                       |
| Cash and cash equivalents                               | -       | 840,693   | -       | 840,693           | 840,693               |
| Assets held with International Monetary Fund            | -       | 713,501   | -       | 713,501           | 713,501               |
| Debt instruments at amortised cost                      | -       | 6,570,002 | -       | 6,570,002         | 6,570,002             |
| Loans and advances to government                        | -       | 8,555,577 | -       | 8,555,577         | 8,555,577             |
| Loans and advances to staff                             | -       | 99,116    | -       | 99,116            | 99,116                |
| Investments in government securities                    | -       | 1,503,232 | -       | 1,503,232         | 1,540,506             |
| Other assets                                            | -       | 106       | -       | 106               | 106                   |
| <b>Liabilities measured at amortised cost</b>           |         |           |         |                   |                       |
| IMF obligations                                         | -       | 1,616,753 | -       | 1,616,753         | 1,616,753             |
| IMF Rapid Credit Facility                               | -       | 1,217,278 | -       | 1,217,278         | 1,217,278             |
| Foreign currency Government deposits                    | -       | 1,898,831 | -       | 1,898,831         | 1,898,831             |
| Foreign currency Commercial and Central Banks' deposits | -       | 783,991   | -       | 783,991           | 783,991               |
| Cross currency repos                                    | -       | 372,649   | -       | 372,649           | 372,649               |
| Foreign currency other liabilities                      | -       | 2,347     | -       | 2,347             | 2,347                 |
| Repurchase agreements with commercial banks             | -       | 653,527   | -       | 653,527           | 653,527               |
| Local currency Government deposits                      | -       | 2,569,205 | -       | 2,569,205         | 2,569,205             |
| Local currency Commercial and Central Banks' deposits   | -       | 3,091,852 | -       | 3,091,852         | 3,091,852             |
| Lease liabilities                                       | -       | 185       | -       | 185               | 185                   |
| Other liabilities                                       | -       | 262,014   | -       | 262,014           | 262,014               |

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.

*The prior year comparatives for financial instruments not measured at fair value have been included in the current year to align with disclosure requirements as per IFRS 13-Fair Value Measurements.*

## 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 a 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 recapitalization funds as follows:

|                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------|------------------------|------------------------|
| Revenue reserves     | 14,845                 | (867,620)              |
| General reserves     | 399,277                | 399,277                |
| Share capital        | 20,000                 | 20,000                 |
| BoU recapitalization | 1,859,018              | 1,859,018              |
| <b>Core capital</b>  | <b>2,293,140</b>       | <b>1,410,675</b>       |
| Revaluation reserve  | 191,772                | 203,658                |
| Fair value- FVOCI    | 253,961                | 199,938                |
| Actuarial losses     | (119,018)              | (84,379)               |
| Translation reserve  | 3,545,262              | 3,756,910              |
| <b>Total equity</b>  | <b>6,165,117</b>       | <b>5,486,802</b>       |

The core capital of the Bank was above the target expected of UGX 20,000 million as indicated below:

|                           | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------|------------------------|------------------------|
| Actual core capital       | 2,293,140              | 1,410,675              |
| Less: Target core capital | (20,000)               | (20,000)               |
| <b>Core capital gap</b>   | <b>2,273,140</b>       | <b>1,390,675</b>       |

## 8 Interest income from international reserves

|                                                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------------------------------|------------------------|------------------------|
| Cash and cash equivalents                                         | 33,377                 | 51,160                 |
| Debt instruments at fair value through other comprehensive income | 105,281                | 69,740                 |
| Debt instruments at amortised cost                                | 308,985                | 417,117                |
| Assets held with IMF                                              | 22,751                 | 32,186                 |
|                                                                   | <b>470,394</b>         | <b>570,203</b>         |

## 9 Interest income from monetary policy operations

|                           | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------|------------------------|------------------------|
| Standing lending facility | 43,419                 | 37,655                 |
|                           | <b>43,419</b>          | <b>37,655</b>          |

## 10 Interest income from advances to Government and GoU Securities

|                                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------|------------------------|------------------------|
| Investments in government securities         | 826,619                | 164,010                |
| Loans, advances and drawdowns to government* | 167,198                | 539,241                |
|                                              | <b>993,817</b>         | <b>703,251</b>         |

\* This relates to income earned on short term advances to the Government and Government overdrawn accounts (see Notes 36 and 38).

## 11 Other interest income

|                                                                | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------------------------|------------------------|------------------------|
| Government rediscounted securities                             | 1,605                  | -                      |
| Loans and advances to staff**                                  | 16,822                 | 15,975                 |
| Financial assets measured at fair value through profit or loss | 122,196                | 111,503                |
|                                                                | <b>140,623</b>         | <b>127,478</b>         |

\*\* Included in interest income on staff loans is UGX 13,284 million (30 June 2024: UGX 12,748 million) relating to notional interest arising out of staff loans' fair valuation in accordance with IFRS 13.

## 12 Interest expense from monetary policy operations

|                  | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------|------------------------|------------------------|
| Vertical repos   | 5,006                  | 44,563                 |
| Deposit auctions | 19,354                 | 9,211                  |
|                  | 24,360                 | 53,774                 |

## 13 Other interest expense

|                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------|------------------------|------------------------|
| IMF SDR allocations  | 54,705                 | 69,040                 |
| Cross currency repos | 130,289                | 1,977                  |
|                      | 184,994                | 71,017                 |

\* 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 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------|------------------------|------------------------|
| Foreign currency dealings                | 58,218                 | 46,350                 |
| Commissions- letters of credit           | 2,910                  | 3,455                  |
| Commissions- foreign currency operations | 1,235                  | 1,710                  |
| Clearing house fees                      | 375                    | 375                    |
| Ledger fees                              | 16,753                 | 15,647                 |
|                                          | 79,491                 | 67,537                 |

## 15 Other income from currency operations

|                               | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------|------------------------|------------------------|
| Currency processing fees      | 6,806                  | 8,718                  |
| Currency processing penalties | 128                    | 58                     |
|                               | 6,934                  | 8,776                  |

## 16 Other income from supervising Financial Institutions

|                                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------|------------------------|------------------------|
| Fines and penalties                      | 1,179                  | 158                    |
| Commercial banks licenses                | 3,841                  | 3,629                  |
| Non Bank Financial Institutions licenses | 1,500                  | 1,533                  |
| Offset inspection costs                  | 1,486                  | 1,565                  |
|                                          | 8,006                  | 6,885                  |

## 17 Other income from supervising National Payment Systems (NPS)

|                                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------|------------------------|------------------------|
| RTGS processing fees                 | 4,827                  | 4,129                  |
| RTGS penalties                       | 106                    | 122                    |
| RTGS maintenance and support charges | 1,172                  | 1,254                  |
| CSD maintenance and support charges  | 727                    | 883                    |
| NPS licenses                         | 1,580                  | 1,091                  |
|                                      | 8,412                  | 7,479                  |

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

|                                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------------|------------------------|------------------------|
| Net income from financial instruments measured at FVTPL | 162,589                | 119,277                |
|                                                         | 162,589                | 119,277                |

## 19 Gains/ (losses) arising from derecognition of financial assets measured at FVOCI

|                                                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Losses on derecognition of fair value through OCI investments           | (1,377)                | (3,176)                |
| Net amount reclassified to profit or loss for debt instruments at FVOCI | 1,696                  | 616                    |
|                                                                         | 319                    | (2,560)                |

## 20 Other income

|                                                  | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------|------------------------|------------------------|
| Dividends on equity securities measured at FVOCI | 45,579                 | 7,440                  |
| Sale of currency                                 | 1                      | 22                     |
| Rental income                                    | 43                     | 43                     |
| Write back of unutilised provisions              | 5,760                  | 9,642                  |
| Miscellaneous income*                            | 876                    | 794                    |
|                                                  | 52,259                 | 17,941                 |

\* Miscellaneous income includes insurance claims, sale of old items, refunds and procurement fees among others.

## 21 Expected credit loss 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 2025 | Stage 1 allow-<br>ance<br>UGX (m) | Stage 2 allow-<br>ance<br>UGX (m) | Stage 3 allow-<br>ance<br>UGX (m) | Releases<br>UGX (m) | Total<br>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          |

| Expected credit loss release on financial assets for the year ended 30 June 2024 | Stage 1 allow-<br>ance<br>UGX (m) | Stage 2 allow-<br>ance<br>UGX (m) | Stage 3 allow-<br>ance<br>UGX (m) | Releases<br>UGX (m) | Total<br>UGX (m) |
|----------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------|------------------|
| Cash and cash equivalents                                                        | (1,641)                           | -                                 | -                                 | -                   | (1,641)          |
| Debt instruments at FVOCI                                                        | 57                                | -                                 | -                                 | -                   | 57               |
| Debt instruments at amortised cost                                               | (334)                             | -                                 | -                                 | -                   | (334)            |
| Assets held with IMF                                                             | (167)                             | -                                 | -                                 | -                   | (167)            |
| Investments in government securities                                             | 82                                | -                                 | -                                 | -                   | 82               |
| Loans and advances to government                                                 | 225                               | -                                 | -                                 | -                   | 225              |
| Loans and advances to commercial banks                                           | -                                 | -                                 | 2,938                             | -                   | 2,938            |
| Loans and advances to staff                                                      | 10                                | 4                                 | (406)                             | -                   | (392)            |
| Other assets                                                                     | -                                 | -                                 | 475                               | -                   | 475              |
|                                                                                  | (1,768)                           | 4                                 | 3,007                             | -                   | 1,243            |

The increase in ECLs in FY 2024/25 to UGX 226,057 million from UGX 1,243 million in FY 2023/24 is mainly explained by the revision of the probability of default on government advances and securities. The probability of default (PD) rate for government advances and securities is determined using Moody's PD ratings for Uganda.

The probability of default for government advances and securities was revised in FY 2024/25, increasing from 0.02 percent to 2.63 percent. This change was based on management assumptions driven by two key factors:

- Anticipated shift in government priorities: With FY 2025/26 being an election year, there was an expectation that the government's focus would shift towards service delivery, which could potentially impact its ability to service debt.
- Sovereign credit rating downgrade: Uganda's credit rating was downgraded to B3 with a stable outlook in 2024. This downgrade could increase the cost of external debt, thereby raising the risk of default.

In FY 2023/24, the Bank considered the PDs on government advances and securities based on internal ratings.

## 22 Net foreign exchange (losses)/ gains

|                                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------|------------------------|------------------------|
| Foreign exchange (losses)/gains | (211,648)              | 225,852                |
|                                 | (211,648)              | 225,852                |

The foreign exchange losses or gains arise from translation of foreign currency transactions at the foreign currency exchange rates prevailing at the date of the transactions and revaluation of monetary assets and liabilities denominated in foreign currencies to Uganda Shillings at the foreign currency exchange rates applicable on the reporting date.

The following exchange rates for major currencies have been used to convert foreign currency financial assets and liabilities to Uganda Shillings for reporting purposes as at year end;

|            | 30 Jun 2025 | 30 Jun 2024 |
|------------|-------------|-------------|
| US Dollars | 3,595       | 3,707       |
| Euro       | 4,215       | 3,963       |
| GBP        | 4,935       | 4,683       |
| SDR        | 4,937       | 4,874       |

## 23 Employee benefits

|                                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------|------------------------|------------------------|
| Salaries, wages and allowances                    | 239,210                | 192,263                |
| NSSF- contribution and provision                  | 17,576                 | 14,000                 |
| Defined contribution scheme pension contributions | 10,504                 | 7,891                  |
| Defined benefit plan gains (Note 41) *            | (3,166)                | (4,009)                |
| Gratuity                                          | -                      | 42                     |
| Death in service insurance                        | 971                    | 705                    |
| Staff welfare including medical                   | 16,790                 | 15,108                 |
| Projects and training                             | 4,677                  | 4,247                  |
|                                                   | 286,562                | 230,247                |

\* 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 999 (2024: 921) as shown below:

|                     | 30 Jun 2025<br>No of Staff | 30 Jun 2024<br>No of Staff |
|---------------------|----------------------------|----------------------------|
| Governor            | 1                          | -                          |
| Deputy Governor     | 1                          | 1                          |
| Executive Directors | 11                         | 10                         |
| Directors           | 26                         | 22                         |
| Other               | 960                        | 888                        |
|                     | 999                        | 921                        |

## 24 General and administration costs

|                                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------|------------------------|------------------------|
| Loss on disposal of property, plant and equipment | 379                    | 36                     |
| Business process enhancement                      | 18,699                 | 18,891                 |
| Communication expenses                            | 11,520                 | 10,775                 |
| Water and electricity                             | 2,990                  | 2,997                  |
| Ground rates and buildings insurance              | 1,075                  | 1,393                  |
| Repairs and maintainance - premises and equipment | 7,009                  | 6,782                  |
| Motor vehicle expenses                            | 5,879                  | 5,551                  |
| Travel costs                                      | 10,089                 | 8,952                  |
| Corporate contributions                           | 6,093                  | 5,930                  |
| Publicity and public awareness costs              | 6,930                  | 6,830                  |
| Printing and stationery                           | 2,250                  | 2,211                  |
| Inspection costs                                  | 1,728                  | 1,818                  |
| General and administration costs                  | 1,067                  | 801                    |
| Furniture and equipment repairs                   | 2,818                  | 4,691                  |
| Office expenses-uniforms                          | 280                    | 158                    |
| Joseph Mubiru memorial lecture                    | 37                     | 11                     |
| Directors' fees and emoluments                    | 3,800                  | 2,301                  |
| Software license and maintenance                  | 20,031                 | 18,336                 |
|                                                   | 102,674                | 98,464                 |

## 25 Currency costs

|                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------|------------------------|------------------------|
| Notes printing               | 193,757                | 174,209                |
| Coins minting                | 9,803                  | 13,299                 |
| Stock movement               | 1,159                  | 1,506                  |
| Currency accessories         | 339                    | 308                    |
| Currency machine maintenance | 5,483                  | 9,721                  |
| Bullion van maintenance      | 502                    | 563                    |
| Other currency costs*        | 1,577                  | 3,492                  |
|                              | 212,620                | 203,098                |

\* Other currency costs includes currency destruction costs and currency and financial instruments repatriation costs.

## 26 Financial and professional charges

|                                           | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------|------------------------|------------------------|
| Consultancy costs                         | 3,064                  | 2,518                  |
| Litigation fees and legal damages         | 2,128                  | 31,132                 |
| Staff loans fair valuation*               | 13,285                 | 12,748                 |
| Reserve management fees and other charges | 7,215                  | 8,669                  |
| Valuers' fees                             | -                      | 119                    |
| Interest expense on lease liability       | 13                     | 17                     |
| Retainer fees                             | 71                     | 91                     |
| Audit fees**                              | 455                    | 346                    |
|                                           | <b>26,231</b>          | <b>55,640</b>          |

\* This relates to amortization of the deferred staff benefit arising from loans issued at below market value in accordance with IAS 19 - Employee Benefits.

\*\* Audit fees represent the fees that have been charged for the financial statements audit for the current financial year. There are no other non audit fees paid to the external auditor.

## 27 Net surplus for the year

The net surplus for the year has been stated after charging/(crediting) the following among others.

|                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------|------------------------|------------------------|
| Audit fees                        | 455                    | 346                    |
| Directors' emoluments             | 2,772                  | 1,213                  |
| Directors' fees                   | 1,028                  | 1,088                  |
| Depreciation                      | 28,128                 | 29,807                 |
| Amortisation                      | 4,057                  | 4,132                  |
| Staff costs                       | 286,562                | 230,247                |
| Litigation fees and legal damages | 2,128                  | 31,132                 |
| Miscellaneous income              | (876)                  | (794)                  |

## 28 Cash and cash equivalents

|                                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------|------------------------|------------------------|
| Foreign currency held in banking         | 23,086                 | 17,873                 |
| Cash with foreign Financial Institutions | 767,602                | 421,560                |
| Repurchase agreements                    | 578,797                | 404,211                |
|                                          | <b>1,369,485</b>       | <b>843,644</b>         |
| Less: Allowance for ECL                  | (10,316)               | (2,951)                |
|                                          | <b>1,359,169</b>       | <b>840,693</b>         |

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.

## 29 Assets held and obligations with International Monetary Fund (IMF)

|                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2025<br>SDR (m) | 30 Jun 2024<br>UGX (m) | 30 Jun 2024<br>SDR (m) |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Assets</b>            |                        |                        |                        |                        |
| IMF SDR holdings         | 655,054                | 145                    | 713,563                | 389                    |
| Less: Allowance for ECLs | (57)                   | -                      | (62)                   | -                      |
|                          | <b>654,997</b>         | <b>145</b>             | <b>713,501</b>         | <b>389</b>             |
| <b>Liabilities</b>       |                        |                        |                        |                        |
| IMF account no. 2        | 30                     | 1                      | 32                     | 1                      |
| IMF SDR allocation       | 1,654,355              | 332                    | 1,616,721              | 519                    |
|                          | <b>1,654,385</b>       | <b>333</b>             | <b>1,616,753</b>       | <b>520</b>             |

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 145 million. The liabilities relate to SDR Allocations of SDR 173 million that funded the SDR holdings from IMF. The IMF Holdings and Allocations attract interest rates determined by the Fund as advised from time to time. Interest charged on the IMF holdings is the responsibility of Bank of Uganda. The liabilities and assets are not secured by collateral and the repayment terms are not fixed. The IMF assets and liabilities above are reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are recognised in profit or loss.

### 29.1 Other IMF accounts not recognised

|                    | 30 Jun 2025<br>UGX (m) | 30 Jun 2025<br>SDR (m) | 30 Jun 2024<br>UGX (m) | 30 Jun 2024<br>SDR (m) |
|--------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Assets</b>      |                        |                        |                        |                        |
| IMF Quota          | 1,782,971              | 361                    | 1,760,194              | 361                    |
|                    | <b>1,782,971</b>       | <b>361</b>             | <b>1,760,194</b>       | <b>361</b>             |
| <b>Liabilities</b> |                        |                        |                        |                        |
| IMF account no. 1  | 1,680,670              | 339                    | 1,659,200              | 339                    |
| IMF Securities     | 102,301                | 22                     | 100,994                | 22                     |
|                    | <b>1,782,971</b>       | <b>361</b>             | <b>1,760,194</b>       | <b>361</b>             |

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.

## 29.2 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 2025.

- 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                  | 132.03      | 25.44        |

- iv. Outstanding purchases and loans

|                  | SDR Million | %Quota |
|------------------|-------------|--------|
| RCF Loans        | 361.00      | 100.00 |
| ECF Arrangements | 631.75      | 175.00 |

- v. Latest financial commitments

|        | Date of           | Expiration      | Amount Approved | Amount Drawn  |
|--------|-------------------|-----------------|-----------------|---------------|
| Type   | Arrangement       | Date            | (SDR Million)   | (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

<sup>1/</sup>Formerly PRGF

Outright Loans

|      | Date of     | Date         | Amount Approved | Amount Drawn  |
|------|-------------|--------------|-----------------|---------------|
| Type | Commitment  | Drawn        | (SDR Million)   | (SDR Million) |
| RCF  | 06 May 2020 | 25 June 2020 | 361.00          | 361.00        |

<sup>1/</sup> 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<sup>2/</sup>

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

|                  | Forthcoming  |               |               |               |               |
|------------------|--------------|---------------|---------------|---------------|---------------|
|                  | 2025         | 2026          | 2027          | 2028          | 2029          |
| Principal        | 36.1         | 90.25         | 117.33        | 153.43        | 189.53        |
| Charges/Interest | 5.74         | 11.32         | 11.32         | 11.32         | 11.31         |
| <b>Total</b>     | <b>41.84</b> | <b>101.57</b> | <b>128.65</b> | <b>164.75</b> | <b>200.84</b> |

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 income2/           | -                  | 2.06               | 2.06          |
| <b>Total disbursements</b>                             | <b>51.51</b>       | <b>70.16</b>       | <b>121.67</b> |

<sup>1/</sup> 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.

<sup>2/</sup> 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 PRGT |
|                                           | January 2006 N/A 87.73 |

\* The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the

full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

- ix. Implementation of Catastrophe Containment and Relief (CCR): Not Applicable

As of 04 February 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

## 30 IMF Rapid Credit Facility

|                                               | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------------|------------------------|------------------------|
| Maturing within one year                      | 224,867                | -                      |
| Maturing after one year but within five years | 899,468                | 973,823                |
| Maturing after five years                     | -                      | 243,455                |
|                                               | <b>1,124,335</b>       | <b>1,217,278</b>       |

Reconciliation of the movement in the IMF Rapid Credit Facility

|                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------|------------------------|------------------------|
| As at 01 July           | 1,217,278              | 1,219,644              |
| Translation differences | (92,943)               | (2,366)                |
| <b>As at 30 June</b>    | <b>1,124,335</b>       | <b>1,217,278</b>       |

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.

## 31 Debt instruments at amortised cost

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

|                                                    | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------------|------------------------|------------------------|
| Term deposits with external financial institutions |                        |                        |
| Maturing within 1 year                             | 8,117,097              | 5,122,828              |
|                                                    | <b>8,117,097</b>       | <b>5,122,828</b>       |
| Less: Allowance for ECL                            | (3,166)                | (2,099)                |
|                                                    | <b>8,113,931</b>       | <b>5,120,729</b>       |
| US Treasury bills                                  |                        |                        |
| Maturing within 1 year                             | 1,485,927              | 1,449,403              |
|                                                    | <b>1,485,927</b>       | <b>1,449,403</b>       |
| Less: Allowance for ECL                            | (397)                  | (130)                  |
|                                                    | <b>1,485,530</b>       | <b>1,449,273</b>       |
| <b>Total</b>                                       | <b>9,599,461</b>       | <b>6,570,002</b>       |

## 32 Debt instruments at fair value through other comprehensive income

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

|                            | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------|------------------------|------------------------|
| Government debt securities |                        |                        |
| Maturing within 1 year     | 712,454                | 630,219                |
| Maturing between 1-5 years | 1,679,680              | 1,233,597              |
|                            | <b>2,392,134</b>       | <b>1,863,816</b>       |
| Other debt securities      |                        |                        |
| Maturing within 1 year     | 96,094                 | 68,145                 |
| Maturing between 1-5 years | 173,924                | 97,479                 |
|                            | <b>270,018</b>         | <b>165,624</b>         |
| <b>Total</b>               | <b>2,662,152</b>       | <b>2,029,440</b>       |

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

|                                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------|------------------------|------------------------|
| <b>At 01 July</b>               | <b>2,029,440</b>       | <b>1,157,278</b>       |
| Additions                       | 1,646,812              | 1,670,623              |
| Sells/ maturities               | (985,045)              | (830,159)              |
| Foreign exchange (losses)/gains | (52,000)               | 9,857                  |
| Net change in fair value        | 24,641                 | 22,457                 |
| Reclassified to profit or loss  | (1,696)                | (616)                  |
| <b>At 30 June</b>               | <b>2,662,152</b>       | <b>2,029,440</b>       |

### 33 Financial assets at fair value through profit or loss

|                                        | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------|------------------------|------------------------|
| <b>Government debt securities</b>      |                        |                        |
| Maturing within 1 year                 | 580,462                | 536,461                |
| Maturing between 1-5 years             | 3,012,223              | 2,756,193              |
| Maturing after 5 years                 | 103,702                | 319,419                |
|                                        | <b>3,696,387</b>       | <b>3,612,073</b>       |
| <b>Debt securities issued by banks</b> |                        |                        |
| Maturing within 1 year                 | 152,193                | 106,982                |
| Maturing between 1-5 years             | 559,641                | 605,958                |
| Maturing after 5 years                 | 211,428                | 121,947                |
|                                        | <b>923,262</b>         | <b>834,887</b>         |
| <b>Asset backed securities</b>         |                        |                        |
| Maturing between 1-5 years             | 69,634                 | 60,073                 |
| Maturing after 5 years                 | -                      | 5,212                  |
|                                        | <b>69,634</b>          | <b>65,285</b>          |
| <b>Total</b>                           | <b>4,689,283</b>       | <b>4,512,245</b>       |

Financial assets at FVTPL represent foreign denominated assets managed by appointed fund managers; PGIM (formerly Pramerica), Allianz Global Investors, JP Morgan Chase and the World Bank Treasury. .

### 34 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 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------|------------------------|------------------------|
| <b>Assets</b>                      |                        |                        |
| Forward foreign exchange contracts | 3,674                  | 11,384                 |
| Interest rate swaps                | 10,646                 | 5,084                  |
|                                    | <b>14,320</b>          | <b>16,468</b>          |
| <b>Liabilities</b>                 |                        |                        |
| Forward foreign exchange contracts | 21,882                 | 2,141                  |
| Interest rate swaps                | 11,492                 | 8,147                  |
|                                    | <b>33,374</b>          | <b>10,288</b>          |
| <b>Notional amounts</b>            |                        |                        |
| Forward foreign exchange contracts | 2,440,298              | 2,213,520              |
| Interest rate swaps                | 461,247                | 687,784                |
| Futures                            | 2,219,453              | 1,479,091              |

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.

#### 34.1 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.

#### 34.2 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.

## 35 Equity instruments at fair value through other comprehensive income

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

|                | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------|------------------------|------------------------|
| Afrexim shares | 527,909                | 497,413                |
| SWIFT shares   | 2,645                  | 2,135                  |
|                | <b>530,554</b>         | <b>499,548</b>         |

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

|                                  | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------|------------------------|------------------------|
| As at 01 July                    | 499,548                | 431,165                |
| Foreign exchange (losses)/ gains | (12,352)               | 3,373                  |
| Unrealised fair value gains      | 43,358                 | 65,010                 |
| <b>At 30 June</b>                | <b>530,554</b>         | <b>499,548</b>         |

### 35.1 Afrexim Bank shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares. As at 30 June 2025, 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 27,878 (2024: USD 25,473) per share resulting in a fair value gain which has been recognised in other comprehensive income. In FY 2024/25, the Bank received dividends of UGX 45,579 million (2024: UGX 7,440 million) from its FVOCI equities which was recorded in the income statement as other income.

### 35.2 Swift shares

As at 30 June 2025, the Bank held 67 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a value of Euro 627,455 (2024: Euro 538,680). The SWIFT is a cooperative society owned by its member Financial Institutions.

## 36 Loans and advances to Government

|                                           | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------|------------------------|------------------------|
| Letters of comfort*                       | 140,487                | 140,487                |
| Receivables from Government               | 99,217                 | 81,912                 |
| Government capital account**              | 1,820,143              | 8,231,222              |
| Treasury bills for repos (zero coupon)*** | -                      | 244,000                |
|                                           | <b>2,059,847</b>       | <b>8,697,621</b>       |
| Less: Allowance for ECL                   | (261,303)              | (142,044)              |
|                                           | <b>1,798,544</b>       | <b>8,555,577</b>       |

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 2025, this amount was fully impaired.

\*\* Government capital account related to principal and interest on matured securities issued on behalf of GoU that had not been reimbursed as at 30 June 2025. During the year an amount of UGX 7,779 billion was converted to an armotised bond and reflected under note 38.

\*\*\* Zero Coupon Treasury bills represent securities offered to the Bank by Government of Uganda so as to provide a pool of instruments to the Bank for managing liquidity in the market through the issue of vertical repurchase (repos) agreements with primary dealer commercial banks. These are zero coupons and have short maturity periods of less than fourteen days, thus the amortized cost is not materially different from the cost.

Treasury bills for Repos represent collateral amount related to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (Note 48).

## 37 Loans and advances to staff

|                                                | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------------|------------------------|------------------------|
| Staff loans, advances and imprest to staff     | 55,003                 | 46,006                 |
| Staff building loans                           | 59,146                 | 54,107                 |
| <b>Staff loans, advances at amortised cost</b> | <b>114,149</b>         | <b>100,113</b>         |
| Less: Allowance for ECL                        | (1,711)                | (997)                  |
|                                                | <b>112,438</b>         | <b>99,116</b>          |

The Bank provides loans and advances to staff at interest rates below the market rates. The rates range from 0 percent to 3 percent, depending on the loan type. The loans and advances have maturity terms ranging between 3 months and 20 years, depending on whether or not staff are on permanent and pensionable terms. The loans and advances have been marked to market and the fair value adjustment is deferred over the loan repayment periods. Apart from the house loans and five year general purpose advances which are 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.

## 38 Investments in Government securities

|                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------|------------------------|------------------------|
| Recapitalization securities* | 1,787,176              | 1,540,773              |
| Amortized bonds**            | 7,966,546              | -                      |
| Less: Allowance for ECL      | (105,167)              | (267)                  |
| <b>At 30 June</b>            | <b>9,648,555</b>       | <b>1,540,506</b>       |

- \* 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.
- \*\* During the year, Government requested the Bank to convert UGX 7,779 billion from advances to government related to repayments of matured securities into a 10 year treasury bond with a coupon rate based on the prevailing CBR. During the year the CBR ranged from 9.75 percent to 10 percent. This modification did not result into a loss or gain on derecognition of the asset because the carrying amount remained unchanged and only the tenor was changed.

## 39 Loans and advances to commercial banks

|                            | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------|------------------------|------------------------|
| <b>As at 01 July</b>       | <b>227,834</b>         | <b>224,897</b>         |
| Foreign exchange movements | (8,375)                | 2,937                  |
| <b>As at 30 June</b>       | <b>219,459</b>         | <b>227,834</b>         |
| Less: Allowance for ECL    | (219,459)              | (227,834)              |
|                            | -                      | -                      |

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 2025, Bank of Uganda had an outstanding receivable of UGX 219,459 million after offsetting funds received from dfcu Bank Ltd of UGX 200,000 million which purchased assets and assumed of liabilities of Crane Bank Limited (30 June 2024: UGX 227,834 million).

## 40 Assets held for sale

|                                             | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------|------------------------|------------------------|
| <b>Opening Balance</b>                      | <b>14,806</b>          | <b>14,806</b>          |
| Transfer from property, plant and equipment | 1,395                  | -                      |
| Transfer to property, plant and equipment   | (13,463)               | -                      |
| <b>As at 30 June</b>                        | <b>2,738</b>           | <b>14,806</b>          |

During FY 2024/25, the Bank made a decision to transfer the property at Plot 7-9 Elizabeth Avenue, Kololo, Kampala City back to property, plant and equipment. The property will be repurposed for other use by the Bank.

In addition, the Bank approved disposal of three properties (5A Jackson Road, Kabale, Plot 13 Johnstone Drive, Mbarara and Plot 36 Weatherland Parklane Arua). The properties were transferred to assets held for sale as at 30 June 2025 from Property, plant and equipment.

## 41 Retirement benefits plan

Some of the Bank's permanent and pensionable employees are eligible for retirement benefits under a defined benefit plan provided through a legally separate entity - The Bank of Uganda Defined Benefits Scheme (DBS).

The Scheme is licensed by the Uganda Retirements Benefits Authority and governed by a Trust Deed and Rules with a duly appointed Board of Trustees. The Trustees comprise six (6) Sponsor nominated representatives and three (3) member nominated representatives; two (2) of whom are nominated by active service members and one (1) nominated by pensioners. The Board of the Trustees is required by the law to act in the best interests of the plan participants and is responsible for setting certain policies - e.g. investment, contribution and indexation policies of the fund.

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

Employees not participating in the Defined Benefit Scheme are eligible to join a Defined Contribution Scheme.

The net defined benefit asset in respect of the defined benefit pension plan is the fair value of the plan assets at the reporting date minus the present value of the defined benefit obligation. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The current actuarial certification was carried out by Actuarial Services (E.A) Limited as at 30 June 2025.

The actuarial certification only includes the funded pension arrangements; the Bank of Uganda Defined Benefits Scheme (DBS).

The key risks associated with the Scheme are as follows:

1. Salary risk: The benefits are linked to salary and consequently have an associated risk to increases in salary.
2. Investment risk: The Scheme is funded with separate assets. Investment risk would therefore arise in the Scheme.
3. Interest rate risk: Decreases/ increases in the discount rate used (high quality corporate bonds) will increase/ decrease the defined benefit obligation.
4. Benefits in the Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Bank of the benefits is therefore subject to the demographic compositions of employees.
5. The pension fund is fully funded by Bank of Uganda. The funding requirements are based

on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions below.

The Bank expects to pay UGX 24,156 million in contribution to its defined benefits plan in the FY 2025/26.

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

|                                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------|------------------------|------------------------|
| Fair value of plan assets                    | 836,802                | 722,606                |
| Present value of defined benefit obligations | (744,990)              | (621,719)              |
| <b>Net asset at the end of the year</b>      | <b>91,812</b>          | <b>100,887</b>         |

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 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------------------|------------------------|------------------------|
| Current service cost net of employees' contributions | 14,108                 | 11,719                 |
| Interest cost on net benefit obligation              | (17,274)               | (15,682)               |
| Adjustment for prior year values                     | -                      | (46)                   |
| <b>Total included in staff costs</b>                 | <b>(3,166)</b>         | <b>(4,009)</b>         |

The amounts recognised under other comprehensive income are as follows:

|                                                                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------------------------------------------------|------------------------|------------------------|
| Net actuarial (losses)/gains and adjustments arising from demographic assumptions | (39,290)               | 22,646                 |
| Net actuarial losses and adjustments arising from financial assumptions           | 5,024                  | 812                    |
| Actual return less interest cost on plan assets                                   | (373)                  | (44,410)               |
| <b>Total included in other comprehensive income</b>                               | <b>(34,639)</b>        | <b>(20,952)</b>        |

A reconciliation of the net benefit asset is shown below:

|                                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------|------------------------|------------------------|
| <b>Net asset at start of the year</b>    | <b>100,887</b>         | <b>87,863</b>          |
| Net expense recognised in profit or loss | 3,166                  | 4,009                  |
| Actuarial loss recognised in OCI         | (34,639)               | (20,952)               |
| Employer contributions                   | 22,398                 | 29,967                 |
| <b>Net asset at end of the year</b>      | <b>91,812</b>          | <b>100,887</b>         |

A reconciliation of the fair value of the plan assets is shown below:

|                                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------|------------------------|------------------------|
| <b>Opening fair value of plan assets</b> | <b>722,606</b>         | <b>655,656</b>         |
| Interest on assets                       | 117,209                | 105,386                |
| Actuarial loss                           | (373)                  | (44,410)               |
| Employer contributions                   | 22,398                 | 29,967                 |
| Employee contributions                   | 5,045                  | 4,220                  |
| Benefits and expenses paid               | (30,083)               | (28,258)               |
| Adjustments to previous year values      | -                      | 45                     |
| <b>Closing fair value of plan assets</b> | <b>836,802</b>         | <b>722,606</b>         |

The prior year reconciliation of the fair value of the plan assets has been updated to conform to presentation in the current year.

A reconciliation of the present value of the defined benefit obligations is shown below:

|                                                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------------------------------|------------------------|------------------------|
| <b>Opening benefit obligation</b>                    | <b>621,719</b>         | <b>567,793</b>         |
| Current service cost net of employees' contributions | 14,108                 | 11,719                 |
| Interest cost                                        | 99,935                 | 89,704                 |
| Employee contributions                               | 5,045                  | 4,219                  |
| Actuarial loss/(gain)                                | 34,266                 | (23,458)               |
| Benefits and expenses paid                           | (30,083)               | (28,258)               |
| <b>Closing benefit obligation</b>                    | <b>744,990</b>         | <b>621,719</b>         |

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

|                                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------|------------------------|------------------------|
| <b>Assets</b>                                |                        |                        |
| Cash and bank                                | 3,061                  | (4,592)                |
| Investment securities at amortised cost      | 90,494                 | 75,691                 |
| Debt instruments at fair value through OCI   | 630,351                | 559,234                |
| Equity instruments at fair value through OCI | 85,198                 | 65,397                 |
| Investment Property                          | 30,677                 | 29,200                 |
| <b>Total assets</b>                          | <b>839,781</b>         | <b>724,930</b>         |
| Net current liabilities                      | (2,979)                | (2,324)                |
| <b>Fair value of plan assets</b>             | <b>836,802</b>         | <b>722,606</b>         |

The principal actuarial assumptions in real terms are as follows:

|                                | 30 Jun 2025 | 30 Jun 2024 |
|--------------------------------|-------------|-------------|
| Discount rate                  | 17.50%      | 16.25%      |
| Expected return on plan assets | 17.50%      | 16.25%      |
| Future salary increase         | 16.50%      | 15.25%      |
| Future pension increase        | 15.50%      | 14.25%      |

The discount rate used is 17.50 percent per annum. The discount rate is an interpolated rate on the 10 and 20-year government bond yield in line with the general requirements of IFRS accounting standards. However, the gap between the discount rate and the future salary and pension increases has been kept constant at 1 percent and 2 percent per annum respectively when compared with the FY 2023/24 assumptions.

As at 30 June 2025, the weighted average duration of the defined benefit obligation is 13.63 years. (30 June 2024: 13.50 years)

The sensitivity analysis for reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affected the defined benefit plan by amounts shown below:

|                                                | Scenario -<br>1 Base | Scenario -<br>2 Discount<br>Rate<br>Increased<br>by 1% | Scenario -<br>3 Salary<br>Rate<br>Increased<br>by 1% | Scenario -<br>4 Pension<br>Increase<br>Rate<br>Increased<br>by 1% | Scenario -<br>5 Discount<br>Rate<br>Decreased<br>by 1% | Scenario -<br>6 Salary<br>Rate<br>Decreased<br>by 1% | Scenario - 7<br>Pension In-<br>crease Rate<br>Decreased<br>by 1% |
|------------------------------------------------|----------------------|--------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|
| Discount Rate                                  | 17.50%               | 18.50%                                                 | 17.50%                                               | 17.50%                                                            | 17.50%                                                 | 17.50%                                               | 17.50%                                                           |
| Salary Rate*                                   | 16.50%               | 16.50%                                                 | 16.50%                                               | 16.50%                                                            | 16.50%                                                 | 16.50%                                               | 16.50%                                                           |
| Pension Increase Rate                          | 15.50%               | 15.50%                                                 | 15.50%                                               | 15.50%                                                            | 15.50%                                                 | 15.50%                                               | 14.50%                                                           |
| Net asset at start of period                   | 100,887              | 100,887                                                | 100,887                                              | 100,887                                                           | 100,887                                                | 100,887                                              | 100,887                                                          |
| Net expense recognised in the income statement | 3,166                | 3,166                                                  | 3,166                                                | 3,166                                                             | 3,166                                                  | 3,166                                                | 3,166                                                            |
| Net expense recognised in OCI                  | (34,639)             | 55,525                                                 | (66,827)                                             | (103,955)                                                         | (145,009)                                              | (5,620)                                              | 26,318                                                           |
| Employer contributions                         | 22,398               | 22,398                                                 | 22,398                                               | 22,398                                                            | 22,398                                                 | 22,398                                               | 22,398                                                           |
| <b>Net (liability)/ asset at end of year</b>   | <b>91,812</b>        | <b>181,976</b>                                         | <b>59,624</b>                                        | <b>22,496</b>                                                     | <b>(18,558)</b>                                        | <b>120,831</b>                                       | <b>152,769</b>                                                   |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The maturity profile of the Defined Benefit Plan is disclosed below:

| Time to Maturity of membership | Liability<br>UGX (m) |
|--------------------------------|----------------------|
| <1 year                        | 26,040               |
| 1-5 years                      | 68,469               |
| >5 years                       | 321,318              |
| Pensioners and Deferreds       | 329,161              |

## 42 Intangible assets

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

|                                  | Software<br>UGX (m) | Work- In-Progress<br>UGX (m) | Totals<br>UGX (m) |
|----------------------------------|---------------------|------------------------------|-------------------|
| <b>Cost</b>                      |                     |                              |                   |
| As at 01 July 2023               | 67,174              | 4,204                        | 71,378            |
| Additions                        | 2,878               | 3,825                        | 6,703             |
| Reclassification                 | 3,159               | (3,159)                      | -                 |
| <b>As at 30 June 2024</b>        | <b>73,211</b>       | <b>4,870</b>                 | <b>78,081</b>     |
| 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)               |
| <b>As at 30 June 2025</b>        | <b>78,853</b>       | <b>4,505</b>                 | <b>83,358</b>     |
| <b>Amortisation</b>              |                     |                              |                   |
| As at 01 July 2023               | 56,469              | -                            | 56,469            |
| Charge for the year              | 4,132               | -                            | 4,132             |
| <b>As at 30 June 2024</b>        | <b>60,601</b>       | <b>-</b>                     | <b>60,601</b>     |
| As at 01 July 2024               | 60,601              | -                            | 60,601            |
| Charge for the year              | 4,057               | -                            | 4,057             |
| <b>As at 30 June 2025</b>        | <b>64,658</b>       | <b>-</b>                     | <b>64,658</b>     |
| <b>Net Carrying Amount</b>       |                     |                              |                   |
| As at 30 June 2025               | 14,195              | 4,505                        | 18,700            |
| <b>As at 30 June 2024</b>        | <b>12,610</b>       | <b>4,870</b>                 | <b>17,480</b>     |

## 43 Property, plant and equipment

|                                                 | Land<br>UGX (m) | Leased Land<br>UGX (m) | Buildings<br>UGX (m) | Leased<br>Buildings<br>UGX (m) | Plant &<br>Machinery<br>UGX (m) | Furniture<br>UGX (m) | Equipment<br>UGX (m) | Computer<br>Equipment<br>UGX (m) | Motor Vehi-<br>cles<br>UGX (m) | Capital Work-<br>In-Progress<br>UGX (m) | Totals<br>UGX (m) |
|-------------------------------------------------|-----------------|------------------------|----------------------|--------------------------------|---------------------------------|----------------------|----------------------|----------------------------------|--------------------------------|-----------------------------------------|-------------------|
| <b>Cost or Valuation</b>                        |                 |                        |                      |                                |                                 |                      |                      |                                  |                                |                                         |                   |
| As at 01 July 2023                              | 49,604          | 69,968                 | 146,185              | -                              | 93,688                          | 8,237                | 29,184               | 23,065                           | 20,014                         | 4,102                                   | 444,047           |
| Addition                                        | -               | -                      | -                    | 221                            | 4,957                           | 780                  | 1,535                | 6,736                            | 2,191                          | 3,481                                   | 19,901            |
| Reclassification                                | -               | -                      | -                    | -                              | (861)                           | -                    | 1,758                | -                                | -                              | (897)                                   | -                 |
| Disposals/ write offs/Adjustments               | -               | -                      | -                    | -                              | (593)                           | (87)                 | (341)                | (973)                            | (1,700)                        | -                                       | (3,694)           |
| As at 30 June 2024                              | 49,604          | 69,968                 | 146,185              | 221                            | 97,191                          | 8,930                | 32,136               | 28,828                           | 20,505                         | 6,686                                   | 460,254           |
| 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           |
| <b>Depreciation</b>                             |                 |                        |                      |                                |                                 |                      |                      |                                  |                                |                                         |                   |
| As at 01 July 2023                              | -               | 164                    | -                    | -                              | 18,886                          | 3,471                | 9,997                | 11,266                           | 9,032                          | -                                       | 52,816            |
| Charge for the year                             | -               | 1,971                  | 4,033                | 44                             | 7,623                           | 1,576                | 6,284                | 4,794                            | 3,482                          | -                                       | 29,807            |
| Reclassification                                | -               | -                      | -                    | -                              | (168)                           | -                    | 168                  | -                                | -                              | -                                       | -                 |
| Disposals/ write offs/Adjustments               | -               | -                      | -                    | -                              | (97)                            | (68)                 | (200)                | (888)                            | (1,570)                        | -                                       | (2,823)           |
| As at 30 June 2024                              | -               | 2,135                  | 4,033                | 44                             | 26,244                          | 4,979                | 16,249               | 15,172                           | 10,944                         | -                                       | 79,800            |
| 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           |
| <b>Net Carrying Amount</b>                      |                 |                        |                      |                                |                                 |                      |                      |                                  |                                |                                         |                   |
| 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           |
| As at 30 June 2024                              | 49,604          | 67,833                 | 142,152              | 177                            | 70,947                          | 3,951                | 15,887               | 13,656                           | 9,561                          | 6,686                                   | 380,454           |

The Bank revalues its land and buildings, equipment, furniture, computers, vehicles, plant and machinery every after 5 years.

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 exchange 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 in Note 6.

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

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

|                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m)<br>Restated |
|-----------------------------------------|------------------------|------------------------------------|
| Buildings (cost)                        | 118,985                | 117,164                            |
| Accumulated depreciation and impairment | (68,104)               | (64,052)                           |
| Net Carrying Amount                     | 50,881                 | 53,112                             |

|                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m)<br>Restated |
|-----------------------------------------|------------------------|------------------------------------|
| Free hold and leasehold land (cost)     | 37,816                 | 25,725                             |
| Accumulated depreciation and impairment | (725)                  | (641)                              |
| Net Carrying Amount                     | 37,091                 | 25,084                             |

|                                                                            | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m)<br>Restated |
|----------------------------------------------------------------------------|------------------------|------------------------------------|
| Motor vehicles, plant machinery, furniture, equipment and computers (cost) | 223,491                | 196,137                            |
| Accumulated depreciation and impairment                                    | (95,547)               | (73,586)                           |
| Net Carrying Amount                                                        | 127,944                | 122,551                            |

The prior year disclosure has been updated to include the carrying amounts of the property, plant and equipment if they were measured using the cost model in order to align to the requirements of IAS 16- Property, plant and equipment.

## 44 Other assets

|                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------|------------------------|------------------------|
| Consumable store stock       | 1,707                  | 2,010                  |
| Prepayments                  | 74,727                 | 30,931                 |
| Uninvested pension fund cash | -                      | 6,143                  |
| Deferred currency costs *    | 113,858                | 229,226                |
| Deferred staff cost**        | 81,516                 | 71,245                 |
| Sundry debtors               | 22,994                 | 106                    |
|                              | 294,802                | 339,661                |

\* 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 unarmortised costs that the Bank has incurred by availing loans to staff at below market interest rates.

## 45 Currency in circulation

|                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------|------------------------|------------------------|
| Notes                | 8,772,484              | 7,981,689              |
| Coins                | 207,365                | 227,361                |
| Cash held in banking | (12,497)               | (8,590)                |
| Office imprest       | (175)                  | (123)                  |
|                      | 8,967,177              | 8,200,337              |

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2025 while cash held in Banking relates to cash held in banking hall as at year-end.

The currency is issued in the following denominations:

|  | Notes  | Coins |
|--|--------|-------|
|  | 1,000  | 1     |
|  | 2,000  | 2     |
|  | 5,000  | 5     |
|  | 10,000 | 10    |
|  | 20,000 | 20    |
|  | 50,000 | 50    |
|  |        | 100   |
|  |        | 200   |
|  |        | 500   |

## 46 Government deposits

### 46.1 Foreign currency denominated Government deposits

|                                               | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------------|------------------------|------------------------|
| Petroleum Fund                                | 33,877                 | 31,242                 |
| Government deposit letters of credit accounts | 333,524                | 34,788                 |
| Government ministries accounts                | 26,434                 | 21,222                 |
| Government projects accounts                  | 2,416,584              | 1,713,802              |
| Items in transit                              | 241,662                | 97,777                 |
|                                               | 3,052,081              | 1,898,831              |

## 46.2 National currency denominated Government deposits

|                                                   | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------|------------------------|------------------------|
| Petroleum Fund                                    | 40,029                 | 99,601                 |
| Government deposit letters of credit accounts     | 468,416                | 179,434                |
| Government ministries accounts                    | 26,895                 | 17,684                 |
| Government projects accounts                      | 1,213,511              | 756,835                |
| Government of Uganda managed funds through ACF*   | 108,218                | 140,531                |
| Government of Uganda managed funds through SBRF** | 81,516                 | 90,550                 |
| Government capital accounts                       | -                      | 244,000                |
| Uganda consolidated fund                          | 65,418                 | 1,004,520              |
| Items in transit                                  | 16,192                 | 36,050                 |
|                                                   | 2,020,195              | 2,569,205              |

The presentation of the comparative numbers above has been updated to align with the format recommended by the International Monetary Fund for Central Banks.

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 2025. 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 108,218 million (30 June 2024: UGX 140,531 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 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------|------------------------|------------------------|
| Agricultural Credit Facility (ACF) Capital | 332,877                | 300,377                |
| ACF marketing                              | 2,663                  | 823                    |
| Less:                                      |                        |                        |
| ACF Loans to commercial banks              | (227,322)              | (160,669)              |
| <b>Net balance on ACF capital</b>          | <b>108,218</b>         | <b>140,531</b>         |

\*\* The Government of Uganda managed funds through the Small Business Recovery Fund (SBRF) includes a net balance of UGX 81,516 million (30 June 2024: UGX 90,550 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 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------|------------------------|------------------------|
| Small Business Recovery Fund (SBRF) Capital | 100,000                | 100,000                |
| Less:                                       |                        |                        |
| SBRF Loans to commercial banks              | (18,484)               | (9,450)                |
| <b>Net balance on SBRF</b>                  | <b>81,516</b>          | <b>90,550</b>          |

As at 30 June 2025 the Bank was recapitalized 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 recapitalization securities by Government of Uganda resulted in a receivable from GoU which has been matched with the securities issued.

|                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------|------------------------|------------------------|
| BoU recapitalisation securities         | 1,859,018              | 1,859,018              |
| BoU recapitalisation receivable account | (1,859,018)            | (1,859,018)            |
| <b>Net position</b>                     | <b>-</b>               | <b>-</b>               |

The net Uganda Consolidated Fund position at Bank of Uganda is a summary of government deposits and government loans and advances.

|                                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------|------------------------|------------------------|
| Government deposits                          | 5,072,276              | 4,468,036              |
| Government loans and advances ( see note 36) | (1,798,544)            | (8,555,577)            |
| <b>Net Uganda Consolidated Fund position</b> | <b>3,273,732</b>       | <b>(4,087,541)</b>     |

## 47 Commercial and Central Banks' deposits

### 47.1 Foreign currency denominated Commercial and Central Banks' deposits

|                                                  | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------|------------------------|------------------------|
| Current accounts by commercial and Central Banks | 993,141                | 783,991                |
|                                                  | 993,141                | 783,991                |

## 47.2 National currency denominated Commercial and Central Banks' deposits

|                                                  | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------------------|------------------------|------------------------|
| Current accounts by commercial and Central Banks | 3,855,915              | 3,062,418              |
| Cash recovered from closed commercial banks      | 168                    | 168                    |
| Collection from closed banks' loans              | 29,323                 | 29,266                 |
|                                                  | <b>3,885,406</b>       | <b>3,091,852</b>       |

The presentation of the comparative numbers above has been updated to align with the format recommended by the International Monetary Fund for Central Banks.

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 9.5 percent. There are currently 25 licensed commercial banks in Uganda. The Bank does not pay interest on these account balances.

## 48 Repurchase agreements with commercial banks

|                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------|------------------------|------------------------|
| BOU bills                | 404,999                | 409,253                |
| Repos collection account | 1,603,844              | 244,274                |
|                          | <b>2,008,843</b>       | <b>653,527</b>         |

### 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.

## 49 Cross currency repurchase agreements

|                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------|------------------------|------------------------|
| Cross Currency Repos | 1,674,169              | 372,649                |
|                      | <b>1,674,169</b>       | <b>372,649</b>         |

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. Indeed, by end-June 2025, the Bank had utilized its stock of Bank of Uganda bills and recapitalization bonds as collateral for USD 400 million and Euro 50 million cross-currency repos with three counterparties, therefore enhancing the foreign exchange reserve position by that magnitude.

## 50 Leases

### 50.1 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:

#### 50.1.1 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 43).

|                                               | Land<br>UGX (m) | Office prem-<br>ises<br>UGX (m) |
|-----------------------------------------------|-----------------|---------------------------------|
| Balance as at 01 Jul 2023                     | 69,804          | -                               |
| Additions                                     | -               | 221                             |
| Depreciation charge for the Period            | (1,971)         | (44)                            |
| As at 30 Jun 2024                             | <b>67,833</b>   | <b>177</b>                      |
| Disposals                                     | (527)           | -                               |
| Write back of depreciation for retired assets | 38              | -                               |
| Depreciation charge                           | (1,970)         | (44)                            |
| As at 30 Jun 2025                             | <b>65,374</b>   | <b>133</b>                      |

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 50.1.3.

### 50.1.2 Amounts recognised in profit or loss

|                                                          | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------------------------|------------------------|------------------------|
| Interest on lease liabilities (Note 26)                  | 13                     | 17                     |
| Net depreciation charge on right-of-use assets (Note 43) | 2,014                  | 2,015                  |

### 50.1.3 Lease liabilities

|                                         | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------|------------------------|------------------------|
| <b>At 30 June 2024</b>                  | <b>185</b>             | <b>-</b>               |
| Additions                               | -                      | 221                    |
| Payment of leases                       | (53)                   | (53)                   |
| Interest on lease liabilities (Note 26) | 13                     | 17                     |
| <b>At 30 June 2025</b>                  | <b>145</b>             | <b>185</b>             |

### 50.1.4 Amounts recognised in statement of cashflows

|                                       | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------|------------------------|------------------------|
| Lease interest expense paid           | (13)                   | (17)                   |
| Lease payments -principal             | (40)                   | (36)                   |
| <b>Total cash out flow for leases</b> | <b>(53)</b>            | <b>(53)</b>            |

### 50.1.5 Maturity profile of lease liabilities

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date

|                    | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------|------------------------|------------------------|
| Less than one year | 53                     | 53                     |
| One to two years   | 106                    | 106                    |
| Two to three years | -                      | 53                     |
|                    | <b>159</b>             | <b>212</b>             |

## 51 Other liabilities

### 51.1 Foreign currency denominated other liabilities

|                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------|------------------------|------------------------|
| Other creditors | 15,726                 | 2,347                  |
|                 | <b>15,726</b>          | <b>2,347</b>           |

### 51.2 National currency denominated other liabilities

|                               | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------|------------------------|------------------------|
| Uninvested pension fund cash  | 1,881                  | 560                    |
| Deposit Protection Fund       | 4,371                  | 1,765                  |
| Accounts payable              | 27,055                 | 63,146                 |
| Other creditors*              | 208,412                | 196,126                |
| Money remittance institutions | 763                    | 1                      |
| Other foreign liabilities**   | 416                    | 416                    |
|                               | <b>242,898</b>         | <b>262,014</b>         |

The presentation of the comparative numbers above has been updated to align with the format recommended by the International Monetary Fund for Central Banks.

\* Other creditors includes 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.

## 52 Provisions

The movement in the provisions is shown below:

|                                       | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------|------------------------|------------------------|
| At 1 July                             | 64,325                 | 35,526                 |
| Additions                             | -                      | 30,560                 |
| Reclassification to other liabilities | (1,936)                | -                      |
| Write backs                           | (271)                  | (1,680)                |
| Payments                              | (28,209)               | (81)                   |
| At 30 June                            | 33,909                 | 64,325                 |

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

The Directors have assessed all the cases outstanding as at 30 June 2025 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.

## 53 Share capital

|                                                                                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| Authorised ordinary share capital<br>30,000,000,000 of UGX 1.00 each            | 30,000                 | 30,000                 |
| Issued and fully paid ordinary share capital<br>20,000,000,000 of UGX 1.00 each | 20,000                 | 20,000                 |

The Bank of Uganda Act (Cap. 51), Laws of Uganda 2000 is the law that establishes the Bank with the authorised capital of UGX 30 billion. As at 30 June 2025, 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.

## 54 Recapitalisation securities

|                             | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------|------------------------|------------------------|
| At 1 July                   | 1,859,018              | 1,641,718              |
| Additional recapitalisation | -                      | 217,300                |
| At 30 June                  | 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 2025 (2024: UGX 1,859,018 million).

## 55 Reserves

|                                                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-------------------------------------------------|------------------------|------------------------|
| Asset revaluation reserve                       | 191,772                | 203,658                |
| Revenue reserve                                 | 14,845                 | (867,620)              |
| General reserve                                 | 399,277                | 399,277                |
| Actuarial reserves                              | (119,018)              | (84,379)               |
| Fair value gains on FVOCI financial instruments | 253,961                | 199,938                |
| Unrealised translation reserve                  | 3,545,262              | 3,756,910              |
|                                                 | 4,286,099              | 3,607,784              |

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

### 55.1 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-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 2025, the reserve had a balance of UGX 191,772 million (2024: UGX 203,658 million).

### 55.2 Revenue reserve

The Bank maintains the revenue reserve to account for the deficit or surplus that is realized during the financial year. The Bank can make transfers of realized foreign exchange gains from the revenue reserve to the general reserve. As at 30 June 2025, the reserve had a surplus of UGX 14,845 million (2024: UGX 867,620 million).

### 55.3 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 realized foreign exchange gains from the revenue reserve to the general reserve. As at 30 June 2025, the reserve had a balance of UGX 399,277 million (2024: UGX 399,277 million).

### 55.4 Actuarial reserve

This reserve was established in June 2018 in order to accommodate re-measurements arising from change in actuarial assumptions to ensure compliance with International Accounting Standard 19 (IAS 19 as revised in 2011)- Employee Benefits. During the year ended 30 June 2025, actuarial gains of UGX 3,169 million (2024: loss of UGX 61,294 million) was recorded following a change of actuarial assumptions. As at 30 June 2025, the reserve had a loss balance of UGX 119,018 million (2024: UGX 84,379 million).

### 55.5 Fair value gains on FVOCI financial instruments reserve

The Bank maintains the fair value gains on FVOCI financial instruments reserve to account for unrealised gains and losses arising from changes in fair value of financial instruments measured at fair value. As at 30 June 2025, the reserve had a balance of UGX 253,961 million (2024: UGX 199,938 million).

### 55.6 Unrealised translation reserve

As per Section 16 (2) of the Bank of Uganda Act Cap. 54 Laws of Uganda, in determining the profits and loss at the end of each financial year, the accounts shall clearly distinguish profits or loss arising from the normal operations of the bank and those resulting from profits or loss from exchange fluctuation. Therefore, in accordance with Section 16 (2) of the Bank of Uganda Act 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 realization the realized foreign exchange gains are transferred to the General Reserve. As at 30 June 2025, the reserve had a total balance of UGX 3,545,262 million (2024: UGX 3,756,910 million).

The distributable surplus is arrived at as follows:

|                                        | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|----------------------------------------|------------------------|------------------------|
| Total surplus for the year             | 658,931                | 1,142,352              |
| Net foreign exchange (losses)/gains    | 211,648                | (225,852)              |
| <b>Surplus sharing with Government</b> | <b>870,579</b>         | <b>916,500</b>         |

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 2025 (30 June 2024: Nil).

## 56 Effective interest rates on financial assets and liabilities

The effective interest rates of the principal financial assets and liabilities as at 30 June 2025 and 30 June 2024 were in the following ranges.

|                                                       | 30 Jun 2025<br>% | 30 Jun 2024<br>% |
|-------------------------------------------------------|------------------|------------------|
| Assets                                                |                  |                  |
| Cash and cash equivalents                             | 0.02             | 0.06             |
| Financial assets at fair value through profit or loss | 0.03             | 0.05             |
| Debt instruments at fair value through OCI            | 0.04             | 0.03             |
| Debt instruments at amortised cost                    | 0.03             | 0.06             |
| Assets held with International Monetary Fund          | 0.03             | 0.05             |
| Investments in government securities                  | 0.14             | 0.14             |
| Loans and advances to government                      | 0.08             | 0.08             |
| Loans and advances to commercial banks                | 0.11             | 0.11             |
| Loans and advances to staff                           | 0.15             | 0.16             |
| Liabilities                                           |                  |                  |
| IMF Obligations                                       | 0.03             | 0.07             |
| Cross currency repos                                  | 0.08             | 0.01             |
| Repurchase agreements with commercial banks           | 0.10             | 0.10             |

## 57 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.

### 57.1 Legal proceedings

#### 57.1.1 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.

### 57.1.2 Civil suit no. 948 of 2017, Meera Investments Limited vs 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 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 ambiguous or uncertain in nature. 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.

### 57.1.3 High Court Civil Suit No. 108 Of 2022 Kaweesi Sulaiman & 26 Others Vs 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.

### 57.1.4 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 353 million (2024: UGX 403 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.

## 57.2 Capital commitments

As at 30 June 2025, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 56,855 million compared to UGX 18,683 million as at 30 June 2024.

## 57.3 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.

## 57.4 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 2025, the total outstanding letters of credit on behalf of Government amounted to UGX 801,940 million (2024: UGX 214,222 million).

## 58 Current and non-current assets and liabilities

Table 38 and Table 39 below show the current and non-current assets and liabilities as at 30 June 2025 and 30 June 2024 respectively.

**Table 38: Current and non-current assets and liabilities as at 30 June 2025**

|                                                       | Statement of<br>financial position<br>amount<br>UGX (m) | Note | (Current)<br>No more than 12<br>months after the<br>reporting period<br>UGX (m) | (Non-Current)<br>More than 12 months<br>after the reporting<br>period<br>UGX (m) |
|-------------------------------------------------------|---------------------------------------------------------|------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>Assets</b>                                         |                                                         |      |                                                                                 |                                                                                  |
| <b>Foreign currency assets</b>                        |                                                         |      |                                                                                 |                                                                                  |
| <b>International reserves</b>                         |                                                         |      |                                                                                 |                                                                                  |
| Cash and cash equivalents                             | 1,359,169                                               | 28   | 1,359,169                                                                       | -                                                                                |
| Assets held with International Monetary Fund          | 654,997                                                 | 29   | 654,997                                                                         | -                                                                                |
| Debt instruments at amortised cost                    | 9,599,461                                               | 31   | 9,599,461                                                                       | -                                                                                |
| Debt instruments at fair value through OCI            | 2,662,152                                               | 32   | 808,548                                                                         | 1,853,604                                                                        |
| Financial assets at fair value through profit or loss | 4,689,283                                               | 33   | 732,655                                                                         | 3,956,628                                                                        |
| Derivative financial instruments                      | 14,320                                                  | 34   | 14,320                                                                          | -                                                                                |
| <b>Other foreign currency assets</b>                  |                                                         |      |                                                                                 |                                                                                  |
| Equity instruments at fair value through OCI          | 530,554                                                 | 35   | -                                                                               | 530,554                                                                          |
|                                                       | <b>19,509,936</b>                                       |      | <b>13,169,150</b>                                                               | <b>6,340,786</b>                                                                 |
| <b>National currency assets</b>                       |                                                         |      |                                                                                 |                                                                                  |
| Loans and advances to government                      | 1,798,544                                               | 36   | 1,798,544                                                                       | -                                                                                |
| Loans and advances to staff                           | 112,438                                                 | 37   | 2,486                                                                           | 109,952                                                                          |
| Investments in government securities                  | 9,648,555                                               | 38   | -                                                                               | 9,648,555                                                                        |
| Assets held for sale                                  | 2,738                                                   | 40   | 2,738                                                                           | -                                                                                |
| Retirement benefits plan                              | 91,812                                                  | 41   | -                                                                               | 91,812                                                                           |
| Intangible assets                                     | 18,700                                                  | 42   | -                                                                               | 18,700                                                                           |
| Property, plant and equipment                         | 393,376                                                 | 43   | -                                                                               | 393,376                                                                          |
| Other assets                                          | 294,802                                                 | 44   | 294,802                                                                         | -                                                                                |
|                                                       | <b>12,360,965</b>                                       |      | <b>2,098,570</b>                                                                | <b>10,262,395</b>                                                                |
| <b>Total assets</b>                                   | <b>31,870,901</b>                                       |      | <b>15,267,720</b>                                                               | <b>16,603,181</b>                                                                |
| <b>Liabilities</b>                                    |                                                         |      |                                                                                 |                                                                                  |
| <b>Foreign currency liabilities</b>                   |                                                         |      |                                                                                 |                                                                                  |
| International Monetary Fund obligations               | 1,654,385                                               | 29   | 1,654,385                                                                       | -                                                                                |
| International Monetary Fund Rapid Credit Facility     | 1,124,335                                               | 30   | 224,867                                                                         | 899,468                                                                          |
| Derivative financial instruments                      | 33,374                                                  | 34   | 33,374                                                                          | -                                                                                |
| Government deposits                                   | 3,052,081                                               | 46   | 3,052,081                                                                       | -                                                                                |
| Commercial and Central Banks' deposits                | 993,141                                                 | 47   | 993,141                                                                         | -                                                                                |
| Cross currency repos                                  | 1,674,169                                               | 49   | 1,674,169                                                                       | -                                                                                |
| Other liabilities                                     | 15,726                                                  | 51   | 15,726                                                                          | -                                                                                |
|                                                       | <b>8,547,211</b>                                        |      | <b>7,647,743</b>                                                                | <b>899,468</b>                                                                   |
| <b>National currency liabilities</b>                  |                                                         |      |                                                                                 |                                                                                  |
| Currency in circulation                               | 8,967,177                                               | 45   | -                                                                               | 8,967,177                                                                        |
| <b>Monetary policy instruments</b>                    |                                                         |      |                                                                                 |                                                                                  |
| Repurchase agreements with commercial banks           | 2,008,843                                               | 48   | 2,008,843                                                                       | -                                                                                |
| <b>Other national currency liabilities</b>            |                                                         |      |                                                                                 |                                                                                  |
| Government deposits                                   | 2,020,195                                               | 46   | 2,020,195                                                                       | -                                                                                |
| Commercial and Central Banks' deposits                | 3,885,406                                               | 47   | 3,885,406                                                                       | -                                                                                |
| Lease liabilities                                     | 145                                                     | 50   | 145                                                                             | -                                                                                |
| Other liabilities                                     | 242,898                                                 | 51   | 242,898                                                                         | -                                                                                |
| Provisions                                            | 33,909                                                  | 52   | 33,909                                                                          | -                                                                                |
|                                                       | <b>17,158,573</b>                                       |      | <b>8,191,396</b>                                                                | <b>8,967,177</b>                                                                 |
| <b>Total Liabilities</b>                              | <b>25,705,784</b>                                       |      | <b>15,839,139</b>                                                               | <b>9,866,645</b>                                                                 |

**Table 39: Current and non-current assets and liabilities as at 30 June 2024**

| Restated                                              | Statement of<br>financial position<br>amount<br>UGX (m) | Note | (Current)<br>No more than 12<br>months after the<br>reporting period<br>UGX (m) | (Non-Current)<br>More than 12 months<br>after the reporting<br>period<br>UGX (m) |
|-------------------------------------------------------|---------------------------------------------------------|------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>Assets</b>                                         |                                                         |      |                                                                                 |                                                                                  |
| <b>Foreign currency assets</b>                        |                                                         |      |                                                                                 |                                                                                  |
| <b>International reserves</b>                         |                                                         |      |                                                                                 |                                                                                  |
| Cash and cash equivalents                             | 840,693                                                 | 28   | 840,693                                                                         | -                                                                                |
| Assets held with International Monetary Fund          | 713,501                                                 | 29   | 713,501                                                                         | -                                                                                |
| Debt instruments at amortised cost                    | 6,570,002                                               | 31   | 6,570,002                                                                       | -                                                                                |
| Debt instruments at fair value through OCI            | 2,029,440                                               | 32   | 1,277,559                                                                       | 751,881                                                                          |
| Financial assets at fair value through profit or loss | 4,512,245                                               | 33   | 974,691                                                                         | 3,537,554                                                                        |
| Derivative financial instruments                      | 16,468                                                  | 34   | 16,468                                                                          | -                                                                                |
| <b>Other foreign currency assets</b>                  |                                                         |      |                                                                                 |                                                                                  |
| Equity instruments at fair value through OCI          | 499,548                                                 | 35   | -                                                                               | 499,548                                                                          |
|                                                       | <b>15,181,897</b>                                       |      | <b>10,392,914</b>                                                               | <b>4,788,983</b>                                                                 |
| <b>National currency assets</b>                       |                                                         |      |                                                                                 |                                                                                  |
| Loans and advances to government                      | 8,555,577                                               | 36   | 8,555,577                                                                       | -                                                                                |
| Loans and advances to staff                           | 99,116                                                  | 37   | 2,486                                                                           | 96,630                                                                           |
| Investments in government securities                  | 1,540,506                                               | 38   | -                                                                               | 1,540,506                                                                        |
| Assets held for sale                                  | 14,806                                                  | 40   | 14,806                                                                          | -                                                                                |
| Retirement benefits plan                              | 100,887                                                 | 41   | -                                                                               | 100,887                                                                          |
| Intangible assets                                     | 17,480                                                  | 42   | -                                                                               | 17,480                                                                           |
| Property, plant and equipment                         | 380,454                                                 | 43   | -                                                                               | 380,454                                                                          |
| Other assets                                          | 339,661                                                 | 44   | -                                                                               | 339,661                                                                          |
|                                                       | <b>11,048,487</b>                                       |      | <b>8,572,869</b>                                                                | <b>2,475,618</b>                                                                 |
| <b>Total assets</b>                                   | <b>26,230,384</b>                                       |      | <b>18,965,783</b>                                                               | <b>7,264,601</b>                                                                 |
| <b>Liabilities</b>                                    |                                                         |      |                                                                                 |                                                                                  |
| <b>Foreign currency liabilities</b>                   |                                                         |      |                                                                                 |                                                                                  |
| International Monetary Fund obligations               | 1,616,753                                               | 29   | 1,616,753                                                                       | -                                                                                |
| International Monetary Fund Rapid Credit Facility     | 1,217,278                                               | 30   | 243,455                                                                         | 973,823                                                                          |
| Derivative financial instruments                      | 10,288                                                  | 34   | 10,288                                                                          | -                                                                                |
| Government deposits                                   | 1,898,831                                               | 46   | 1,898,831                                                                       | -                                                                                |
| Commercial and Central Banks' deposits                | 783,991                                                 | 47   | 783,991                                                                         | -                                                                                |
| Cross currency repos                                  | 372,649                                                 | 49   | 372,649                                                                         | -                                                                                |
| Other liabilities                                     | 2,347                                                   | 51   | 2,347                                                                           | -                                                                                |
|                                                       | <b>5,902,137</b>                                        |      | <b>4,928,314</b>                                                                | <b>973,823</b>                                                                   |
| <b>National currency liabilities</b>                  |                                                         |      |                                                                                 |                                                                                  |
| Currency in circulation                               | 8,200,337                                               | 45   | -                                                                               | 8,200,337                                                                        |
| <b>Monetary policy instruments</b>                    |                                                         |      |                                                                                 |                                                                                  |
| Repurchase agreements with commercial banks           | 653,527                                                 | 48   | 653,527                                                                         | -                                                                                |
| <b>Other national currency liabilities</b>            |                                                         |      |                                                                                 |                                                                                  |
| Government deposits                                   | 2,569,205                                               | 46   | 2,569,205                                                                       | -                                                                                |
| Commercial and Central Banks' deposits                | 3,091,852                                               | 47   | 3,091,852                                                                       | -                                                                                |
| Lease liabilities                                     | 185                                                     | 50   | 185                                                                             | -                                                                                |
| Other liabilities                                     | 262,014                                                 | 51   | 262,014                                                                         | -                                                                                |
| Provisions                                            | 64,325                                                  | 52   | 64,325                                                                          | -                                                                                |
|                                                       | <b>14,841,445</b>                                       |      | <b>6,641,108</b>                                                                | <b>8,200,337</b>                                                                 |
| <b>Total Liabilities</b>                              | <b>20,743,582</b>                                       |      | <b>11,569,422</b>                                                               | <b>9,174,160</b>                                                                 |

The prior year comparative numbers have been updated to align to the current year presentation.

## 59 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.

| Nature                               | Description                                                                                                                                                                                                                                                                                                 | Note | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>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                                                                                                                                             | 36   | 1,798,544              | 8,555,577              |
|                                      | The letters of comfort of relate to requests made by Bank of Uganda to various commercial banks to extend loans to Haba Group of Companies.                                                                                                                                                                 |      |                        |                        |
| Investments in Government securities | Recapitalisation securities represent the unredeemed treasury bonds arising out of the recapitalisation measures undertaken by the Government of Uganda                                                                                                                                                     | 38   | 9,648,555              | 1,540,506              |
|                                      | Amortized bond are special securities issued by Government of Uganda. These were converted from advances to Government                                                                                                                                                                                      |      |                        |                        |
| 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 | 46   | 5,072,276              | 4,468,038              |
| Lease of land                        | The Bank leases land from Government                                                                                                                                                                                                                                                                        | 50   | 65,374                 | 67,833                 |
| Interest income                      | BoU earns interest income on Government advances and securities                                                                                                                                                                                                                                             | 10   | 993,817                | 703,251                |
| Other income                         | The Bank earns income on provision 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   | 79,116                 | 67,162                 |

## 59.2 Bank of Uganda pension schemes

The Bank makes contributions towards the defined benefits and defined contributions 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 2025<br>UGX (m) | 30 Jun 2024<br>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.                                                                                                                                                                                    | 23   | Contributions           | 6,701                  | 4,954                  |
| 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 41. The Bank recognises the difference between the fair value of the plan assets and the fair value of defined benefits obligation at year end. | 41   | Net defined plan assets | 91,812                 | 100,887                |
|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      | Contributions           | 21,644                 | 29,018                 |
| 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                                                                                                                                                                                                                                                                                                                                                                        | 23   | DB expenses             | 3,413                  | 2,788                  |
|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      | DC expenses             | 772                    | 773                    |

## 59.3 Board of Directors and executive management

### 59.3.1 Loans to Executive Directors of the Board

The Executive Director on the Board is entitled to loans and advances as per the policies of the Bank. However, there were no loans advanced to the Executive Director on the Board during the year ended 30 June 2025.

## 59.3.2 Loans to Executive Management

|                                      | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|--------------------------------------|------------------------|------------------------|
| <b>At 1 July</b>                     | <b>3,476</b>           | <b>3,751</b>           |
| Advanced during the year             | 1,586                  | 1,283                  |
| Repayments                           | (1,261)                | (1,558)                |
| <b>Loans to Executive Management</b> | <b>3,801</b>           | <b>3,476</b>           |
| Less: Allowance for ECL              | (3)                    | (3)                    |
| <b>At 30 June</b>                    | <b>3,798</b>           | <b>3,473</b>           |

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 43 million (2024: UGX 37 million) on loans advanced to Executive Management. The loans and advances to Executive Management were not impaired as at 30 June 2025.

## 59.3.3 Directors' emoluments

|                                                                 | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|-----------------------------------------------------------------|------------------------|------------------------|
| Directors' fees and emoluments                                  | 3,752                  | 2,301                  |
| Governor and Deputy Governor (short term employee benefits)     | 2,047                  | 1,368                  |
| Governor and Deputy Governor (post employment pension benefits) | 551                    | 381                    |
|                                                                 | <b>6,350</b>           | <b>4,050</b>           |

## 59.3.4 Compensation of executive management

|                              | 30 Jun 2025<br>UGX (m) | 30 Jun 2024<br>UGX (m) |
|------------------------------|------------------------|------------------------|
| Short-term employee benefits | 7,296                  | 7,374                  |
| Post-employment benefits     | 984                    | 956                    |
|                              | <b>8,280</b>           | <b>8,330</b>           |

## 60 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.



Bank of Uganda

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



[info@bou.or.ug](mailto:info@bou.or.ug)



[www.bou.or.ug](http://www.bou.or.ug)



[Bank of Uganda](https://www.youtube.com/Bank of Uganda)



[@Bank Of Uganda](https://www.linkedin.com/company/Bank Of Uganda)



[@CentralBankOfUganda](https://www.facebook.com/CentralBankOfUganda)



[@BOU\\_Official](https://twitter.com/BOU_Official)

© Bank of Uganda 2025