

Noted
19/11/2021

BANK OF UGANDA

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SUPERVISION



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EDS.306.2

19th November 2021

Circular to all Chief Executives of Commercial Banks, Credit Institutions and Microfinance Deposit-taking Institutions

REVISION OF INITIAL AND ANNUAL LICENCE FEES

This is to inform you that pursuant to Section 13 (1) of the Financial Institutions Act, 2004, Regulation 17 of the Financial Institution (Licensing) Regulation 2005 and Section 8 of the Microfinance Deposit - Taking Institutions (MDI) Act, 2003, Bank of Uganda has revised the Initial and Annual licence fees for supervised Financial Institutions as follows:

- a) For **Commercial Banks** or Tier I financial institutions, a percentage rate of 0.05% of the Gross Annual Revenue (GAR) shall be payable as the annual license fee. At all times, this annual license fee for any **Commercial Bank** or Tier I financial institution, shall be the greater of UGX 50 million or 0.05% of GAR.
- b) For **Credit Institutions** or Tier II financial institutions, a percentage rate of 0.05% of the GAR shall be payable as the annual license fee. At all times, this annual license fee for any Credit Institution or Tier II financial institution, shall be the greater of UGX 20 million or 0.05% of GAR.
- c) For **Microfinance** deposit taking institutions or Tier III financial institutions, a percentage rate of 0.05% of the Gross Annual Revenue (GAR) shall be payable as the annual license fee. At all times, this annual license fee for any Microfinance deposit taking institution or Tier III financial institution, shall be the greater of UGX 10 million or 0.05% of GAR.

The Annual Licence Fee (ALF) shall be computed using the last audited and financial statements approved by Bank of Uganda. But since this fee is due in January of every year, it shall be adjusted after audited financial statements for the immediate preceding financial year are concluded, approved and published in May. For example, the Annual License Fee for 2022 shall be computed using the audited financial statements for FY ending 31st December 2020 and this shall be payable no later than 31st January 2022. Once the audited financials for FY ending 31st December 2021 are approved by Bank of Uganda, the annual license fee shall be recomputed using the Gross Annual Revenue therein. If the recomputed Annual License Fee using GAR for

FY 2021 is greater than that **computed** for FY ending **December** 2020, the difference shall be due and payable no later 31st May 2022. In the event, the recomputed ALF using audited financials for 2021 is less than what was computed and paid using the December 2020 audited financial **statements**, the **difference** shall be a credit in favour of the SFI; and the ALF payable by 31st January 2023 shall be less by this credit.

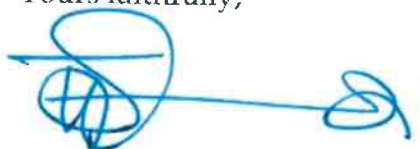
For a **Supervised** Financial Institution with less than two years of audited **financial** statements, the Annual License fee shall be the minimum **applicable** for its Tier category. This amount shall be payable no later than the first 31st day of the January that occurs after it has commenced the provision of **financial** institution business in Uganda.

- d) The initial license application fees have also been revised. It should be noted that the revised initial license **application** fee for new SFIs shall apply to **mergers**, acquisitions and/or consolidations that lead to a change in controlling **interest** or that results in the creation of a new **corporate** entity. The applicable initial license application fee shall be in accordance with the relevant Tier or **license** category that results therefrom. The initial license application fees have been revised as below:

A	Licence application Fees	Old Fees UGX	New Fees UGX
1.	New Commercial Banks	2,000,000	50,000,000
2.	New Credit Institutions	2,000,000	30,000,000
3.	New Microfinance Deposit - Taking Institutions	2,000,000	20,000,000

There shall be periodic reviews of both the Annual and Initial License fees payable by SFIs at least once every five (5) **calendar** years. This is to therefore notify you that these **revised** Initial License Application fees shall take effect from 1st December 2021 and the **revised** Annual License Fees (ALF) shall come into effect on 1st January 2022.

Yours faithfully,



Tumubweinee Twinemanzi (Dr.)
Executive Director Supervision

Copy: *Governor*
Deputy Governor
Executive Director Finance
Director Commercial Banking
Director Non-Bank Financial Institutions