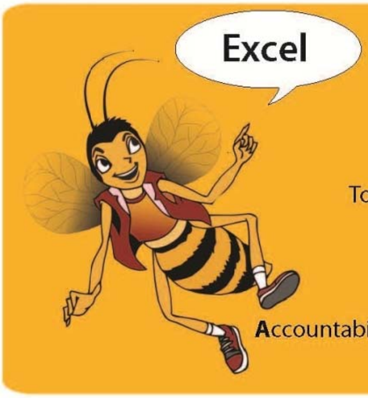
Bank of Uganda

Annual Report

2012/2013

CORPORATE SCORECARD



Our Mission
To foster price stability and a sound financial system

Our Vision
To be a centre of excellence in upholding macroeconomic stability

Our Values
Accountability, **C**ommitment, **E**thical Behaviour, **E**xcellence, **T**ransparency, **T**eam work

STRATEGIC THEMES / PILLARS OF EXELLENCE

OPERATIONAL EXCELLENCE	CUSTOMER FOCUS	STRATEGIC PARTNERSHIPS	LEADERSHIP
• **Strategic Result:** Quality operations that provide value for money to all stakeholders	• **Strategic Result:** Delighted customers with confidence in the Bank and easy access to both financial and advisory service	• **Strategic Result:** Collaboration and harmonised policies, standards and practices that increase the efficiency of our finandal system and enhance price stability for economic growth	• **Strategic Result:** A conducive working environment that encourages excellent performance and innovativeness

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ABBREVIATIONS

AfDB	African Development Bank
AFRACA	African Rural and Agricultural Credit Association
AGCB	Audit and Governance Committee of the Board
ALSI	All Share Index
AML	Anti-Money Laundering
ATM	Automated Teller Machine
Bank	The Central Bank of Uganda
BIS	Bank for International Settlement
BOP	Balance of Payments
BOU	Bank of Uganda
BRICS	Brazil, Russia, India, China & South Africa
BSA	Bank Supervision Application
CBR	Central Bank Rate
CDS	Central Depository System
CIC	Currency In Circulation
COMESA	Common Market for Eastern and Southern Africa
CPCB	Capital Projects Committee of the Board
CPI	Consumer Price Index
CRB	Credit Reference Bureau
CSD	Central Securities Depository
DFD	Development Finance Department
DPF	Deposit Protection Fund
DRS	Disaster Recovery Site
EAC	East African Community
EAMU	East African Monetary Union
EAPS	East African Payments System
ECCS	Electronic Cheque Clearing System
ECGS	Export Credit Guarantee Scheme
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer at Point of Sale
EIB	European Investment Bank
EPA	Economic Partnership Agreement
ERS	Export Refinance Scheme
ERTRF	Energy for Rural Transformation Refinance Scheme
ESAF	Enhanced Structural Adjustment Fund
EU	European Union
ExCOM	Executive Committee
FCB	Finance Committee of the Board
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FERMS	Foreign Exchange Reserve Management System
FIS	Financial Institutions Statute
FMDP	Financial Markets Development Programme
FPC	Foreign Private Capital
FY	Financial Year
GDP	Gross Domestic Product

GDS	Gross Domestic Savings
HIPC	Highly Indebted Poor Countries
HRRCB	Human Resource and Renumeration Committee of the Board
IAS	International Accounting Standards
IDA	International Development Agency
IFAD	International Fund for Agricultural Development
IFEM	Inter-bank Foreign Exchange Market
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Information Technology
ITL	Inflation Targeting Lite
LAN	Local Area Network
MAC	Monetary Affairs Committee
MCP	Management Committee on Projects
MCPC	Monetary and Credit Policy Committee
MDI	Microfinance Deposit Taking Institutions
MFHP	Monetary and Fiscal policy Harmonization Program
MIS	Management Information System
MOFPED	Ministry of Finance Planning & Economic Development
NBFI	Non-Bank Financial Institutions
NDA	Net Domestic Assets
NEER	Nominal Effective Exchange Rate
NIC	National Insurance Corporation
NFA	Net Foreign Assets
NPV	Net Present Value
NSSF	National Social Security Fund
OMO	Open Market Operations
PD	Primary Dealers
PSI	Policy Support Instrument
PSIS	Private Sector Investment Survey
PSPC	Payment System Policy Committee
RBS	Retirement Benefits Scheme
REER	Real Effective Exchange Rate
Repo	Repurchase Order Agreement
RTGS	Real Time Gross Settlement System
SDR	Special Drawing Rights
SPF	Special Provident Fund
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
UBOS	Uganda Bureau of Statistics
UCF	Uganda Consolidated Fund
UIA	Uganda Investment Authority
UNIS	Uganda National Inter-bank Settlement System
USE	Uganda Securities Exchange
WEO	World Economic Outlook
WTO	World Trade Organization

REGISTERED ADDRESSES

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

Plot 37-45
Kampala Road
P O Box 7120
Kampala
Uganda

SOLICITORS

MMAKS
P O Box 7166
Kampala
Uganda

AUDITORS

The Auditor General
Office of the Auditor General
P O Box 7083
Kampala
Uganda

DELEGATED AUDITORS

KPMG
Certified Public Accountants
3rd Floor Rwenzori Courts
P O Box 3509
Kampala

REGIONAL BRANCHES

Gulu Regional Branch
Plot 7/9
Airfield Road
P O Box 46
Gulu

Jinja Regional Branch
Plot 3
Busoga Square
P O Box 35
Jinja

Mbale Regional Branch
Plot 34-38/40
Cathedral Avenue
P O Box 2402
Mbale

Mbarara Regional Branch
Plot 2
High Street
P O Box 1421
Mbarara

CURRENCY CENTRES

Arua Currency Centre
Plot 27/29
Avenue Road
P O Box 152
Arua

Fort Portal Currency Centre
Plot 1
Kaboyo Road
P O Box 562
Fort Portal

Kabale Currency Centre
Plot 137
Kisoro Road
P O Box 966
Kabale

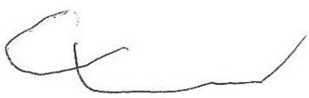
Masaka Currency Centre
Plot 41
Kampala Road
P O Box 1567
Masaka

1 GOVERNOR'S FOREWORD

The performance of the Ugandan economy improved in 2012/13 on all major fronts. Real GDP picked up, annual core inflation fell substantially and was very close to the Bank of Uganda's medium term target for inflation at the end of the financial year, and the current account of the balance of payments strengthened.

Annual core inflation fell sharply in the first half of the financial year and stabilized at around 5 percent in the second half of the year. The fall in inflation enabled the BoU to continue the easing of monetary policy, by reducing the Central Bank Rate (CBR), which had begun in early 2012. The CBR stood at 11 percent in June 2013, having been cut by 12 percentage points since February 2012. Although bank lending rates were slow to react to the reduction in the CBR, they fell from 27 percent in June 2012 to 22.6 percent in June 2013. The easing of monetary policy in 2012/13 contributed to stronger real GDP growth, which rose to 5.1 percent from 3.4 percent in the previous fiscal year, although the main stimulus came from the external sector via robust export growth and a reduction of imports.

The banking sector is in a very sound financial condition. Commercial banks' capital positions remained strong, with core capital for the aggregate banking system standing at 18.8 percent of risk-weighted assets in June 2013. Parliament recently passed the Anti-Money Laundering Bill and will soon debate amendments to the Financial Institutions Act which will enable supervised financial institutions in Uganda to undertake bancassurance and provide Islamic financial products. Furthermore, the BoU has prepared a statutory instrument, which has been approved by the Hon. Minister of Finance, Planning and Economic Development and will shortly be gazetted and laid before Parliament, to enhance the minimum on-going capital requirements for banks. The statutory instrument will enable Uganda to introduce into its banking regulations three important measures of the Basel III reforms; a capital conservation buffer, a countercyclical capital buffer and an additional capital buffer for systemically important financial institutions.



Prof Emmanuel Tumusiime-Mutebile

Governor

2 BOARD OF DIRECTORS AND MANAGEMENT STRUCTURE

2.1 BOARD OF DIRECTORS

Prof. Emmanuel Tumusiime-Mutebile
Governor, Chairman of the Board of Directors

Louis Kasekende (PhD)
Deputy Governor, alternate chairman of the Board, member of CPCB, HRRCB and FCB

Mr. C. Manyindo Kassami
Chairman of the HRRCB, member of the FCB and AGCB.

William S. Kalema (Phd)
Chaiman of FCB.
Member of AGCB and CPCB

Mr. James Kahoza
Chairman of the AGCB
Member of : FCB, CPCB and HRRCB.

Mr. Ibrahim K. Kabanda
Member of : FCB, AGCB,CPCB and HRRCB

Ms Judy Obitre-Gama
Chairperson of CPCB
Member of AGCB and HRRCB

2.2 MANAGEMENT STRUCTURE

Board of Directors

Prof. E. Tumusiime-Mutebile, Governor

Louis Kasekende (PhD)
Deputy Governor

Mrs. Mary. Katarikawe
Executive Director Governor's Office
- Risk & Compliance
- Strategy & Quality Assurance
- Governor's Office

Mr. Richard Mayebo
Executive Director Information Technology
- Information Technology

Adam. Mugume (PhD)
Executive Director Research
- Research
- Statistics

Mrs. Justine Bagyenda
Executive Director Supervision
- Commercial Banking
- Non-Banking
- Financial Stability

Mr. Philip Wabulya
Executive Director Operations
- Banking
- Currency
- Financial Markets

Mr. David L. Kalyango
Executive Director Finance
- Accounts
- Payments & Settlements

Mr. B. Patrick Kagoro
- Advisor to Operations and Finance

Mr. Elliot Mwebya
Executive Director Administration
- Human Resources
- Medical
- Administrative Services
- Security

Mr. George W. Nyeko
Ag Bank Secretary
- Board Affairs
- Communications
- Legal

Ms. Deborah Kabahweza
Chief Internal Auditor
- Internal Audit

3 CORPORATE GOVERNANCE

3.1 REGULATORY FRAMEWORK

The Constitution of the Republic of Uganda, 1995, grants Bank of Uganda the mandate as the central bank of Uganda. Article 161 of the Constitution provides for the functions of the Bank, and together with the Bank of Uganda Act (Cap 51), Laws of Uganda, Section 7, vest the authority of the Bank in the Board of Directors. The functions of Bank of Uganda are spelt out in Article 162 of the Constitution and Section 4 of the Bank of Uganda Act.

3.2 CORPORATE GOVERNANCE STATEMENT

Bank of Uganda upholds, and is committed to international best practice and highest standards of business integrity, ethical values and governance. The Board of Directors of the Bank recognizes the responsibility of the Bank to conduct its affairs with prudence, and to be accountable by ensuring that the Bank complies with the law and business ethics, thereby safeguarding the interests of stakeholders. This is achieved through checks and balances and upholding the values of accountability, commitment, ethical behaviour, excellence, transparency and teamwork.

In its efforts to foster price stability and a sound financial sector, Bank of Uganda carries out its work through Board and Management Committees. The Bank's compliance with the principles of good corporate governance is reflected through a properly constituted governance structure comprised of the Board of Directors, Board Committees and Management Sub-Committees. Therefore, provisions impacting operations of the Bank are identified and addressed through work plans and regular monitoring and reporting to the appropriate governance structures

3.3 THE BOARD OF DIRECTORS

The Board of Directors of the Bank consists of:

a) The Governor who is the Chairman;
b) The Deputy Governor who is the Alternate Chairman;
c) And not more than five Non-Executive Directors.

The Governor, Deputy Governor and all the Non-Executive Directors are appointed by the President with the approval of Parliament. The members of the Board hold office for a term of five (5) years but are eligible for re-appointment. All the Directors possess a wide range of skills, qualifications and experiences and are persons of integrity. They are:-

i) Prof. Emmanuel Tumusiime-Mutebile

The Governor and Chairman of the Board of Directors. He is a member of the Board of Trustees of the BOU Staff Retirement Benefits Scheme; Chairman of the Executive Committee; Monetary Policy Committee, Payment System Policy Committee; Financial Stability Committee and Foreign Exchange Reserve Management Policy Committee

ii) Louis Kasekende (PhD)

The Deputy Governor and Alternate Chairman of the Board of Directors. He is a member of the Board of Trustees of the BoU Staff Retirement Benefits Scheme; member of the Finance Committee of the Board, Capital Projects Committee of the Board and Human Resources and Remuneration Committee of the Board. He is Chairman of the Strategy & Finance Committee, Human Resources Management Committee, Procurement & Disposal Committee, Financial Markets Operations Sub-committee, Effective Information Management Committee and Risk Management Committee.

iii) Mr. C. Manyindo Kassami

Non-Executive Director and Chairman of Human Resources and Remuneration Committee of the Board; member of Finance Committee of the Board and Audit & Governance Committee of the Board.

iv) Mr. James Kahoza

Non-Executive Director, and Chairman of Audit & Governance Committee of the Board; member of Finance Committee of the Board, Capital Projects Committee of the Board and Human Resources and Remuneration Committee of the Board.

v) Mr. Ibrahim K. Kabanda

Non-Executive Director and member of Finance Committee of the Board, Audit & Governance Committee of the Board, Capital Projects Committee of the Board and Human Resources and Remuneration Committee of the Board. He is Chairman of the Board of Trustees of the BoU Staff Retirement Benefits Scheme.

vi) William S. Kalema (PhD)

Non-Executive Director, and Chairman of Finance Committee of the Board; member of Audit & Governance Committee of the Board and Capital Projects Committee of the Board.

vii) Ms. Judy Obitre-Gama

Non-Executive Director, and Chairperson of Capital Projects Committee of the Board; member of Audit & Governance Committee of the Board and Human Resources and Remuneration Committee of the Board. She is a member of the Board of Trustees of the BoU Staff Retirement Benefits Scheme and Chairperson of the Investment Sub-Committee of the Staff Retirement Benefits Scheme.

3.3.1 SECRETARY TO THE BOARD

The Secretary advises the Board on legal and corporate governance matters. In conjunction with the Chairman, the Secretary ensures good and timely information flow among the Board, the Board Committees and Management. All members of the Board and Management have access to the Bank Secretariat services.

3.3.2 DUTIES OF THE BOARD

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

a) Promote and maintain the stability of the value of the currency in Uganda;
b) Regulate the currency system in the interest of the economic progress of Uganda;
c) 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;

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

a) Is responsible for the general management of the affairs of the bank;
b) Ensures the functioning of the Bank and the implementation of its functions;
c) Formulates the policies of the Bank;
d) Does anything required to be done by the Bank under the BoU act and;
e) Does anything that is within, or incidental to the functions of the Bank.

3.3.3 MEETINGS OF THE BOARD

According to the Bank of Uganda Act, at least 10 meetings of the Board must be held in one financial year while ad hoc or special meetings are convened as and when required. For the period June 2012 to November 2012, the Bank did not have a fully constituted Board of Directors. Therefore, save for only two meetings held in September 2012 and December 2012, there were no other Board meetings held for the period June, July, August, October and November 2012. That notwithstanding, the Board and its Committees meet on a quarterly basis as scheduled. In total, the Board and Board Committee meetings held during the period under review were fourteen (14), and the attendance was as indicated in Table 1 below.

Table 1 Attendance of Board and Board Committee

	BOARD MEMBERS	BOARD	FCB	AGCB	HRRCB	CPCB
1.	Prof. Emmanuel Tumusiime-Mutebile	4	N/A	N/A	N/A	N/A
2.	Louis Kasekende (Ph D)	6	1	N/A	1	1
3.	Mr. Christopher M. Kassami	5	2	1	2	N/A
4.	Mr. James Kahoza	5	2	2	2	2
5.	Mr. Ibrahim K. Kabanda	5	2	2	2	1
6.	William Kalema (Ph D)	5	2	2	N/A	1
7.	Ms. Judy Obitre Gama	5	N/A	2	2	2

Source: Bank of Uganda
N/A: Not Applicable

3.4 BOARD COMMITTEES

The Board delegates some of its responsibilities to the Board Committees. There are four Committees assisting the Board in discharging its functions as follows;

3.4.1 HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD (HRRCB)

The HRRCB is composed of the Deputy Governor and four Non-Executive Directors. The committee is chaired by a Non-Executive Directors. The Bank secretary is secretary to the committee. The Executive Director Administration (EDA) attends the meetings, as an ex-officio, while other senior staff members may attend by invitation. The committee considers human resource policies, human resource allocation, skills inventory and succession management, proposals for recruitment and selection, promotion, training and development, disciplinary cases and all other staff related matters affecting the operations of the Bank before they are presented to the Board for ratification. HRRCB meetings are held quarterly and ad hoc or special meetings may be convened as and when required. The committee reports to, and makes recommendations to the Board.

3.4.2 FINANCE COMMITTEE OF THE BOARD (FCB)

The FCB is composed of the Deputy Governor and four Non-Executive Directors. The committee is chaired by a Non-Executive Director. The Bank secretary is secretary to the committee. The Executive Director Finance (EDF) attends the committee meetings as an ex-officio. The meetings are held on a quarterly basis with special meetings being convened whenever necessary. The committee reviews proposed budgets and supplementary budgets requests and makes recommendations to the Board; reviews quarterly budget performance reports and generally monitors the bank's financial discipline by evaluating financial plans, commitments and budgets presented by management.

3.4.3 CAPITAL PROJECTS COMMITTEE OF THE BOARD (CPCB)

The CPCB is composed of the Deputy Governor and four Non-Executive Directors. The committee is chaired by a Non-Executive Director. The Bank secretary is secretary to the committee. The executive directors for administration, technology, and finance attend the meetings as ex-officio. Any other senior and technical staff or consultants may attend the meetings on invitation. The meetings are held on a quarterly basis. Special meetings may be convened depending on the committee's work programme. The terms of reference of the committee are to oversee and monitor capital projects, including IT, plants, machinery, constructions; major maintenance works, property acquisition and disposal, and makes recommendations to the Board.

3.4.4 AUDIT AND GOVERNANCE COMMITTEE (AGCB)

The AGCB is composed of only Non-Executive Directors. The Bank Secretary is secretary to the Committee. The Chief Internal Auditor, the Executive Director Finance and a representative of the External Auditors attend the Committee meetings. Meetings are held on a quarterly basis. Special meetings may be convened whenever necessary. The terms of reference of the Committee are to assist the Board to fulfil its fiduciary responsibilities by providing assurance to the efficiency and effectiveness in utilizing Bank resources; setting an appropriate control culture, ensuring adequacy of internal control systems; monitoring compliance with laws and regulations and follow-up on non-compliance and overall effectiveness of internal controls and risk management framework. The Committee reviews significant accounting and reporting issues and their impact on the financial reports and ensures that financial risk areas are managed properly; reviews External Auditors' proposed audit scope and approach; the audit conduct and audit deliverables; obtains satisfactory assurance that the audit is conducted in accordance with International Standards on Auditing, and ensures that findings and recommendations made by the External Auditors are appropriately acted upon. The Committee reviews the activities of the Internal Audit Function and its effectiveness and ensures that the Internal Audit Function has an appropriate standing and independence within the Bank. It also ensures that the internal audit plan addresses key areas of risks, and that recommendations made by Internal Auditors are appropriately acted upon.

3.5 REMUNERATION OF NON- EXECUTIVE DIRECTORS

During the period December 2012 to June 2013, the Non-Executive Directors were each paid net of tax UGX 1,500,000 (One Million Five Hundred Thousand Shillings), per month as retainer fees and UGX 850,000 (Eight Hundred and Fifty Thousand Shillings) net of tax per meeting as sitting allowance.

3.6 ASSESSMENT OF BOARD PERFORMANCE

The performance assessment for the current Board of Directors was not conducted during the period under review. The Board members were appointed in November 2012 and assumed their duties in December 2012. The performance evaluation will be done on the anniversary of their appointment. It should be noted however, that the purpose of the assessment is to enhance the effectiveness of the Directors, identify areas for improvement, discuss and agree on priorities for change which could be addressed in the short and long-term; and agree on an action plan. The assessment is conducted annually by each member of the Board, and the Audit and Governance Committee of the Board (AGCB) is responsible to oversee the implementation and preparation of a final report, with recommendations to the Board. The assessment criterion is useful in determining how effective the Director's performance results in, among others, understanding Bank of Uganda's mandate, achievement of strategic objectives and strategic plans, assessment of policies and procedures, conducting effective meetings, identifying, monitoring and mitigating significant corporate risks, regular monitoring of performance against projections, directing, monitoring and evaluating Management, review of Management's succession plan and accountability.

The evaluation of the Audit and Governance Committee is to assess its own performance, the responsiveness to the Audit Charter, effectiveness of relationships and communications with Management, Internal and External Auditors and the Board. The criterion for the evaluation of the performance of the Audit and Governance Committee includes soliciting informal feedback from the Board, the office of the Governor, Executive Director Finance, Internal and External Auditors on specific opportunities to improve Audit Committee effectiveness, completing of a self-assessment survey and reviewing the results with the Board, Management and Internal and External Auditors, and assessing the contributions and performance of individual Audit Committee members by the Audit Committee Chairperson for review by the Board.

4 RISK MANAGEMENT FRAMEWORK

The Board of Directors is responsible for Risk Management at the Bank of Uganda. This role is delegated to management through the Risk Management Committee (RMC) which in turn oversees the Bank's risk management operations. The Risk and Compliance Department facilitates and co-ordinates the bankwide risk management operations which cover the following risk areas;

4.1 OPERATIONAL RISK

Operational risk is inherent in every aspect of the Bank's business and the Bank has adopted the Basel II definition of operational Risk which is; "the Risk of direct and indirect loss resulting from inadequate or failed internal processes, people and systems or from external events." Losses arising from fraud, unauthorized activities, processes or systems failure and natural disasters all fall within this definition.

The Bank manages operational risk through established policies, systems and internal control processes that are complimented by a healthy corporate culture and value system. The management of operational risk in the Bank is an integral part of the day to day operations and each Head of department is charged with the ownership of the risks in the respective department assisted by a Risk manager.

In order to effectively manage operational risk, the Bank has put in place a strong internal control system and business continuity measures. The Bank has automated most of its major operations including incident and risk management reporting. The business resumption site (BRS) and data recovery site (DRS) are in place to ensure quick recovery of the critical business processes in time of a crisis and/or disaster.

During the period under review, BOU set out its Operational Risk Management Framework in line with international best practice supplemented by detailed policies. These policies include the Risk Management Policy, Information Security Policy and the Business Continuity Management Policy (and Plan).

The Bank is currently benchmarking with regional and other Central Banks in order to further improve the Operational Risk Management regime.

4.2 FINANCIAL RISK

Financial risk in the Bank is mainly associated with foreign reserves management operations. The BOU foreign exchange reserves are managed in line with the objectives of capital preservation, liquidity, and reasonable and consistent returns as stipulated in the foreign exchange reserves management policy framework. While executing its mandate, management of financial risk in the areas mentioned below is paramount;

4.2.1 CREDIT RISK

In regard to the foreign exchange reserves management process, Credit risk refers to the risk that a counterparty fails to meet its contractual obligations. During the period under review, credit risk exposure was regularly monitored and evaluated to ensure compliance with the predetermined benchmark limits and minimum credit ratings. During the year, adverse developments especially in the Euro area, the UK and USA continued to rock the global financial markets. As a result, some counterparties and sovereigns saw their credit ratings downgraded by the credit rating agencies. The Bank took a proactive stance and reduced its exposure to the affected institutions and regions.

4.2.2 MARKET RISK

This is the risk of fluctuation in value of financial instruments due to changes in their market prices from time to time. It mainly includes foreign exchange risk and interest rate risk.

i) Foreign Exchange Risk

In the context of BOU reserves management process, foreign exchange risk is the risk of fluctuation in fair value and/or cash flows of foreign currency denominated assets and liabilities due to changes in foreign exchange rates. Over the year, the Bank managed foreign exchange risk by minimizing losses arising from adverse foreign exchange rate movements by maintaining appropriate currency exposure limits.

ii) Interest Rate Risk

Interest rate risk refers to the likelihood that portfolio return may be adversely affected by interest rates changes. Interest risk exposures arise from the Bank's investment in money market and fixed income instruments. During the period under review, the Bank managed interest rate risk by adhering to the interest risk tolerance limits and deviation margins that were set by management.

4.2.3 LIQUIDITY RISK

In regard to reserves management at BOU, liquidity refers to availability of cash and near cash instruments available to meet the Bank and government's cash obligations such as external debt servicing, payments for imports of goods/services and intervention in the foreign exchange market. Liquidity risk in this case refers to the unavailability of cash and cash equivalents to meet these foreign exchange requirements.

Liquidity risk was managed by sub-dividing the BOU reserve portfolio into tranches with varying limits. By the end of the year, US$ 266.65million was held in the liquidity tranche in form of cash and cash equivalents as a buffer to cover any short-term foreign exchange liquidity requirements. In addition, the Bank held US$ 259.95million in short-term US Treasury Bills to cater for any unanticipated emergency liquidity needs.

4.3 COMPLIANCE RISK

Compliance risk is defined as 'The risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities '(Basel Committee on Banking Supervision: "Compliance and the compliance function in banks" April 2005).

During the financial year, the Bank approved the Compliance Management Framework. This provides a uniform approach to compliance management and details the responsibilities, processes for monitoring, evaluation, reporting and creating awareness on compliance issues in the bank. To this end, the Bank has successfully rolled out implementation of a bank-wide compliance management programme to ensure that all vulnerabilities are addressed.

Bank of Uganda will continuously monitor the legal and regulatory environment for new and emerging compliance requirements in order to address any non-compliance vulnerabilities with a view to remaining in the most desired compliance and integrity levels.

5 ECONOMIC DEVELOPMENTS AND PROSPECTS

5.1 MONEY AND CREDIT

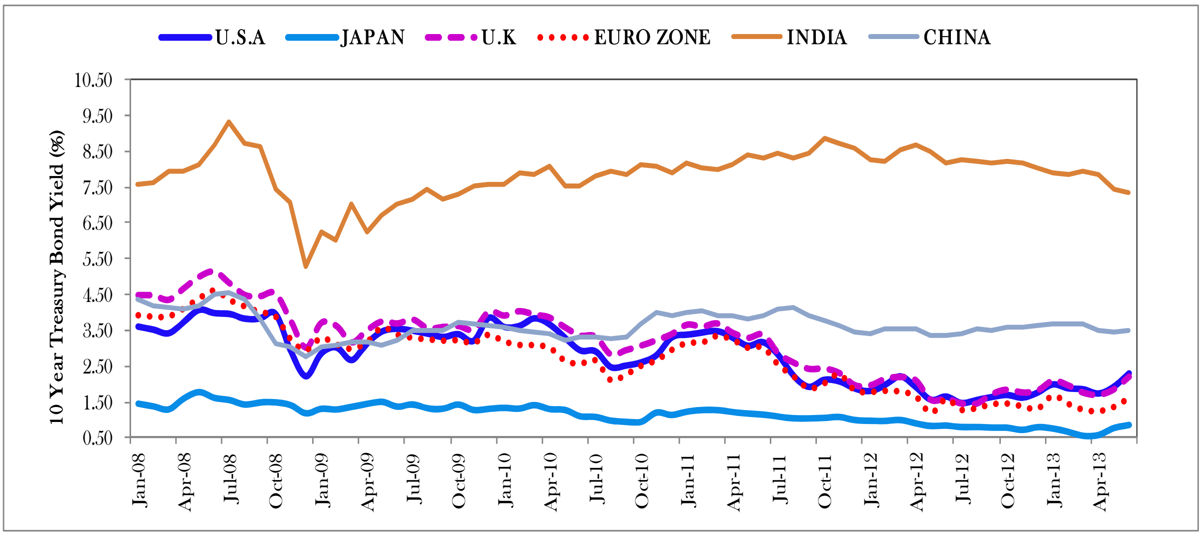
5.1.1 GLOBAL FINANCIAL MARKETS

The policy actions of major central banks continue to have a significant effect on global financial markets. In particular, new policy measures announced by the Bank of Japan at the beginning of April 2013 have contributed to the depreciation of the Japanese Yen (JPY). The Bank of Japan announced the introduction of "Quantitative and Qualitative Monetary Easing", with the aim of achieving an annual inflation target of a 2 per cent at the earliest possible time, with a time horizon of about two years.

Financial markets in emerging and developing countries experienced equity price declines, rising yields, and currency depreciation as a result of recent increases in advanced economies' interest rates and asset price volatility, combined with weaker domestic activity. Government bond yields remain elevated in emerging countries compared to the advanced economies, reflecting both higher inflation and the perceived risk associated with these countries. Nonetheless, financial flows to emerging and developing countries have been resilient largely on account of favourable interest rate differentials. While Treasury bond yields average 2 per cent in advanced economies, in emerging market countries they average about 7 per cent. The positive interest rate differential attracts financial inflows. There is however a serious downside risk if there were a sudden reversal of capital inflows.

The volatility in global financial markets increased in May 2013 and June 2013 after a period of relative calm. In advanced economies, longer-term interest rates have risen and peripheral euro area sovereign spreads have widened after a period of sustained declines. In Europe, the crisis in Cyprus and political uncertainty in Italy also remained a source of financial market volatility at the beginning of 2013. Figure 1 shows the evolution of the long term interest rates in key advanced and emerging market economies since 2008.

Figure 1 Ten Year Treasury Bond Yields (per cent): Jan 2008-April 2013



Source: IMF WEO, July 2013

5.1.2 EXCHANGE RATES

Japanese monetary policy had a profound impact on foreign exchange markets in recent months. Highly expansionary Japanese monetary policy caused a large depreciation of the yen against the US dollar between July 2012 and June 2013. However, the US dollar also appreciated on a global basis over this period as the US economy continued to recover from the 2008-09 economic crisis. The euro-zone continues to be plagued by market uncertainty and very slow real growth. Whilst the euro was largely resilient to concerns surrounding the political situation in Italy and the Cypriot banking crisis, it depreciated by 1.3 per cent from February 2013 to June 2013 due to weak GDP outturns. Nonetheless, the euro strengthened by 7.0 per cent when compared to the 10-year low that it hit in mid-2012.

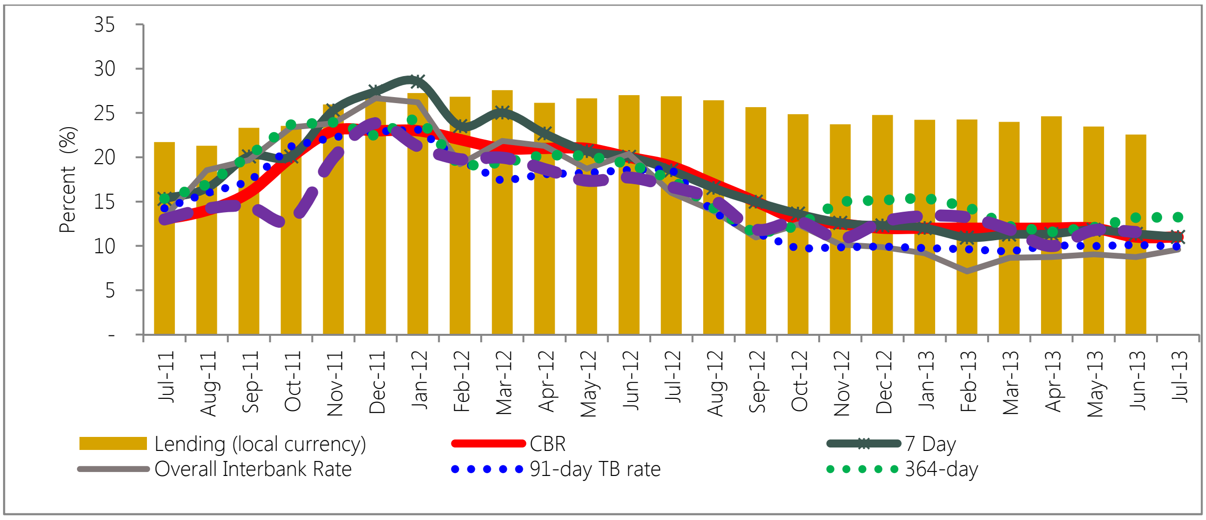
5.2 DOMESTIC MONETARY AND FINANCIAL DEVELOPMENTS

5.2.1 MONETARY POLICY

The primary objective of the Bank of Uganda's monetary policy is to keep inflation low and stable. A secondary objective of monetary policy is to ensure that real output is as close as possible to the equilibrium level of output, currently estimated at 7-8 per cent growth.. The BOU has a medium term policy target of 5 per cent for annual core inflation. Monetary policy is conducted through the Inflation Targeting-Lite (ITL) monetary policy framework, which was introduced in July 2011, and which employs a short term interest rate called the central bank rate (CBR) as the operating target. The CBR, which is set every month, is intended to guide 7-day interbank interest rates. In turn, changes in interbank rates are expected to influence other interest rates in the economy, such as commercial bank deposit and lending rates. The setting of the CBR is guided by a forecast for inflation, which serves as an intermediate target, along with estimates of the output gap and other macroeconomic variables. The BOU undertakes secondary market interventions in the domestic money market, mostly through repos and reverse repos, to either withdraw or inject liquidity so as to steer the 7-day interbank rate towards the CBR.

The ITL framework has proved effective in controlling inflation. When ITL was introduced in July 2011, inflation was rising quickly and subsequently peaked at 30.5 per cent in October 2011. In response, the BOU raised the CBR from 13 per cent in July 2011 to 23 per cent in November 2011. Although the increase in inflation in 2011 was triggered by supply price shocks to food, strong domestic demand and a depreciating exchange rate also contributed to rising prices. In raising the CBR, the BOU aimed to dampen the growth of domestic demand, especially by curbing credit growth. The BOU also aimed to send a strong message to the public that high inflation would not be allowed to persist over the medium term. The tightening of the monetary policy stance in the second half of 2011 brought inflation under control. Annual Headline inflation declined rapidly to 18 per cent in June 2012 and then further to 3.6 per cent in June 2013, while annual core inflation fell to 19.6 per cent in June 2012 and 5.8 per cent in June 2013. With inflation on a downward trajectory during most of 2012/13, the BOU was able to ease monetary policy cautiously through a gradual reduction of the CBR as depicted in Figure 2 below.

Figure 2 The CBR and other interest rates in the economy

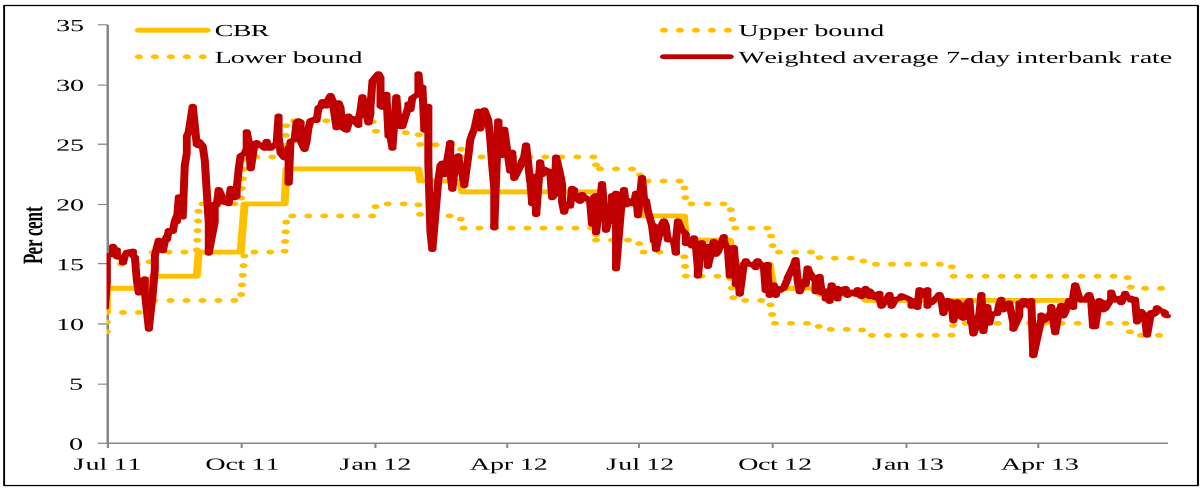


Source: Bank of Uganda

5.2.2 INTERBANK MONEY MARKETS

The 7-day interbank rate trended within the CBR band on most days during 2012/13, and was much less volatile compared to the previous financial year. As can be seen in Figure 3, the weighted average 7 day interbank rate fell during the first part of 2012/13, in line with the reduction in the CBR.

Figure 3 Evolution of the 7-day interbank rate

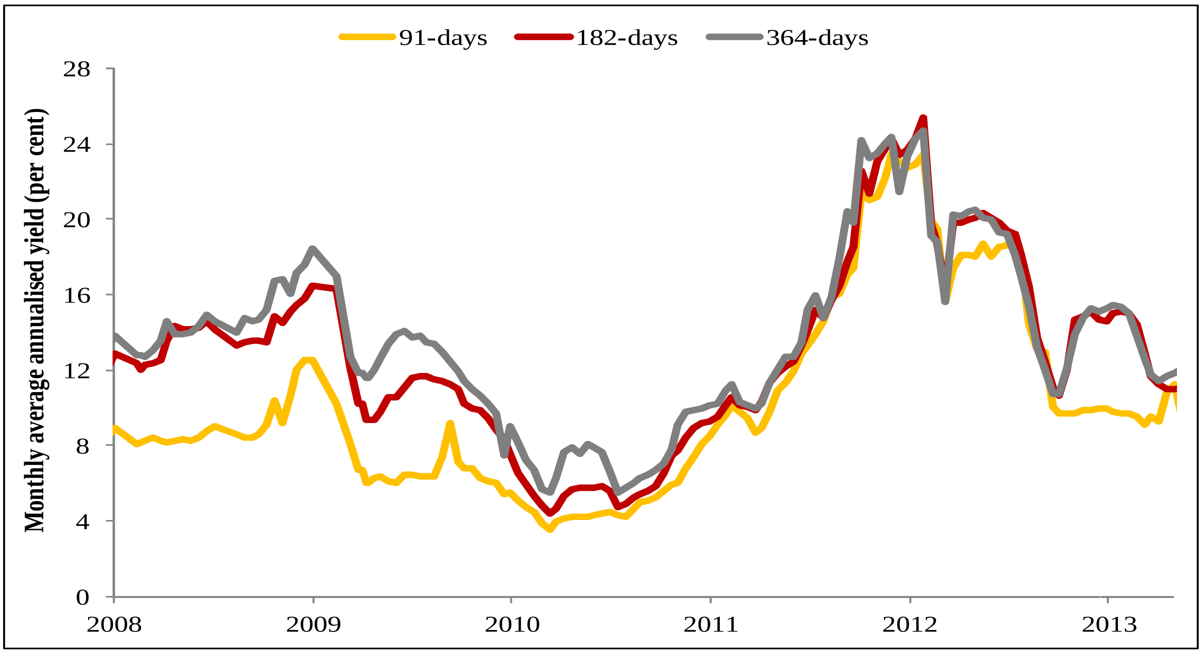


Source: Bank of Uganda

5.2.3 TREASURY SECURITIES MARKET

The BoU conducted regular Treasury bill and bond auctions during 2012/13 to meet the financing requirements of the Government budget. On a net basis, UGX 620 billion of Government securities were sold to the market in 2012/13. Yields on Government securities fell during the first half of the year, mainly because of the fall in the CBR and in money market rates, but yields edged up in the final quarter of the financial year when securities issues were stepped up to meet increased financing requirements of the budget (see Figure 4).

Figure 4 Treasury bill yields



Source: Bank of Uganda

Domestic public debt as a share of GDP stood at 12.3 per cent in June 2013 compared to 11.4 per cent in June 2012, as the outstanding stock of treasury bills and bonds grew to UGX 6,750 billion by the end of the financial year from UGX 5,677 at the end of the previous financial year. The level of domestic public debt remains below the 15.0 per cent threshold of domestic debt to GDP ratio set out in the Government's Public Debt Strategy. The Bank is working closely with government to ensure that public debt remains sustainable.

5.3 INTEREST RATES, PRIVATE SECTOR CREDIT AND MONETARY AGGREGATES

5.3.1 LENDING AND DEPOSIT INTEREST RATES

Although commercial bank lending rates declined during 2012/13, the fall was not as large as those of Government securities yields on money market interest rates. Furthermore, lending rates have remained relatively high by recent historic standards. As a result, credit growth, which contracted sharply in 2011/12, remained weak in 2012/13. Foreign currency lending, which had been the main driver of credit growth over the year, also weakened towards the end of the financial year.

The weighted average lending rate on shilling denominated loans fell from 26.9 per cent at the onset of the financial year to 24.8 per cent at the end (Table 1). In comparison, the weighted average lending rate on foreign currency denominated loans was relatively stable, averaging 9.5 per cent during the financial year. Owing to the high cost of shilling denominated loans, borrowers appear to have shifted their demand to foreign currency denominated loans; this shift was particularly noticeable in the first half of 2012/13. In the second half of the financial year, foreign currency denominated loans declined as commercial banks were constrained by the regulatory ceiling on foreign currency loans to foreign currency deposits which is imposed for prudential reasons. The strong growth in foreign currency lending pushed the loan/deposit ratio of many banks to the regulatory ceiling. As such, banks must mobilize more foreign currency denominated deposits if they are to lend more foreign currency denominated loans. The high cost of shilling denominated credit coupled with the constraint on further growth of foreign currency loans has adversely affected credit to the private sector.

Table 2 Commercial banks' weighted interest rates (annual weighted average)

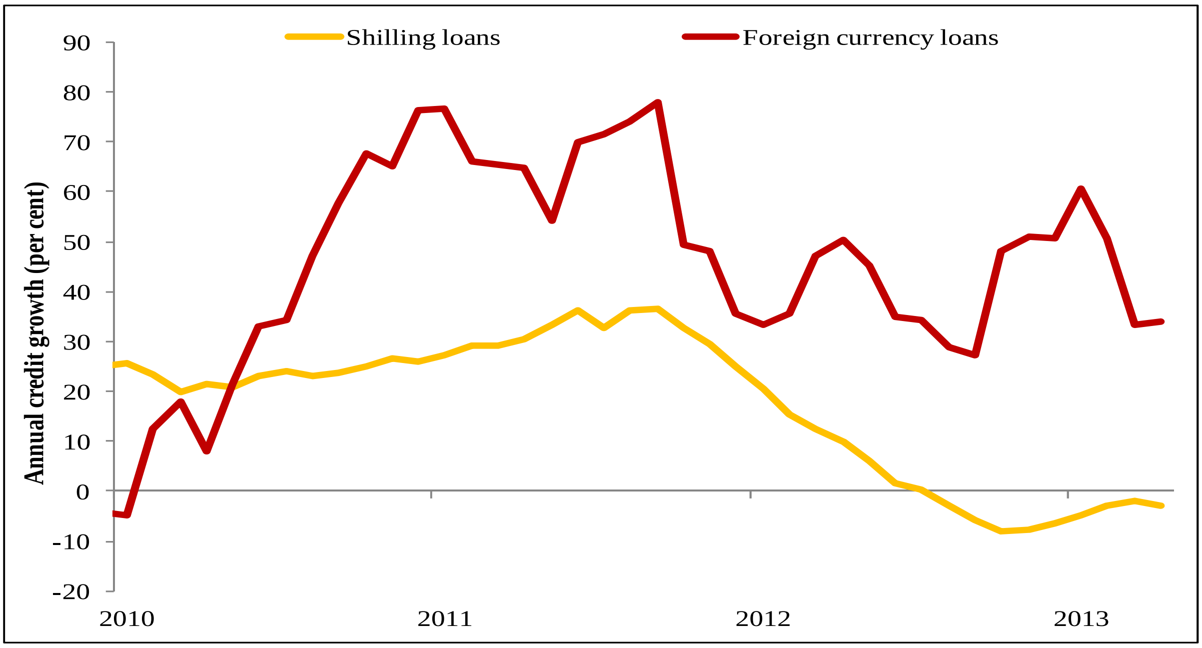
	Jun 06	Jun 07	Jun 08	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13
	Weighted Average Interest Rate on Shilling Loans							
Lending	18.6	19.4	20.2	21.8	20.1	19.9	27.0	22.6
Demand deposits	1.1	1.2	1.3	1.3	1.2	1.1	1.3	1.5
Saving deposits	2.0	2.8	2.1	2.4	2.4	2.3	3.4	3.1
Time deposits	7.6	9.8	10.9	10.7	7.3	11.0	19.9	11.6
Spread	11.0	9.6	9.3	11.1	12.8	8.9	7.1	11.0
	Weighted Average Interest Rate on Foreign Currency Loans							
Lending	9.9	9.2	9.6	10.4	10.8	9.4	8.4	10.3
Demand deposits	1.2	1.2	1.0	1.0	1.0	1.1	1.0	1.0
Saving deposits	1.5	1.5	1.5	1.5	1.7	1.5	1.7	1.7
Time deposits	2.9	6.2	4.3	3.9	3.2	2.4	5.2	4.5
Spread	7.1	3.0	5.3	6.4	7.6	7.0	3.2	5.8

Source: Bank of Uganda

5.3.2 LOAN DEMAND AND SUPPLY

Shilling denominated credit remained subdued throughout 2012/13; declining on average by 4.3 compared to a growth of 20.8 per cent experienced in 2011/12. Foreign denominated credit increased on average by 38.3 per cent compared to 50.7 per cent growth in the previous financial year. The faster growth of foreign currency denominated credit compared to Shilling denominated credit is attributable to the lower interest rates of the former and the relatively stable exchange rate, especially in the second half of the financial year. The slow growth in the stock of loans and advances was further amplified by the closure of the land registry office in early 2013, which impeded banks' ability to verify land titles for collateral purposes. Figure 5 shows the evolution of credit to the private sector.

Figure 5 Commercial banks credit growth by currency of loan denomination



Source: Bank of Uganda

5.3.3 DISTRIBUTION OF PRIVATE SECTOR CREDIT

The building and construction sector maintained the largest share of commercial banks outstanding stock of credit in year ending June 2013, accounting for 23.3 per cent. This was followed by trade and commerce sector at 20.3 per cent. The manufacturing, and personal and household loan sectors accounted for 14.4 per cent and 13.8 per cent of total outstanding credit respectively. Table 3 shows the outstanding loans and advances, and percentage shares by sectors.

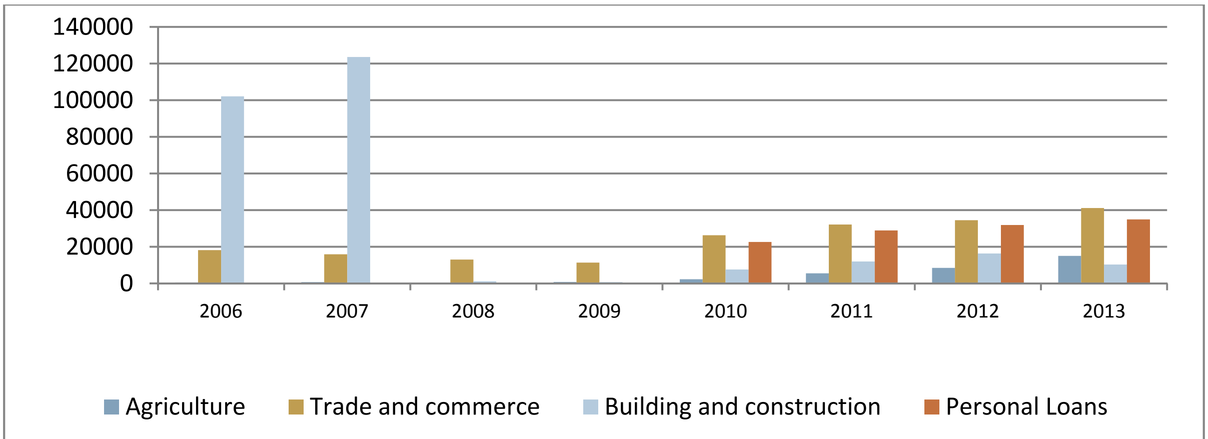
Table 3 Commercial banks' outstanding loans and advances by sector

	Private sector credit (UGX billions)					Private sector credit (per cent of total)				
	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13
Agriculture	163.11	292.60	423.44	437.08	561.95	4.50	6.40	6.50	6.10	7.30
Mining and quarrying	10.70	37.53	19.35	31.09	27.48	0.30	0.80	0.30	0.40	0.40
Manufacturing	549.30	618.46	920.12	1002.99	1103.16	15.20	13.60	14.10	13.90	14.40
Trade	746.64	869.96	1398.17	1565.83	1558.69	20.60	19.20	21.50	21.70	20.30
Transport	210.50	353.70	506.45	474.40	444.65	5.80	7.80	7.80	6.60	5.80
Electricity and water	22.79	52.49	60.91	74.38	112.37	0.60	1.20	0.90	1.00	1.50
Building and construction	595.40	845.28	1336.58	1681.51	1785.31	16.40	18.60	20.50	23.30	23.30
Personal and household loans	794.24	961.88	1032.37	1112.00	1056.15	21.90	21.20	15.80	15.40	13.80
Total	3621.69	4538.97	6516.22	7208.52	7676.43	100.00	100.00	100.00	100.00	100.00

Source: Bank of Uganda

The trade and commerce sector continued to hold the biggest share of loans from credit institutions, at 32.1 per cent of total loans outstanding, followed by the personal and household sector with a share of 27.0 per cent as shown in Figure 6.

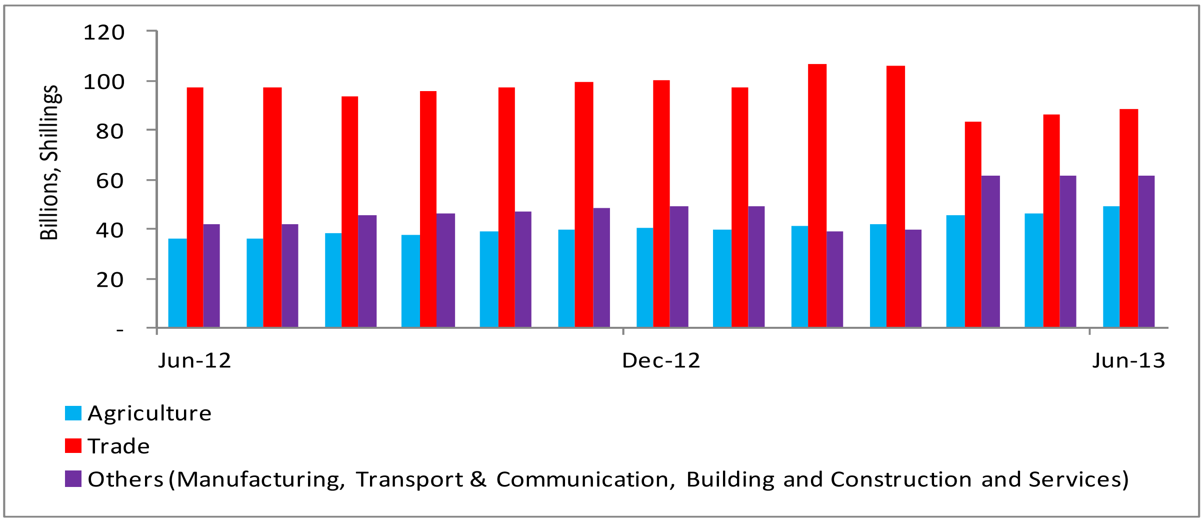
Figure 6 Credit Institutions' outstanding loans and advances by sector (Shilling millions)



Source: Bank of Uganda

Lending by microfinance deposit taking institutions (MDIs) is mostly geared towards trading and agricultural economic activities. The trade and commerce sector accounted for the biggest share of MDIs' credit, at 44.4 per cent of total outstanding loans by end-June 2013, followed by the agricultural sector, with a share of 24.6 per cent of total credit. The rest of the economy shared the remaining 31.0 per cent of total credit. Figure 7 shows the evolution of MDIs' credit to various sectors from June 2006 to June 2012.

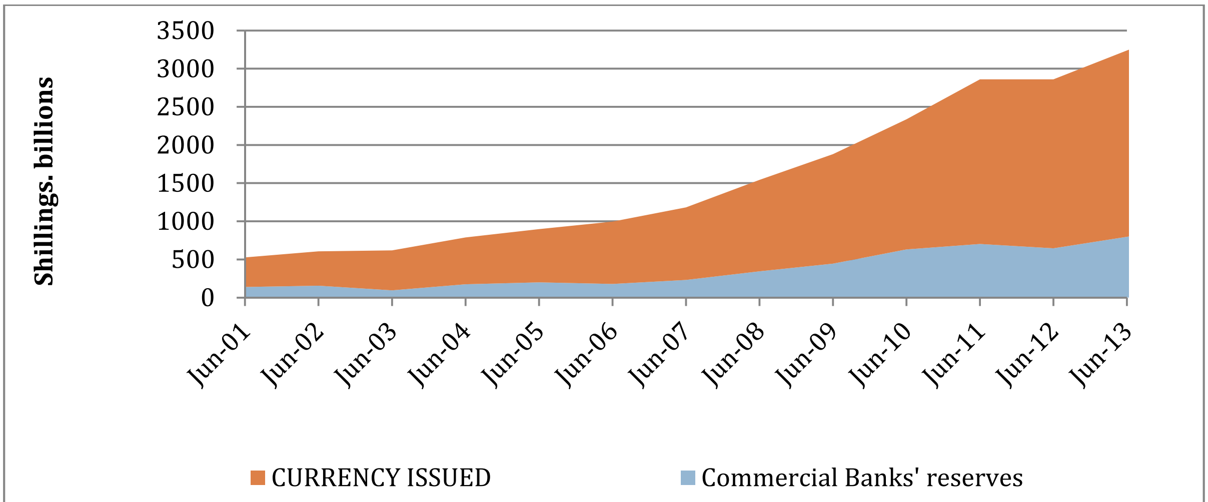
Figure 7 MDI's outstanding loans and advances by sectors



5.3.4 MONETARY AGGREGATES

In line with the easing of the monetary policy stance in 2012/13, base money, which is composed of commercial banks' deposits at the central bank plus currency in circulation, grew by 17.5 per cent on an annual basis, compared to 1.5 per cent growth in 2011/12. The growth in base money mostly arose from the deposits of commercial banks, which grew by 34.5 per cent. In addition, currency in circulation (CIC) grew by 11.3 per cent. In the previous financial year, commercial banks' deposits and CIC registered much lower growth of 0.7 per cent and 3.9 per cent respectively following the implementation of a tight monetary policy stance by the BoU.

Figure 8 Components of base money (shilling billions)



Source: Bank of Uganda

The monetary aggregates M1 and M2 grew by 18.5 per cent and 15.7 per cent in 2012/13 compared to declines of 5.7 per cent and 4.2 per cent in the previous year when the BOU pursued a tight monetary policy stance. The rise in monetary aggregates during the year was largely due to a rise in shilling denominated demand, time and savings deposits. M3 also grew by 6.6 per cent in the year to June 2013, lower than the growth of 7.2 per cent registered in the previous year mainly on account of a 12.9 per cent fall in foreign currency deposits.

5.4 PERFORMANCE OF THE DOMESTIC FINANCIAL SECTOR

The financial sector was healthy and registered strong profits in 2012/13, in part because of high interest margins. Non-performing loans edged up slightly for commercial banks but banks' capital positions remained very strong; core capital for the entire banking system stood at 18.8 per cent of risk-weighted assets in June 2012.

5.5 ECONOMIC ACTIVITY

5.5.1 GLOBAL ECONOMIC ACTIVITY

5.5.1.1 Global economic growth

Global economic indicators have been somewhat mixed in 2012/13. In July 2013, the International Monetary Fund (IMF) revised its forecasts for world growth in 2013 downward to slightly above 3 per cent (Table 4). The downward revision is driven to a large extent by weaker domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the euro area. However, global growth is forecast by the IMF to rise to 3.8 per cent in 2014.

Table 4 IMF World Economic Outlook Projections (annual per cent change)

	January 2013		April 2013		July 2013	
	2013	2014	2013	2014	2013	2014
World	3.5	4.1	3.3	4.0	3.1	3.8
Advanced economies	1.4	2.2	1.2	2.2	1.2	2.1
U.S.A	2.0	3.0	1.9	3.0	1.8	2.8
Euro Area	-0.2	1.0	-0.3	1.1	-0.6	0.9
Japan	1.2	0.7	1.6	1.4	2.0	1.3
UK	1.0	1.9	0.7	1.5	0.9	1.5
Emerging market and developing countries	5.5	5.9	5.3	5.7	5.0	5.4
China	8.2	8.5	8.0	8.2	7.8	7.7
India	5.9	6.4	5.7	6.2	5.6	6.3
Brazil	3.5	4.0	3.0	4.0	2.5	3.2
Sub-Saharan Africa	5.8	5.7	5.6	6.1	5.1	5.9
South Africa	2.8	4.1	2.8	3.3	2.0	2.9

Source: IMF WEO Update July 2013

Growth in the United States is projected to rise from 1.8 per cent in 2013 to 2.8 per cent in 2014. Private demand should remain solid, given rising household wealth owing to the housing recovery, and still supportive financial conditions.

The euro area will remain in recession in 2013, with activity contracting by 0.6 per cent. Growth will rise to just less than 1.0 per cent in 2014, weaker than previously projected.

Growth in emerging market and developing economies is now forecast at 5 per cent, 0.3 percentage points lower than in the April 2013 World Economic Outlook. This embodies weaker prospects across all regions.

The outlook for many commodity exporters (including those among the BRICS) has also deteriorated due to lower commodity prices. Growth in sub-Saharan Africa will be weaker, as some of its largest economies such as Nigeria and South Africa struggle with domestic problems and weaker external demand. Growth in some economies in the Middle East and North Africa remains weak because of the difficult political and economic transitions.

5.5.1.2 Global trade

In 2012, growth in world trade was slower than in 2011 and this weakness spilled over into the early months of 2013. The slow growth in trade was due to the dismal performance in developed economies in the second quarter of 2012 when exports increased by 1.0 per cent, while imports declined by 0.1 per cent.

Exports from developed countries grew at a slower rate than the world average at 1 per cent, while exports from developing economies grew at a faster rate of 3.3 per cent. Imports by developed economies declined by 0.1 per cent while imports by developing economies increased by 4.6 per cent.

Following the Libyan civil war which saw a decline in exports of 8.5 per cent in 2011, Africa's exports rebounded in 2012 to record growth of 6.1 per cent, the fastest growth of all regions in the world. African imports grew at 11.3 per cent in 2012.

Table 5 Merchandise trade volume growth by region, 2010-12 (annual % change)

	EXPORTS			IMPORTS		
	2010	2011	2012	2010	2011	2012
World	14.1	5.2	2.1	13.6	5.1	1.9
North America	15	6.6	4.5	15.7	4.4	3.1
United States	15.4	7.1	4.1	14.8	3.8	2.8
South and Central America[a]	5.2	6.1	1.4	22.7	12	1.8
Europe	11	5.5	0.6	9.4	2.8	-1.9
European Union (27)	11.7	5.7	0.3	9.1	2.4	-2
Commonwealth of Independent States (CIS)	6.1	1.8	1.6	18.8	17.1	6.8
Africa[b]	5.4	-8.5	6.1	8.1	4.5	11.3
Middle East	7.5	5.5	1.2	8.2	5.1	7.9
Asia	22.7	6.4	2.8	18.2	6.7	3.7
China	28.1	8.8	6.2	22	8.8	3.6
Japan	27.5	-0.6	-1	10.1	4.3	3.7
India	25.7	15	-0.5	22.7	9.7	7.2
Newly industrialized economies (4)	20.9	7.8	1.6	17.9	2.7	1.5
Memo: Developed economies	13.1	5.1	1	10.7	3.1	-0.1
Memo: Developing and CIS	15.3	5.4	3.3	18.2	8	4.6

Source: WTO

5.6 DOMESTIC ECONOMIC ACTIVITY

5.6.1 DOMESTIC ECONOMIC GROWTH

Real GDP growth increased to 5.1 per cent in the financial year 2012/13, which presents a strong rebound from the 2011/12 slowdown, when GDP growth was only 3.4 per cent. In terms of GDP by expenditure, exports and investment were the main contributors to growth during 2012/13 (Table 6). Real exports grew by 18.6 per cent, compared to 15.6 per cent in the previous financial year. In contrast, real import growth was comparatively weak in 2012/13, due to subdued domestic demand. In real terms, imports contracted by 2.5 per cent in 2012/13, compared to an expansion of 8.6 per cent in 2011/12. Machinery and equipment purchases drove investment growth, expanding by 9.1 per cent in 2012/13, while construction expenditure grew by 9.0 per cent over the year. Real private consumption declined by 1.4 per cent in 2012/13, in sharp contrast to the 6.1 per cent expansion in 2011/12.

Table 6 GDP expenditure (percentage change, constant prices)

	2008/09	2009/10	2010/11	2011/12	2012/13
Total GDP at market prices	**7.3**	**5.9**	**6.6**	**3.4**	**5.1**
Final consumption expenditure	12.2	10.0	8.2	3.4	-1.3
Household final consumption expenditure	13.6	11.0	8.4	6.1	-1.4
Government final consumption expenditure	3.7	3.7	7.4	-15.4	-0.6
Gross capital formation	6.8	9.9	10.3	3.0	9.0
Fixed capital formation	6.9	9.9	10.3	3.0	9.0
Net exports	66.3	50.2	23.2	2.5	-23.1
Exports	2.3	-23.7	0.5	15.6	18.6
Goods, fob	-4.9	-35.4	-3.0	6.6	24.5
Services	37.3	15.7	7.1	30.9	10.4
Imports	16.9	0.2	11.5	8.6	-2.5
Goods, fob	16.1	-7.7	8.2	7.0	-5.7
Services	19.3	23.6	18.7	11.7	3.8

Source: Bank of Uganda

5.6.2 SECTORAL GROWTH

Growth accelerated across all sectors in 2012/13; the industrial, services and agricultural sectors grew by 6.8 per cent, 4.8 per cent and 1.4 per cent respectively in 2012/13.

Growth in financial services reached 14.5 per cent over the current financial year. However, it was the public administration and defence subsector that was most responsible for service sector expansion, growing by 19.0 per cent during the financial year.

Annual industrial GDP growth increased by 4.3 percentage points to 6.8 per cent in 2012/13. The increase was largely driven by the manufacturing, electricity and construction subsectors, which grew by 4.2 per cent, 10.0 per cent and 8.2 per cent respectively during the year.

Overall, the services sector contributed 2.5 percentage points to the 5.1 per cent annual growth figure, the industrial sector contributed 1.7 percentage points and the agricultural, forestry and fishing sector contributed 0.2 percentage points, whilst adjustments to Financial Intermediation Services Indirectly Measured (FISIM) and taxes contributed 0.7 percentage points to headline GDP growth. Table 7 presents the annual contributions to real GDP growth.

Table 7 GDP (Percentage contributions to real GDP in fiscal years)

	2009/10	2010/11	2011/12	2012/13
Total GDP at market prices	**5.9**	**6.6**	**3.4**	**5.1**
Agriculture, forestry and fishing	0.4	0.2	0.1	0.2
Industry	1.6	2	0.6	1.7
Services	4.2	4.2	1.9	2.5
Adjustments(FISIM and Taxes)	-0.3	0.3	0.7	0.7

Source: Uganda Bureau of Statistics

5.6.3 TRADING ON THE UGANDA SECURITIES EXCHANGE

Trading on the Uganda Securities Exchange (USE) increased in 2012/13. The All Share Index (ALSI), which measures the average price of shares traded at the USE, increased from 1,072 at the end of July 2012 to 1,676 at the end of May 2013, but fell in June to 1,481. As a result, the ALSI averaged 1,324 in 2012/13, compared to 930 in 2011/12. The increase in the ALSI may be attributed to the moderate pickup in domestic economic activity, which stimulated demand for investment in securities and consequently led to a rise in share prices. Table 8 and Figure 9 show the developments at the Uganda Securities Exchange.

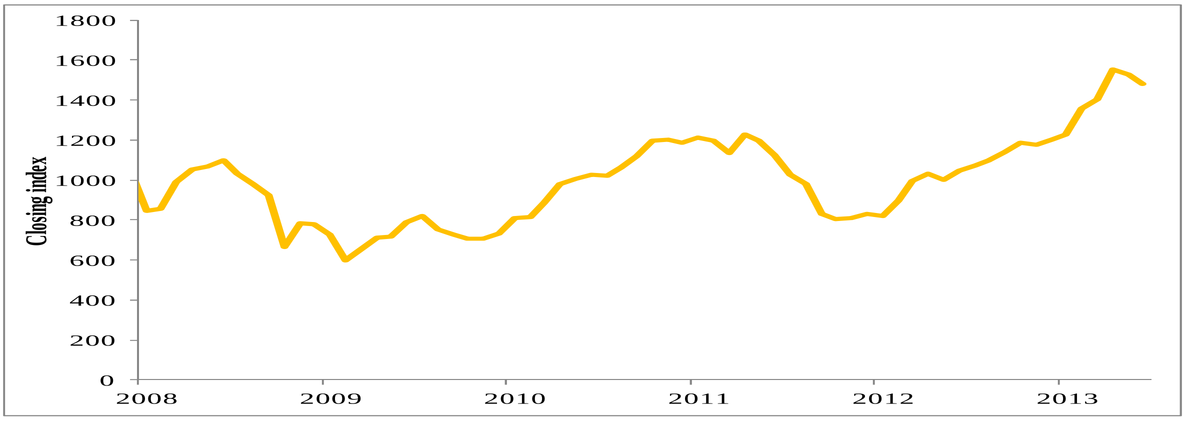
Table 8 Trading at the Uganda Securities Exchange

	2008/9	2009/10	2010/11	2011/12	2012/13
Volume of shares traded (millions)	142	179	182	137	1321
Turnover (UGX millions)	42015	31174	45765	21948	188755
Market capitalisation (UGX billions)	5576	7969	12543	11331	16738
All share index (End of period)	791	1024	1122	1047	1481
All share index (Financial year average)	797	818	1150	929	1324
Local company share index			234	215	230

Source: Uganda Securities Exchange

Similarly, market turnover also increased considerably from UGX 21,948 million in 2011/12 to UGX 188,755 million in 2012/13 and market capitalization increased by 48 per cent from UGX 11,331 billion to UGX 16,738 billion over the same period.

Figure 9 Evolution of the All Share Index



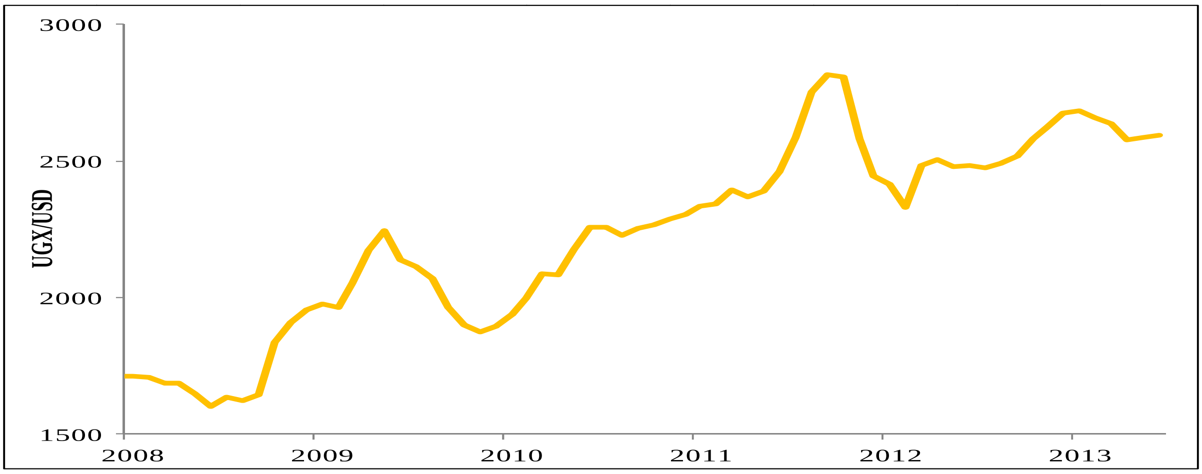
Source: Uganda Securities Exchange

5.7 EXCHANGE RATES AND BALANCE OF PAYMENTS

5.7.1 EXCHANGE RATES

The pace of depreciation of the Ugandan Shilling against the US dollar slowed considerably during 2012/13, as a result of improved export performance, weaker import demand and increased foreign direct investment (FDI). The Ugandan Shilling depreciated by only 1.3 per cent in 2012/13, compared to 10.1 per cent in 2011/12. The average bilateral exchange rate in 2012/13 was UGX 2,591 per US Dollar. At the start of the financial year, monthly depreciation pressures were very low; however, as donor budget support cuts were announced in October 2012, capital outflows led the emergence of depreciation pressures which peaked in January 2013. In the second half of the financial year, the exchange rare rebounded strongly, as shown in Figure 10.

Figure 10 Ugandan Shilling – US Dollar exchange rate

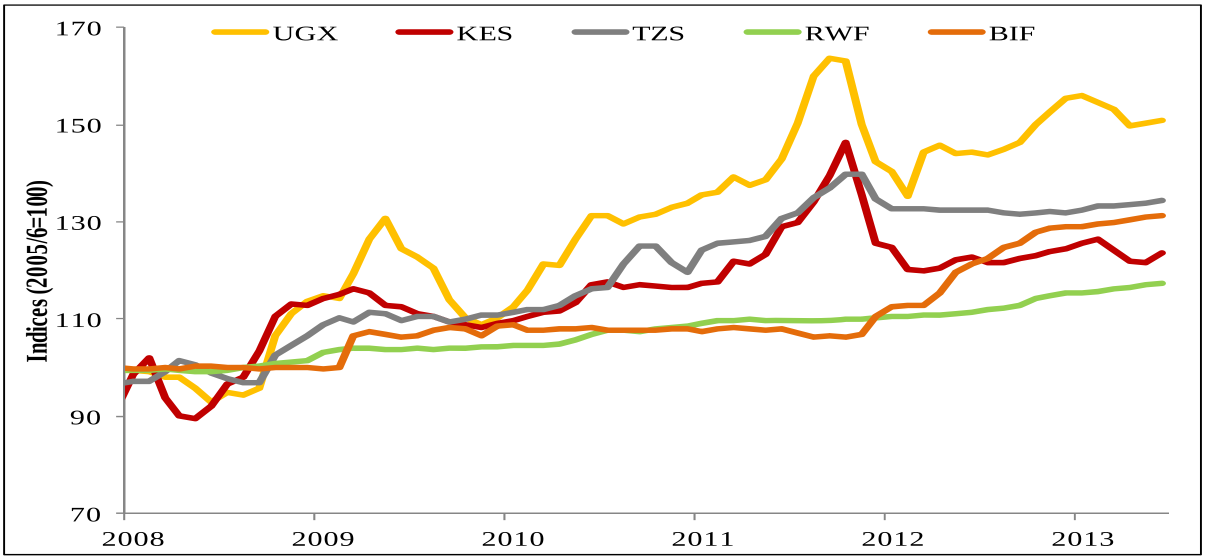


Source: Bank of Uganda

In line with the flexible exchange rate policy, the BoU intervened in the Interbank Foreign Exchange Market (IFEM) in order to dampen exchange rate volatility and stem the sharp appreciation of the exchange rate in the second half of 2012/13. Overall, the BoU's action in the IFEM during 2012/13 resulted in a net purchase of USD 500 million, which was higher than the net purchase of USD 318.5 million in the previous year.

In the EAC region, (Figure 11), the Burundi and Rwandan Francs depreciated, whilst the Kenyan and Tanzanian Shillings appreciated during 2012/13. In 2012/13, the Burundi franc depreciated more than any other regional currency (by 14.0 per cent), while the Rwandan franc depreciated by 4.0 per cent. Meanwhile, the Kenyan and Tanzanian Shillings appreciated by 3.9 per cent and 1.5 per cent respectively.

Figure 11 EAC bilateral exchange rate indices against the US Dollar

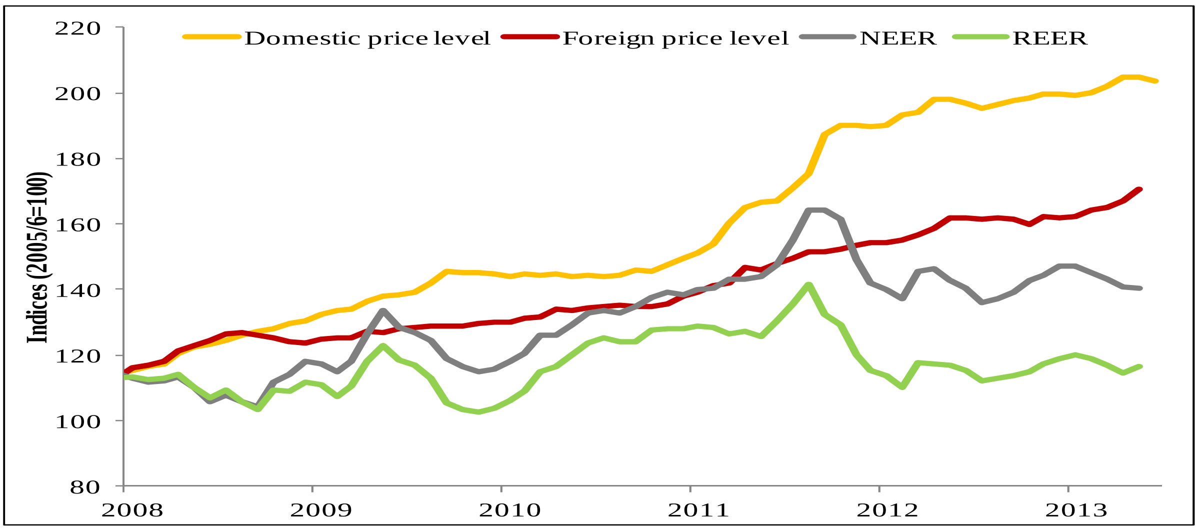


Source: Bank of Uganda

The Nominal Effective Exchange Rate (NEER), which measures the relative value of the Shilling against a trade-weighted basket of currencies of Uganda's major trading partners, appreciated by 4.7 per cent in 2012/13, compared to a depreciation of 6.5 per cent in 2011/12 (Figure 12). The NEER appreciation was largely on account of the Ugandan Shilling strengthening substantially against the Sudanese Pound, Indian Rupee, South African Rand, Japanese Yen and the Euro, which in total contributed 5.8 percentage points to the NEER appreciation. The Shilling was relatively stable against the British Pound over the year.

The Real Effective Exchange Rate (REER) is derived by adjusting the NEER for inflation differentials between Uganda and its trading partners. Changes in the REER affect the competitiveness of Uganda's domestic traded goods. The REER appreciated by 5.0 per cent in 2012/13, compared to 4.0 per cent in 2011/12, which indicates that Uganda's external competitiveness was weakened by the combination of nominal exchange rate movements and inflation differentials.

Figure 12 Trend in the real effective exchange rate and its components



Source: Bank of Uganda

5.8 BALANCE OF PAYMENTS

5.8.1 BALANCE OF PAYMENTS

Preliminary estimates of the external sector position showed an overall balance of payments surplus of US$250.3 million (Table 9). This was on account of improvements in both the current account and the capital and financial account.

5.8.1.1 Current Account

The current account deficit, excluding official grants, narrowed to 9.1 per cent of GDP during the year under review, from a deficit of 13.9 per cent of GDP recorded in 2011/12. The improvement in the current account balance resulted largely from a lower trade deficits. The trade deficit fell by 24.7 per cent, from US$2,604.1 million in 2011/12 to US$1,960.8 million in 2012/13.

Export earnings rose strongly in 2012/13. Non-coffee formal exports registered an increase of 9.5 per cent in value terms. The services deficit narrowed by 16.4 per cent to US$365.7 million in 2012/13 from US$437.2 million recorded in 2011/12, as a result of higher receipts from travel services and lower payments for freight services.

However, the deficit on the income account worsened to US$547.4 million in 2012/13 from US$475.2 million in 2011/12. Income outflows increased by 11.0 per cent mainly on account of FDI outbound payments and increased interest payments on public debt.

Net current transfers were estimated at US$1,138.9 million during 2012/13 – 17.6 per cent less than the US$1,382.7 million recorded in the previous fiscal year, as a result of a cut in donor funds.

5.8.1.2 Capital and Financial Account

The capital and financial account recorded a surplus of US$2,332.3 million in 2012/13 compared to a surplus of US$2,511.9 million in 2011/12. There was a reduction in direct investment flows of US$335.7 million. However, the other investment category recorded an increase of US$487.0 million during the year mainly on account of financing from commercial banks' foreign assets holdings in addition to higher loan disbursements to government.

During 2012/13, BOU's foreign exchange reserves, excluding valuation changes increased by about US$242.2 million. The stock of reserves amounted to US$2.93 billion as at end June 2013, representing 4.1 months of import cover.

Table 9 Summary of the balance of payments

	2008/09	2009/10	2010/11	2011/12	2012/13
A: Current Account Balance (A1+A2+A3)	-1,257.31	-1,550.34	-1,812.23	-2,133.83	-1,735.01
A1. Goods Account(Trade Balance)	-1,845.82	-1,799.54	-2,382.71	-2,604.13	-1,960.82
a) Total Exports (fob)	2,216.40	2,317.30	2,297.77	2,660.41	2,940.97
b) Total Imports (fob)	-4,062.22	-4,116.84	-4,680.48	-5,264.54	-4,901.79
A2. Services and Income	-746.34	-868.37	-1,019.83	-912.42	-913.04
Services Account (net)	-440.29	-531.74	-683.59	-437.22	-365.65
Income Account (net)	-306.05	-336.63	-336.25	-475.19	-547.39
A3. Current Transfers	1,334.84	1,117.57	1,590.32	1,382.72	1,138.85
Inflows	1,754.00	1,478.12	1,848.29	1,582.79	1,264.64
Outflows	-419.15	-360.54	-257.97	-200.07	-125.78

B. Capital and Financial Account Balance (B1+B2)	1,245.48	1,559.59	936.97	2,511.93	2,332.31
B1. Capital Account (Transfers)	0.00	0.00	0.00	17.60	32.74
B2. Financial Account; excluding financing items	1,245.48	1,559.59	936.97	2,494.34	2,299.57
Direct Investment	785.22	690.66	717.52	1,511.91	1,176.20
Portfolio Investment	-34.70	-31.26	2.10	263.57	-70.85
Financial Derivatives	6.35	-5.34	-2.74	12.32	0.59
Other Investments	488.62	905.54	220.09	706.53	1,193.63
C. Errors and Omissions	-33.87	201.63	294.05	368.45	-347.02
D. Overall Balance (A+B+C)	-45.70	210.89	-581.22	746.55	250.29
E. Reserves and related Items	45.70	-210.89	581.22	-746.55	-250.29
Reserve Assets[1]	61.27	-198.27	584.82	-741.09	-242.18
Note:					
[1] sign (-): increase in reserves, sign(+): decrease in					
Source: Bank of Uganda					

5.9 INTERNATIONAL INVESTMENT POSITION

Uganda's position as a net debtor increased by 17.3 per cent from *negative* US$9,089.2 million at end June 2012 to *negative* US$10,664.5 million as at end June 2013. The net increase in liabilities of US$ 1,575.3 million was largely as a result of an increase in foreign direct investment and other investment liabilities amounting to negative US$ 1,175.7 million and US$ 816.3 million, respectively. The impact of these increases was however, partly offset by an increase in the stock of reserve assets of US$285.5 million.

5.9.1 FOREIGN LIABILITIES

Uganda's stock of foreign liabilities amounted to US$ 15,137 million, up 14.4 per cent from US$ 13,231.7 million at end June 2012, resulting from net foreign flows amounting to US$ 1,906 million. Of the total foreign liabilities, the stock of foreign direct investment in Uganda amounted to US$ 8,709.5 million, accounting for 57.5 per cent of total liabilities. The bulk of the foreign direct investment stock was in the form of equity capital and reinvested earnings.

Portfolio investment liabilities to non-residents amounted to US$353.2 million, of which 55.2 per cent consisted of equity securities. This stock of portfolio liabilities decreased by 19.6 per cent from US$439.5 million recorded at end June 2012; mainly on account of a US$72.8 million decline in debt securities.

Other investment liabilities increased by 15.5 per cent to US$ 6,074.5 million as at end June 2013. The stock of other investment liabilities was mainly in the form of loans amounting to US$5,253.1 million and comprised of US$3,825.2 million owed by government and US$1,423.4 million owed by the private sector.

5.9.2 FOREIGN ASSETS

The stock of assets amounted to US$4,472.8 million at end June 2013, up from US$4,142.5 million at end June 2012. Reserve assets dominated the foreign assets contributing 65.5 per cent of the total. Total reserve position went up by 10.8 per cent, from US$ 2,643.8 million at end June 2012 to US$ 2,929.3 million at end June 2013.

Other investment in the form of currencies and deposits abroad accounted for 34.2 per cent of the total assets, amounting to US$ 1,526.0 million at end June 2013. Foreign direct investment, portfolio investment and financial derivatives assets abroad remained negligible.

5.10 INFLATION

5.10.1 GLOBAL INFLATION

Global inflation remained well contained throughout 2012/13. Inflation continued to ease in emerging market economies, but was higher than in advanced economies. From January 2013 to May 2013, monthly annualised inflation in China and Brazil averaged 2.4 per cent and 6.4 per cent respectively, which presents a continuation of the disinflation trend experienced in 2012 since the oil and food price shocks of 2011. However in India, monthly annualised inflation has increased to an average of 11.2 per cent over the year to date, from 8.9 per cent in 2011 as a result of domestic demand shocks. The IMF projects that inflation in emerging market and developing economies will average 5.9 per cent in 2013, unchanged from the 2012 estimate.

In advanced economies, inflation remains subdued due to low inflation expectations, weak aggregate demand and low international commodity prices. In April 2013 and May 2013, high-income country inflation appeared to stabilise following a steep decline in earlier months. Annualised inflation in the Euro Zone, US and United Kingdom (UK) declined to an average of 1.6 per cent, 1.5 per cent and 2.7 per cent respectively over the first 5 months of 2013, from respective average rates of 2.5 per cent, 2.1 per cent and 2.8 per cent in 2012. Japan experienced deflation of 0.6 per cent on average in the first five months of 2013, which is deterioration from the deflation rates of 0.3 per cent experienced in 2011 and 0 per cent in 2012. However, the Bank of Japan's monetary stimulus program is expected to raise inflation to a target of around 2 per cent in the medium term. Table 10 presents some global inflation developments.

Table 10 Consumer price inflation developments

	Brazil	India (CPI)	China	United Kingdom	United States	Euro Area (17 Countries)
2007/08	4.6	6.6	7.1	2.4	3.7	3.0
2008/09	5.9	9.4	1.4	3.5	1.4	1.8
2009/10	4.7	13.5	1.1	2.6	1.0	0.7
2010/11	5.7	9.3	4.7	3.8	2.0	2.2
2011/12	6.2	8.7	4.4	3.9	2.9	2.7
2012/13	5.9	10.3	2.2	2.6	1.7	2.0

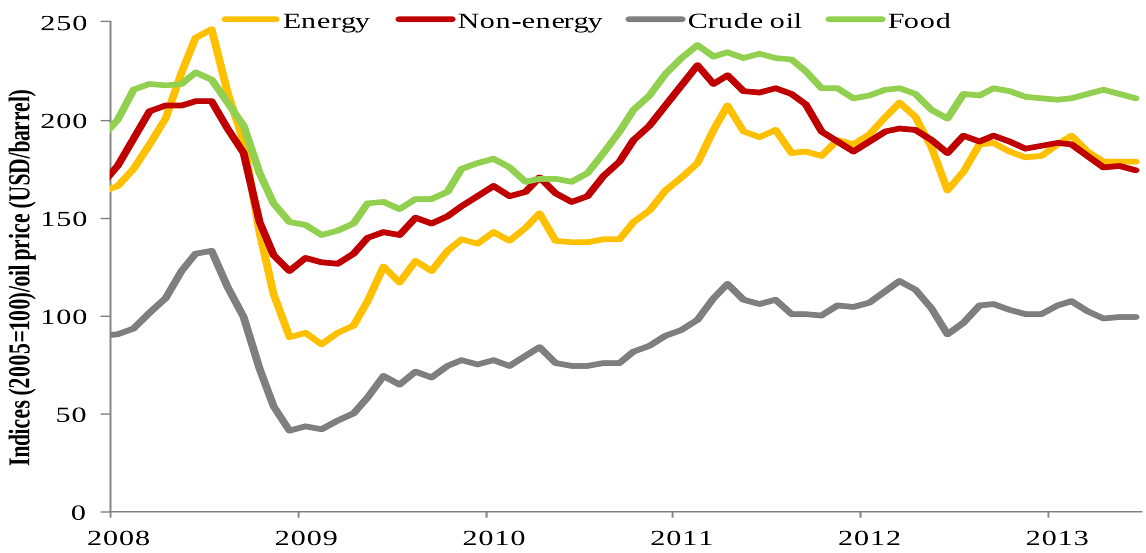
Source: OECD Statistics & Eurostat

The IMF asserts that central bank successes in delivering low and stable inflation over the past decade has better anchored inflation expectations, and thus enabled the prevalence of low inflation, especially in advanced economies. Subdued inflation provides central banks around the world with room to support economic activity.

5.10.1.1 Commodity prices

In 2012/13, commodity prices declined somewhat, but remained elevated compared to their historical trend, as indicated in Figure 13.

Figure 13 Commodity price developments



Source: World Bank Statistics

The average price of Brent crude oil and the overall average price of crude oil declined by 3.6 per cent and 2.7 per cent respectively in 2012/13, relative to the 2011/12 price; Brent crude oil and the overall average price of crude oil averaged US$ 108.0/barrel and US$ 99.7/barrel respectively in 2012/13. The demand for oil is weak, on account of subdued global economic activity, whilst oil supply has expanded, particularly in non-OPEC countries, which has resulted in falling global oil prices. Brent crude oil price fell further to average US$ 103.0/barrel in April 2013, as global economic growth forecasts were revised downwards. The IMF projects that the average price of crude oil will decline by 2.3 per cent over 2013, compared to the increase of 1.0 per cent experienced in 2012.

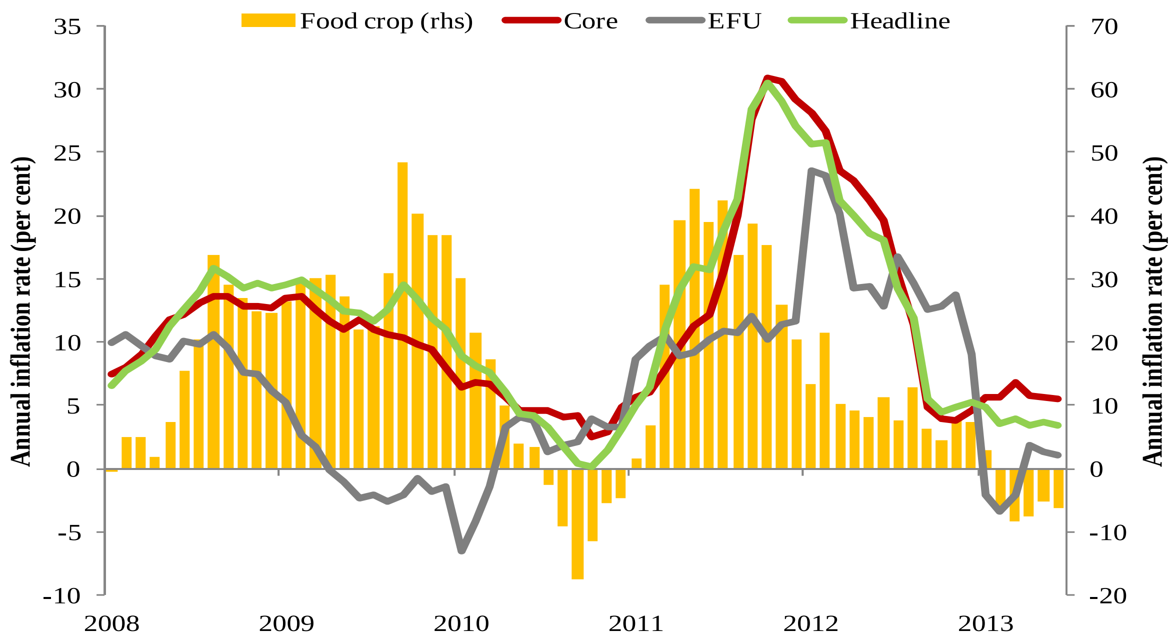
Finally, average food prices picked up marginally in 2012/13, to an annual inflation rate of 0.3 per cent; however this resembles a considerable increase upon the food price deflation of 6.9 per cent experienced in 2011/12. One of the largest drivers of global food price inflation stems from shocks to New Zealand's dairy output.

5.10.2 DOMESTIC INFLATION

5.10.2.1 Consumer prices

Over the current financial year, both core and headline annual inflation remained slightly above the BoU's target of 5 per cent, albeit far below the outturn for the previous financial year. Inflation fell as a result of weak domestic demand, improved food supply and a stable exchange rate. In addition, food crops and energy, fuel and utilities (EFU) prices exerted considerable disinflationary pressures and caused annual headline inflation to fall more than one percentage point below the annual core inflation during much of 2013. Whereas annual core inflation fell by 18.0 percentage points from 24.6 per cent in 2011/12 to 6.5 per cent in 2012/13, annual headline inflation fell by 17.9 percentage points from 23.5 per cent to 5.6 per cent over the same period. Figure 14 presents annual inflation developments.

Figure 14 Annual inflation developments



Source: Uganda Bureau of Statistics

The fall in annual headline inflation over the financial year was almost entirely driven by food and EFU prices; EFU inflation fell by 8.6 percentage points to 6.0 per cent in 2012/13, from 14.6 per cent in 2011/12, while annual food inflation fell by 29.6 percentage points to minus 0.6 per cent in 2012/13, down from 29.0 per cent in 2011/12. Favourable climatic conditions have benefitted harvests and thus improved overall food supply to markets and established minimal food crops inflation. Developments in annual consumer price inflation are shown in Table 11.

Table 11 Annual inflation developments

	2008/09	2009/10	2010/11	2011/12	2012/13
Headline inflation	14.1	9.4	6.5	23.5	5.6
Core inflation	12.7	7.8	6.3	24.6	6.5
EFU inflation	4.7	-1.0	6.0	14.6	6.0
Food inflation	27.9	16.1	8.9	29.0	-0.6
Non-food inflation	8.9	6.7	5.7	20.3	8.9

Source: Uganda Bureau of Statistics

While annual headline and core inflation remain subdued, the drought which has affected parts of Uganda may lead to upward pressure on food prices in 2013/14 which in turn may push up core inflation. However, given that domestic demand is still quite subdued, the prospects of sustained pass through of food inflation to the general price level are small; hence inflation is expected to fall back towards the policy target of 5 per cent annual core inflation over the in the medium-term.

5.10.2.2 Producer prices

Annual producer price inflation decreased from 24.5 per cent in 2011/12 to minus 0.5 per cent in 2012/13, as shown in Table 12 and Figure 15.

Table 12 Developments in producer price inflation

	2010/11	2011/12	2012/13	Jan 13	Feb 13	Mar 13
All Manufactured Products	18.5	24.5	-0.5	0.6	3.4	3.0
Food products	25.2	26.9	-1.1	-1.1	3.7	5.2
Drinks and tobacco	12.7	16.8	0.9	6.8	11.1	6.5
Textiles, clothing and footwear	15.4	106.0	4.1	-2.7	-1.7	-1.7
Paper products	8.6	17.5	-3.8	-2.4	-2.1	-3.0
Chemicals, paint, soap & foam products	24.2	21.5	0.2	5.8	3.9	2.4
Bricks & cement	2.6	20.5	3.4	2.9	3.0	1.1
Metal & related products	11.1	20.7	-1.7	-1.0	-1.0	-2.1
Miscellaneous products	6.2	20.4	4.0	2.7	3.2	3.2

* 2012/13 data ends in Q3 only.

Source: Uganda Bureau of Statistics

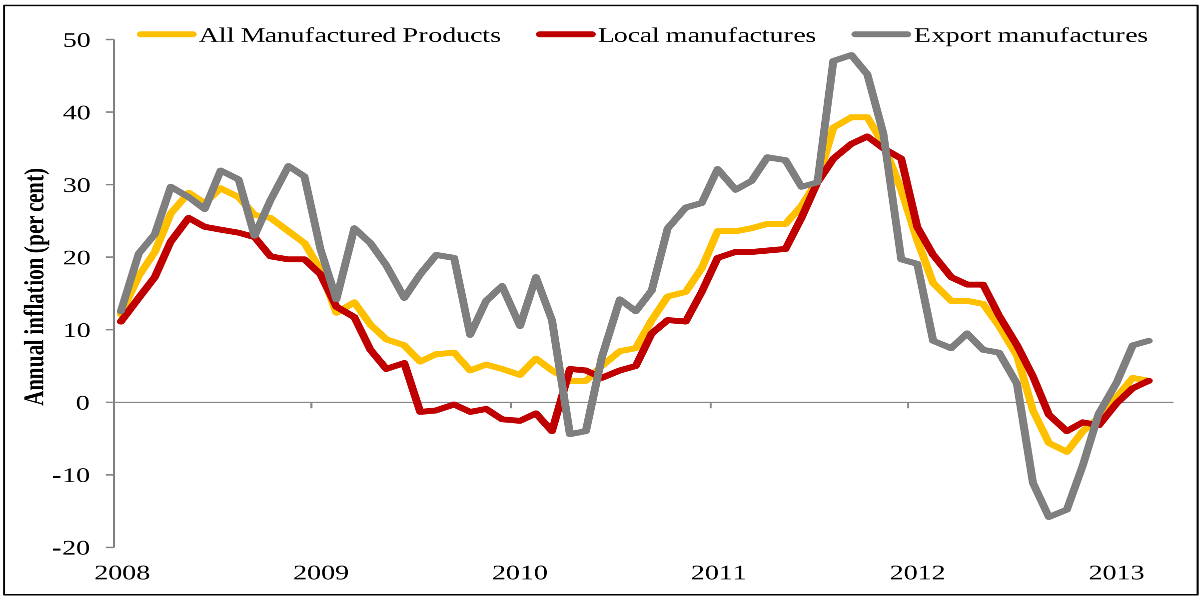
5.11 ECONOMIC OUTLOOK

5.11.1 GLOBAL ECONOMIC AND FINANCIAL MARKETS OUTLOOK

Global growth will recover from slightly above 3 per cent in 2013 to 3.8 per cent in 2014, some 0.25 per cent weaker for both years than earlier projected. The downward revision of the global growth is largely driven by weaker domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the euro area.

The outlook for many commodity exporters has also deteriorated due to lower commodity prices. Growth in sub-Saharan Africa is expected to be weaker, as some of its largest economies struggle with domestic problems and weaker external demand. Growth in some economies in the Middle East and North Africa remains weak because of difficult political and economic transitions. Risks of a longer growth slowdown in emerging market economies have now increased, due to protracted effects of domestic capacity constraints, slowing credit growth, and weak external conditions.

Figure 15 Annual producer price inflation



Source: Uganda Bureau of Statistics

Low inflationary pressures and weak economic activity has permitted expansionary monetary policy amongst the advanced economies. Withdrawal of the quantitative Easing (QE) program is expected to be gradual and therefore investors may be expected to keep seeking higher returns from emerging market and developing economies.

The positive interest rate differential between the advanced economies and emerging and developing economies, and the resultant portfolio inflows presents both an opportunity and a risk to Uganda. Portfolio inflows may be used to build foreign exchange reserves and may improve the overall balance of payments position, but they also present a serious risk to exchange rate stability if an unexpected reversal occurs.

Given the uncertainty surrounding the global economy, the stability of the global financial sector remains a concern. Developments in the Euro Zone are likely to continue to remain a source of potential market risks. Furthermore, if advanced economies begin to unwind their current expansionary monetary policies, then there may be considerable adverse adjustment effects as the domestic banking system is forced to undergo tightened liquidity conditions.

5.11.2 GLOBAL INFLATION OUTLOOK

Inflation is expected to remain subdued over 2013 and 2014 largely on account of low commodity prices. The IMF projects that inflation in emerging market and developing economies will decline to 5.9 per cent in 2013 and 5.6 per cent in 2014. Meanwhile, in advanced economies the inflation outlook is benign; inflation in the Euro zone is projected to be 1.7 per cent in 2013 and 1.5 per cent in 2014 and in the US it is expected to be 1.8 per cent in 2013 and 1.7 per cent in 2014, whilst in Japan inflation is projected to pick up to 0.1 per cent in 2013 and 3.0 per cent in 2014.

Commodity prices are projected to remain low as supply conditions remain favourable. The IMF projects that oil and food prices will fall over the next two years; they project a decline in oil prices by 2.3 per cent in 2013 and 4.9 per cent in 2014, and a decline in food prices by 2.4 per cent in 2013 and 6.1 per cent in 2014. Oil prices are expected to fall as oil supply increases, particularly from non-OPEC sources. New oil production technology and increased use of alternative oil resources, such as shale oil and gas, have increased supply; furthermore, inventory stocks, particularly from the US, are expected to exert downward pressure on related prices. There are upside risks to oil prices however, arising from the geo-political tensions in Middle East and North African countries, whilst weather related shocks continue to threaten food prices.

The favourable global inflation outlook implies that imported inflation is expected to remain low in Uganda. However, the persistently weak current account balance could exacerbate exchange rate volatility and trigger depreciation pressures throughout 2013/14, which in turn could be passed through to consumer prices.

5.11.3 DOMESTIC ECONOMIC OUTLOOK

Economic growth in 2012/13 was estimated at 5.1 per cent rising from 3.4 per cent in 2011/12. Real GDP growth over the year was driven mainly by growth of the industrial and services output, as the agricultural output increased only modestly. In terms of expenditure, economic growth was driven by net exports and investment as private consumption continued to be weak.

Output growth is projected to recover in 2013/14, increasing to about 6 per cent. However, it is unlikely that exports will continue to boost growth since the projected slow growth in the global economy will constrain export demand. On a positive note, increased government expenditure on infrastructure in FY 2013/14 may help boost economic growth going forward, but on the downside, much of this expenditure will be on imports, which will have a minimal impact on aggregate demand in the near term.

The positive results of monetary easing implemented by the BoU since February 2012 are evident as reflected in the rebound of economic activity. Growth in monetary aggregates continued to pick-up, driven largely by growth in net foreign assets (NFA). The recovery in private sector credit (PSC) growth nonetheless remained constrained.

The BOU estimates that headline inflation will edge-up slightly in the near term reflecting the effect of prolonged drought on food production. However, the impact of the drought is expected to be temporary as the 12-months ahead forecasts indicate that inflation will stabilise around the BOU's target of 5 per cent. The adverse weather condition, particularly drought is expected to keep food prices elevated in the next 3 – 6 months. However, the return of favourable rains as indeed forecast should boost domestic food production, which will in turn keep food price inflation suppressed. Once the effect of the drought on food prices dissipates, annual headline inflation is expected to fall back towards the BOU target of 5 per cent.

6 FINANCIAL SECTOR DEVELOPMENTS

During the year to June 2013, the Bank's monetary and financial policies continued to support the development of financial and money markets, particularly Government securities. Bank of Uganda issued securities for fiscal operations in T-Bills that consisted of 91-, 182-, and 364-day instruments and T-Bonds in 2, 3, 5, and 10 year instruments. For its Open Market Operations, the Bank issued Repo and reverse Repos consisting maturities of up to 14 days and Deposit auctions of 30- and 60-days. The T-bills and T-bonds previously issued as liquidity management tools for sterilizing structural liquidity injected into the economy by fiscal operations arising out of donor funded budget and project support to the Government were this time around largely issued for financing government programmes and projects.

6.1 PRIMARY DEALER SYSTEM REFORMS

The Primary Dealer (PD) System has been in place since February 2003. The system comprises of two components namely; incentives to motivate the Primary Dealers to achieve policy objectives and obligations that have to be performed by the Primary Dealers. In January 2005, the Bank of Uganda launched the monthly Award for the Primary Dealer of Government Securities. The results of this monthly award are used to determine the winner of the Award for the Primary dealer of Government Securities for the year (Table 13). These two awards have promoted the awareness of the public regarding Primary Dealers and the services they provide to investors in Government securities. Many of the PDs have included performance in the Primary Dealer awards as part of their overall corporate performance objectives. This explains the excellent performance and high competition among the PDs since the inception of the system in 2005.

Table 13 Winners for Primary Dealers in Uganda Government Securities

Year	Bank
Year 2005	Standard Chartered Bank (U) Ltd
Year 2006	Barclays Bank (U) Ltd
Year 2007	DFCU Bank
Year 2008	Barclays Bank (U) Ltd
Year 2009	Standard Chartered Bank (U) Ltd
Year 2010	DFCU Bank
Year 2011	Stanbic Bank
Year 2012	Stanbic Bank

The PD system has resulted in remarkable improvements in market performance as reflected in substantial growth in auction oversubscriptions for Treasury bills, bonds and REPOs as well as increased secondary market activity over the years. There are a number of debt market reforms envisaged to be implemented in the FY 2013/14 to enhance the PD system including introduction of non-bank dealers, underwriting of Government securities by PDs, setting bond coupons during auctions and movement to yield-basis from price-basis bidding in primary auctions.

6.2 UPGRADE TO CENTRAL SECURITIES DEPOSITORY (CSD)

In order to keep in line with the increasing and dynamic market for government securities in Uganda, Bank of Uganda is in the final stages of implementing a customized off-the-shelf Central Securities Depository (CSD) with web-based user interface which is more operationally sound, secure, robust, reliable and efficient than the current system. Expected to be delivered in the first quarter of FY2013/14, the system, together with a number of other activities being implemented under the East African Community financial sector reforms, the financial sector is expected to develop sound and vibrant financial markets both in Uganda and the region and support efficient mobilization of resources necessary for economic diversification and sustainable growth.

6.3 REUTERS TRADE REPORTING PROJECT

Bank of Uganda together with the Thomson Reuters are in the final stages of installing an automated trading platform that will provide visibility of real time updates of interbank trades for both the domestic shillings market and foreign exchange market. User Acceptance Testing (UAT) was carried out with all publisher banks procuring the hardware and final installations of the Trade Reporting system were completed. The system, expected to go live in the first quarter of FY 2013-2014, will significantly improve information flow between Bank of Uganda and the commercial banks as well as enhance transparency in the markets.

6.4 DEVELOPMENTS IN THE RESERVE MANAGEMENT OPERATIONS

During the period under review, the Bank of Uganda continued to manage the foreign exchange reserves in line with the objectives of capital preservation, liquidity, and reasonable and consistent returns as stipulated in the foreign exchange reserves management policy framework that was approved by the Board of Directors.

Bank of Uganda reserve portfolio is divided into two portions: the internally managed and externally managed portfolios. The internally managed portfolio is mainly invested on short term (0-1 year) money market instrument while the externally managed portfolio is mainly invested in longer term (1-5 years) fixed income instruments. As at June 30, 2013, the internally managed portfolio amounted to USD 1,864 million while the externally managed portfolio stood at USD 1,036 million.

During 2012/2013, three fund managers- JP Morgan, Strategic Fixed Income and Goldman Sachs were allocated additional funds to the tune of USD 220 million. The external managers' benchmarks were reviewed and some emerging markets were approved with a view to increase returns in the prevailing low return environment. As a way to enhance returns and diversify the internally managed portfolio, the Bank acquired additional counterparties namely BNP Paribas, Bank of Montreal, Credit Suisse, Svenska. In addition, the Canadian Dollar (CAD) was approved as an additional investment currency for BOU.

The Bank implemented the installation and testing of the Portfolio Analytics Tool (PAT II) for the automation of fixed income trading under the World Bank Treasury's RAMP program. The tool will replace the current manual practice of excel spreadsheets and ensure efficient trading, performance measurement and valuation of the portfolio.

6.5 BANK SUPERVISION

6.5.1 ONSITE EXAMINATIONS

6.5.1.1 COMMERCIAL BANKS

In line with the mandate to ensure safety of depositors' funds and foster a sound financial system, the Bank conducted on-site examinations for all the twenty four (24) commercial banks as planned. The examinations entailed the review of inherent risks and assessment of the robustness of risk management systems to mitigate the key risks. Various recommendations were made to respective banks and their implementation is on-going.

The Bank revised the "Risk Based Supervision Manual" to incorporate current regulatory issues. The manual provides the framework for conducting on-site examinations of BOU Supervised Financial Institutions.

6.5.1.2 NON-BANK FINANCIAL INSTITUTIONS

The Bank conducted onsite examinations of two credit institutions, four MDIs and seventy one foreign exchange bureaus during the year. The reports were dispatched to the respective institutions.

As technical advisor to the Minister of Finance, Planning & Economic Development on NSSF, the Bank of Uganda conducted an onsite examination of NSSF.

6.5.2 OFF-SITE SURVEILLANCE

The Bank continued to perform off-site surveillance over commercial banks, Credit Institutions, Microfinance Deposit-taking Institutions, Foreign Exchange Bureaus and money remitters to assess their financial performance and compliance with laws as well as gain insight on the early warning indications of risks that may warrant and call for supervisory attention.

The Bank implemented a new off-site data-capture and analysis tool called the Bank Supervision Application (BSA version 3) to support data management, financial analysis, and monitoring of compliance with statutory requirements.

The Bank reviewed the benchmarks used for the assessment of commercial banks' and Credit institutions' performance to align them with regional and international best practices and these were approved by the Financial Stability Committee in March 2013.

Tripartite meetings involving commercial banks/Credit Institutions/MDIs, external auditors and Bank of Uganda were held to discuss and approve final annual accounts of those institutions for the year 2012 prior to publication in the print media.

6.5.3 RESOLUTION OF PROBLEM BANKS AND FOLLOW-UP EXAMINATIONS

The Bank closured the National Bank of Commerce Limited on September 27, 2012 and Pakasa Forex Bureau on June 12, 2013 and continues to handle post closure issues, in line with the relevant laws

The Bank conducted follow-up on-site examinations for sixteen (16) commercial banks and two non-bank financial institutions to ascertain the extent of implementation of supervisory directives by the respective supervised financial institutions.

6.5.4 FINANCIAL PRODUCT INNOVATIONS AND ROLLOUT

New electronic banking solutions such as internet banking developed by commercial banks to augment their service delivery channels as a cheaper alternative to setting up branches were reviewed and approved by BOU. In addition, Bank of Uganda approved the introduction of custodial and trustee services by banks and inspected premises for new branches and ATM locations. For the period July 01, 2012 to June 30, 2013, 38 branch premises and 43 Automated

Teller Machines were inspected and granted permission to commence operations bringing the total number of branches and ATMs in the industry to 504 and 719 as at June 30, 2013.

More requests for mobile money transfer business were reviewed and approved consequently expanding the scope of mobile money transfer services from MTN Uganda and Uganda Telecom (UTL) to further include Airtel, Warid Telecom Ltd. and Orange Telecom. Other mobile money transfer products approved included M-Cash and EzeeMoney.

6.5.5 REGULATORY FRAMEWORK

Bank of Uganda drafted amendments to the Financial Institutions (Foreign Exchange Business) Rules 2010, to provide the legal regime for dealing with foreign currency counterfeit notes. The amended Statutory Instrument was forwarded to the First Parliamentary Counsel for gazetting.

The Committee charged with harmonizing the regulatory approach of Tier 4 institutions worked together with the Ministry of Finance, Planning and Economic Development and finalized the principles on regulation of Tier 4 institutions. The principles were passed by Cabinet in May 2013.

6.5.6 LICENSING

The BOU licensed thirty five new Foreign Exchange Bureaus and six Money Remitters bringing the total number of forex bureaus to 226 as at June 30, 2013 compared to 191 at the end of June 2012. In addition, as a post financial year event, one application for a class 5 Credit Institution license was approved for Top Finance Bank Limited in July 2013.

6.5.7 CREDIT REFERENCE BUREAU

Following expiry of CompuScan CRB Ltd's exclusivity period as the sole provider of CRB services on September 30, 2012, Bank of Uganda signed an Agreement with Compuscan CRB Limited on the separation of the Financial Card System from the CRB and operations of the transition process.

Bank of Uganda submitted the draft Financial Institutions (Credit Reference Services) Regulations 2013 to the Minister of Finance, Planning and Economic Development for approval prior to the review by the First Parliamentary Counsel. The new regulations will improve the CRB, FCS services and strengthen the supervisory process in a CRB competitive environment.

As part of the on-going preparations to open the credit reference services to competition, Bank of Uganda with assistance from GIZ contracted a Biometric & Information Technology Consultant to study and analyse the current Financial Card System (FCS) and its processes. The Consultant has recommended and discussed with stakeholders' new value added requirements regarding the future structure of the FCS in a competitive environment prior to the re-tendering of the FCS.

6.5.8 DEPOSIT PROTECTION FUND

Bank of Uganda as the custodian of the Deposit Protection Fund (DPF) subscribed to the membership of the International Association of Deposit Insurers (IADI). The Bank of Uganda computed the annual premiums to the DPF for 2013 in respect of Commercial Banks, Credit Institutions and MDIs and the risk adjusted premiums to the DPF for institutions that scored marginal and unsatisfactory ratings.

6.5.9 FINANCIAL INCLUSION

Bank of Uganda continued to actively participate in financial inclusion initiatives and lead the financial literacy agenda. Stakeholder working group meetings were held, pilot testing of financial literacy materials and awareness sessions were conducted, summarized consumer protection guidelines were published in the print media and distributed to supervised financial institutions and the public, pilot consumer protection awareness workshops were subsequently held in Kampala, Masaka, Mbarara and Lira.

Mobile Money Guidelines were developed and submitted to the stakeholders for comment. Bank of Uganda facilitated the geo-mapping exercise for the locations of financial services outlets all over Uganda. This exercise was sponsored by M/s Bill and Melinda Gates foundation and the 3rd Finscope survey for Uganda is on-going.

The strategy on Financial Literacy for Uganda has been finalized and will be launched on August 16, 2013.

6.5.10 REGIONAL CO-OPERATION

The Bank participated in the on-going harmonization of laws, regulations and supervisory practices involving all the five EAC Central Banks and participated in EAC meetings of the Supervision and Financial Stability Sub-Committee.

6.5.11 FINANCIAL STABILITY ISSUES

6.5.11.1 STATUTORY INSTRUMENT INTRODUCING MACRO PRUDENTIAL POLICY INSTRUMENTS

Banks remained well capitalised in the year to June 2013 with the overall capital adequacy ratio increasing to 21.3 per cent from 18.3 per cent in the previous year. During 2012/2013, Bank of Uganda took steps to introduce Basle III additional capital requirements; the capital conservation buffer, countercyclical capital buffer and additional capital for systemically important banks; which will give Bank of Uganda additional tools to mitigate risk. In addition, the Bank of Uganda is working with Technical Assistance from the German Bundesbank and the International Monetary Fund (IMF) to develop models to track contagion and credit risks in the financial sector.

In line with the Basel III framework, Bank of Uganda revised the Financial Institutions (Enhancement of Minimum On-going Capital Requirements) Instrument 2012 and got approval from the Minister of Finance, Planning and Economic Development. The revised instrument was signed by the Governor and will soon be gazetted and will introduce three major measures;

i) Capital Conservation Buffer. In addition to the minimum capital adequacy ratios of 8per cent and 12per cent stipulated in Section 27(1) of the Financial Institutions Act 2004, financial institutions are required to hold a Capital Conservation Buffer of 2.5per cent over and above these minimum ratios to enable the institutions withstand future periods of stress. This will bring the minimum core capital to risk weighted assets and total capital to risk weighted assets requirements to 10.5per cent and 14.5per cent, respectively.
ii) Additional Loss Absorbency Capital Buffer for Systemically Important Financial Institutions (SIFIs). Commercial banks that are designated as SIFIs by Bank of Uganda shall be required to have additional loss-absorbency capital requirement of 1 to 3.5per cent of Risk Weighted Assets (RWA) aimed at reducing the probability of failure by increasing their going-concern

loss absorbency. The Central Bank shall impose, remove and vary the level of the additional loss absorbency requirement based on its assessment of bank's systemic importance.

iii) Countercyclical Capital Buffer (CCCB) Financial Institutions shall build up sufficient countercyclical capital buffers during periods of excessive credit growth in order to protect them against potential losses if a downturn occurs. The buffer value shall range from 0 to 2.5per cent of risk weighted assets (RWA) and will change in response to the level of systemic risk assessed in the industry. The Central Bank shall impose, remove and vary the level of the CCCB requirement as its assessment of systemic risk from credit growth changes.

6.5.11.2 LIQUIDITY COVERAGE RATIO (LCR) - ENHANCING LIQUIDITY MONITORING

Bank of Uganda implemented a successful pilot phase of the LCR during 2012/2013, involving four banks. The LCR is a Basel III measure, which is intended to ensure that banks hold sufficient levels of high quality liquid assets to meet short term net cash outflows over a 30 day period. It is a measure of a bank's ability to manage short term liquidity and requires banks to have liquid assets to cover all short term liabilities of 30 days or less. The Bank's Financial Stability Committee (FSC) agreed to roll out the LCR to all banks from September 2013.

6.5.11.3 LAND AND PROPERTY PRICE INDICES

In 2012/2013, Bank of Uganda and Uganda Bureau of Statistics completed the development of three quarterly indices; the Land Price Index, The Residential Property Price Index and the Commercial Property Price Index. This followed the exercise to collect data, which was started in July 2011 and has been expanded to include Kampala, Entebbe and Wakiso urban areas. These indices are critical to enable BoU monitor trends in the real estate sector, property prices and Loan to Value indicators in order to ameliorate the kind of risks that led to the 2007 global financial crisis.

6.5.11.4 MACRO STRESS TESTING

Bank of Uganda received Technical Assistance (TA) from the Deutche Bundesbank in April 2013 to develop network analysis for modelling contagion in the banking sector and TA from the IMF was received in June 2013 to improve macro stress testing and forecasting. These initiatives have greatly improved the capacity of the Bank for modelling and understanding the likely sources of systemic risk in the banking sector and how it may be transmitted.

6.5.11.5 MACRO PRUDENTIAL ASSESSMENT

Indicators show that overall systemic risk in the banking industry is reducing with the overall banks' loan quality starting to show signs of improvement following the economic downturn experienced during the preceding financial year. In aggregate, the ratio of non-performing loans (NPLs) to total loans in the banking sector increased from 3.9 per cent in June 2012 to 4.2 per cent in December 2012 but has come down to 4.0 per cent as at end June 2013. In absolute terms, NPL levels grew by only UGX 21.8 billion between June 2012 and June 2013, much lower than an increase of UGX 178.5 billion in the previous year. We expect loan delinquency rates to have reached a plateau and that loan quality will continue to improve next year. In addition, deposit growth has continued to pick up and inflation fell during the year, which should have a positive impact on commercial banks' lending rates, growth in private sector shilling credit, increased economic activity and loan repayments.

Nevertheless, several concerns remain. First, there are divergent trends in bank credit growth showing a stagnation in shilling denominated loans while foreign currency denominated loans are growing very rapidly. Secondly, credit risk could be further exacerbated by the expansion of the banks' foreign currency loan portfolios to the real estate sector given the long-term nature of the loans. Should there be a dip in performance of the real estate sector, some borrowers may be adversely affected by real exchange rate movements. The funding of the foreign currency loans was mainly from foreign currency deposits and borrowing from financial institutions outside Uganda. Foreign currency borrowing from non-residents more than doubled from UGX 97 billion in March 2012 to UGX 326 billion in June 2013. Increased reliance on this source of funds may lead to cross border spill over to Uganda if risks materialise in foreign institutions.

However, the banking system holds substantial capital buffers to absorb future loan losses and hence, its vulnerability to credit risk is low.

7 PETROLEUM REVENUE RESERVE MANAGEMENT

In line with the Oil and Gas Policy, awaiting the enactment of the Public Finance Bill 2012 before Parliament, Bank of Uganda will be mandated with the operational management of the Petroleum Fund on behalf of MFPED.

In preparation for this mandate and to meet any challenges ahead, the Bank of Uganda is pursuing the following key roles;

a. Establishing appropriate structures to manage the Petroleum Fund, an interim unit has been set up to spearhead the process and for all the prerequisites before implementation. The unit has held several meetings since its inception including sessions with key players in the oil and gas industry.
b. As a manager, custodian as well as a stakeholder, the Central Bank is committed to good governance, transparency and accountability to protect the Fund. As is required by the proposed law, the Oil Revenue Fund will be managed separately from the Central Bank Reserves. A framework with new procedures, standards and policies is being framed. These include establishing policies, standards and procedures that cover:
    i) Ethical investment including avoiding prejudice; and use of voting rights,
    ii) Roles & Responsibilities
    iii) Risk management framework,
    iv) Regulation & Monitoring,
    v) Engagement of external managers subject to procurement laws,
    vi) Exclusion and divestment,
    vii) valuation of investments,
    viii) Analysis,
    ix) Forecasting,
    x) Communication and disclosure,
    xi) Auditing,
    xii) Transparency and reporting,
    xiii) Diversification,
    xiv) Use of derivatives,
    xv) Comparable suitable benchmarks,
    xvi) Performance measurement.
c. Further preparation for the mandate, we have taken up benchmarking missions to benefit from other already established Sovereign Wealth Fund experiences in regard to:
    i) Governance framework, roles and responsibilities of different stakeholders.
    ii) Operational best practices: custody and transition management.
    iii) Providing professional advice on and implementation of an Investment Strategy, providing a risk management framework and performance measurement and reporting.
    iv) Organizational considerations: staff, capability and incentives.
    v) Ensuring that oil and gas activities do not impact negatively on monetary policy and macroeconomic stability.

Finalization and hallmarking most of the procedures will await the Government proclamation on the Oil Revenue Management embedded into the Public Finance Bill 2012.

8 BANKING AND PAYMENT SYSTEMS

8.1 INTRODUCTION

Bank of Uganda has the responsibility of promoting the smooth operation of payment systems, securities settlement whose smooth functioning is crucial for the efficient implementation of a central bank's monetary policy and for maintenance of stability of the financial system and the economy in general.

During the Financial Year ending June 2013, the Bank also continued to avail banking services to Government, clean notes and coins to the public inform of denomination exchange or mutilated notes as per its mandate.

The interface between Bank of Uganda Banking System (BBS) and the Integrated Financial Management System (IFMS) at the Ministry of Finance continued to facilitate the straight through process (STP) of Government payments. During the year, discussions were held with the Ministry to eliminate the manual payments and the concerned institutions will either be enrolled on IFMS or the BBS Connect which is a Bank of Uganda online payment platform. User training and enrolment on BBS connect is on-going and it is anticipated that by the end of financial year 2013/14 the manual payments will be reduced to the bare minimum if any. Further, there are indications that Government will change its reporting requirements to a Treasury Single Account (TSA) model. This will require the BOU to change its reporting structure and plans for the readiness of this model have been put in place for implementation next year with minimal interruptions.

The Office of the Auditor General conducted a forensic audit of Office of the Prime minister (OPM) following allegations of embezzlement of funds, use of personal accounts for implementation of activities, diversion of funds and unaccounted for funds. The Audit revealed several weaknesses in the OPM, Ministry of Finance and Bank of Uganda. The issues that affected BoU included failure of existing controls, suspected impropriety of some staff and weakness of the systems.

Bank of Uganda has since taken administrative sanctions and tightened controls including:

i) Reviewing the Memorandum of Understanding with Government,
ii) Reducing the dormancy period of Government accounts from 24 to 6 months and automating the process of deactivation of the dormant accounts,
iii) Enforcing recorded call back confirmation by the all the signatories on a transaction, one of which must be the accounting officer,
iv) Instituting compulsory and immediate reconciliations for all straight-through-payment files between ministry of Finance and Bank of Uganda,
v) Establishing a collection account for all recoveries from the public officials and private officials who were involved in the scam, and
vi) Suspending and retiring staff who were suspected to have been compromised.

8.2 RTGS SYSTEM

Bank of Uganda operates a Real Time Gross Settlement (RTGS) called UNISS for large value payments. The RTGS system facilitates multicurrency payments and settlements in USD, EUR, GBP in addition to the UGX and the other East African currencies of TZS and KES. . Number of transactions and their attendant value increased in 2012/13 relative to the preceding year as depicted in Table 14.

Table 14 Performance of RTGS in the two years to June 2013

	2012/13	2011/12	Change
Transactions	495,388	476,411	4%
Value (in Trillion)	195.6	153.2	28%

By end of the Financial Year 2012/13, UNISS had 26 participants comprising of 24 commercial banks, 1 Non-Bank Financial Institution and Bank of Uganda. Two institutions namely NC Bank Uganda Limited and Bank of India Uganda limited joined the UNISS in September 2012 and November 2012 respectively, while, National Bank of Commerce was suspended from the RTGS in October 2012.

Table 15 Level of activity on RTGS in various currencies

Currency	Volume	Value (m)
EUR	1,518	66.3
GBP	451	4.6
KES	60	173.2
USD	56,828	4,000

In the Financial Year 2012/2013, RTGS transaction volume was 495,388 with a value of over UGX 196 trillion. The figures represent a 4 per cent in value and a 28 per cent increase in transaction volumes over the previous financial year as shown in the table 14 above:

RTGS was upgraded to provide for currencies other than Uganda Shillings on the system. The other currencies introduced were USD, EUR, GBP, KES, TZS. The upgrade was in part intended for preparedness for the East African Regional Payments System. The level of activity on RTGS in various currencies is shown in Table 15 above.

8.3 SECURITIES SETTLEMENT

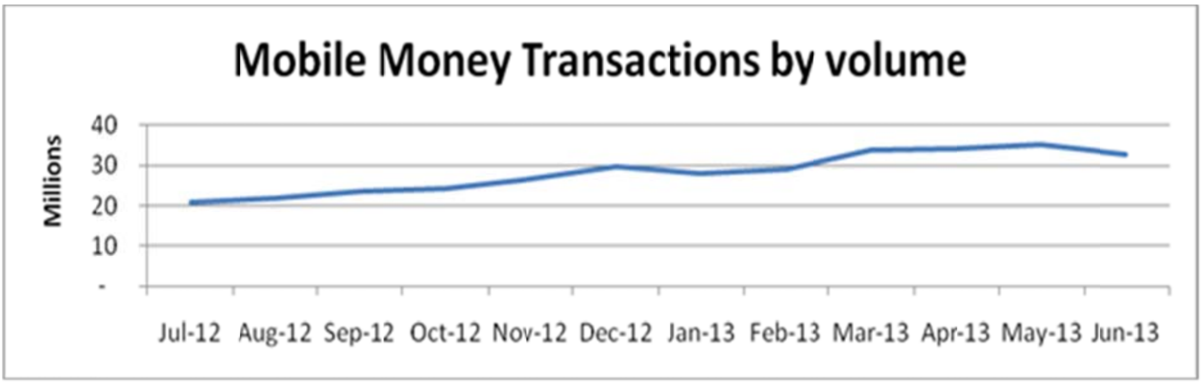
As indicated earlier, Bank of Uganda has the responsibility of facilitating creation, issuance and settlement of Government Securities. Bank of Uganda will, in the first quarter of 2013/14, roll out a new Central Securities Depository (CSD) System for Government Securities. The new system is intended to increase ease of access by market participants that will result in efficiency. The system is also intended to reduce on risks associated with manual operations.

8.4 MOBILE MONEY

The value of Monthly mobile money transactions grew by 53.9 percent to over 1.4 trillion in the year to June 2013 compared to over 904 billion in the 12 months to June 2012. The total number of registered mobile money users more than doubled from 5,662,871 in June 2012 to 12,117,821 in June 2013 as illustrated in Figure 16 and Figure 17.

Figure 16 Value of mobile money transactions in 2012/13

Figure 17 Volume of mobile money transactions in 2012/13



8.5 ELECTRONIC CLEARING SYSTEM

Table 16 Transactions figures for electronic payment systems

Cheques	2012/13	2011/12
Transactions (Million)	1.4	1.4
Value (UGX Trillion)	5.97	6.1
EFT		
Transactions	7.1	6.6
Value (in Trillion)	11.8	10.2

The Electronic Clearing System (ECS) facilitates the interbank clearing of cheques and EFTs. During this period, ECS had 24 participants comprising of 23 commercial banks and Bank of Uganda. As the transaction figures in Table 16 indicate, there was 2 per cent reduction in the value of cheque transactions for the same number of transactions, while EFT transactions volumes and values increased by 8 per cent and 16 per cent respectively. This is in line with the BOU objective of promoting safe and efficient payment systems. Electronic payment instruments (EFTs) are increasingly taking on more significance than manual/paper instruments (cheques) as modes of payment.

8.6 LOCAL FOREIGN CURRENCY CLEARING (LFCC)

Local Foreign Currency Clearing was introduced in July 2009 to facilitate clearing of cheques and EFTs denominated in US Dollars, Pound Sterling, Euros and Kenya shillings. The US Dollars remains the dominant mode of payment as both its cheques and EFTs related transactions increased by 21 per cent in this period. The table below shows the different LFCC transaction by volume and value.

Table 17 LFCC transactions by volume and value

		Cheque Volume			EFTs Volume			
Period	USD	GBP	EUR	KES	USD	GBP	EUR	KES
FY 2012/13	65,551	90	266	12	34,413	378	726	04
FY20 11/12	55,440	124	222	19	23,754	372	690	10
	Cheque Values				EFTs Values			
Period	USD	GBP	EUR	KES	USD	GBP	EUR	KES
FY 2012/13	237,861,190	110,620	899,611	1,482,718	836,772,054	1,080,495	16,039,701	1,065,74
FY 2011/12	196,116,615	146,892	607,4233	669,763	691,725,644	824,229	9,398,337	84,308,074

8.7 EAST AFRICAN PAYMENT SYSTEM (EAPS)

EAPS is an integrated Real Time Gross Settlement (RTGS) System of the five East African Community (EAC) member states central banks of Kenya, Uganda, Tanzania, Rwanda and Burundi. The system is intended to ease regional transaction processing by providing a faster means of transferring funds across borders at cheaper costs.

Technical challenges related to system integration encountered during FY 2012/13 affected the scheduled go-live date. These have now been resolved and under the revised schedule, the 'Go live' is planned for implementation in the second quarter of 2013/14. Currently, three (3) of the five (5) countries namely Uganda, Kenya and Tanzania are ready to participate in the system while Rwanda and Burundi will participate at a later date.

8.8 LEGAL FRAMEWORK

During the 2012/13, the International Monetary Fund (IMF) provided technical assistance in the review of the National Payment System Legal and regulatory framework. The Draft National Payment System Policy Paper and Policy Brief were prepared and the drafting of the NPS bill is expected to commence in the 2013/14.

8.9 COMESA REGIONAL PAYMENT AND SETTLEMENT SYSTEM (REPSS)

REPSS is a regional cross border clearing system that is expected to facilitate settlement of trades within the Common Market of Eastern and Southern Africa (COMESA) in US Dollars and Euros.

The Bank successfully completed preliminary tests with Bank of Mauritius. Other tests with other partner Central Banks are underway and once these are successful a decision will be made to go live on the system.

9 INFORMATION TECHNOLOGY DEVELOPMENTS

9.1 BUSINESS AUTOMATION

During the year, the Bank successfully implemented the Bank Supervision Application, which is a regional initiative of several East, Central and Southern African Central Banks. The Bank also participated in the regional initiative of the East African Community (EAC) Central Banks that resulted in the "Harmonization of IT Infrastructure and Solutions for the EAC Central Banks" report. This initiative was funded by the US Department of the Treasury, and the report will serve as the basis for IT projects that will facilitate regional integration.

The Bank initiated the project to upgrade its Enterprise Resource Planning (ERP) application. The project is at the testing phase, and is expected to go-live in the course of FY2013/14.

The Bank completed the testing the off-the-shelf Central Securities Depository (CSD) application supplied by CMA Small Systems AB, and also conducted pilot testing with the commercial banks. Other applications that are in the final phases of implementation include the Trade Reporting System, which will enable real-time inter-bank market activity monitoring, and the automation of operations under the Reserves Advisory and Management Program (RAMP), which will improve the management of foreign reserves. All these systems are expected to go-live early in FY2013/14.

9.2 IT INFRASTRUCTURE

As part of the effort to improve collaboration among the EAC Central Banks, the Bank established video-conferencing capability with similarly equipped central banks in the region. The Bank also upgraded the system used in transmitting clearing items among members of the Clearing House. The Bank continues to effect improvements to other aspects of its IT infrastructure, in response to business requirements, and performance, capacity, security and maintenance imperatives.

9.3 IT GOVERNANCE

Under the regional initiative to improve IT Governance at the central banks in the East African Community (EAC), the Bank continued with IT process improvements based on the Control Objectives for IT and related Technologies (COBIT) framework. Steady progress towards the achievement of IT maturity targets was recognized.

10 FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

10.1 INCOME & EXPENDITURE

The Financial statements of the Bank include the statement of comprehensive income, statement of financial results, statement of changes in shareholder's equity, statement of cash flows and accompanying notes.

The performance of the Bank is analysed in line with its mandate as spelt out in the BOU Act, Section 4. The Bank undertakes the following functions:

i) Formulate and implement monetary policy to maintain monetary stability,
ii) Maintain an external assets reserve,
iii) Issue currency notes and coins,
iv) Be the banker and advisor to the Government,
v) Regulate and supervise financial institutions,
vi) Banker to commercial banks and the clearinghouse for cheques and other financial instruments, and
vii) Where appropriate, act as agent in financial matters for the Government and participate in the economic growth and development programmes.

10.1.1 INCOME

During the year, the Bank realized net operating income of UGX 84,185 million compared to UGX 142,660 million for FY 2011/12. A detailed presentation of these items is presented below:

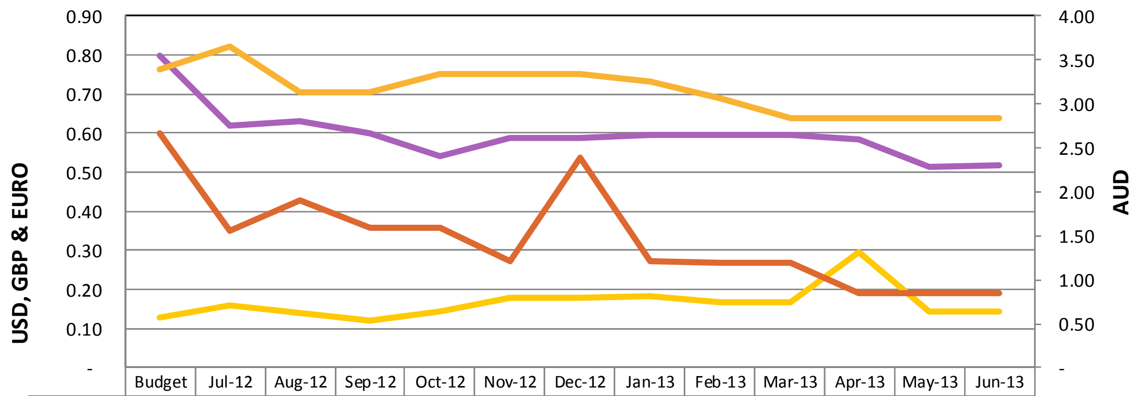
10.1.1.1 INTEREST INCOME

The Bank's total interest income increased by 36 percent to UGX 82,723 million from UGX 60,773 million in 2011/12. Total interest income for the year had been projected at UGX 66,025 million. Interest income from internally managed funds accounted for 50 percent, while income from externally managed funds contributed 40 percent and local interest income accounted for 10 per cent.

Interest income earned from externally managed funds totalled UGX 32,811 million compared to UGX 22,885 million in 2011/12. During the year, there was an additional allocation of USD 220 million to the external fund managers bringing the portfolio held with the fund managers to USD 1,036 million as at 30 June 2013, compared to USD 806 million as at end June 2012.

Interest income from internally managed funds improved by 44 percent to UGX 41,135 million in the reporting period, compared to the performance in 2011/12. The biggest contribution to this income source was investments in the Australian Dollar (AUD) whose return averaged 3.24 per cent during the year. The improved performance was in spite of the continued low interest rates on the USD, GBP and EURO investments in the international markets. The interest rates averaged 0.16 percent, 0.59 percent, 0.35 percent and 3.24 percent for the USD, GBP, EURO and AUD respectively. Figure 18 shows the interest rate trends over the year.

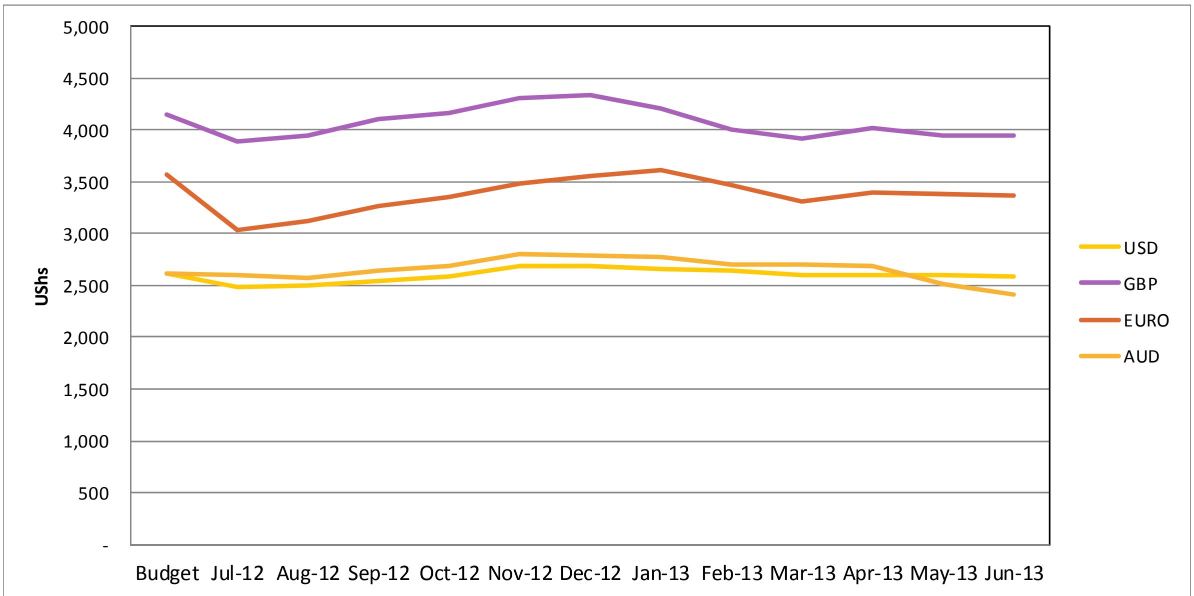
Figure 18 Interest rate trends



	Budget	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
USD	0.13	0.16	0.14	0.12	0.14	0.18	0.18	0.18	0.17	0.17	0.30	0.15	0.15
GBP	0.80	0.62	0.63	0.60	0.54	0.59	0.59	0.59	0.59	0.60	0.58	0.52	0.52
EURO	0.60	0.35	0.43	0.36	0.36	0.27	0.54	0.27	0.27	0.27	0.19	0.19	0.19
AUD	3.40	3.65	3.13	3.14	3.35	3.35	3.35	3.26	3.06	2.84	2.84	2.84	2.84

As shown in Figure 19, the Uganda Shilling depreciated against the major currencies averaging 2,597.34, 4,067.65, 3,365.28 and 2,658.01 for the USD, GBP, EUR and AUD respectively.

Figure 19 Exchange rate trends



Source: Bank of Uganda

Local interest income of UGX 8,777 million comprised of reverse repo interest income, interest on staff loans and government loans. Effective July 2012, all repo interest income accrues to the Bank.

Total interest expenses amounted to UGX 37,700 million as compared to UGX 1,612 million in FY 2011/12. This was largely due to the monetary policy costs of UGX 37,173 million which accrued to the Bank effective July 2012 following the amendment of the MOU between BOU and Ministry of Finance to reflect the use of treasury securities for fiscal financing and the Bank to meet the costs of monetary policy. The change necessitated increased activity in the repo market to manage liquidity so as to achieve the price stability objective. During the year, the deposit auction instrument was also reactivated as a stop gap measure to supplement the repo instrument in addressing structural liquidity.

10.1.1.2 NON INTEREST & OTHER OPERATING INCOME

This comprises of fair value and translation gains/losses, commissions, income from foreign currency trade, currency processing fees, RTGS fees and other local income. Income from this source amounted to UGX 44,450 million compared to the prior year's amount of UGX 87,094 million. The Bank had projected to earn UGX 25,942 million for the year. The decline in non-interest income from the prior year was due to a net extra ordinary gain of UGX 55,365 million resulting from the fund managers unwinding of their Euro positions into USD positions following the turbulence in the Euro zone in FY 2011/12.

10.1.2 EXPENDITURE

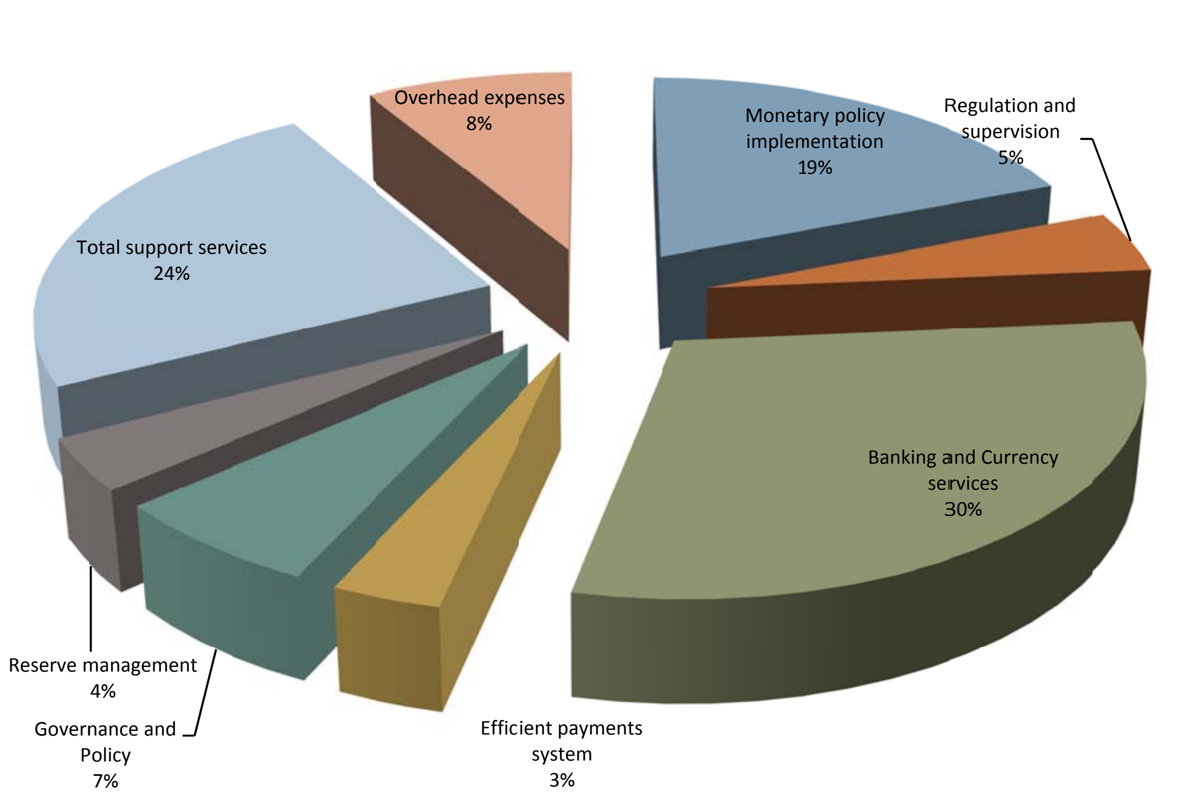
The total expenditure outturn for the year amounted to UGX 313,384 million an increase of 30 per cent from UGX 241,119 million registered in FY 2011/12. This is before incorporating interest expenses of UGX 37,700 million and fees for reserve management of UGX 5,288 million which are offset against interest income. Table 18 and Figure 20 below show the total expenditure according to the Bank's core functions.

Table 18 Actual expenditure according to core functions of the Bank

	BUDGET FY 2012/2013 UGX'M	ACTUAL FY 2012/13 UGX (M)	VARIANCE %	ACTUAL FY 2011/12 UGX (M)
Monetary policy implementation	42,120	57,298	-36%	21,513
Regulation and supervision	13,834	13,761	1%	11,018
Banking and Currency services	93,314	89,865	4%	64,543
Efficient payments system	9,609	10,173	-6%	10,317
Governance and Policy	20,168	20,213	0%	17,238
Reserve management	14,303	11,723	18%	10,193
Total core functions	**193,348**	**203,033**	**-5%**	**134,822**
Total support services	70,905	72,482	-2%	60,971
Overhead expenses	23,447	25,655	-9%	17,666
Staff loans fair valuation	-	3,659	0%	3,801
Defined benefit plan obligation	-	51,543	0%	29,066
Total expenditure	**287,700**	**356,372**	**-24%**	**246,326**

Source: Bank of Uganda

Figure 20 Distribution of actual expenditure



10.1.2.1 IMPLEMENTING MONETARY POLICY

During the year, the Bank continued with the implementation of the Inflation Targeting-Lite (ITL) framework with a policy target of annual core inflation of 5 percent over the medium term. The benign inflation environment experienced for much of the preceding year allowed the Bank to adopt an easing monetary policy stance with the aim of supporting the recovery in economic activity.

Towards this objective, the Bank incurred a cost of UGX 57,298 million compared to a projected budget of UGX 42,120 million, while the cost was UGX 21,513 million in 2011/2012. The variance of 36 percent between the actual expenditure and the budget estimate was as a result of higher than anticipated costs on monetary policy as discussed in section 10.1.1.1 and activities in the foreign exchange market that were aimed at stabilising the exchange rate and augmenting further the foreign exchange reserve position of the Bank, as a precautionary saving for the economy.

Over the past few years, monetary policy costs have increased from a level of UGX 21,513 million in 2011/12 and currently account for almost 30 percent of the Bank's total operating expenditure. This trend of costs is not sustainable and will potentially lead to the erosion of the Bank's capital at a much higher pace. Management has commenced discussions with the Minister in charge of Finance on how to appropriately share these costs. In addition, in order to protect and also maintain the Bank's independence in the conduct of monetary policy, the Bank will need adequate recapitalisation by Government in accordance with the Bank of Uganda Act.

Central Banks need to maintain adequate capital in order to:

i) Absorb any losses that may arise from discharge of their functions;

ii) Provide confidence that they will meet their domestic obligations;
iii) Influence the nature of monetary policy framework to be adopted;
iv) Accommodate shocks and losses that arise from price and exchange rate movements, and,
v) Provide financial independence and to act as an insurance against political interference.

10.1.2.2 REGULATION AND SUPERVISION OF FINANCIAL AND NON-BANK INSTITUTIONS

The Bank has a statutory responsibility of providing supervisory and regulatory oversight over the financial sector. UGX 13,834 million was allocated to this function, and UGX 13,761 million (June 2012: UGX 11,018 million) was spent during the year. The operations were conducted within the budgeted resources.

10.1.2.3 BANKING AND CURRENCY SERVICES

The Bank continued to avail banking services to Government as well as clearing house services to the commercial banks. In addition, the Bank ensured the availability and adequacy of clean notes and coins necessary to meet the needs of the public.

Total expenditure towards this objective amounted to UGX 89,865 million compared to a budget of UGX 93,314 million and an outturn of UGX 64,543 million in 2011/12. The increase relative to the prior year was largely attributed to the increase in currency issuance costs. During the year, the Bank embarked on an exercise to recall the 1987 series bank notes out of circulation which necessitated increased issuance of new notes.

10.1.2.4 FACILITATING EFFICIENT AND SAFE PAYMENT SYSTEMS

The Bank ensured the smooth operation of payment systems and securities settlement while automation of business processing is on-going to ensure efficiency in payment systems. During the year, the RTGS was upgraded to include other currencies other than the Uganda shilling. In addition, upgrade of the CSD system is on-going as well as implementation of the East Africa Cross Border Payment System (EAPS). Consequently, the Bank incurred a cost of UGX 10,173 million in 2012/13 compared to a budget of UGX 9,609 million while UGX 10,317 million was spent during the prior year.

10.1.2.5 PRUDENT MANAGEMENT OF EXTERNAL ASSET RESERVES

The Bank manages the foreign exchange reserves in line with the policy framework whose objectives are capital preservation, liquidity, and reasonable and consistent returns. An additional amount of USD 220 million was allocated to the external fund managers in an effort to boost the investment returns. The interest rates in the international financial markets remain low posing a challenge to the Bank's earnings capacity from the foreign reserves. Towards this objective, the Bank proposed to spend UGX 14,303 million and UGX 11,723 million had been utilized by the end of the year, performing within the budget by 19 percent.

10.1.2.6 PROMOTING GOVERNANCE AND POLICY

The Bank has in place a strong governance framework that steers the strategic direction in line with its mission and vision. UGX 20,213 million was spent towards this cause as compared to the budget amount of UGX 20,168 million.

10.1.2.7 SUPPORT SERVICES AND OVERHEADS

These costs cover administration, finance and accounting services, information technology and other institutional support services to the Bank. The Bank allocated UGX 70,905 million towards these services and UGX 72,482 million had been spent by the end of June 2013, performing beyond the budget by 2 percent.

Total overheads amounted to UGX 25,655 million compared to a budget of UGX 23,447 million. Other costs include an amount of UGX 3,659 million relating to fair valuation of staff loans and advances as at 30 June 2013 and UGX 51,543 million relating to the obligation on the defined benefit plan.

Table 19 below shows the income and expenditure trends for a period of five years.

Table 19 Income and Expenditure trends over a period of 5 years

	Actual 2008/09 UGX'm	Actual 2009/10 UGX'm	Actual 2010/11 UGX'm	Actual 2011/12 UGX'm	Actual 2012/13 UGX'm	Budget 2013/14 UGX'm
Income						
Interest Income	114,804	38,254	129,534	60,773	82,723	71,656
Interest Expense	(1,279)	(1,297)	(2,648)	(1,612)	(37,700)	(21,140)
Net Interest Income	**113,525**	**36,957**	**126,886**	**59,161**	**45,023**	**50,516**
Non interest income	26,334	27,850	13,740	87,094	44,450	15,340
Fees for reserve management	(2,109)	(2,034)	(2,470)	(3,595)	(5,288)	(6,333)
Net non interest income	**24,225**	**25,816**	**11,270**	**83,499**	**39,162**	**9,007**
Net Interest and non interest income	137,750	62,773	138,156	142,660	84,185	59,523
Translation Gains/(Losses)	767,335	109,932	955,373	(501,967)	137,429	-
Net Operating Income/(Loss)	**905,085**	**172,705**	**1,093,529**	**(359,307)**	**221,614**	**59,523**
Expenditure						
General & Administration Costs	(90,763)	(91,825)	(125,313)	(136,931)	(169,694)	(169,704)
Currency costs	(30,967)	(93,597)	(65,484)	(48,767)	(64,978)	(50,000)
Provision for Impairment Costs	(762)	(971)	(153,153)	(152)	(83)	-
Financial & Professional Charges	(7,580)	(7,088)	(7,243)	(10,697)	(11,187)	(14,498)
Depreciation and amortisation	(8,062)	(11,829)	(15,888)	(15,506)	(15,899)	(15,000)
Defined benefit plan saving/ (obligation)	3,269	2,313	(19,396)	(29,066)	(51,543)	-
Total Operating Expenditure	**(134,865)**	**(202,997)**	**(386,477)**	**(241,119)**	**(313,384)**	**(249,202)**
Net Surplus/ (Deficit)	**770,220**	**(30,292)**	**707,052**	**(600,426)**	**(91,770)**	**(189,679)**
Other Comprehensive Income	-	-	-	-	101,874	-
Total comprehensive income	**770,220**	**(30,292)**	**707,052**	**(600,426)**	**10,104**	**(189,679)**

Source: Bank of Uganda

10.1.3 NET OPERATING RESULTS

The total comprehensive surplus for the year amounted to UGX 10,104 million compared to a deficit of UGX 600,426 million registered in 2011/12. The movement in the surplus compared to the prior year was mainly on account of the depreciation of the Shilling that resulted into fair value gains of UGX 137,429 million and a revaluation surplus of UGX 96,704 million of the Bank's land and buildings.

However, the Bank recorded a net operating deficit of UGX 224,029 million before foreign exchange and fair value gains and revaluation surplus compared to the outturn of UGX 98,459 million in the prior year. The increase in the deficit is partly explained for by the following:

a) Interest costs on monetary policy instruments amounting to UGX 37,173 million for the year that now accrue to the Bank effective July 2012.
b) Contribution of UGX 15,000 million to the Retirement benefits Scheme to enhance its sustainability.
c) Full recognition of the defined benefit plan obligation during the year.
d) Increase in currency issuance due to the on-going recall exercise of the 1987 series bank notes.

10.1.4 CAPITAL EXPENDITURE

The Bank needs infrastructure to effectively implement its mandates. This infrastructure includes reliable, robust and up to date information technology systems, currency handling equipment and a secure, safe and conducive working environment (premises) for employees and the Bank's customers. In order to implement the above, the Bank allocates resources towards capital and IT projects under a designated capital budget.

The capital expenditure for the year ended 30 June 2013 amounted to UGX 15,838 million compared to a budget of UGX 37,600 million, representing an absorption capacity of 42 per cent. Table 20 shows the distribution of capital expenditure.

Table 20 Capital expenditure for the year ended 30 June 2013

PARTICULARS	BUDGET 2012/13 UGX'M	ACTUAL 2012/13 UGX'M	ABSORPTION 2012/13	ACTUAL 2011/12 UGX'M	ABSORPTION 2011/ 12
IT RELATED PROJECTS	9,380	2,254	24%	7,544	19%
BUILDING WORKS	12,836	5,133	40%	11,119	69%
COMPUTER EQUIPMENT	1,081	1,095	101%	4,636	28%
OFFICE FURNITURE	618	783	127%	500	97%
VEHICLES	4,539	3,320	73%	1,101	114%
PLANT & EQUIPMENT	9,146	3,253	36%	3,681	54%
TOTALS	**37,600**	**15,838**	**42%**	**28,581**	**49%**

Source: Bank of Uganda

10.2 STATEMENT OF FINANCIAL POSITION

The statement of financial position shows the level of the Bank's assets and liabilities as well as the shareholder's funds as at the reporting date. A detailed presentation of these items is presented below.

10.2.1 ASSETS

Total assets increased by 19.5 percent to UGX 17,022,629 million from the figure of 2011/12, with foreign assets accounting for 53 percent of the total assets at end June 2013.

10.2.1.1 FOREIGN ASSETS

The foreign assets increased by 20 percent to UGX 8,994,945 million during the year from UGX 7,493,808 million as at 30 June 2012. The increase in foreign assets resulted from purchase of foreign currency to stabilise the exchange rate and reserve build up, coupled with inflows related to projects and donor support to the government. The depreciation of the Shilling by 4.9 percent, 9.7 percent and 2.6 percent against the USD, GBP and EUR respectively as compared to 30 June 2012, also explains the increase of foreign assets in shilling terms.

10.2.1.2 DOMESTIC ASSETS

The domestic assets increased by 18.9 per cent to UGX 8,027,684 million as at 30 June 2013 from 6,748,562 of the prior year. The increase was largely attributed to investments relating to BoU recapitalization securities, revaluation of land and buildings, and increased drawdowns by government.

10.2.2 LIABILITIES

Total liabilities increased by 18 percent to UGX 15,409,820 million as at 30 June 2013 from the UGX 13,049,334 of 30 June 2012, with the biggest portion of this amount being domestic liabilities.

10.2.2.1 FOREIGN LIABILITIES

Foreign liabilities mainly comprise of SDR allocations of SDRs. 173 million. IMF obligations in shilling terms increased by 4.3 per cent to UGX 674,916 million at the end of June 2013 from UGX 646,591 of June 2012 due to the depreciation of the Uganda Shillings against the SDR by 4.3 per cent as compared to June 2012.

10.2.2.2 DOMESTIC LIABILITIES

Domestic liabilities increased by 18.8 percent to UGX 14,728,623 million compared to the prior year's figure partly due to an increase in government deposits, the issuance of treasury bills and bonds, and increased tax and non-tax revenues.

10.2.3 SHAREHOLDERS' FUNDS

The Bank's net worth increased by 35 percent to UGX 1,612,809 million from UGX 1,193,036 million at the end of June 2012. The movement in the net worth is explained by the Bank's recapitalisation of UGX 410,017 million, surplus on revaluation of land and buildings of UGX 96,704 million.

11 DIRECTORS' REPORT

11.1 INTRODUCTION

The Directors are pleased to present their report for the year ended 30 June 2013. The report on the performance of the Bank fulfils the provisions of the Bank of Uganda Act (Cap. 51) Laws of Uganda, which require the Bank to make a report on its activities and operations during the preceding year, within three months after the end of each financial year.

11.2 NATURE OF BUSINESS

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

11.3 OPERATING FINANCIAL RESULTS

The Directors present the financial statements for the year ended 30 June 2013 as set out on pages 59 to 120 of this report. The Bank registered total comprehensive surplus of UGX 10,104 million compared to a deficit of UGX 600,426 million in 2011/12. The surplus is explained by revaluation surplus and depreciation of the Uganda Shilling against major international currencies after offsetting full recognition of the obligation on the defined benefit plan, monetary policy costs and currency issuance costs due to the recall of the 1987 series.

Effective 1 July 2012, there was a shift from using Government securities for liquidity management to fiscal financing which meant that the Bank would meet in full the costs of monetary policy under the Inflation Targeting-Lite (ITL) framework. Consequently, the burden of liquidity management had to be borne by Repo instrument leading to their increased issuance during the year. Repos being of a short tenure, the Bank reactivated the deposit auction instrument to support the Repo instrument in managing the structural liquidity.

On the income side, the Bank is still experiencing low interest rate environment from international markets that continues to adversely impact its major source of income.

11.4 RECAPITALISATION OF THE BANK

During the year, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14 (4), through issuance of treasury instruments worth UGX 410,017 million.

11.5 DIVIDEND

Due to the slow recovery in the global financial markets and continued uncertainty of the future income, the Directors do not recommend payment of a dividend to government for the year ended 30 June 2013.

11.6 DIRECTORS

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

E. Tumusiime-Mutebile (Prof.)	Chairperson
Louis Kasekende (PhD)	Member and Alternate Chairperson

The Non-Executive Directors who held office from 11 November 2012 and to the date of this report were:

C. Manyindo Kassami	Member
J. Kahoza	Member
I. K. Kabanda	Member
W.S. Kalema	Member
J. Obitre-Gama	Member

None of the Directors had any financial interests in the Bank during the year, except for one of the executive directors of the Board who had a loan. This loan was granted as part of the entitlement of the Director as outlined in the terms and conditions of service. The loan is therefore recovered from emoluments in accord with the Bank's policy.

11.7 AUDITORS

In accordance with Section 43 of the Bank of Uganda Act (Cap. 51) Laws of Uganda, the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended 30 June 2013, M/s KPMG, Certified Public Accountants were appointed to act on behalf of the Auditor General.

11.8 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the Board of Directors held on 19 September 2013.

George W. Nyeko

Ag. Bank Secretary

19 September 2013

12 STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

According to the Bank of Uganda Act, the Directors are responsible for the general management of the affairs of the Bank, among other duties. They are therefore required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and its operating results for that year. The Directors should also ensure that the Bank keeps proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual financial statements set out on pages 59 to 120, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Bank of Uganda Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank as at 30 June 2013 and of its net deficit for the year then ended. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe that the business will not be a going concern for the next twelve months from the date of this statement.

The Auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with international financial reporting standards and the Bank of Uganda Act.

The financial statements were approved by the Board of Directors on 19 September 2013 and were signed on its behalf by:

Chairman	Director	Director
19 September 2013	19 September 2013	19 September 2013

13 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT

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

13.1 REPORT ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA

The financial statements of Bank of Uganda set out on pages 59 to 120 which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, have been audited.

13.2 DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in a manner required by the Bank of Uganda Act, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

13.3 AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the Auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

13.5 OPINION

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bank of Uganda as at 30 June 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Bank of Uganda Act.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

19 September 2013

14 FINANCIAL STATEMENTS

14.1 STATEMENT OF COMPREHENSIVE INCOME

Year ended		Note	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Operating income				
	Interest income	3	82,723	60,773
	Interest expense	4	(37,700)	(1,612)
Net interest income			**45,023**	**59,161**
	Non interest income	5	29,821	65,769
	Other operating income	6	14,629	21,325
	Fees for reserve management	7	(5,288)	(3,595)
Net Non interest income			**39,162**	**83,499**
Net interest & non interest income			**84,185**	**142,660**
	Foreign exchange and fair value gains/(losses)	9	137,429	(501,967)
Net operating income			**221,614**	**(359,307)**
Expenses	General & administration costs	10	(169,694)	(136,931)
	Currency costs	12	(64,978)	(48,767)
	Impairment costs	13	(83)	(152)
	Financial and professional charges	14	(11,187)	(10,697)
	Depreciation	26	(12,501)	(15,506)
	Amortization	28	(3,398)	-
	Defined benefit plan obligation	35	(51,543)	(29,066)
			(313,384)	**(241,119)**
Net deficit			**(91,770)**	**(600,426)**
Other comprehensive income	Income from recapitalisation securities	8	5,170	-
	Surplus on revaluation	8	96,704	-
Total comprehensive surplus/(deficit) for the year			**10,104**	**(600,426)**

The notes set out on pages 63 to 120 form an integral part of the financial statements.

14.2 STATEMENT OF FINANCIAL POSITION

As at				30-Jun-13 UGX (m)	30-Jun-12 UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	17	216,432	264,833
		Investments at fair value through profit or loss	18 (a)	5,535,701	4,693,493
		Investments held-for-trading	18 (b)	2,682,812	2,002,742
		Investments available-for-sale	18 (c)	1,610	1,511
		Derivative financial instruments	19	10,915	2,140
		Assets held with IMF	20	547,475	529,089
	Total foreign assets			**8,994,945**	**7,493,808**
	Domestic assets	Investments in treasury bills	21	957,688	29,880
		Loans, advances and drawdowns to government	22	6,662,055	6,387,720
		Loans and advances to commercial banks	23	11,239	30,160
		Staff loans	25	45,476	44,944
		Property, plant and equipment	26	185,757	124,412
		Finance lease on leasehold land	27	45,860	17,487
		Intangible assets	28	6,249	-
		Other assets	29	113,360	113,959
	Total domestic assets			**8,027,684**	**6,748,562**
Total assets				**17,022,629**	**14,242,370**
Liabilities	**Foreign liabilities**	IMF obligations	20	674,916	646,591
		Other foreign liabilities	30	94	94
		Derivative financial instruments	19	6,187	11,621
	Total foreign liabilities			**681,197**	**658,306**
	Domestic liabilities	Currency in circulation	31	2,452,857	2,204,471
		Government deposits	32	10,435,262	9,133,263
		Commercial banks' deposits	33	1,116,386	828,286
		Repos	24	543,101	29,880
		International Bank for Reconstruction & Dev't (IBRD)	34	259	-
		Employee benefits	35	80,957	29,414
		Other liabilities	36	99,801	165,714
	Total domestic liabilities			**14,728,623**	**12,391,028**
Total liabilities				**15,409,820**	**13,049,334**
	Equity	Issued capital	37	20,000	20,000
		BoU recapitalisation funds	38	410,017	-
		Reserves	39	1,182,792	1,168,661
		Earmarked funds	40	-	4,375
	Total Equity			**1,612,809**	**1,193,036**
Total liabilities & equity				**17,022,629**	**14,242,370**

The financial statements on pages 59 to 120 were approved by the Board of Directors on 19 September 2013 and signed on its behalf by:

Chairman   Director   Director

The notes set out on pages 63 to 120 form an integral part of the financial statements.

14.4 STATEMENT OF CHANGES IN EQUITY

	Issued capital	BoU recapitalisation funds	Translation reserve	Asset revaluation reserve	Revenue reserve	General reserve	Earmarked funds	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
At 1 July 2011	**20,000**	**-**	**1,909,262**	**48,336**	**(208,546)**	**20,175**	**4,375**	**1,793,602**
Deficit for the year	-	-	-	-	(600,426)	-	-	(600,426)
Revaluation surplus release	-	-	-	(292)	292	-	-	-
Asset disposals	-	-	-	(140)	-	-	-	(140)
Foreign Exchange and fair value losses	-	-	(501,967)	-	501,967	-	-	-
At 30 June 2012	**20,000**	**-**	**1,407,295**	**47,904**	**(306,713)**	**20,175**	**4,375**	**1,193,036**
At 1 July 2012	**20,000**	**-**	**1,407,295**	**47,904**	**(306,713)**	**20,175**	**4,375**	**1,193,036**
Net Deficit for the year	-	-	-	-	(91,770)	-	-	(91,770)
Other comprehensive income	-	-	-	96,704	5,170	-	-	101,874
Revaluation surplus release	-	-	-	(385)	385	-	-	-
Revaluation surplus released on transfer of assets to RBS	-	-	-	(348)	-	-	-	(348)
BoU recapitalisation securities	-	410,017	-	-	-	-	-	410,017
Foreign Exchange and fair value gains	-	-	137,429	-	(137,429)	-	-	-
Transfer of realised Foreign Exchange gains	-	-	(233,421)	-	-	233,421	-	-
Transfer of earmarked funds	-	-	-	-	-	4,375	(4,375)	-
At 30 June 2013	**20,000**	**410,017**	**1,311,303**	**143,875**	**(530,357)**	**257,971**	**-**	**1,612,809**

The notes set out on pages 63 to 120 form an integral part of the financial statements.

14.5 STATEMENT OF CASH FLOWS

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

Year ended		Note	30-Jun-13 UGX (m)	30-Jun-12 UGX (m)
Cash flows from operating activities				
	Total comprehensive surplus/(deficit) for the year		10,104	(600,426)
	Amortisation	28	3,398	-
	Depreciation	26	12,501	15,506
	Profit on sale of fixed Assets	6	4	(180)
	Surplus on revaluation		(96,704)	-
	Actuarial losses on employee benefit plan	35	51,543	13,066
			(19,154)	**(572,034)**
Foreign Assets				
	Increase in investments at fair value through profit or loss		(842,208)	(86,165)
	Increase in investments held-for-trading		(680,070)	(491,683)
	Increase in investments available-for-sale		(99)	(216)
	Increase in derivative financial instruments		(8,775)	(2,140)
	(Increase)/decrease in assets held with IMF		(18,386)	76,708
Increase in total foreign assets			**(1,549,538)**	**(503,496)**
	(Increase)/decrease in investments in treasury bills		(927,808)	39,655
	Increase in loans, advances and drawdowns to government		(274,335)	(1,547,083)
	Decrease in loans and advances to commercial banks		18,921	17,724
	Decrease in reverse repos		-	100,137
	Increase in staff loans		(532)	(19,246)
	Decrease/(increase) in other assets		599	(6,980)
Increase in total domestic assets			**(1,183,155)**	**(1,415,793)**
Increase in total assets			**(2,732,693)**	**(1,919,289)**
Foreign liabilities				
	Increase/(decrease) in IMF obligations		28,325	(87,037)
	(Decrease)/increase in derivative financial instruments		(5,434)	11,621
Increase/(decrease) in total foreign liabilities			**22,891**	**(75,416)**
Domestic Liabilities				
	Increase in currency in circulation		248,386	14,654
	Increase in government deposits		1,301,999	2,653,879
	Increase in commercial banks' deposits		288,100	29,839
	Increase/(decrease) in repos		513,221	(39,655)
	Increase/(decrease) in international Bank for Reconstruction & Dev't (IBRD)		259	(206)
	(Decrease)/increase in other liabilities		(65,915)	14,946
Increase in total domestic liabilities			**2,286,050**	**2,673,457**
Increase in total liabilities			**2,308,941**	**2,598,041**
Net Cash (used in)/from Operating Activities			**(442,906)**	**106,718**
Cash flows from investing activities:				
	Proceeds from sale of property, plant and equipment		325	190
	Acquisition of property, plant and equipment		(15,838)	(13,569)
Net Cash used in investing Activities			**(15,513)**	**(13,379)**
	BoU recapitalisation		410,017	
Net Cash used in Financing Activities			**410,017**	**-**
	(Decrease)/increase in cash and cash equivalents		(48,401)	93,340
	Add: Cash and Cash Equivalents at the beginning of the year		264,833	171,493
Cash and Cash Equivalents at 30 June			**216,432**	**264,833**

The notes set out on pages 63 to 120 form an integral part of the financial statements.

15 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 REPORTING ENTITY

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

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value and the revaluation of certain property, plant and equipment

2.2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and in accordance with the requirements of the Bank of Uganda Act.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 50 – Use of estimates and judgements.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.4.1 NEW OR REVISED STANDARDS

New or revised pronouncement	Effective Date	Effect on BoU
IFRS 9 *Financial Instruments* (2009)		
IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows: • Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances) • Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss • All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss • The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	The Bank will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture
IFRS 9 *Financial Instruments* (2010)		
A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.	Applies to annual periods beginning on or after 1 January 2015	The Bank will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture
IFRS 10 *Consolidated Financial Statements*		
Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has: • Power over the investee • Exposure, or rights, to variable returns from its involvement with the investee, and • The ability to use its power over the investee to affect the amount of the returns.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment will not have any effect on the Bank as the Bank does not have prepare consolidated financial statements.

New or revised pronouncement	Effective Date	Effect on BoU
IFRS 11 *Joint Arrangements*		
Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures: • A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly) • A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 *Investments in Associates and Joint Ventures* (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment will not have any effect on the Bank as the Bank is not party to any Joint arrangements.
IFRS 12 *Disclosure of Interests in Other Entities*		
Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories: • **Significant judgements and assumptions** - such as how control, joint control, significant influence has been determined • **Interests in subsidiaries** - including details of the structure of the group, risks associated with structured entities, changes in control, and so on • **Interests in joint arrangements and associates** - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) • **Interests in unconsolidated structured entities** - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment will not have any effect on the Bank as the Bank does not hold any interests in other entities.
IFRS 13 *Fair Value Measurement*		
Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. The IFRS defines fair	Applicable to annual reporting periods beginning on or after 1	The Bank is currently assessing the impact that this standard will have

New or revised pronouncement	Effective Date	Effect on BoU
value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs: • Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date • Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly • Level 3 - unobservable inputs for the asset or liability Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.	January 2013	on the financial position and performance.
IAS 19 *Employee Benefits* (2011)		
An amended version of IAS 19 *Employee Benefits* with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include: • Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19) • Introducing enhanced disclosures about defined benefit plans • Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits • Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features • Incorporating other matters submitted to the IFRS Interpretations Committee.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment will significantly affect the Bank's recognition of actuarial gains and losses
IAS 27 *Separate Financial Statements* (2011)		
Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*.	Applicable to annual reporting periods beginning on or after 1 January 2013	The standard will not have any effect on the Bank as the Bank does not have prepare consolidated

New or revised pronouncement	Effective Date	Effect on BoU
The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 *Financial Instruments* / IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.		financial statements.
IAS 28 *Investments in Associates and Joint Ventures* (2011)		
This Standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.	Applicable to annual reporting periods beginning on or after 1 January 2013	The standard will have no impact on the Bank as it does not have any investments in associates or interests in Joint arrangements

2.4.2 AMENDMENTS

New or revised pronouncement	Effective Date	Effect on BoU
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)		
Amends IAS 12 *Income Taxes* to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 *Investment Property* will, normally, be through sale. As a result of the amendments, SIC-21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.	Applicable to annual periods beginning on or after 1 January 2012	The amendment does not have any impact on the Bank as the Bank is income tax exempt
***Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1)**		
Amends IAS 1 *Presentation of Financial Statements* to revise the way other comprehensive income is presented. The amendments: • Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft • Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified • Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).	Applicable to annual reporting periods beginning on or after 1 July 2012	The amendment did not have any impact on the financial statements of the Bank

New or revised pronouncement	Effective Date	Effect on BoU
Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)		
Amends the disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	Applicable to annual periods beginning on or after 1 January 2013	The amendment does not have any impact on the financial statements of the Bank as there are not financial instruments that are being offset.
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)		
Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: • the meaning of 'currently has a legally enforceable right of set-off' • the application of simultaneous realisation and settlement • the offsetting of collateral amounts • the unit of account for applying the offsetting requirements.	Applicable to annual periods beginning on or after 1 January 2014	The amendment does not have any impact on the financial statements of the Bank as there are not financial instruments that are being offset.
Government Loans (Amendments to IFRS 1)		
Amends IFRS 1 *First-time Adoption of International Financial Reporting Standards* to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* in relation to accounting for government loans. First-time adopters of IFRSs are permitted to apply the requirements in paragraph 10A of IAS 20 only to new loans entered into after the date of transition to IFRSs. The first-time adopter is required to apply IAS 32 *Financial Instruments: Presentation* to classify the loan as a financial liability or an equity instrument at the transition date. However, if it did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with IFRS requirements, it would be permitted to apply the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan in the opening IFRS statement of financial position. An entity would then apply IAS 39 or IFRS 9 in measuring the loan after the transition date.	Applicable to annual periods beginning on or after 1 January 2013	The Bank has already adopted IFRS
Annual Improvements 2009-2011 Cycle		
Makes amendments to the following standards: • IFRS 1 — Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets • IAS 1 — Clarification of the requirements for comparative information • IAS 16 — Classification of servicing equipment	Applicable to annual periods beginning on or after 1 January 2013	The Bank is assessing the impact of the improvements

New or revised pronouncement	Effective Date	Effect on BoU
• IAS 32 — Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 *Income Taxes* • IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 *Operating Segments*		
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)		
Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to: • provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement* • require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries • require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).	Applicable to annual periods beginning on or after 1 January 2014	The amendment does not have any impact on the financial statements of the Bank as it does not have investment entities.
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)		
Amends IAS 36 *Impairment of Assets* to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Applicable to annual periods beginning on or after 1 January 2014	The Bank is assessing the impact of the standard.
Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39)		
Amends IAS 39 *Financial Instruments: Recognition and Measurement* make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.	Applicable to annual periods beginning on or after 1 January 2014	The amendment does not have any impact on the financial statements of the Bank as it neither novates derivatives nor carries out hedging.

2.4.3 NEW OR REVISED INTERPRETATIONS

New or revised pronouncement	Effective Date	Effect on BoU
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*		
Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The Interpretation requires stripping activity costs which provide improved access to ore are recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.	Applies to annual periods beginning on or after 1 January 2013	The standard does not apply to the Bank as its not involved in mining activities
IFRIC 21 *Levies*		
Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: • The liability is recognised progressively if the obligating event occurs over a period of time • If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	Applies to annual periods beginning on or after 1 January 2014	The standard does not apply to the Bank as there are no levies imposed by Government

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Ugandan Shillings, in accordance with section 18 of the Bank of Uganda Act (Cap.51) Laws of Uganda 2000, which is the Bank's functional currency. Except where indicated, financial information presented in Uganda shillings has been rounded to the nearest million.

2.6 REVENUE RECOGNITION

Income is recognized in the period in which it is earned. Income is recognised to the extent that it is probable that economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

2.6.1 INTEREST

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned from fixed income investments, trading securities and accrued discount and premium on treasury bills and other discounted securities.

2.6.2 NON-INTEREST INCOME

Non-interest income which consists of income from foreign currency trade, commissions from foreign currency operations, realised translation and fair value gains is recognised on accrual basis.

2.6.3 OTHER INCOME

Other income comprises net gains related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest and foreign exchange differences.

2.7 RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial instruments are appropriately classified.

2.7.1 RECOGNITION

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, which is the date that the Bank becomes a party to the contractual provisions of the instrument.

The classification of financial instruments on initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

The five different types of financial instruments held by the Bank are;

2.7.1.1 Financial instruments held-to-maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognised in the statement of comprehensive income line 'Impairment losses on financial investments'. Were the Bank to sell other than an insignificant amount of such assets, the entire category would be reclassified as available for sale. The Bank currently classifies loans and advances and reverse purchase instruments as held to maturity.

2.7.1.2 Held-for-trading Financial Assets

The Bank recognises financial assets as held-for-trading assets on the date it commits to purchase the assets. Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Financial instruments which are classified as held for trading are held principally for purposes of generating a profit from short-term fluctuations in price or dealers margin, and are measured at fair value. Gains and losses resulting from changes in fair values are recognised in net interest income and commissions in the statement of comprehensive income.

2.7.1.3 Available-For-Sale Financial Instruments

These are equity financial instruments which are not loans and receivables originated by the Bank; or those held-to-maturity; or financial assets held-for-trading, and are measured at their fair value or at cost less provision for impairment losses where fair value is not easily determinable. Gains are recognised in other comprehensive income and accumulated in the available for sale reserve. Losses that offset previous increases are recognised in other comprehensive income.

2.7.1.4 Loans and Receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money or services directly to counterparty with no intention of trading the receivable. The Bank has classified the following financial assets as loans and receivables originated by the entity: loans and advances, amounts due from the Government, other assets, and International Monetary Fund (IMF) related assets and cash and cash equivalents. After initial measurement, loans and receivables are measured at amortised cost using effective interest method less any allowance for impairment.

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

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

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

Building and property improvement loans given to staff out of the sinking fund are initially recognized at fair value and subsequently measured at amortized cost. The fair value gain or loss on initial recognition accrues to the fund. This fund is reflected as an earmarked fund but the loans are included as receivables of the Bank.

2.7.1.5 Derivatives and financial instrument through profit or loss

The Bank uses derivatives such as forward currency and futures contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and liabilities when the fair value is negative. Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income. The Bank has no derivatives which qualify for hedge accounting.

A financial asset or liability at fair value through profit or loss is a financial asset or liability that meets either of the following conditions;

it is classified as held for trading, if:

- acquired or incurred principally for purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instrument that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

2.7.2 SUBSEQUENT MEASUREMENT

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

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

For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Bank uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like currency swaps. For these financial instruments, inputs into models are market observable.

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

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

2.7.3 OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported on the reporting date where there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7.4 DERECOGNITION

Financial assets are de-recognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all of the risks and rewards of ownership.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

The gains and losses on investments held to maturity and loans and receivables are recognized in the profit or loss when the investments are derecognized.

2.7.5 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 advanced or received as collateral is recorded as an asset or liability.

2.8 IMPAIRMENT

At each reporting date, the Bank assesses whether there is objective evidence that a financial asset not measured at fair value through statement of comprehensive income is impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the assets that can be estimated reliably.

The Bank considers evidence of impairment at a specific asset. All individually significant financial assets are assessed for specific impairment.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit and loss. Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of other comprehensive income to the statement of comprehensive income. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in other comprehensive income. Changes in impairment allowances attributable to time value are reflected as a component of interest income.

For available for sale investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired. Where the amount recorded for impairment is the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in the statement of comprehensive income is removed from equity and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income: increases in the fair value after impairment are recognized in other comprehensive income.

2.8.1 NON-FINANCIAL ASSETS

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of other assets is the greater of their net selling price 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 generated 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.

An impairment loss is reversed only to the extent that the assets' carrying amounts do not exceed the carrying amounts that would have been determined net of depreciation or amortization, if no impairment loss has been recognized.

2.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land and buildings are subsequently shown at their market values, based on valuations by external independent valuers. The Bank revalues land and buildings after every five years. Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in the asset revaluation reserves. Decreases that offset previous increases of the same asset are charged against revaluation reserve while all other decreases are charged to the statement of comprehensive income. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus. All assets are carried at cost or revalued amount less accumulated depreciation and impairment losses.

The release of the revaluation surplus to the revenue reserve is set to coincide with the useful life of the asset.

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

The Bank is in the process of converting leasehold land to freehold in accordance with the Ugandan Land Act. On this basis, the risks and rewards of ownership of the leasehold land are hence considered to substantially be with the Bank, and the Leasehold land is carried at revalued amounts and not amortised. Buildings on leasehold land are depreciated on a straight line basis over the shorter of 50 years or the lease period. The directors and management review the residual value and useful life of an asset at the year end and any change in accounting estimate is recorded through the statement of comprehensive income. Other assets are depreciated over the term of their estimated useful lives at the following principal annual rates:

- Buildings 2%
- Computers, vehicles, plant and machinery 25%
- Vehicles 20%
- Bullion vans 10%
- Furniture and equipment 20%
- Notes processing machines 10%

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 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 and equipment is accounted for separately and capitalized while the major replaced component is derecognised.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain 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 operating income in profit or loss in the year the asset is derecognised

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

2.10 FINANCE LEASE ON LEASEHOLD LAND

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

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

2.11 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. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. 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 income statement.

Amortisation 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 follows:

Computer software 4 years

2.12 CONSUMABLE STORES STOCKS

Consumable stores stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provisions are made for all obsolete stock.

2.13 CURRENCY PRINTING AND MINTING COSTS

Currency note printing and coin minting costs incurred are deferred and only charged to the statement of comprehensive income in the year the currency is issued. The deferred amount is recognised in the statement of financial position as deferred currency costs and represents un-issued currency stocks.

2.14 CURRENCY IN CIRCULATION

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

2.15 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 24 (3) of the Bank of Uganda Act provided that a notice of not less than fifteen days is given in the official gazette. The value of demonetised currency notes and coins that is not returned to the Central Bank is recognised as income in the statement of comprehensive income and the liability to the public is extinguished.

2.16 PROVISIONS

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle 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.

2.17 CASH AND CASH EQUIVALENTS

Cash comprises of foreign currency held in Banking Office and demand deposits held with foreign Banks. Cash equivalents comprise of short term highly liquid investments and term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk in changes in value. The short-term highly liquid investments include balances with maturities of three months or less from the date of acquisition.

2.18 REPURCHASE AND SALE AGREEMENT

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

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

When the Bank mops money from commercial banks, it creates a liability in its financial statements and secures this borrowing (liability) by assigning part of the securitized 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 14 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 14 days).

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

Effective 1 July 2012, both REPO and Reverse REPO as instruments of monetary policy are owned and issued by the bank as opposed to prior years where the Bank issued them as an agent of Government and both interest expense on REPOs and Interest Income on Reserve REPO are recognised in the statement of comprehensive income

2.19 DIVIDENDS

The Bank of Uganda Act (Cap 51) allows the Bank to retain 60per cent of realized income after taking into account expenses. In addition to this, the Board of Directors in line with the requirements of Bank of Uganda Act set a policy that all dividends shall be paid after reclassifying all unrealized exchange gains and other revaluations gains to translation reserve.

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

2.20 DEPOSITS

Deposits are non-derivative financial liabilities with fixed or determinable receipts that are not quoted in an active market. They arise when the Bank receives money or services directly from counterparty with no intention of trading the payable. Deposits held are measured at amortised cost with interest income accruing on an effective interest rate basis.

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

2.21 FOREIGN CURRENCY TRANSLATION

Financial Assets and liabilities denominated in foreign currencies are translated into Uganda Shillings at the exchange rate ruling as at the reporting date. Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Uganda Shillings at rates ruling at that date. The resulting differences from conversion and translation are recognised in statement of comprehensive income in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

2.22 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 expected costs of the accumulating compensated absences is calculated in accordance with the Bank's leave commutation formula to determine the additional amount the Bank would have to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.23 BANK OF UGANDA RETIREMENT BENEFITS SCHEME

The Bank of Uganda Retirement Benefit Scheme which was established under an irrevocable trust in 1995 is governed by the Board's appointed trustees. The Bank's employees are eligible for retirement benefits under a defined benefit plan provided through a separate fund scheme administered by Trustees and funded by the Bank (17.1per cent) and employees of the Bank (2per cent) per month.

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 interest rates of government bonds that have terms to maturity approximating to the terms of the related pension liability.

The Bank's net obligation 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; that benefit is discounted to determine the present value and the fair value of any 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 and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous report year exceed 10per cent of the higher of the defined benefit obligation and the fair value of plan assets as at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits vest immediately, the past service cost is recognised immediately. Any net defined benefit surplus is limited to the benefit that is available to the Bank.

Where the calculation results in a benefit to the Bank, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

2.23.1 OTHER EMPLOYEE BENEFITS

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

2.24 TAXES

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

2.25 COMPARATIVES

Where necessary, comparative figures have been reclassified to conform with the current year's presentation. The following reclassifications were made as at 30 June 2012.

	30-Jun-2012 UGX (m)	Reclassification UGX (m)	Currently stated UGX (m)
Investments held-for-trading	1,993,261	9,481	2,002,742
Derivative financial assets	-	2,140	2,140
Derivative financial liabilities	-	(11,621)	(11,621)
	1,993,261	**-**	**1,993,261**

3 INTEREST INCOME

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Short term deposits with foreign banks	40,472	28,417
Investments in treasury bills with foreign banks	663	238
Operating income-externally managed funds	32,811	22,885
Short term money market deposits (local)	4,340	3,874
Government loans *	355	1,458
Demand loans & staff advances (local)	4,082	3,901
	82,723	**60,773**

* This relates to interest income earned on the special loan to Government relating to the procurement of the Presidential Jet (see note 22).

4 INTEREST EXPENSES

The above expense represents interest expense /charges on SDR allocation to the Bank as regularly advised by IMF and monetary policy costs.

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Interest paid to IMF (SDR allocation charges)	527	1,612
Vertical repo interest	28,104	-
Deposit auction interest	9,069	-
	37,700	**1,612**

Effective 1 July 2012, the costs of monetary policy that were previously borne by the Government of Uganda, became a full responsibility of the Bank of Uganda when the Inflation Targeting Lite (ITL) was introduced. During the FY 2012/13, there was increased activity in the Repo market and deposit auction to mop up excess liquidity in line with the monetary policy framework.

5 NON INTEREST INCOME

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Income from foreign currency trade	4,666	12,424
Commissions- foreign currency operations	1,537	1,576
Realised translation & fair value gains	23,618	51,769
	29,821	**65,769**

6 OTHER OPERATING INCOME

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Gain on disposal of vehicles	230	130
Gain on disposal of property, plant and equipment	55	50
Loss on transfer of property to RBS	(289)	-
Licence and cheque fees	555	499
Sale of receipt books	690	466
Sale of currency	18	2
Rental income	593	199
Real time gross & national interbank settlement systems	4,517	1,231
Fines, penalties & hire of bullion vans	29	654
Write back of amounts previously written off/provisions	5,798	16,113
Other income	265	363
Currency processing fees	2,168	1,618
	14,629	**21,325**

7 FEES FOR RESERVE MANAGEMENT

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Reserve management fees and other charges	5,288	3,595
	5,288	**3,595**

8 OTHER COMPREHENSIVE INCOME

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
BoU recapitalisation securities income *	5,170	-
Surplus on revaluation **	96,704	-
	101,874	**-**

* This relates to income earned on BoU recapitalisation securities as at 30 June 2013 (see note 21).

** This relates to surplus on revaluation of freehold land and buildings of UGX 68,149 million and leasehold land of UGX 28,555 million.

9 FOREIGN EXCHANGE AND FAIR VALUE GAINS/ (LOSSES)

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Unrealised foreign exchange gain/(loss)	171,250	(489,053)
Fair value losses on investments	(33,821)	(12,914)
	137,429	**(501,967)**

The unrealized foreign exchange gain/(loss) arises from translation of foreign currency transactions at the reporting date and revaluation of financial assets and liabilities denominated in foreign currencies to Uganda Shillings at the foreign exchange rates applicable on the reporting date.

Fair value losses relate to the valuation of investments held for trading and at fair value through profit and loss at their market rate as at year end.

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-2013	30-Jun-2012
US Dollars	2,593.33	2,473.24
Euro	3,371.85	3,073.25
GBP	3,943.16	3,865.01
SDR	3,899.75	3,736.08

10 GENERAL & ADMINISTRATION COSTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Staff costs (note 11)	134,852	104,250
Communication expenses	3,724	3,121
Water & electricity	2,660	2,161
Ground rates & buildings insurance	964	1,121
Repairs & maintainance - premises & equipment	6,180	4,130
Motor vehicle expenses	2,283	1,871
Travel costs	3,985	3,902
Corporate contributions	2,988	2,617
Publicity & public awareness costs	3,524	2,256
Printing & stationery	2,215	1,624
Inspection costs	811	688
General & administration costs	117	38
Furniture & equipment repairs	961	947
Office expenses-uniforms	175	62
J Mubiru memorial lecture	175	145
Intervention costs in forex market	3,162	6,963
Directors' fees and emoluments	917	1,035
Stock expenses	1	-
	169,694	**136,931**

11 STAFF COSTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Salaries,wages & allowances	81,063	70,643
Voluntary termination of service	-	1,347
NSSF- contribution & provision	6,984	5,557
Staff pension fund - contributions	24,136	7,551
Special provident fund - contributions	282	337
Gratuity	1,993	2,064
Death in service insurance	945	941
Staff welfare including medical	6,731	5,992
Training	12,718	9,818
	134,852	**104,250**

The average number of employees during the year was 1,019 (2012: 977) as shown below;

	30-Jun-2013 No of Staff	30-Jun-2012 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	10	9
Directors	22	21
Other	985	945
	1,019	**977**

12 CURRENCY COSTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Notes printing	57,461	42,650
Coins minting	3,650	2,746
Stock movement	477	280
Currency accessories	425	353
Currency machine maintenance	2,228	1,999
Cheque printing	56	96
Bullion van maintenance	270	309
Other currency costs	411	334
	64,978	**48,767**

13 IMPAIRMENT COSTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Provision for impairment of loans & advances (See Note 25)	83	152
	83	**152**

14 FINANCIAL AND PROFESSIONAL CHARGES

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Consultancy costs	2,529	2,668
Litigation fees & legal damages	249	471
Staff loans fair valuation	3,659	3,479
RTGS Training Expenses	19	36
Valuers' fees	2	7
Retainer fees	16	16
Software license & maintenance	4,542	3,820
Audit fees	120	110
Other proffessional fees	51	90
	11,187	**10,697**

16 NET DEFICIT FOR THE YEAR

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

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Audit fees	120	110
Other proffessional fees	51	90
Directors' emoluments	236	275
Directors' fees	681	759
Depreciation	12,501	15,506
Amortisation	3,398	-
Litigation fees & legal damages	249	471
Other income	(265)	(363)

17 CASH AND CASH EQUIVALENTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Foreign currency held in banking	4,363	4,382
Cash from foreign financial institutions	211,978	260,364
Credit Cards	91	87
	216,432	**264,833**

Foreign cash held in banking relates to foreign cash balances that were held in the banking hall as at year end. Cash from external financial institutions relates to cash balances held with external financial institutions.

18 INVESTMENTS IN SECURITIES

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
(a) At fair value through profit or loss		
Term deposits with external institutions	3,989,166	3,760,012
Treasury bills investments	674,185	370,898
Repurchase agreements	534,232	240,646
World bank one year deposit	77,800	74,197
Bank of Uganda managed funds	260,318	247,740
	5,535,701	**4,693,493**
(b) Held-for-trading		
Externally managed funds	2,682,812	2,002,742
	2,682,812	**2,002,742**
(c) Investments available-for-sale		
AFREXIM shares	1,088	989
SWIFT shares	522	522
At 30 June	**1,610**	**1,511**

Investments at fair value through profit and loss and held for trading include fair value losses of UGX 4,532 million (30 June 2012: UGX 15,679 million).

a) At fair value through profit or loss:

The Bank invests in financial instruments with low risk/highly rated financial institutions. These investments include term deposits, treasury bills and repurchase agreements and the investments are carried at fair value in accordance with the accounting policy.

Foreign cash collateral is in respect of irrevocable commitments under import letters of credit or facilities granted to the Bank and Uganda Government. The World Bank one year deposit is recallable at short notice.

b) Held-for-trading:

Investments held-for-trading represent foreign denominated assets managed by appointed fund managers; Strategic Fixed Income, Goldman Sachs, JP Morgan Chase and World Bank Treasury.

The externally managed fund portfolio of Financial Instruments is classified as "Held-for-Trading" and is stated at fair value, with changes in fair value recognized directly in the statement of comprehensive income.

The Bank's externally managed portfolio of investments is denominated in US dollars as the base currency.

c) Available-for-sale investment:

i. AFREXIM shares

The investment in African Export Import (Afrexim) Bank is in respect of 100 Class A equity shares at a par value of US $ 400,000. While the investment is classified as available for sale, its fair value is not reliably determinable due to the lack of quoted market prices or other information based on which a fair value estimate can be derived. Accordingly, the investment is stated at cost, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment. The performance trends in Afrexim's financial statements reflect a profitability position and dividends being declared hence in the opinion of the Board there is no indication of impairment. The Board believes that the carrying amounts approximate the fair value as at 30 June 2013.

ii. SWIFT shares

The Bank holds 58 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a total cost of Euro 169,900. The SWIFT is a cooperative society owned by its member financial institutions.

19 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 volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Forward foreign exchange contracts		
Assets	10,915	2,140
Liabilities	6,187	11,621
Notional amount	1,544,538	859,072
Futures		
Assets	-	-
Liabilities	-	-
Notional amount	28,341	(48,189)

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.

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.

20 ASSETS HELD AND OBLIGATIONS WITH INTERNATIONAL MONETARY FUND (IMF)

Assets	30-Jun-2013 UGX (m)	30-Jun-2013 SDR (m)	30-Jun-2012 UGX (m)	30-Jun-2012 SDR (m)
IMF SDR holdings	547,475	140	529,089	142
	547,475	**140**	**529,089**	**142**
Liabilities				
IMF account no. 2	24	1	24	1
IMF SDR allocation	674,892	173	646,567	173
	674,916	**174**	**646,591**	**174**

The IMF SDR Holdings represents Government of Uganda IMF SDR allocation of SDR 144 million. The liabilities relate to loans obtained from International Monetary Fund by Government and managed on behalf of the Government by the Bank at 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 transferred directly to the statement of comprehensive income.

20.1 OTHER IMF ACCOUNTS

Assets	30-Jun-2013 UGX (m)	30-Jun-2013 SDR (m)	30-Jun-2012 UGX (m)	30-Jun-2012 SDR (m)
IMF Quota	677,463	181	677,463	181
	677,463	**181**	**677,463**	**181**
Liabilities				
IMF account no. 1	599,722	160	599,722	160
IMF Securities	77,741	21	77,741	21
	677,463	**181**	**677,463**	**181**

The Other International Monetary Fund accounts consist of the Uganda Government total membership capital subscription Quota of SDR 180.5 million and the corresponding IMF I and securities accounts which are the responsibility of Government of Uganda as a fiscal agent and as such are not accounted for in the financial statements of the Bank.

21 INVESTMENTS IN TREASURY BILLS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Treasury bills for repos (zero coupon)	542,500	29,880
BoU recapitalization securities	415,188	-
	957,688	**29,880**

Zero Coupon Treasury bills represent securities offered to the Bank by Government of Uganda so as to provide a pool of instruments to the Bank for managing liquidity in the market through the issue of vertical repurchase (repos) agreements with primary dealer commercial banks. These are zero coupons and have short maturity periods of less than fourteen days thus amortized cost is not materially different from the cost.

Treasury bills for Repos represent collateral amount equal to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (note 24).

BoU recapitalisation securities represent the unredeemed treasury bills and bonds arising out of the recapitalisation measures undertaken by the Government of Uganda.

22 LOANS, ADVANCES AND DRAWDOWNS TO GOVERNMENT

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Uganda Consolidated Fund	6,095,237	6,221,574
Letters of comfort*	140,487	140,487
Special loan to government (Gulf Stream)**	20,019	29,364
Other Drawdowns (Classified)***	136,782	136,782
BoU recapitalization account****	410,017	-
Provision for impairment losses	(140,487)	(140,487)
Total	**6,662,055**	**6,387,720**
Provision for impairment losses;		
At 1 July	(140,487)	(82,718)
Reclassification from other payables	-	(57,769)
At 30 June	**(140,487)**	**(140,487)**

The Bank grants loans and advances to the government in respect of temporary deficiencies in revenue as provided for in the Bank of Uganda Act. Most of these loans and advances are due on demand with no interest charged and thus their carrying amount approximates their fair value.

* The Letters of comfort of UGX 140,487 million relate to requests made by Bank of Uganda to various commercial banks to extend loans to Haba group of companies.

** The special loan to government relates to an advance to government for procurement of the Presidential Aircraft with the interest rate (LIBOR plus 100 basis points), maturity date and repayment terms agreed between Ministry of Finance and the Bank as stipulated in the memorandum of understanding.

*** The drawdown relates to the outstanding balances from the Ministry of Defence amounting to UGX 136,782 million.

**** During the year, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14 (4), through issuance of treasury instruments worth UGX 410,017 million.

23 LOANS AND ADVANCES TO COMMERCIAL BANKS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Development finance loans to commercial banks	11,239	30,160
Loans to parastatals	-	359
	11,239	**30,519**
Less: provision for impairment loss	-	(359)
Net loans and advances	**11,239**	**30,160**
Provision for impairment loss:		
At 1 July	(359)	(359)
Write-back of provision on written off loans	359	-
At 30 June	**-**	**(359)**

23.1 DEVELOPMENT FINANCE LOANS TO COMMERCIAL BANKS

The Bank manages various lines of credit on behalf of Government and other donors and international institutions.

The loans to commercial banks are measured at amortized cost. The interest rates charged on these loans range from 4 to 12 per cent on Uganda Shilling loans and 3 to 5 per cent for foreign currency denominated loans with loan maturity terms of between 5 to 12 years. The securities held on the loans are in terms of promissory notes from participating commercial banks. The Bank has the option to recover the loan by directly charging the account of the respective commercial bank in the event of default. As at 30 June 2013, the loans were performing as per the memorandum of understanding and there were no signs of impairment noted.

24 REPOS COLLECTION

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Repos collection account	543,101	29,880
	543,101	**29,880**

REPO (Repurchase Agreements) is a flexible Open Market Operation instrument that provides for a simultaneous sale of securities and buy-back at a specified future date and price and hence facilitates flexible conduct of monetary policy.

A Repo involves the following transactions:

i. Change of legal ownership of securities between transacting parties.

ii. 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.

25 STAFF LOANS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Staff loans, advances and imprest to staff	26,217	24,403
Staff building loans	5,679	5,864
Staff loans, advances at fair value	**31,896**	**30,267**
Deferred staff cost	14,391	15,472
Staff loans, advances at cost	**46,287**	**45,739**
Provision for impairment (see below)	(811)	(795)
	45,476	**44,944**
Provision for impairment:		
At 1 July	(795)	(732)
Additional provision during the year	(83)	(104)
Recoveries/write back of provisions	65	41
Write offs	2	-
At 30 June	**(811)**	**(795)**

The Bank provides loans and advances to staff at interest rates below the market rates. The rates range from 3 per cent to 6 per cent, 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 which are secured by mortgages, salary advances are not secured. However, there is an undertaking by the staff that in the event of default the Bank can recover the outstanding balance from the retirement benefits. All mortgages are covered by an insurance policy of an amount that is twice the outstanding loan balances.

26 PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Computer Equipment	Motor Vehicles	Capital Work- In-Progress	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cost or Valuation								
As at 1 July 2011	**10,993**	**70,529**	**81,195**	**5,986**	**44,185**	**11,846**	**8,147**	**232,881**
Additions	192	268	2,714	1,020	1,595	1,025	6,755	13,569
Reclassification	-	12,437	79	-	-	-	(12,516)	-
Disposals	-	-	-	(7)	-	(510)	-	(517)
As at 30 Jun 2012	**11,185**	**83,234**	**83,988**	**6,999**	**45,780**	**12,361**	**2,386**	**245,933**
Additions	-	2,052	3,146	914	1,390	3,320	3,557	14,379
Reclassification to intangibles	-	-	-	-	(18,467)	-	(1,475)	(19,942)
Reclassification	75	714	-	-	-	-	(714)	75
Transfer to RBS	-	(642)	-	-	-	-	-	(642)
Revaluation Surplus	14,275	47,084	-	-	-	-	-	61,359
Disposals	-	-	(508)	(24)	(37)	(689)	-	(1,258)
As at 30 Jun 2013	**25,535**	**132,442**	**86,626**	**7,889**	**28,666**	**14,992**	**3,754**	**299,904**
Depreciation								
As at 1 July 2011	**-**	**3,960**	**59,352**	**4,989**	**29,228**	**9,002**	**-**	**106,531**
Charge for the year	-	1,388	6,372	410	5,994	1,342	-	15,506
Disposals	-	-	-	(6)	-	(510)	-	(516)
As at 30 Jun 2012	**-**	**5,348**	**65,724**	**5,393**	**35,222**	**9,834**	**-**	**121,521**
Charge for the year	-	1,757	6,180	615	2,663	1,286	-	12,501
Reclassification to intangibles	-	-	-	-	(11,754)	-	-	(11,754)
Eliminated on transfer to RBS	-	(80)	-	-	-	-	-	(80)
Eliminated on revaluation	-	(6,790)	-	-	-	-	-	(6,790)
Disposals	-	-	(506)	(24)	(32)	(689)	-	(1,251)
As at 30 Jun 2013	**-**	**235**	**71,398**	**5,984**	**26,099**	**10,431**	**-**	**114,147**
Net Carrying Amount								
As at 30 June 2013	**25,535**	**132,207**	**15,228**	**1,905**	**2,567**	**4,560**	**3,754**	**185,757**
As at 30 June 2012	**11,185**	**77,886**	**18,264**	**1,606**	**10,558**	**2,527**	**2,386**	**124,412**

The Bank conducted a revaluation of its land and buildings at 30 June 2013 by independent and certified professional valuers, East African Consulting Surveyors & Valuers. The valuation was based on market values defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

The market values for commercial properties in Kampala have been assessed using capitalization of adjusted and/or assumed market rents using appropriate rates of return. In adjusting/assuming the rents it was considered that the current passing rents in similar buildings in localities taking into account the current rental movements in the market generally.

The market values in the rest of the buildings in upcountry towns and all residential properties have been arrived at either by direct comparison of sales of similar or near similar properties and locations or by depreciated replacement cost. The revaluation surplus of UGX 68,149 million has been recognized in the Asset Revaluation Reserve.

The Bank revalues its land and buildings after every 5 years.

Items disposed comprised of vehicles and furniture, which mostly had a nil book value. All gains/(losses) on disposal of assets are credited directly to the statement of comprehensive income.

As approved by the Board, the Bank effected the transfer of land and property at Plot 137 Kabale Road, Kabale Municipality, Plot 50/52 Republic Street, Mbale and Plot 30 Republic Street, Mbale Municipality to the Bank of Uganda Staff Retirement Benefits Scheme. The net book values of these properties as at the date of the transfer were UGX 562 million.

27 FINANCE LEASE ON LEASEHOLD LAND

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
At 1 July	17,487	17,637
Write off	-	(150)
Revaluation surplus*	28,555	-
Reclassification**	(75)	-
Transfer to RBS***	(107)	-
At 30 June	**45,860**	**17,487**

Finance lease on leasehold land relates to all land for office space and residential premises under the current lease agreements. At inception of the lease, the obligation associated with the acquisition was paid upfront and as such, the would-be minimum lease payments were expunged at the beginning of the lease in a single payment.

Given the substance of this transaction, the risks and rewards are borne by the Bank with automatic renewal at the end of the lease. This in effect gives the Bank the right to own the land in perpetuity.

The Bank has commenced conversion of all leasehold land into freehold and accordingly ceased amortisation of the leasehold land on 1 July 2008.

* In line with the Bank policy, the leasehold land was revalued as at 30 June 2013. The revaluation surplus of UGX 28,555 million has been recognised in the Asset Revaluation Reserve.

** Plot 1 Kaboyo Road Fort Portal was converted from leasehold to freehold during the year

*** The transfer to RBS relates to the leasehold land at Plot 137 Kabale Road, Kabale Municipality, Plot 50/52 Republic Street, Mbale and Plot 30 Republic Street, Mbale Municipality that were transferred to the Bank of Uganda Staff Retirement Benefits Scheme. The net book values of these properties as at the date of the transfer were UGX 107 million.

28 INTANGIBLE ASSETS

	Software	Work- In-Progress	Totals
	UGX (m)	UGX (m)	UGX (m)
Cost or Valuation			
As at 1 July 2012	-	-	-
Reclassification from Property Plant & Equipment	18,467	1,475	19,942
Additions	-	1,459	1,459
As at 30 Jun 2013	**18,467**	**2,934**	**21,401**
Amortization			
As at 1 July 2012	-	-	-
Reclassification from Property Plant & Equipment	11,754	-	11,754
Charge for the year	3,398	-	3,398
As at 30 Jun 2013	**15,152**	**-**	**15,152**
Net Carrying Amount			
As at 30 June 2013	**3,315**	**2,934**	**6,249**
As at 30 June 2012	**-**	**-**	**-**

29 OTHER ASSETS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Consumable store stock	2,722	2,588
Prepayments & accrued income	2	51
Deferred currency costs *	109,325	111,070
Sundry debtors	1,323	296
Provisions for impairment losses	(12)	(46)
	113,360	**113,959**
Provisions for impairment losses:		
At 1 July	(46)	(4,665)
Additional provisions	-	(46)
Write offs during the year	34	4,665
At 30 June	**(12)**	**(46)**

* 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.

30 OTHER FOREIGN LIABILITIES

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Multi-lateral investment guarantee agency	38	38
IDA subscription	56	56
	94	**94**

The balance represents the Government of Uganda obligations in terms of subscriptions to the international agencies.

31 CURRENCY IN CIRCULATION

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Notes	1,361,120	1,378,124
Coins	95,797	92,394
Cash held in banking	996,017	734,030
Office imprest	(77)	(77)
	2,452,857	**2,204,471**

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2013 while cash held in Banking relates to cashiers' cash on hand as at year end.

The currency is issued in the following denominations:

Notes	Coins
1,000	1
2,000	2
5,000	5
10,000	10
20,000	20
50,000	50
	100
	200
	500
	1,000

32 GOVERNMENT DEPOSITS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Government income accounts	-	124,249
Oil Tax Fund*	1,606,244	1,585,051
Government deposit letters of credit accounts	59,254	64,024
Government ministries accounts	800,928	893,612
Government projects accounts	1,490,790	1,189,103
Special diversiture revolving fund	-	18
Government of Uganda managed funds through DFS**	106,675	112,157
IMF accounts	11,699	15,692
Government capital accounts	6,324,439	5,117,613
EFT salary suspense accounts	35,233	31,744
	10,435,262	**9,133,263**

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 2013. 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. The securities are re-discountable at the Bank rediscount rate.

* The Oil Tax Revenue Fund of UGX 1,606,244 million relates to an amount of UGX 1,161,737 million received by Government of Uganda from Tullow Oil for the settlement of the tax dispute between government and Heritage Oil & Gas (U) Limited. It also includes stamp duty of USD 171 million (UGX 444,507 million) on sale of Tullow Oil's assets to Total and CNOOC. The amount of USD 171 million was invested in short term money market deposits which yielded interest of USD 246,344 during the year. The oil funds have been ring fenced for future Government development expenditure.

** The Government of Uganda managed funds through Development Finance Schemes (DFS) includes a net balance of UGX 20,282 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 commercial banks.

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Agricultural Credit Facility (ACF) Capital	63,064	48,064
Less:		
ACF Loans to commercial banks	(42,782)	(33,905)
Net balance on ACF capital	**20,282**	**14,159**
Other funds	86,393	97,998
Total Government of Uganda managed funds	**106,675**	**112,157**

The net Uganda Consolidated Fund position at Bank of Uganda is a summary of government deposits and government loans, drawdowns and advances.

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Government Deposits	10,435,262	9,133,263
Government Loans, Drawdowns and Advances (see note 22)	(6,662,055)	(6,387,720)
Net Uganda Consolidated Fund Position	**3,773,207**	**2,745,543**

33 COMMERCIAL BANK DEPOSITS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Current accounts by commercial banks	1,093,339	808,426
Cash recovered from closed commercial banks	2,805	39
Collection from closed banks loans	20,242	19,821
	1,116,386	**828,286**

Current accounts relate to cash balances held by commercial banks with Bank of Uganda in line with statutory obligations. Cash reserve ratio is a statutory ratio for monetary policy and commercial banks are required to hold at the Central Bank of Uganda a prescribed percentage of their total deposits. The ratio is dependent on a monetary policy stance, revised from time to time and is currently 8 per cent. There are currently 24 licenced commercial banks in Uganda. The Bank does not pay interest on these account balances.

34 INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT (IBRD)

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
International Bank for Reconstruction & Dev't (IBRD)	259	-
	259	**-**

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.

35 RECOGNISED RETIREMENT BENEFITS PLAN

The Bank employees are eligible for retirement benefits under a defined benefit plan provided through a separate funded arrangement. The asset in respect of defined benefit pension plans is the fair value of plan assets at the statement of financial position date minus the present value of the defined benefit obligation, together with adjustments for unrecognised actuarial gains/losses. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method every 3 years. The current actuarial review and valuation was carried out by Actuarial Services (E.A) Limited as at 30 June 2013.

The actuarial certification only includes the funded pension arrangements of the Bank of Uganda Retirement Benefits Scheme (RBS).

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

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Present value of defined benefit obligations	222,562	196,714
Fair value of plan assets	(141,605)	(103,334)
Present value of unfunded benefits obligation	**80,957**	**93,380**
Unrecognised actuarial loss	-	(63,966)
Employee benefits payable	**80,957**	**29,414**

During the year, the Bank's net payable in respect to the plan was calculated by a qualified actuary using the projected unit credit method. Actuarial gains and losses are charged to the statement of comprehensive income. The actuarial gains and losses have been recognised in the current year. This is in line with the anticipated change that will require full recognition of actuarial gains and losses effective from 1 January 2013.

The amounts recognised in the statement of comprehensive income are as follows:

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Current service cost	11,939	4,657
Interest cost	28,958	14,711
Expected return on plan assets	(16,885)	(6,377)
Net actuarial losses recognised in the year	48,748	16,378
Past service costs	-	9,301
Adjustment for prior year values	2,919	(2,053)
Total included in staff costs	**75,679**	**36,617**
Employer contribution	(24,136)	(7,551)
Actuarial losses on defined benefit plans	**51,543**	**29,066**

The recognised actuarial loss in the current year is the previous year's unrecognised loss in excess of 10 per cent of the previous year's value of defined benefit obligations, amortised over the expected future working lifetime of the in-service members.

During the year, UGX 15 billion was paid into the Retirement Scheme and is reflected in the above disclosure.

The principle actuarial assumptions in real terms are as follows:

	30-Jun-2013	30-Jun-2012
Discount rate	15.1%	15.3%
Expected return on plan assets	15.1%	15.3%
Future salary increase	14.1%	14.3%
Future pension increase	13.1%	13.3%

The discount rate has been decreased from 15.28 per cent as at the last valuation to 15.14 per cent p.a. The discount rate is based on the 10-year government bond yield in line with the general requirements of the IFRS. However, the gap between the discount rate and the future salary and pension increases has been kept constant at 1 per cent and 2 per cent per annum respectively when compared with the 2011/12 assumptions.

36 OTHER LIABILITIES

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Deposits from other institutions	-	309
Uninvested pension fund cash	1,417	724
Deposit Protection Fund*	19,983	59,790
Accounts payable	51,253	83,791
Other creditors	19,126	9,171
IMF debt relief**	3,150	6,168
UCBL sales proceeds	3,412	3,412
Provision for UCBL excluded liabilities***	1,359	1,359
Money remittance institutions	101	990
	99,801	**165,714**

* The Bank manages and controls the Deposit Protection Fund (DPF) in accordance with section 108-111 of the Financial Institutions Act 2004 (FIA). The DPF is a self-accounting fund and is audited separately by an independent firm of Auditors. The balance on the account represents cash at hand for the DPF.

** During the financial year 2005/06, Government benefited from IMF debt relief of SDR87.7million (UGX 231billion) under the Multilateral Debt Relief Initiative (MDRI). The relief is being gradually released to the Uganda Consolidated Fund (UCF) account according to the earlier agreed amortization schedule between government and IMF. The relief is not reflected within government deposits as per agreed monetary programmes between Government of Uganda and IMF.

*** The Bank completed the dissolution of Uganda Commercial Bank Ltd (UCBL) on 21 February 2003 with the sale of the majority shares (80 per cent) to Standard Bank Investment Corporation (Stanbic) through its subsidiary Stanbic (U) Ltd. Under the sale agreement, the Bank, on behalf of the shareholders, undertook to fulfil certain warranties, such as the payment of retrenchment costs for up to five hundred staff. The provision for excluded liabilities of UGX 1,359 million was set aside to cover other incidentals.

37 AUTHORISED AND ISSUED SHARE CAPITAL

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Authorised		
30,000,000,000 of UGX 1.00 each	30,000	30,000
Issued and fully paid		
20,000,000,000 of UGX 1.00 each	20,000	20,000

The Bank of Uganda Act (Cap. 51), Laws of Uganda 2000 is the law that establishes the Bank with the authorized capital of UGX 30 billion. Currently UGX 20 billion is issued and fully paid.

38 BOU RECAPITALIZATION FUNDS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
BoU recapitalisation securities	410,017	-
	410,017	**-**

During the year the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14 (4), through issuance of treasury instruments worth UGX 410,017 million.

39 RESERVES

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Asset revaluation reserve	143,875	47,904
Revenue reserve	(530,357)	(306,713)
General reserve	257,971	20,175
Unrealised translation reserve	1,311,303	1,407,295
	1,182,792	**1,168,661**

The distributable deficit is arrived at as follows:

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Total comprehensive surplus/(deficit) for the year	10,104	(600,426)
Unrealised foreign exchange (gain)/loss	(137,429)	501,967
Deficit sharing with Government	**(127,325)**	**(98,459)**

40 EARMARKED FUNDS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
At 1 July	4,375	4,375
Transfer to general reserve	(4,375)	-
At 30 June	**-**	**4,375**

Earmarked funds represent amounts set aside from reserves by the Bank for purposes of financing development projects through accredited financial institutions. The development finance activities have been inactive since September 2006 following Government of Uganda's decision to transfer them to the Uganda Development Bank (UDBL). The Board approved the closure of the projects and transfer of the residual balances to the General Reserve.

41 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.

41.1 LEGAL PROCEEDINGS

The Bank is a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 403 million (2012: UGX 600 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.

41.2 CAPITAL COMMITMENTS

As at 30 June 2013, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 2,290 million compared to UGX 1,087 million as at 30 June 2012.

41.3 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.

41.4 LETTERS OF CREDIT

Letters of credit commit the Bank to make payments on behalf of Government to third parties, and reimbursement by the customer is normally immediate. As at 30 June 2013, the total outstanding letters of credit on behalf of Government amounted to UGX 59,254 million (2012: UGX 60,024 million).

42 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 credit risk, foreign exchange risk, and interest rate 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 Financial Markets Department. 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.

The Bank has exposure to the following risks:

- Operational Risk
- Credit risk
- Liquidity risk
- Interest Rate Risk
- Currency risks

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.

42.1 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.

42.1.1 MANAGEMENT OF OPERATIONAL RISK

Managing operational risk in the Bank is seen as an integral part of the day-today 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 Bank activities.

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 them with an opportunity to give immediate advice.

42.2 CREDIT RISK

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities.

42.2.1 MANAGEMENT OF CREDIT RISK

The Board of Directors has delegated responsibility for management of credit risk to the senior management. Senior management oversight over credit risk includes;

- 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.
- Using advice, guidance and specialist skills to promote best practice.
- For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).
- For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

42.2.2 IMPAIRED LOANS AND SECURITIES

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

42.2.3 PAST DUE BUT NOT IMPAIRED LOANS

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the state of collection of amounts owed to the Bank.

42.2.4 ALLOWANCE FOR IMPAIRMENT

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures.

42.2.5 WRITE-OFF POLICY

The Bank writes off a loan/security balance (and any related allowances for impairment losses) when the Bank determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/ issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

Table 21 Credit Risk Profile

Loans and Advances	Government		Commercial Banks		Staff Loans	
In millions of shillings	**30-Jun-2013**	**30-Jun-2012**	**30-Jun-2013**	**30-Jun-2012**	**30-Jun-2013**	**30-Jun-2012**
Carrying Amount	6,662,055	6,387,720	11,239	30,160	45,476	44,944
Individually Impaired:						
Government ministries	140,487	140,487	-	-	-	-
Closed commercial banks	-	-	-	359	-	-
Staff loans	-	-	-	-	811	795
Gross Amount	140,487	140,487	-	359	811	795
Allowance for impairment	(140,487)	(140,487)	-	(359)	(811)	(795)
Carrying amount	**-**	**-**	**-**	**-**	**-**	**-**
Collectively impaired:	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-
Allowance for impairment	**-**	**-**	**-**	**-**		
Carrying amount	-	-	-	-	-	-
Past due but not impaired:						
Low-fair risk	6,115,256	6,250,938	-	-	-	-
Watch list	-	-	-	-	-	-
Carrying amount	**6,115,256**	**6,250,938**	**-**	**-**	**-**	**-**
Past due comprises:						
30 - 60 days	-	-	-	-	-	-
60 - 90 days	-	-	-	-	-	-
90 - 180 days	-	-	-	-	-	-
180 days+	6,115,256	6,250,938	-	-	-	-
Carrying amount	**6,115,256**	**6,250,938**	**-**	**-**	**-**	**-**
Neither past due nor impaired:						
Carrying amount	546,799	136,782	11,239	30,160	45,476	44,944
Total carrying amount	**6,662,055**	**6,387,720**	**11,239**	**30,160**	**45,476**	**44,944**

Set above is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets.

42.2.6 CREDIT RISK EXPOSURE

42.2.6.1 Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of 30 June 2012 and 30 June 2011 are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 22 Credit risk exposure by credit ratings

Cash and cash equivalents	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Foreign currency held in banking	4,363	4,382
Cash from external financial institutions		
Central Banks	26,757	20,639
Multinational Institution	1,591	1,497
P-1/A2	23,139	124,416
P-1/Aa3	1,277	7
P-2/Baa1	158,552	112,072
NR	753	1,819
Investments at fair value through profit & loss		
Central Banks	1,571,722	1,586,452
Multinational Institution	879,491	834,698
Aaa	260,318	247,740
P-1/A1	28,064	-
P-1/A2	1,776,060	1,410,243
P-1/Aa2	183,002	-
P-1/Aa3	614,562	340,246
P-2/Baa1	222,542	274,114
Held for trading investments		
A1	5,247	4,555
A2	1,319	1,242
Aa1	302,249	102,088
Aa2	18,666	5,327
Aa3	205,593	144,916
Aaa	2,117,132	1,688,173
Multinational Institution	32,607	56,440
Derivatives	10,915	2,140
Investments available for sale		
Multinational Institution	1,610	1,511
Assets held with IMF		
Multinational Institution	547,475	529,089
Domestic investments-Government securities	957,688	29,880
Advances to Government	6,662,055	6,387,720
Others	170,075	189,063
Total	**16,784,823**	**14,100,471**

42.2.6.2 Credit risk exposure by sector

The sectoral classification of the Bank's credit exposure as of 30 June 2013 is as follows:

Table 23 Credit risk exposure by sector FY2012/13

Details	Foreign Country Treasury	Supranational Institutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Insitutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	26,760	1,591	-	-	183,720	-	-	4,361	216,432
Investments at fair value through profit & loss	1,831,979	879,492	-	-	2,824,230	-	-	-	5,535,701
Derivatives	-	-	-	-	10,915	-	-	-	10,915
Held for trading investments	2,127,412	35,372	21,153	-	168,485	330,390	-	-	2,682,812
Investments available for sale	-	1,610	-	-	-	-	-	-	1,610
Assets held with IMF	-	547,475	-	-	-	-	-	-	547,475
Domestic investments-Government securities	-	-	-	-	-	-	957,688	-	957,688
Advances to Government	-	-	-	-	-	-	6,662,055	-	6,662,055
Loans to commercial banks	-	-	-	11,239	-	-	-	-	11,239
Others	-	-	-	-	-	-	-	158,836	158,836
Total	**3,986,151**	**1,465,540**	**21,153**	**11,239**	**3,187,350**	**330,390**	**7,619,743**	**163,197**	**16,784,763**

The sectoral classification of the Bank's credit exposure as of 30 June 2012 is as follows:

Table 24 Credit risk exposure by sector FY2011/12

Details	Foreign Country Treasury	Supranational Institutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Insitutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)		UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	20,639	1,497	-	-	238,315	-	-	4,382	264,833
Investments at fair value through profit & loss	1,834,192	834,699	-	-	2,024,602	-	-	-	4,693,493
Derivatives	-	-	-	-	2,140	-	-	-	2,140
Held for trading investments	1,478,433	56,440	1,251	-	294,738	171,880	-	-	2,002,742
Investments available for sale	-	1,511	-	-	-	-	-	-	1,511
Assets held with IMF	-	529,089	-	-	-	-	-	-	529,089
Domestic investments-Government securities	-	-	-	-	-	-	29,880	-	29,880
Advances to Government	-	-	-	-	-	-	6,387,720	-	6,387,720
Loans to commercial banks	-	-	-	30,160	-	-	-	-	30,160
Others	-	-	-	-	-	-	-	158,903	158,903
Total	**3,333,264**	**1,423,237**	**1,251**	**30,160**	**2,559,795**	**171,880**	**6,417,600**	**163,285**	**14,100,471**

42.2.6.3 Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2013 is as follows:

Table 25 Credit risk exposure by geographical location FY 2012/13

Details	Uganda	USA	UK	Eurozone	Other European Countries	Other Countries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	4,363	102,935	81,417	24,316	167	3,234	216,432
Investments at fair value through profit & loss	-	1,546,612	2,154,563	407,243	1,399,666	27,617	5,535,701
Derivatives financial instruments	-	10,915	-	-	-	-	10,915
Held for trading investments	-	1,418,210	138,703	709,238	125,367	291,294	2,682,812
Investments available for sale	-	-	-	573	-	1,037	1,610
Assets held with IMF	-	547,475	-	-	-	-	547,475
Domestic investments-Government securities	957,688	-	-	-	-	-	957,688
Advances to Government	6,662,055	-	-	-	-	-	6,662,055
Loans to commercial banks	11,239	-	-	-	-	-	11,239
Staff loans and advances	45,476	-	-	-	-	-	45,476
Property, plant and equipment	185,757	-	-	-	-	-	185,757
Leasehold land	45,860	-	-	-	-	-	45,860
Intangible assets	6,249	-	-	-	-	-	6,249
Other assets	113,360	-	-	-	-	-	113,360
Total Assets	**8,032,047**	**3,626,147**	**2,374,683**	**1,141,370**	**1,525,200**	**323,182**	**17,022,629**
IMF obligations	-	674,916	-	-	-	-	674,916
Derivatives	-	6,187	-	-	-	-	6,187
Other foreign liabilities	94	-	-	-	-	-	94
Currency in circulation	2,452,857	-	-	-	-	-	2,452,857
Government deposits	10,435,262	-	-	-	-	-	10,435,262
Commercial banks deposits	1,116,386	-	-	-	-	-	1,116,386
Repos	543,101						543,101
International Bank for Reconstruction and Dev't	259	-	-	-	-	-	259
Employee benefits	80,957	-	-	-	-	-	80,957
Other liabilities	99,804	-	-	-	-	-	99,804
Total Liabilities	**14,728,720**	**681,103**	**-**	**-**	**-**	**-**	**15,409,823**
Capital	20,000	-	-	-	-	-	20,000
BoU recapitalisation	410,017	-	-	-	-	-	410,017
Retained earnings	1,182,792	-	-	-	-	-	1,182,792
Total Equity and Reserves	**1,612,809**	**-**	**-**	**-**	**-**	**-**	**1,612,809**
Total Equity and Liabilities	**16,341,529**	**681,103**	**-**	**-**	**-**	**-**	**17,022,632**

Table 26 Credit risk exposure by geographical location FY 2011/12

Details	Uganda	USA	UK	Eurozone	Other European Countries	Other Countries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	4,382	86,904	43,918	126,144	943	2,542	264,833
Investments at fair value through profit & loss	-	933,616	2,409,566	136,070	1,087,815	126,426	4,693,493
Held for trading investments	-	1,193,688	142,939	380,258	62,583	223,274	2,002,742
Investments available for sale	-	-	-	522	-	989	1,511
Derivative financial instruments	-	2,140	-	-	-	-	2,140
Assets held with IMF	-	529,089	-	-	-	-	529,089
Domestic investments-Government securities	29,880	-	-	-	-	-	29,880
Advances to Government	6,387,720	-	-	-	-	-	6,387,720
Loans to commercial banks	30,160	-	-	-	-	-	30,160
Staff loans and advances	44,944	-	-	-	-	-	44,944
Property, plant and equipment	124,412	-	-	-	-	-	124,412
Leasehold land	17,487	-	-	-	-	-	17,487
Other assets	113,959	-	-	-	-	-	113,959
Total Assets	**6,752,944**	**2,745,437**	**2,596,423**	**642,994**	**1,151,341**	**353,231**	**14,242,370**
IMF obligations	-	646,591	-	-	-	-	646,591
Other foreign liabilities	94	-	-	-	-	-	94
Derivative financial instruments	-	11,621	-	-	-	-	11,621
Currency in circulation	2,204,471	-	-	-	-	-	2,204,471
Government deposits	9,133,263	-	-	-	-	-	9,133,263
Commercial banks deposits	828,286	-	-	-	-	-	828,286
Repos	29,880	-	-	-	-	-	29,880
Employee benefits	29,414	-	-	-	-	-	29,414
Other liabilities	165,714	-	-	-	-	-	165,714
Total Liabilities	**12,391,122**	**658,212**	**-**	**-**	**-**	**-**	**13,049,334**
Capital	20,000	-	-	-	-	-	20,000
Retained earnings	1,168,661	-	-	-	-	-	1,168,661
Earmarked funds	4,375	-	-	-	-	-	4,375
Total Equity and Reserves	**1,193,036**	**-**	**-**	**-**	**-**	**-**	**1,193,036**
Total Equity and Liabilities	**13,584,158**	**658,212**	**-**	**-**	**-**	**-**	**14,242,370**

43 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 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 the table below.

Table 27 Liquidity profile 2012/13

			30-Jun-2013 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	216,432	-	-	-
		Investments at fair value through profit or loss	5,535,701	5,457,901	-	77,800	-
		Investments held-for-trading	2,682,812	-	-	-	2,682,812
		Investments available-for-sale	1,610	-	-	-	1,610
		Derivative financial instruments	10,915	-	-	-	10,915
		Assets held with IMF	547,475	-	-	-	547,475
	Total foreign assets		**8,994,945**	**5,674,333**	**-**	**77,800**	**3,242,812**
	Domestic assets	Investments in treasury bills	957,688	-	-	847,671	110,017
		Loans, advances and drawdowns to government	6,662,055	-	-	-	6,662,055
		Loans and advances to commercial banks	11,239	-	-	-	11,239
		Staff loans	45,476	-	-	-	45,476
		Property, plant and equipment	185,757	-	-	-	185,757
		Finance lease on leasehold land	45,860	-	-	-	45,860
		Intangible assets	6,249	-	-	-	6,249
		Other assets	113,360	4,035	-	-	109,325
	Total domestic assets		**8,027,684**	**4,035**	**-**	**847,671**	**7,175,978**
Total assets			**17,022,629**	**5,678,368**	**-**	**925,471**	**10,418,790**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	674,916
		Other foreign liabilities	94	-	-	-	94
		Derivative financial instruments	6,187	-	-	-	6,187
	Total foreign liabilities		**681,197**	**-**	**-**	**-**	**681,197**
	Domestic liabilities	Currency in circulation	2,452,857	2,452,857	-	-	-
		Government deposits	10,435,262	5,166,789	-	-	5,268,473
		Commercial banks' deposits	1,116,386	1,116,386	-	-	-
		Repos	543,101	543,101	-	-	-
		International Bank for Reconstruction & Dev't (IBRD)	259	259	-	-	-
		Employee benefits	80,957	-	-	-	80,957
		Other liabilities	99,801	99,801	-	-	-
	Total domestic liabilities		**14,728,623**	**9,379,193**	**-**	**-**	**5,349,430**
Total liabilities			**15,409,820**	**9,379,193**	**-**	**-**	**6,030,627**
	Equity	Issued capital	20,000	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	410,017
		Reserves	1,182,792	-	-	-	1,182,792
	Total Equity		**1,612,809**	**-**	**-**	**-**	**1,612,809**
Total liabilities & equity			**17,022,629**	**9,379,193**	**-**	**-**	**7,643,436**
		Net liquidity gap	**30 June 2013**	**(3,700,825)**	**-**	**925,471**	**2,775,354**

Table 28 Liquidity profile 2011/12

			30-Jun-2012 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	264,833	264,833	-	-	-
		Investments at fair value through profit or loss	4,693,493	4,619,296	-	74,197	-
		Investments held-for-trading	2,002,742	-	-	-	2,002,742
		Investments available-for-sale	1,511	-	-	-	1,511
		Derivative financial instruments	2,140	-	-	-	2,140
		Assets held with IMF	529,089	-	-	-	529,089
	Total foreign assets		**7,493,808**	**4,884,129**	**-**	**74,197**	**2,535,482**
	Domestic assets	Investments in treasury bills	29,880	29,880	-	-	-
		Loans, advances and drawdowns to government	6,387,720	-	-	-	6,387,720
		Loans and advances to commercial banks	30,160	-	-	-	30,160
		Staff loans	44,944	-	-	-	44,944
		Property, plant and equipment	124,412	-	-	-	124,412
		Finance lease on leasehold land	17,487	-	-	-	17,487
		Other assets	113,959	2,889	-	-	111,070
	Total domestic assets		**6,748,562**	**32,769**	**-**	**-**	**6,715,793**
Total assets			**14,242,370**	**4,916,898**	**-**	**74,197**	**9,251,275**
Liabilities	**Foreign liabilities**	IMF obligations	646,591	-	-	-	646,591
		Other foreign liabilities	94	-	-	-	94
		Derivative financial instruments	11,621	-	-	-	11,621
	Total foreign liabilities		**658,306**	**-**	**-**	**-**	**658,306**
	Domestic liabilities	Currency in circulation	2,204,471	2,204,471	-	-	-
		Government deposits	9,133,263	7,548,212	-	-	1,585,051
		Commercial banks' deposits	828,286	828,286	-	-	-
		Repos	29,880	29,880	-	-	-
		Employee benefits	29,414	-	-	-	29,414
		Other liabilities	165,714	165,714	-	-	-
	Total domestic liabilities		**12,391,028**	**10,776,563**	**-**	**-**	**1,614,465**
Total liabilities			**13,049,334**	**10,776,563**	**-**	**-**	**2,272,771**
	Equity	Issued capital	20,000	-	-	-	20,000
		Reserves	1,168,661				1,168,661
		Earmarked funds	4,375	-	-	-	4,375
	Total Equity		**1,193,036**	**-**	**-**	**-**	**1,193,036**
Total liabilities & equity			**14,242,370**	**10,776,563**	**-**	**-**	**3,465,807**
		Net liquidity gap	**30 June 2012 -**	**5,859,665**	**-**	**74,197**	**5,785,468**

43.1 MANAGEMENT OF LIQUIDITY RISK

The Bank's approach of managing liquidity is to ensure that as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

In order to manage liquidity risk, the Bank invests its surplus reserves in time deposits with maturities concentrated in short-term maturity span of one to three months. The portfolio is structured in such a manner that a mix of deposits matures on timely manner to ensure availability of funds to meet scheduled government and the Bank's obligations.

44 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 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.

44.1 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 externally managed portfolio is held by fund managers.

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 29 Interest risk analysis 2012/13

			30-Jun-2013 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	216,432	-	-	-	-
		Investments at fair value through profit or loss	5,535,701	5,457,901	-	-	77,800	-
		Investments held-for-trading	2,682,812	2,682,812	-	-	-	-
		Investments available-for-sale	1,610	-	-	-	1,610	-
		Derivative financial instruments	10,915	10,915	-	-	-	-
		Assets held with IMF	547,475	-	-	-	547,475	-
	Total foreign assets		**8,994,945**	**8,368,060**	**-**	**-**	**626,885**	**-**
	Domestic assets	Investments in treasury bills	957,688	547,671	-	-	410,017	-
		Loans, advances and drawdowns to government	6,662,055	-	-	-	430,036	6,232,019
		Loans and advances to commercial banks	11,239	-	-	-	11,239	-
		Staff loans	45,476	-	-	-	45,476	-
		Property, plant and equipment	185,757	-	-	-	-	185,757
		Finance lease on leasehold land	45,860	-	-	-	-	45,860
		Intangible assets	6,249	-	-	-	-	6,249
		Other assets	113,360	-	-	-	-	113,360
	Total domestic assets		**8,027,684**	**547,671**	**-**	**-**	**896,768**	**6,583,245**
				-	-	-	-	-
Total assets			**17,022,629**	**8,915,731**	**-**	**-**	**1,523,653**	**6,583,245**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	674,916	-
		Other foreign liabilities	94	-	-	-	-	94
		Derivative financial instruments	6,187	6,187	-	-	-	-
	Total foreign liabilities		**681,197**	**6,187**	**-**	**-**	**674,916**	**94**
	Domestic liabilities	Currency in circulation	2,452,857	-	-	-	-	2,452,857
		Government deposits	10,435,262	-	-	-	-	10,435,262
		Commercial banks' deposits	1,116,386	-	-	-	-	1,116,386
		Repos	543,101	543,101	-	-	-	-
		International Bank for Reconstruction & Dev't (IBRD)	259	-	-	-	-	259
		Employee benefits	80,957	-	-	-	-	80,957
		Other liabilities	99,801	-	-	-	-	99,801
	Total domestic liabilities		**14,728,623**	**543,101**	**-**	**-**	**-**	**14,185,522**
				-	-	-	-	-
Total liabilities			**15,409,820**	**549,288**	**-**	**-**	**674,916**	**14,185,616**
	Equity	Issued capital	20,000	-	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	-	410,017
		Reserves	1,182,792	-	-	-	-	1,182,792
	Total Equity		**1,612,809**	**-**	**-**	**-**	**-**	**1,612,809**
				-	-	-	-	-
Total liabilities & equity			**17,022,629**	**549,288**	**-**	**-**	**674,916**	**15,798,425**
				-	**-**	**-**	**-**	**-**
		On balance Sheet interest Sensitivity Gap	**30 June 2013**	**8,366,443**	**-**	**-**	**848,737**	**(9,215,180)**

Table 30 Interest risk analysis 2011/12

			30-Jun-2012 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	264,833	264,833	-	-	-	-
		Investments at fair value through profit or loss	4,693,493	4,619,296	-	-	74,197	-
		Investments held-for-trading	2,002,742	2,002,742	-	-	-	-
		Investments available-for-sale	1,511	-	-	-	1,511	-
		Derivative financial instruments	2,140	2,140	-	-	-	-
		Assets held with IMF	529,089	-	-	-	529,089	-
	Total foreign assets		**7,493,808**	**6,889,011**	**-**	**-**	**604,797**	**-**
	Domestic assets	Investments in treasury bills	29,880	29,880	-	-	-	-
		Loans, advances and drawdowns to government	6,387,720	-	-	-	29,364	6,358,356
		Loans and advances to commercial banks	30,160	-	-	-	30,160	-
		Staff loans	44,944	-	-	-	44,944	-
		Property, plant and equipment	124,412	-	-	-	-	124,412
		Finance lease on leasehold land	17,487	-	-	-	-	17,487
		Other assets	113,959	-	-	-	-	113,959
	Total domestic assets		**6,748,562**	**29,880**	**-**	**-**	**104,468**	**6,614,214**
Total assets			**14,242,370**	**6,918,891**	**-**	**-**	**709,265**	**6,614,214**
Liabilities	**Foreign liabilities**	IMF obligations	646,591	-	-	-	646,591	-
		Other foreign liabilities	94	94	-	-	-	-
		Derivative financial instruments	11,621	11,621	-	-	-	-
	Total foreign liabilities		**658,306**	**11,715**	**-**	**-**	**646,591**	**-**
	Domestic liabilities	Currency in circulation	2,204,471	-	-	-	-	2,204,471
		Government deposits	9,133,263	-	-	-	-	9,133,263
		Commercial banks' deposits	828,286	-	-	-	-	828,286
		Repos	29,880	29,880	-	-	-	-
		Employee benefits	29,414	-	-	-	-	29,414
		Other liabilities	165,714	-	-	-	-	165,714
	Total domestic liabilities		**12,391,028**	**29,880**	**-**	**-**	**-**	**12,361,148**
Total liabilities			**13,049,334**	**41,595**	**-**	**-**	**646,591**	**12,361,148**
	Equity	Issued capital	20,000	-	-	-	-	20,000
		Reserves	1,168,661	-	-	-	-	1,168,661
		Earmarked funds	4,375	-	-	-	-	4,375
	Total Equity		**1,193,036**	**-**	**-**	**-**	**-**	**1,193,036**
Total liabilities & equity			**14,242,370**	**41,595**	**-**	**-**	**646,591**	**13,554,184**
		On balance Sheet interest Sensitivity Gap	**30 June 2012**	**6,877,296**	**-**	**-**	**62,674**	**(6,939,970)**

44.2 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 per cent would be as follows;

Table 31 Interest risk sensitivity analysis FY 2012/13

			30-Jun-2013 CARRYING AMOUNTS UGX (m)	0.5% Increase UGX (m)	0.5% decrease UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	1,082	(1,082)
		Investments at fair value through profit or loss	5,535,701	27,679	(27,679)
		Investments held-for-trading	2,682,812	13,414	(13,414)
		Investments available-for-sale	1,610	-	-
		Derivative financial instruments	10,915	-	-
		Assets held with IMF	547,475	2,737	(2,737)
	Total foreign assets		**8,994,945**	**44,912**	**(44,912)**
	Domestic assets	Investments in treasury bills	957,688	4,788	(4,788)
		Loans, advances and drawdowns to government	6,662,055	33,310	(33,310)
		Loans and advances to commercial banks	11,239	56	(56)
		Staff loans	45,476	227	(227)
		Property, plant and equipment	185,757	-	-
		Finance lease on leasehold land	45,860	-	-
		Intangible assets	6,249	-	-
		Other assets	113,360	-	-
	Total domestic assets		**8,027,684**	**38,382**	**(38,382)**
Total assets			**17,022,629**	**83,294**	**(83,294)**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	3,375	(3,375)
		Other foreign liabilities	94	-	-
		Derivative financial instruments	6,187	-	-
	Total foreign liabilities		**681,197**	**3,375**	**(3,375)**
	Domestic liabilities	Currency in circulation	2,452,857	-	-
		Government deposits	10,435,262	-	-
		Commercial banks' deposits	1,116,386	-	-
		Repos	543,101	-	-
		International Bank for Reconstruction & Dev't (IBRD)	259	-	-
		Employee benefits	80,957	-	-
		Other liabilities	99,801	-	-
	Total domestic liabilities		**14,728,623**	**-**	**-**
Total liabilities			**15,409,820**	**3,375**	**(3,375)**
	Equity	Issued capital	20,000	-	-
		BoU recapitalisation funds	410,017	-	-
		Reserves	1,182,792	-	-
	Total Equity		**1,612,809**	**-**	**-**
Total liabilities & equity			**17,022,629**	**3,375**	**(3,375)**
		Net interest increase/(decrease)	**30 June 2013**	**79,920**	**(79,920)**
		Impact on profits	**30 June 2013**	**79,920**	**(79,920)**

Table 32 Interest risk sensitivity analysis FY 2011/12

			30-Jun-2012		
			CARRYING AMOUNTS	0.5% Increase	0.5% decrease
			UGX (m)	UGX (m)	UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	264,833	1,324	(1,324)
		Investments at fair value through profit or loss	4,693,493	23,467	(23,467)
		Investments held-for-trading	2,002,742	10,014	(10,014)
		Investments available-for-sale	1,511	-	-
		Derivative financial instruments	2,140	-	-
		Assets held with IMF	529,089	2,645	(2,645)
	Total foreign assets		**7,493,808**	**37,451**	**(37,451)**
	Domestic assets	Investments in treasury bills	29,880	-	-
		Loans, advances and drawdowns to government	6,387,720	31,939	(31,939)
		Loans and advances to commercial banks	30,160	151	(151)
		Staff loans	44,944	225	(225)
		Property, plant and equipment	124,412	-	-
		Finance lease on leasehold land	17,487	-	-
		Other assets	113,959	-	-
	Total domestic assets		**6,748,562**	**32,314**	**(32,314)**
Total assets			**14,242,370**	**69,765**	**(69,765)**
Liabilities	**Foreign liabilities**	IMF obligations	646,591	3,233	(3,233)
		Other foreign liabilities	94	-	-
		Derivative financial instruments	11,621	-	-
	Total foreign liabilities		**658,306**	**3,233**	**(3,233)**
	Domestic liabilities	Currency in circulation	2,204,471	-	-
		Government deposits	9,133,263	-	-
		Commercial banks' deposits	828,286	-	-
		International Bank for Reconstruction & Dev't (IBRD)	29,880	-	-
		Employee benefits	29,414	-	-
		Other liabilities	165,714	-	-
	Total domestic liabilities		**12,391,028**	**-**	**-**
Total liabilities			**13,049,334**	**3,233**	**(3,233)**
	Equity	Issued capital	20,000	-	-
		Reserves	1,168,661	-	-
		Earmarked funds	4,375	-	-
	Total Equity		**1,193,036**		
Total liabilities & equity			**14,242,370**	**3,233**	**(3,233)**
			30 June 2012	**69,765**	**(69,765)**
		Net interest increase/(decrease)	**30 June 2012**	**69,765**	**(69,765)**

45 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 33 Currency risk profile 2012/13

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	55,813	114,757	25,262	20,438	162
		Investments at fair value through profit or loss	5,535,701	678,284	2,367,395	1,841,412	648,610	-
		Investments held-for-trading	2,682,812	-	2,682,812	-	-	-
		Investments available-for-sale	1,610	-	1,441	-	169	-
		Derivative financial instruments	10,915	-	10,915	-	-	-
		Assets held with IMF	547,475	-	-	-	-	547,475
	Total foreign assets		**8,994,945**	**734,097**	**5,177,320**	**1,866,674**	**669,217**	**547,637**
	Domestic assets	Investments in treasury bills	957,688	957,688	-	-	-	-
		Loans, advances and drawdowns to government	6,662,055	6,662,055	-	-	-	-
		Loans and advances to commercial banks	11,239	11,239	-	-	-	-
		Staff loans	45,476	45,476	-	-	-	-
		Property, plant and equipment	185,757	185,757	-	-	-	-
		Finance lease on leasehold land	45,860	45,860	-	-	-	-
		Intangible assets	6,249	6,249	-	-	-	-
		Other assets	113,360	113,360	-	-	-	-
	Total domestic assets		**8,027,684**	**8,027,684**	**-**	**-**	**-**	**-**
Total assets			**17,022,629**	**8,761,781**	**5,177,320**	**1,866,674**	**669,217**	**547,637**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	-	674,916
		Other foreign liabilities	94	94	-	-	-	-
		Derivative financial instruments	6,187	-	6,187	-	-	-
	Total foreign liabilities		**681,197**	**94**	**6,187**	**-**	**-**	**674,916**
	Domestic liabilities	Currency in circulation	2,452,857	2,452,857	-	-	-	-
		Government deposits	10,435,262	9,049,617	1,325,339	503	43,824	15,979
		Commercial banks' deposits	1,116,386	958,517	131,589	7,351	15,958	2,971
		Repos	543,101	543,101	-	-	-	-
		International Bank for Reconstruction & Dev't (IBRD)	259	259	-	-	-	-
		Employee benefits	80,957	80,957	-	-	-	-
		Other liabilities	99,801	99,801	-	-	-	-
	Total domestic liabilities		**14,728,623**	**13,185,109**	**1,456,928**	**7,854**	**59,782**	**18,950**
Total liabilities			**15,409,820**	**13,185,203**	**1,463,115**	**7,854**	**59,782**	**693,866**
	Equity	Issued capital	20,000	20,000	-	-	-	-
		BoU recapitalisation funds	410,017	410,017	-	-	-	-
		Reserves	1,182,792	1,182,792	-	-	-	-
	Total Equity		**1,612,809**	**1,612,809**	**-**	**-**	**-**	**-**
Total liabilities & equity			**17,022,629**	**14,798,012**	**1,463,115**	**7,854**	**59,782**	**693,866**
	Net foreign currency position		**30 June 2013**	**(6,036,231)**	**3,714,205**	**1,858,820**	**609,435**	**(146,229)**

Table 34 Currency risk profile 2011/12

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	264,833	52,721	74,180	19,936	117,960	36
		Investments at fair value through profit or loss	4,693,493	131,083	1,821,377	1,790,577	950,456	-
		Investments held-for-trading	2,002,742	-	2,002,742	-	-	-
		Investments available-for-sale	1,511	-	1,342	-	169	-
		Derivative financial instruments	2,140	2,140	-	-	-	-
		Assets held with IMF	529,089	-	-	-	-	529,089
	Total foreign assets		**7,493,808**	**185,944**	**3,899,641**	**1,810,513**	**1,068,585**	**529,125**
	Domestic assets	Investments in treasury bills	29,880	29,880	-	-	-	-
		Loans, advances and drawdowns to government	6,387,720	6,387,720	-	-	-	-
		Loans and advances to commercial banks	30,160	30,160	-	-	-	-
		Staff loans	44,944	44,944	-	-	-	-
		Property, plant and equipment	124,412	124,412	-	-	-	-
		Finance lease on leasehold land	17,487	17,487	-	-	-	-
		Other assets	113,959	113,959	-	-	-	-
	Total domestic assets		**6,748,562**	**6,748,562**	**-**	**-**	**-**	**-**
Total assets		-	**14,242,370**	**6,934,506**	**3,899,641**	**1,810,513**	**1,068,585**	**529,125**
Liabilities	**Foreign liabilities**	IMF obligations	646,591	-	-	-	-	646,591
		Other foreign liabilities	94	94	-	-	-	-
		Derivative financial instruments	11,621	-	11,621	-	-	-
	Total foreign liabilities		**658,306**	**94**	**11,621**	**-**	**-**	**646,591**
	Domestic liabilities	Currency in circulation	2,204,471	2,204,471				
		Government deposits	9,133,263	9,133,263	-	-	-	-
		Commercial banks' deposits	828,286	828,286	-	-	-	-
		Repos	29,880	29,880	-	-	-	-
		Employee benefits	29,414	29,414	-	-	-	-
		Other liabilities	165,714	165,714	-	-	-	-
	Total domestic liabilities		**12,391,028**	**12,391,028**	**-**	**-**	**-**	**-**
Total liabilities			**13,049,334**	**12,391,122**	**11,621**	**-**	**-**	**646,591**
	Equity	Issued capital	20,000	20,000	-	-	-	-
		Reserves	1,168,661	1,168,661	-	-	-	-
		Earmarked funds	4,375	4,375	-	-	-	-
	Total Equity		**1,193,036**	**1,193,036**	**-**	**-**	**-**	**-**
Total liabilities & equity			**14,242,370**	**13,584,158**	**11,621**	**-**	**-**	**646,591**
	Net foreign currency position		**30 June 2012**	**(6,649,652)**	**3,888,020**	**1,810,513**	**1,068,585**	**(117,466)**

45.1 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.

45.2 CURRENCY RISK SENSITIVITY ANALYSIS

The impact on financial assets of 15 per cent appreciation or depreciation of the Uganda Shilling would be as follows:

Table 35 Currency Risk Sensitivity analysis FY 2012/13

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	216,432	32,465	(32,465)
	Investments at fair value through profit or loss	5,535,701	830,355	(830,355)
	Investments held-for-trading	2,682,812	402,422	(402,422)
	Investments available-for-sale	1,610	242	(242)
	Derivative financial instruments	10,915	1,637	(1,637)
	Assets held with IMF	547,475	82,121	(82,121)
		8,994,945	**1,349,242**	**(1,349,242)**
Liabilities	IMF obligations	(674,916)	(101,237)	101,237
	Derivative financial instruments	(6,187)	(928)	928
		(681,103)	**(102,165)**	**102,165**
Domestic liabilities	Government deposits	1,738,767	260,815	(260,815)
	Commercial banks' deposits	211,904	31,786	(31,786)
		1,950,671	**292,601**	**(292,601)**
Total increase/(decrease)		**30 June 2013**	**1,539,677**	**(1,539,677)**
Impact on profits		**30 June 2013**	**1,539,677**	**(1,539,677)**

Table 36 Currency Risk Sensitivity analysis FY 2011/12

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	264,833	39,725	(39,725)
	Investments at fair value through profit or loss	4,693,493	704,024	(704,024)
	Investments held-for-trading	2,002,742	300,411	(300,411)
	Investments available-for-sale	1,511	227	(227)
	Derivative financial instruments	2,140	321	(321)
	Assets held with IMF	529,089	79,363	(79,363)
		7,493,808	**1,124,071**	**(1,124,071)**
Liabilities	IMF obligations	(646,591)	(96,989)	96,989
	Derivative financial instruments	(11,621)	(1,743)	1,743
		(658,212)	**(98,732)**	**98,732**
Domestic liabilities	Government deposits	(1,390,736)	(208,610)	208,610
	Commercial banks' deposits	(161,494)	(24,224)	24,224
		(1,552,230)	**(232,835)**	**232,835**
Total increase/(decrease)		**30 June 2012**	**792,505**	**(792,505)**
Impact on profits		**30 June 2012**	**792,505**	**(792,505)**

At 30 June 2013, if the Shilling had weakened by 15 per cent against the major trading currencies with all other variables held constant, profits would have been UGX 1,539,677 million (2011/12: UGX 792,505 million) higher with other components of equity remaining the same.

Conversely, if the Shilling had strengthened by 15 per cent against the major trading currencies with all other variables held constant, losses would have been UGX 1,539,677 million (2011/12: UGX 792,505 million) lower with other components of equity remaining the same.

46 EFFECTIVE INTEREST RATES ON FINANCIAL ASSETS AND LIABILLITIES

The effective interest rates of the principal financial assets and liabilities as at 30 June 2013 and 30 June 2012 were in the following ranges.

47 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Bank's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Bank at the reporting date.

As at 30 June 2013, the Bank's investments in financial instruments included term deposits with external financial institutions, Treasury Bills, Repurchase agreements, Foreign Cash Collateral and World Bank one year deposit recallable at short notice and measured at fair value through profit or loss.

Held-for-trading Investments measured at fair values derived from Market prices are foreign denominated assets managed by appointed fund managers.

Available-for-sale investments are measured at fair value using techniques which use inputs that are not based on observable market data. The fair value of the available for sale investments estimates their costs

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly from the market.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data
The following are the financial instruments measured at fair value:

Hierarchy

		30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Level 2 -	Investments at fair value through profit or loss and held-for-trading	8,218,513	6,696,235
Level 3 -	Investments available-for-sale	1,610	1,511
		8,220,123	**6,697,746**

During the reporting period ended 30 June 2013, there was no transfer between level 1 and level 2 fair vale measurements, and no transfer into or out of level 3 fair value measurements.

48 CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that the Bank complies with capital requirements of the Bank of Uganda, Act (Cap 51), Laws of Uganda, 2000.

In implementing capital requirements, the Bank maintains a General Reserve Fund which is determined by the Board from time to time. The Bank may, in consultation with the Minister of Finance, transfer funds from the General Reserve Fund to the capital of the Bank. However, the

Bank has not considered it necessary to transfer funds from the General Reserve Fund to the capital of the Bank. The total capital of the Bank is shown in the table below.

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Issued Capital	20,000	20,000
BoU recapitalisation	410,017	-
Asset revaluation reserve	143,875	47,904
Earmarked funds	-	4,375
Revenue reserve	(530,357)	(306,713)
General reserve	257,971	20,175
Capital and reserves excluding translations	**301,506**	**(214,259)**
Translation reserve	1,311,303	1,407,295

The Bank was re-capitalized by Government of Uganda through issuance of treasury securities worth UGX 410,107 million in line with the Bank of Uganda Act.

In addition the translation reserve has been appropriated from the revenue reserves as required by the Bank of Uganda Act.

49 RELATED PARTY TRANSACTIONS

In the course of its operations, the Bank enters into transactions with related parties which include the Government of Uganda, the ultimate share holder of the Bank and the Deposit Protection Fund.

49.1 LOANS TO EXECUTIVE DIRECTORS

The Bank extended a loan to one of the Executive Directors on the Board. The outstanding amount of the loan was UGX 138 million as at June 30, 2013.

49.2 LOANS TO EXECUTIVE MANAGEMENT

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
At 1 July	1,007	569
Advanced during the year	551	804
Repayments	(444)	(366)
At 30 June	**1,114**	**1,007**

The Bank 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.

49.3 DIRECTORS EMOLUMENTS

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Directors' fees and emoluments	917	1,035
Remuneration:		
Governor and Deputy Governor	978	903
	1,895	**1,938**

49.4 COMPENSATION OF EXECUTIVE MANAGEMENT

	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Short-term employee benefits	2,904	2,558
Post-employment pension benefits	86	86
	2,990	**2,644**

49.5 GOVERNMENT OF UGANDA

Transactions entered into with the Government include;

- Banking Services
- Management of issue and redemption of securities at a commission
- Foreign currency denominated debt settlement.

The Bank manages the Deposit Protection Fund (DPF) in accordance with Sections 108 and 109 of the Finance Institutions Act 2004 and investments are made by a Fund Manager. Cash at hand as at 30 June 2013 amounted to UGX 19,980 million. The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was UGX 1,417 million.

50 USE OF ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

50.1 IMPAIRMENT LOSSES ON LOANS AND ADVANCES

The Bank regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

50.2 TAXES

Whereas the Bank is tax exempt, it is subject to various government taxes under the Ugandan tax laws arising from specific transactions. Significant estimates and judgements are required in determining the provision for taxes on certain transactions. For these transactions, the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of comprehensive income.

50.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of the financial assets and financial liabilities recorded in the statement of financial position cannot be determined from active markets, they are determined using valuation techniques including discounted cash flows models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

50.4 PENSION OBLIGATION

The cost of the defined benefit employee benefit plan is determined using an 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 this plan, such estimates are subject to significant uncertainty. See Note 34 for the assumptions used.

50.5 HELD-TO-MATURITY FINANCIAL ASSETS

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such assets to maturity. If the Bank fails to keep these assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to classify the entire class as available-for-sale.

51 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting year.

16 LIST OF APPENDICES

Appendix 1: Macroeconomic Indicators

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Real Sector									
GDP at Market Prices (current prices), Shs. billion	16,026	18,172	21,212	24,497	30,101	34,908	39,086	49,849	54,688
GDP at Market Prices (constant 2002 prices), Shs. billion	13,897	15,396	16,685	18,145	19,461	20,601	21,978	22,713	23,870
Real GDP growth (Annual Change %)	6.3	10.8	8.4	8.7	7.3	5.9	6.6	3.4	5.1
GDP per capita (current prices), Shs.	599,279	657,708	742,159	827,823	981,725	1,118,218	1,206,866	1,463,961	1,608,464
GDP per capita (constant 2002 prices), Shs.	519,699	557,235	583,780	613,162	634,701	659,924	679,222	676,422	702,046
GDP per capita growth rate (%)	2.8	7.2	4.8	5.0	3.5	4.0	2.9	-0.4	3.79
Prices									
Annual Headline Inflation, (%)									
End of Period (Base 2005/06)	10.7	7.4	5.9	12.5	12.3	4.2	15.7	18.0	3.4
Period Average (Base 2005/06)	8.0	6.6	7.4	7.3	14.2	9.5	6.5	23.7	5.8
Exchange Rate (shs/US$)									
End of Period (e.o.p)	1,740.3	1,862.3	1,590.1	1,619.5	2,142.4	2,257.4	2,461.0	2,484.4	2,593.1
Period Average (p.a.)	1,737.7	1,825.1	1,780.0	1,696.5	1,930.0	2,028.9	2,323.4	2,559.1	2,588.9
Interest Rates(% p.a., e.o.p)									
Bank Rate	15.8	13.8	16.6	16.2	10.6	8.4	16.7	24.9	17.0
Rediscount Rate	14.8	12.8	15.6	15.2	9.6	7.4	15.7	23.9	16.0
Lending Rate	18.1	18.6	19.4	20.2	21.8	20.1	19.9	25.2	24.3
91 - day Treasury Bill Discount Rate	8.9	6.9	9.4	8.2	6.0	4.3	12.1	17.1	9.61
Financial Sector									
Money Supply, M3 (Shs billion)	2,811.1	3,271.6	3,842.0	5,037.8	6,297.6	8,388.4	10,542.4	11,296.2	12,047.3
Money Supply, M2A (Shs billion)	2,157.9	2,565.0	2,993.9	3,895.4	4,920.7	6,502.5	8,056.4	7,720.8	8,932.3
Currency in Circulation (Shs billion)	698.6	837.7	981.1	1,230.0	1,468.7	1,739.0	2,189.8	2,204.5	2,452.9
Base Money (Shs billion)	928.3	1,046.1	1,242.5	1,614.5	1,950.4	2,434.3	2,967.9	3,012.9	3,540.1
M2A growth (% p.a.)	12.1	18.9	16.7	30.1	26.3	30.3	23.9	-4.2	15.7
M3 growth (% p.a.)	8.7	16.4	17.4	31.1	25.0	33.2	25.7	7.2	6.6
CIC/M2A (%)	32.4	32.7	32.8	27.6	25.3	22.1	23.4	25.1	24.0
M2A Velocity[a]	7.4	7.1	7.1	6.3	6.1	5.4	4.9	6.5	6.1
M3 Velocity[a]	5.7	5.6	5.5	4.9	4.8	4.2	3.7	4.4	4.5
Private Sector Credit (shs. billion)	1,130.1	1,454.7	1,792.5	2,714.8	3,587.7	4,484.6	6,476.2	7,177.3	7,616.5
Lending ratio (Loans/Deposits)	43.5	52.7	56.6	65.4	68.7	63.7	74.8	76.1	76.7
External Sector									
Exports, US$ millions	886.3	1,041.2	1,473.8	2,073.0	2,216.4	2,317.3	2,297.8	2,660.4	2,941.0
o/w Coffee	144.5	173.4	228.5	348.6	336.7	262.1	371.0	444.2	422.7
Imports (goods), US$ millions	-1,584.6	-1,969.0	-2,495.2	-3,510.4	-4,062.2	-4,116.8	-4,680.5	-5,264.5	(4,901.8)
Current account balance (US$ million)	60.4	-314.5	-342.0	-902.7	-1,257.3	-1,550.3	-1,812.2	-2,133.8	(1,735.0)
Current account balance (excluding grants, US$ million)	-726.0	-775.0	-881.6	-1,329.3	-1,660.4	-1,981.3	-2,647.0	-2,705.7	(1,916.6)
Overall Balance, US$ million	555.7	198.2	703.8	563.0	-45.7	210.9	-581.2	746.6	250.3
Debt Service ratio, incl IMF as a percentage of exports of exports of goods & services	14.0	17.5	4.5	3.9	2.9	2.7	2.7	2.4	2.8
Total External Reserves (US $ million)	1,325.6	1,406.5	2,159.9	2,684.5	2,442.1	2,489.8	2,044.0	2,643.8	2,929.3
Reserve cover (months of future imports of goods & services)	6.0	6.3	7.8	7.0	5.1	4.4	3.2	4.2	4.1
Macro-economic Linkages									
M1/GDP (%)	9.1	9.4	9.4	10.2	9.9	10.9	12.1	9.1	9.6
M2A/GDP (%)	13.5	14.1	14.1	15.9	16.3	18.4	20.3	15.5	16.3
Private sector credit/GDP (%)	7.1	8.0	8.5	11.1	11.9	12.8	16.6	14.6	13.9
Exports to GDP (%)	9.6	10.5	12.4	14.4	14.2	15.2	15.4	15.7	13.6
Imports to GDP (%)	-17.2	-19.8	-21.0	-24.3	-26.0	-26.9	-31.4	-31.1	(22.6)
Current A/C balance as a percentage of GDP	0.7	-3.2	-2.9	-6.3	-8.1	-10.1	-12.2	-12.6	(8.0)
Current A/C balance (excluding grants) as a percentage of GDP	-7.9	-7.8	-7.4	-9.2	-10.7	-13.0	-17.8	-16.0	(8.9)
Fiscal Deficit (Excluding Grants) to GDP (%)	-8.7	-6.8	-7.0	-4.9	-4.6	-7.2	-6.6	-5.3	(6.2)

Source: Bank of Uganda

Appendix 2: Gross Domestic Product by economic activity at current prices (billion Shs.)

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Agriculture, Forestry and fishing	**3,329**	**4,025**	**4,377**	**4,720**	**5,239**	**6,968**	**8,245**	**8,891**	**11,966**	**12,713**
Cash crops	296	283	348	399	557	524	530	682	973	927
Food crops	1,968	2,479	2,628	2,666	2,747	4,011	4,987	4,827	6,457	6,735
Livestock	247	282	293	323	393	580	585	685	952	1,021
Forestry	499	553	611	735	882	1,098	1,270	1,473	2,093	2,492
Fishing	319	427	497	597	659	755	873	1,224	1,491	1,539
Industry	**3,205**	**3,774**	**4,146**	**5,313**	**6,312**	**7,431**	**8,675**	**9,895**	**13,179**	**14,550**
Mining & quarrying	39	52	47	65	73	81	106	134	175	185
Manufacturing	978	1,125	1,291	1,510	1,790	2,374	2,675	3,363	4,194	4,380
Formal	698	819	945	1,098	1,323	1,798	2,004	2,569	3,150	3,311
Informal	279	306	346	411	467	576	671	795	1,044	1,069
Electricity supply	195	225	264	423	492	545	486	556	624	697
Water supply	314	352	424	529	624	728	982	776	1,695	1,795
Construction	1,679	2,020	2,119	2,786	3,333	3,703	4,427	5,067	6,490	7,493
Services	**6,626**	**7,273**	**8,580**	**9,961**	**11,489**	**13,973**	**15,888**	**18,049**	**22,265**	**24,425**
Wholesale & Retail Trade; repairs	1,475	1,662	2,010	2,411	2,772	3,925	4,229	5,309	6,815	6,775
Hotels & Restaurants	593	663	757	887	1,040	1,239	1,614	1,678	2,599	3,004
Transport/communication	739	832	1,047	1,316	1,663	1,926	2,240	1,953	2,401	2,787
Road, rail & water transport	385	415	484	539	687	797	889	907	1,247	1,392
Air transport & Support. Services	79	98	117	140	196	205	207	231	308	356
Posts & telecommunications	275	319	447	637	780	924	1,144	815	846	1,039
Financial services	415	409	475	581	794	976	1,064	1,345	1,878	2,087
Real estate activities	1,065	1,170	1,289	1,438	1,636	1,853	2,108	2,380	2,597	3,069
Other business services	209	238	283	337	413	472	580	649	762	881
Public administration & defence	600	595	725	707	818	920	1,145	1,354	1,428	1,575
Education	1,028	1,133	1,315	1,507	1,491	1,686	1,801	2,088	2,046	2,297
Health	241	259	301	317	306	305	317	364	438	454
Other personal & community services	261	313	378	461	557	673	789	929	1,302	1,498
Adjustments	**812**	**954**	**1,070**	**1,194**	**1,458**	**1,729**	**2,100**	**2,250**	**2,440**	**2,999**
FISM	-260	-254	-301	-362	-453	-597	-699	-868	-1,262	-1,303
Taxes on products	1,072	1,209	1,371	1,555	1,911	2,326	2,799	3,119	3,702	4,302
Total GDP at market Prices	**13,972**	**16,026**	**18,172**	**21,187**	**24,497**	**30,101**	**34,908**	**39,086**	**49,849**	**54,688**
Percapita GDP (Shs.)	**540,314**	**599,279**	**657,708**	**742,159**	**827,823**	**981,725**	**1,118,218**	**1,206,866**	**1,463,961**	**1,585,153**

Source: Uganda Bureau of Statistics

Appendix 3: Gross Domestic Product by economic activity at constant (2002) prices, billion shillings.

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Agriculture, Forestry and fishing	**2,752**	**2,808**	**2,821**	**2,824**	**2,862**	**2,945**	**3,015**	**3,037**	**3,075**	**3,119**
Cash crops	260	246	220	232	253	277	274	256	292	304
Food crops	1,550	1,547	1,545	1,531	1,567	1,608	1,650	1,662	1,633	1,636
Livestock	227	234	237	244	252	259	267	275	283	290
Forestry	423	451	469	478	492	523	538	553	571	587
Fishing	292	331	350	339	299	278	285	290	296	301
Industry	**2,984**	**3,329**	**3,820**	**4,186**	**4,555**	**4,819**	**5,130**	**5,534**	**5,675**	**6,058**
Mining & quarrying	37	46	49	59	61	63	73	87	92	91
Manufacturing	909	994	1,067	1,127	1,209	1,330	1,418	1,531	1,527	1,591
Formal	647	724	780	817	893	1,000	1,061	1,158	1,132	1,186
Informal	261	271	287	310	316	330	357	373	395	405
Electricity supply	175	179	167	161	169	187	214	237	255	280
Water supply	293	304	311	322	335	354	369	384	400	417
Construction	1,571	1,805	2,225	2,517	2,782	2,884	3,055	3,295	3,401	3,680
Services	**6,419**	**6,815**	**7,644**	**8,253**	**9,057**	**9,857**	**10,667**	**11,564**	**11,957**	**12,531**
Wholesale & Retail Trade; repairs	1,645	1,762	1,978	2,183	2,504	2,748	2,768	2,884	2,983	3,033
Hotels & Restaurants	582	620	675	751	831	868	980	974	1,149	1,202
Transport/communication	700	768	900	1,059	1,285	1,469	1,726	1,968	2,198	2,426
Road, rail & water transport	374	399	450	493	595	672	767	828	851	889
Air transport & Support. Services	73	87	93	106	125	120	121	125	140	151
Posts & telecommunications	253	283	357	461	565	676	837	1,015	1,207	1,385
Financial services	254	287	378	333	389	488	632	781	680	710
Real estate activities	1,043	1,100	1,161	1,227	1,296	1,369	1,447	1,530	1,618	1,711
Other business services	196	214	241	261	289	324	373	405	417	435
Public administration & defence	561	531	615	577	646	682	791	883	749	777
Education	966	1,009	1,104	1,220	1,141	1,190	1,175	1,292	1,237	1,266
Health	227	240	271	278	264	256	257	272	271	260
Other personal & community services	245	282	322	365	412	462	517	576	655	710
Adjustments	**915**	**946**	**1,112**	**1,422**	**1,670**	**1,840**	**1,790**	**1,843**	**2,006**	**2,161**
FISM	-93	-129	-173	-150	-173	-220	-373	-479	-424	-460
Taxes on products	1,008	1,075	1,285	1,571	1,843	2,060	2,162	2,322	2,431	2,621
Total GDP at market Prices	13,070	13,897	15,396	16,685	18,145	19,461	20,601	21,978	22,713	23,870
Percapita GDP (Shs.)	505,411	519,699	557,235	583,780	613,162	634,701	659,924	679,222	676,422	691,871

Source: Uganda Bureau of Statistics

Appendix 4: Balance of Payments (million US$)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
A: Current Account Balance (A1+A2+A3)	**-341.83**	**-902.82**	**-1,257.31**	**-1,550.34**	**-1,812.23**	**-2,133.83**	**-1,735.01**
A1. Goods Account(Trade Balance)	-1,021.33	-1,437.41	-1,845.82	-1,799.54	-2,382.71	-2,604.13	-1,960.82
a) Total Exports (fob)	1,473.82	2,072.95	2,216.40	2,317.30	2,297.77	2,660.41	2,940.97
Coffee	228.52	348.63	336.65	262.13	371.04	444.21	422.69
b) Total Imports (fob)	-2,495.16	-3,510.37	-4,062.22	-4,116.84	-4,680.48	-5,264.54	-4,901.79
Government Imports	-93.88	-176.56	-308.59	-433.19	-559.95	-483.43	-358.92
Project imports	-42.28	-95.20	-189.54	-175.93	-173.01	-303.93	-279.42
Non-Project imports	-51.61	-81.37	-119.04	-257.26	-386.94	-179.50	-79.50
Private Sector Imports	-2,339.23	-3,280.40	-3,688.71	-3,602.35	-4,052.17	-4,701.98	-4,489.95
Oil imports	-403.04	-543.08	-537.43	-501.20	-678.68	-946.96	-1,027.91
Estimated Imports	-62.04	-53.40	-64.92	-81.30	-59.00	-56.07	-51.84
A2. Services and Income	**-498.98**	**-739.73**	**-746.34**	**-868.37**	**-1,019.83**	**-912.42**	**-913.04**
Services Account (net)	-270.41	-477.62	-440.29	-531.74	-683.59	-437.22	-365.65
Inflows	556.62	645.13	892.03	1,101.83	1,474.88	1,959.63	2,071.25
Outflows	-827.03	-1,122.75	-1,332.32	-1,633.57	-2,158.47	-2,396.86	-2,436.90
Income Account (net)	-228.57	-262.11	-306.05	-336.63	-336.25	-475.19	-547.39
Inflows	87.93	115.70	94.33	26.65	24.22	35.97	19.87
Outflows	-316.50	-377.81	-400.38	-363.28	-360.47	-511.16	-567.26
A3. Current Transfers	**1,178.49**	**1,274.33**	**1,334.84**	**1,117.57**	**1,590.32**	**1,382.72**	**1,138.85**
Inflows	1,324.79	1,520.19	1,754.00	1,478.12	1,848.29	1,582.79	1,264.64
Government Inflows	539.63	426.60	403.06	431.01	834.80	571.90	181.61
Grant Disbursements	462.38	379.01	359.10	385.14	332.22	351.03	136.07
BOP Support	359.02	232.19	224.39	187.97	172.05	174.74	33.83
Project Aid	103.35	146.81	134.71	197.16	160.18	176.28	102.25
HIPC Assistance	77.25	47.59	43.96	45.87	53.16	49.72	45.53
Other transfers					449.43	171.16	0.00
Private Transfers	785.17	1,093.59	1,350.94	1,047.11	1,013.48	1,010.88	1,083.03
Remittances	325.11	546.36	897.30	777.47	751.39	753.62	838.32
Other (NGOs, IAAs, Insurance, etc)	460.05	547.23	453.64	269.64	262.09	257.27	244.71
Outflows	-146.30	-245.86	-419.15	-360.54	-257.97	-200.07	-125.78
B. Capital and Financial Account Balance (B1+B2)	**1,070.68**	**1,134.14**	**1,245.48**	**1,559.59**	**936.97**	**2,511.93**	**2,332.31**
B1. Capital Account (Transfers)	3,428.10	0.00	0.00	0.00	0.00	17.60	32.74
B2. Financial Account; excluding financing items	-2,357.42	1,134.14	1,245.48	1,559.59	936.97	2,494.34	2,299.57
Direct Investment	718.28	760.58	785.22	690.66	717.52	1,511.91	1,176.20
Portfolio Investment	14.65	90.15	-34.70	-31.26	2.10	263.57	-70.85
Financial Derivatives	0.51	-0.12	6.35	-5.34	-2.74	12.32	0.59
Other Investments	-3,090.87	283.53	488.62	905.54	220.09	706.53	1,193.63
Assets	-82.54	-0.36	-97.49	-32.77	-244.89	-50.96	384.72
Liabilities	-3,008.32	283.89	586.11	938.30	464.98	757.49	808.91
C. Errors and Omissions	**-25.01**	**331.67**	**-33.87**	**201.63**	**294.05**	**368.45**	**-347.02**
D. Overall Balance (A+B+C)	**703.85**	**562.99**	**-45.70**	**210.89**	**-581.22**	**746.55**	**250.29**
E. Reserves and related Items	**-703.85**	**-562.99**	**45.70**	**-210.89**	**581.22**	**-746.55**	**-250.29**
Reserve Assets[1]	-682.48	-538.93	61.27	-198.27	584.82	-741.09	-242.18
Use of IMF Credit(Net)	0.00	0.00	0.00	0.00	0.00	-1.89	-1.54
Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repurchases	0.00	0.00	0.00	0.00	0.00	1.89	1.54
Exceptional Financing	-21.37	-24.07	-15.56	-12.61	-3.60	-3.57	-6.57
Current maturities	-23.31	-13.98	-15.56	-12.61	-3.60	-3.57	-6.57
Rescheduling	-23.05	-15.38	-15.10	-12.61	-3.60	-3.57	-4.00
Cancellation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulation of Areas[2]	-0.26	1.40	-0.47	0.00	0.00	0.00	-2.57
Old Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears settlement[3]	0.00	-11.80	0.00	0.00	0.00	0.00	0.00
Other (Deferred Debt Payment to countires not accepted HIPC terms)	1.94	1.72	0.00	0.00	0.00	0.00	0.00
Memorandum items:							
Exchange Rate (shs per US$, end of period)	1,590.1	1,619.5	2,064.1	2,283.3	2,623.2	2,472.4	2,593.3
Average exchange rate (UShs per 1 US$)	1,780.0	1,696.5	1,930.0	2,028.9	2,323.3	2,557.1	2,591.1
Total Goods and Non-Factor Service exports	2,030.4	2,718.1	3,108.4	3,419.1	3,772.7	4,620.0	5,012.2
Nominal GDP at Market prices (Ug.Shs billion))	21,187.0	24,497.0	30,101.0	34,908.4	39,085.7	49,849.0	54,687.8
GDP at Market prices (US $ Million)	11,902.8	14,440.1	15,596.1	15,288.3	14,900.2	19,494.0	21,105.9
Exports as a % of GDP	12.4	14.4	14.2	15.2	15.4	13.6	13.9
Imports as a % of GDP	-21.0	-24.3	-26.0	-26.9	-31.4	-27.0	-23.2
Current Account Balance (Excluding Grants)	-881.5	-1,329.4	-1,660.4	-1,981.3	-2,647.0	-2,705.7	-1,916.6
Current Account Balance as a percentage of GDP	-2.9	-6.3	-8.1	-10.1	-12.2	-10.9	-8.2
Current Account Balance (Excl. Grants) as a %age of GDP	-7.4	-9.2	-10.6	-13.0	-17.8	-13.9	-9.1
BOP overall balance as a percentage of GDP	5.9	3.9	-0.3	1.4	-3.9	3.8	1.2
Total external Debt Stock (end of period)	1,466.8	1,687.0	2,046.4	2,343.4	2,904.9	3,254.1	3,825.2
o/w External arrears	101.8	88.7	88.0	82.1	82.7	80.9	81.6
Total Debt Stock (end of period) as a %age of GDP	12.3	11.7	13.1	15.3	19.5	16.7	18.1
Debt Service (maturities excl. IMF) as a %age of exports	6.2	5.1	4.1	4.1	4.4	4.1	4.7
Debt Service (maturities excl. IMF) as a %age of export of Goods and Services.	4.5	3.9	2.9	2.8	2.7	2.4	2.8
Debt Service (maturities excl. IMF) as a percentage of GDP	0.8	0.7	0.6	0.6	0.7	0.6	0.6
Debt Service (maturities incl. IMF) as a %age of exports	6.2	5.1	4.1	4.1	4.5	4.2	4.8
Debt Service (maturities incl. IMF) as a %age of export of Goods and Services.	4.5	3.9	2.9	2.8	2.7	2.4	2.8
Debt Service (maturities incl. IMF) as a percentage of GDP	0.8	0.7	0.6	0.6	0.7	0.6	0.7
Debt Stock to Exports ratio (%)	99.5	81.4	92.3	101.1	126.4	122.3	130.1
Total Aid to GDP (%)	7.8	3.5	3.6	4.2	3.9	3.3	3.1
Total external Reserves (end of period) in future months of imports of goods and se	5.6	6.0	5.1	4.4	3.2	4.2	4.1

Notes:

[1] sign(-): increase in reserves, sign(+): decrease in reserves.

[2] sign(-): arrears reduction, sign(+): accumulation of arrears out of current maturities.

[3] Includes settlement through exceptional financing and by cash.

Source: Bank of Uganda

Appendix 5: International Investment Position: External Assets and Liabilities

Period	2006	2007	2008	2009	2010	2011	2012	Mar-12 Q3 11/12	Jun-12 Q4 11/12	Sep-12 Q1 12/13	Dec-12 Q2 12/13	Mar-13 Q3 12/13	Jun-13 Q4 12/13
International Investment Position, net	**(2,125.8)**	**(2,367.4)**	**(3,776.3)**	**(5,098.5)**	**(6,534.1)**	**(8,109.4)**	**(9,737.9)**	**(8,541.7)**	**(9,089.2)**	**(9,426.5)**	**(9,896.8)**	**(10,109.5)**	**(10,664.5)**
Assets	**2,617.0**	**3,400.6**	**3,074.7**	**3,628.7**	**3,508.1**	**3,388.8**	**4,180.8**	**3,816.6**	**4,142.5**	**4,285.1**	**4,217.0**	**4,427.5**	**4,472.8**
Direct investment abroad	0.00	0.00	874.00	1,122.35	1,091.49	1,026.93	1,271	3	3	3	3	3	3
Equity capital and reinvested earnings	-	-	1.3	0.5	0.4	3.8	1.2	3	3	3	3	3	3
Other capital	-	-	873	1,122	1,091	1,023	1,269	-	-	-	-	-	-
Portfolio investment	-	-	2,201	2,506	2,417	2,362	2,910	12	12	12	12	12	12
Equity securities	-	-	-	-				12	12	12	12	12	12
Debt securities	-	-	-	-				-	-	-	-	-	-
Bonds and notes	-	-	-	-				-	-	-	-	-	-
Money-market instruments	-	-	-	-				-	-	-	-	-	-
Financial derivatives	-	-	-	-				0	0	0	0	0	0
Other investment	806	970	874	1,122	1,091	1,027	1,271	1,280	1,483	1,389	1,292	1,414	1,528
Trade credits	-	-	-	-				-	-	-	-	-	-
Loans	6.0	6.8	1.3	0.5	0.4	3.8	1.2	4	0	0	1	1	1
Currency and deposits	799	963	873	1,122	1,091	1,023	1,269	1,276	1,483	1,389	1,290	1,412	1,526
Other assets	1.1	-	-	-	-	-	-	-	-	-	-	-	1
Reserve assets	1810.9	2430.9	2200.7	2506.4	2416.5	2361.8	2910.1	2521.3	2643.8	2880.3	2910.1	2998.7	2929.3
Liabilities	**4,742.8**	**5,768.0**	**6,851.1**	**8,727.2**	**10,042.2**	**11,498.2**	**13,918.6**	**12,358.4**	**13,231.7**	**13,711.5**	**14,113.9**	**14,536.9**	**15,137.3**
Direct investment in reporting economy	2,669	3,461	4,190	5,031	5,575	6,470	8,138	6,898	7,534	7,850	8,139	8,424	8,709
Equity capital and reinvested earnings	2,323	3,065	3,643	4,413	4,661	5,234	6,029	5,401	5,774	5,949	6,124	6,307	6,490
Other capital	346	396	547	618	914	1,235	2,109	1,498	1,760	1,901	2,015	2,117	2,219
Portfolio investment	52	148	129	195	120	356	279	419	439	364	335	384	353
Equity securities	44	70	38	153	103	179	169	222	208	205	206	195	195
Debt securities	8	78	91	42	16	177	110	197	231	159	130	189	158
Bonds and notes	-	25	39	34	12	55	71	57	49	59	72	99	125
Money-market instruments	8	53	52	8	4	122	39	141	182	100	58	90	34
Other investment	2,023	2,159	2,532	3,501	4,315	4,685	5,501	5,041	5,258	5,497	5,639	5,728	6,075
Loans	1,919	1,947	2,234	2,861	3,609	3,974	4,769	4,253	4,474	4,711	4,851	4,951	5,253
Currency and deposits	79	148	162	167	207	175	168	269	243	248	261	246	230
Other liabilities	38	54	102	411	465	498	479	476	497	491	479	480	537

Source: Bank of Uganda

Appendix 6: Composition of Exports (Value in million US$)

		1999/00	2000/01	2001/02	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1. Coffee	**Value**	**186.870**	**109.644**	**85.254**	**228.518**	**348.629**	**336.653**	**262.131**	**371.044**	**444.211**	**422.689**
	Volume, 60-Kg bags	3.039	2.840	3.156	2.536	3.028	3.198	2.744	2.779	3.038	3.374
	Unit Value	1.025	0.643	0.450	1.502	1.919	1.751	1.599	2.225	2.437	16.510
2. Non-Coffee	**Value**	**245.646**	**322.043**	**384.788**	**972.780**	**1,101.331**	**1,229.031**	**1,350.034**	**1,508.368**	**1,832.863**	**2,006.829**
Electricity	Value	13.761	16.668	13.940	6.312	11.190	11.108	14.384	13.928	17.277	15.581
Gold	Value	39.393	58.487	56.668	116.142	44.852	27.836	38.476	6.848	11.473	4.695
Cotton	Value	22.499	14.079	18.000	19.673	19.904	20.110	17.034	82.951	77.591	36.455
Tea	Value	31.876	35.933	26.851	45.944	46.757	50.165	70.932	63.603	71.586	86.194
Tobacco	Value	22.432	27.644	32.270	46.737	64.488	62.635	76.615	58.120	57.801	73.508
Fish & its Products	Value	18.643	50.112	80.848	140.667	126.589	111.467	130.563	143.187	137.807	93.768
Hides & Skins	Value	6.147	22.700	19.649	14.694	13.829	8.372	11.279	25.796	39.007	26.523
Simsim	Value	0.825	0.657	0.468	3.950	13.869	13.242	9.621	17.724	13.151	23.540
Maize	Value	4.010	6.134	13.068	27.938	17.961	27.513	27.815	25.594	47.026	54.983
Beans	Value	4.818	2.041	1.449	5.778	5.709	13.775	9.596	11.136	15.223	16.104
Flowers	Value	8.290	13.221	15.907	32.609	38.983	48.537	49.180	47.838	55.549	48.988
Oil re-exports	Value	7.901	11.116	7.251	40.966	23.697	81.984	103.072	104.622	117.590	137.324
Cobalt	Value	7.336	12.784	10.945	16.575	18.944	17.029	16.539	17.151	13.699	15.821
Others Exports	Value	57.716	50.468	87.474	454.795	654.559	735.258	774.928	889.872	1158.084	1373.345
3. ICBT Exports	**Value**	0.000	**0.000**	**0.000**	**269.225**	**585.196**	**650.713**	**705.133**	**418.358**	**383.334**	**511.452**
Total Value Exports		**432.516**	**431.687**	**470.042**	**1,470.523**	**2,035.155**	**2,216.397**	**2,317.298**	**2,297.770**	**2,660.408**	**2,940.970**

Source: Bank of Uganda

Appendix 7: Coffee Exports (quantity in 60 kg. bags; value in US$).

	2009/10		2010/11		2011/12		2012/13	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
First Quarter	**706,961**	**66,506,535**	**692,485**	**84,135,000**	**684,763**	**102,084,623**	**641,828**	**82,444,056**
Oct	199,011	18,644,339	188,012	23,300,000	215,285	30,455,140	178,024	23,495,286
Nov	235,171	22,097,487	266,726	32,143,000	227,177	34,660,803	223,401	28,816,703
Dec	272,779	25,764,709	237,747	28,692,000	242,301	36,968,680	240,403	30,132,067
Second Quarter	**748,675**	**73,715,391**	**632,244**	**91,915,773**	**658,373**	**100,053,065**		
Jan	264,314	25,351,000	215,180	29,981,000	226,462	33,707,009		
Feb	264,373	26,399,000	193,965	27,832,000	244,319	36,163,095		
Mar	219,988	21,965,391	223,099	34,102,773	187,592	30,182,961		
Third Quarter	**564,976**	**56,810,316**	**800,755**	**124,843,075**	**668,825**	**94,254,997**		
Apr	152,640	15,546,559	176,561	26,873,000	141,220	21,864,582		
May	177,380	18,233,343	253,270	40,022,317	252,548	35,771,564		
Jun	234,958	23,021,102	370,924	57,947,758	275,057	36,618,851		
Fourth Quarter	**653,257**	**70,150,000**	**1,025,524**	**147,817,967**	**715,785**	**95,764,675**		
Jul	266,245	27,534,000	375,843	54,629,301	306,331	40,801,566		
Aug	217,284	23,659,000	309,303	44,363,392	232,453	31,470,865		
Sep	169,728	18,957,000	340,378	48,825,274	177,001	23,492,244		
Total for Crop year	2,673,869	267,182,242	3,151,008	448,711,815	889,298	126,828,297		

Source: Uganda Coffee Development Authority

Appendix 8: Composition of Imports (million US$)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Animal & Animal Products	6.784	7.632	6.739	9.590	13.121	14.441	13.855	16.829	21.318	18.14
Vegetable Products, Animal, Beverages, Fats & Oil	135.869	182.176	206.317	245.712	312.239	322.748	317.767	352.205	447.239	447.07
Prepared Foodstuff, Beverages & Tobacco	33.295	38.972	54.212	91.539	119.777	155.424	151.460	159.911	307.514	221.72
Mineral Products (excluding Petroleum products)	53.763	72.674	116.635	146.212	206.170	293.909	289.926	319.170	379.767	135.61
Petroleum Products	139.162	157.589	290.431	403.044	543.081	537.430	501.196	678.679	837.706	1027.91
Chemical & Related Products	124.370	142.534	193.173	237.568	299.027	378.660	331.511	368.589	441.801	443.32
Plastics, Rubber & Related Products	57.109	81.810	94.288	124.771	161.283	162.995	169.873	199.767	242.404	242.00
Wood & Wood Products	49.812	72.129	77.965	76.210	106.498	139.154	144.394	123.530	132.954	111.34
Textile & Textile Products	57.479	68.382	78.079	107.151	119.784	121.341	116.040	126.567	137.048	128.28
Miscelanneous Manufactured Articles	60.241	67.919	82.501	117.169	145.223	156.761	147.679	155.376	180.751	224.88
Base Metals and their Products	82.818	127.741	143.749	175.112	285.357	363.853	315.874	321.345	350.268	276.51
Machinery Equipments, Vehicles & Accessories	287.258	365.895	426.123	590.177	956.083	1,035.484	1,097.296	1,224.561	1,264.356	1206.34
Arms, Ammunitions & Accessories	0.209	0.031	0.061	0.113	0.048	0.079	0.218	0.011	0.034	0.11
Electricity	0.000	0.484	2.621	14.867	12.708	6.432	5.260	5.631	9.078	6.72
Total	1,088.17	1,385.97	1,772.90	2,339.23	3,280.40	3,688.71	3,602.35	4,052.17	4,752.24	4,489.95

Notes:

1. This data is compiled based on the harmonised coding system.

2. Data compiled on a cif basis

Source: Bank of Uganda

Appendix 9: Direction Of Formal Trade (Exports, Million US$)

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
European Union	**314.94**	**363.39**	**480.18**	**471.23**	**398.27**	**493.13**	**547.41**	**539.15**
Austria	0.16	0.04	0.03	0.06	0.24	0.53	0.73	0.69
Belgium	37.84	34.99	39.93	32.62	22.53	30.65	28.82	31.81
Denmark	0.50	0.34	1.73	3.43	7.36	3.37	1.87	1.46
France	40.85	30.82	29.06	24.46	17.10	8.87	11.16	11.63
Germany	18.03	20.26	14.55	6.80	13.48	12.59	10.73	23.12
Italy	4.79	4.73	3.83	5.23	9.53	15.94	18.37	15.84
Netherlands	56.28	63.64	72.90	79.82	84.72	87.78	92.46	94.41
Portugal	2.67	4.04	2.71	1.84	7.07	7.30	11.95	2.51
Spain	5.74	9.29	4.29	4.28	17.19	11.41	12.88	7.57
Sweden	0.41	0.07	0.16	0.10	0.17	0.10	1.27	0.99
United Kingdom	22.98	12.92	38.69	45.29	36.80	50.24	54.28	32.54
Others	124.69	182.23	272.32	267.31	182.09	264.37	302.89	316.58
Rest of Europe	**16.12**	**18.25**	**20.32**	**27.60**	**32.74**	**42.68**	**53.82**	**75.67**
Bulgaria	0.00	0.02	0.00	0.00	0.05	0.09	0.06	0.01
Norway	0.46	0.45	1.05	0.94	0.41	0.44	0.53	0.48
Switzerland	11.37	16.13	16.57	17.50	20.26	31.32	46.15	34.49
Turkey	0.84	0.84	2.27	1.67	5.07	4.28	1.25	4.75
Poland	0.00	0.00	0.00	0.83	4.99	4.86	2.64	7.43
Other	3.45	0.81	0.43	6.66	1.96	1.69	3.19	28.51
The Americas	**27.70**	**16.49**	**20.08**	**18.81**	**32.23**	**29.72**	**47.38**	**38.45**
USA	17.49	12.52	12.22	17.46	29.57	21.97	34.97	29.68
Canada	2.53	2.25	2.11	0.82	2.03	2.66	3.04	2.52
Mexico	0.01	0.00	0.00	0.00	0.03	0.19	0.21	0.16
Brazil	0.00	0.25	1.54	0.12	0.09	0.45	0.02	0.17
Argentina	0.01	0.01	0.02	0.00	0.00	0.00	0.00	0.00
Other	7.67	1.46	4.19	0.41	0.51	4.45	9.14	5.91
Middle East	**148.75**	**224.74**	**163.04**	**112.74**	**126.59**	**119.74**	**213.05**	**177.24**
Bahrain	0.00	0.00	0.00	0.08	0.61	0.16	0.57	1.23
Israel	5.93	10.57	7.55	7.81	7.11	8.34	9.39	6.83
Saudi Arabia	0.01	0.02	2.33	0.11	0.18	0.23	0.81	1.42
United Arab Emirates	141.60	211.79	149.54	102.29	115.38	107.94	197.39	160.90
Jordan	0.37	0.69	0.74	0.55	1.09	1.23	1.72	1.19
Other	0.85	1.66	2.88	1.89	2.22	1.84	3.17	5.66
Asia	**37.89**	**57.75**	**68.84**	**72.25**	**90.13**	**157.31**	**149.83**	**119.30**
India	1.73	1.50	7.76	12.36	16.98	18.73	16.47	15.90
Japan	3.73	5.19	4.20	4.45	2.04	2.97	5.61	4.26
Malaysia	0.17	0.55	0.53	1.26	1.36	1.02	4.21	9.57
China	5.40	11.14	11.90	12.31	19.54	24.93	29.36	24.78
Thailand	0.00	0.10	0.08	0.02	0.01	1.10	0.19	2.18
Singapore	8.56	16.95	16.63	18.23	15.98	47.31	39.21	24.83
Pakistan	0.55	1.30	3.61	0.22	1.17	0.49	0.27	0.64
Korea (Rep)	0.42	1.28	1.36	1.03	3.36	1.83	0.10	0.86
Indonesia	0.05	1.03	0.11	0.46	1.24	0.37	0.00	0.23
Vietnam	1.88	4.96	6.39	6.06	8.41	12.36	10.31	4.65
Taiwan	0.08	0.16	0.09	0.04	0.05	0.13	0.43	0.27
Hongkong	12.04	10.76	13.70	12.24	14.16	29.35	31.07	17.62
Other	3.29	2.83	2.47	3.59	5.84	16.72	12.59	13.52
Comesa	**229.60**	**429.13**	**624.57**	**747.34**	**796.88**	**914.17**	**1,156.23**	**1,285.35**
Ethiopia	0.25	0.10	0.20	1.36	3.06	0.14	8.20	7.92
Kenya	58.28	95.69	127.85	153.55	179.75	214.50	226.52	267.58
Malawi	0.06	0.08	0.12	0.28	0.10	0.07	0.09	0.57
Namibia	0.00	0.01	0.00	0.03	0.00	0.01	0.05	0.12
Mauritius	0.36	1.50	0.37	0.27	0.48	2.66	1.33	0.60
Zambia	0.32	0.05	0.11	0.11	0.60	0.09	0.88	2.46
Swaziland	0.02	0.02	0.09	0.02	0.14	0.62	0.01	1.23
Burundi	19.04	34.26	38.79	57.57	56.01	39.69	42.39	48.80
Rwanda	23.92	59.25	100.15	145.98	142.80	175.25	208.41	204.79
Madagascar	0.01	0.00	0.01	0.00	0.00	0.24	0.03	0.01
Tanzania	6.45	1.06	3.55	27.02	39.98	38.98	45.39	51.60
Sudan	53.88	135.69	205.27	223.28	191.27	258.46	390.65	346.75
Egypt	4.41	3.47	1.86	2.61	0.81	3.76	3.69	0.56
Congo (D.R.)	45.56	78.66	116.26	135.10	179.31	175.11	210.43	253.45
Other	17.03	19.29	29.97	0.17	2.56	4.59	18.16	98.91
Rest of Africa	**24.85**	**36.08**	**55.50**	**34.23**	**31.50**	**17.76**	**26.68**	**46.27**
South Africa	15.83	11.16	11.51	13.26	19.01	6.37	10.53	7.72
Nigeria	0.11	0.10	0.11	0.62	0.49	0.21	0.49	4.37
Other	8.90	24.81	43.87	20.34	12.00	11.18	15.67	34.18
Unclassified	**39.66**	**54.40**	**53.81**	**81.49**	**103.83**	**104.91**	**89.69**	**148.10**
Australia	5.47	5.27	2.59	1.92	3.21	1.54	2.41	1.41
Iceland	0.29	0.16	3.08	0.03	0.00	0.00	0.00	0.00
Other	33.90	48.97	48.14	79.54	100.62	103.36	87.29	146.69
Total	**839.5**	**1,200.2**	**1,486.3**	**1,565.7**	**1,612.2**	**1,879.4**	**2,284.1**	**2,429.5**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

APPENDIX 10: Direction Of Formal Trade (Imports, Million US$)

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Asia	**418.74**	**532.53**	**574.56**	**766.50**	**1,191.83**	**1,477.30**	**1,648.18**	**2,039.86**	**2,240.18**	**2,537.73**
India	109.78	124.14	155.50	210.60	381.00	431.15	597.49	716.81	840.33	1,191.19
China	81.06	109.38	116.07	150.80	273.71	349.14	353.40	425.18	501.11	513.97
Japan	100.41	139.95	146.13	167.76	218.51	266.83	237.09	310.50	257.69	250.20
Malaysia	48.56	60.92	42.37	43.28	87.06	103.40	79.36	64.64	51.54	40.32
Korea (Rep)	8.25	14.28	19.04	22.01	32.29	55.48	62.88	92.80	95.80	35.83
Singapore	12.64	11.13	16.58	42.99	60.80	91.23	66.06	128.60	49.13	79.71
Indonesia	5.52	8.64	14.16	8.95	19.24	26.87	79.34	143.35	187.99	160.62
Thailand	12.98	15.17	13.54	20.59	23.87	32.34	42.52	31.87	64.66	59.38
Hongkong	11.41	15.74	14.00	26.60	36.22	37.03	33.76	38.32	39.15	31.64
Russia	0.51	0.00	8.83	37.79	25.79	41.38	36.79	30.80	61.76	54.57
Pakistan	15.13	11.44	8.52	15.41	13.85	19.58	25.49	34.01	53.61	49.38
Taiwan	1.93	3.80	2.39	7.74	10.06	6.49	6.91	13.26	20.61	26.23
Vietnam	6.79	15.25	8.44	7.79	5.29	12.50	20.04	4.80	12.23	36.40
Bangladesh	0.85	1.85	1.14	1.24	1.68	2.05	1.59	1.76	1.62	1.91
Sri Lanka	0.00	0.00	0.02	0.06	0.25	0.49	2.60	2.16	1.77	1.15
Georgia	0.00	0.00	0.02	0.10	0.07	0.02	0.18	0.34	0.33	1.39
Phillipines	0.00	0.00	0.52	1.60	1.51	1.24	0.34	0.56	0.53	0.87
Korea Dem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.62
Other	2.91	0.84	6.81	0.01	0.06	0.07	1.61	0.02	0.25	2.38
European Union	**297.90**	**351.91**	**429.55**	**498.58**	**725.27**	**728.72**	**707.43**	**704.95**	**630.06**	**525.30**
Germany	36.01	43.73	55.30	62.87	71.87	82.21	115.76	120.16	98.59	106.82
United Kingdom	94.20	99.60	92.03	100.92	111.83	119.94	139.04	131.19	123.44	95.22
Netherlands	29.81	45.56	52.57	54.11	59.46	77.67	70.36	142.22	49.80	64.74
Italy	19.19	28.12	46.49	26.28	69.85	64.07	61.62	52.51	32.28	47.19
France	23.74	31.41	56.60	50.78	118.21	159.70	117.04	66.28	89.75	57.13
Belgium	24.72	38.95	33.90	29.92	45.41	44.29	31.68	32.25	54.05	41.07
Sweden	29.13	23.49	23.24	47.35	92.96	61.61	29.38	68.14	56.32	24.34
Denmark	11.93	12.75	20.25	18.18	42.16	36.50	26.75	23.83	41.23	18.15
Ireland	6.85	5.17	4.94	6.77	7.37	16.56	25.54	15.20	15.72	17.76
Spain	13.11	6.86	4.66	10.57	13.85	13.06	15.08	11.11	12.87	12.65
Finland	0.00	0.00	3.62	25.77	33.90	9.93	7.98	2.99	4.75	1.90
Austria	1.78	1.29	1.86	6.58	5.02	6.83	3.98	8.15	6.62	4.50
Hungary	0.00	0.00	7.14	42.94	30.00	10.32	6.14	11.85	16.48	11.89
Poland	0.96	0.00	0.47	5.00	1.90	3.21	35.41	5.37	9.15	8.03
Czech Republic	0.00	0.00	0.58	1.07	2.88	5.85	2.67	0.88	0.92	1.08
Malta	0.00	0.00	0.00	4.38	0.24	0.00	1.76	0.19	0.02	0.00
Romania	0.46	0.08	1.43	0.61	0.83	0.24	0.83	5.53	5.94	0.65
Bulgaria	0.00	0.00	3.07	2.31	7.69	5.15	3.61	1.24	6.06	1.77
Slovakia	0.00	0.00	1.01	0.14	0.15	0.46	0.16	0.28	0.11	0.45
Luxembourg	0.00	0.00	0.01	0.04	0.00	1.65	0.09	1.45	0.05	0.60
Cyprus	0.00	0.00	0.30	0.59	4.03	7.85	1.51	1.25	1.60	2.48
Portugal	0.19	0.07	0.18	0.39	0.97	0.33	0.12	0.41	0.34	4.26
Greece	0.00	0.00	0.61	0.86	4.51	1.08	0.73	0.73	0.69	0.75
Lithuania	0.00	0.00	0.00	0.02	0.16	0.13	9.60	1.15	0.74	0.98
Estonia	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.12	0.18	0.38
Other	5.85	14.84	19.30	0.13	0.03	0.08	0.56	0.47	2.37	0.53

APPENDIX 10: Direction Of Formal Trade (Imports, Million US$)

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Middle East	**106.00**	**148.79**	**304.29**	**466.08**	**560.51**	**683.05**	**679.78**	**643.86**	**848.49**	**576.17**
United Arab Emirates	68.72	105.79	196.38	320.88	408.46	464.00	371.24	335.76	359.43	336.41
Kuwait	0.00	0.00	3.80	12.77	22.69	34.18	28.07	76.49	16.73	12.22
Saudi Arabia	16.97	18.54	30.67	47.51	59.88	121.99	213.33	162.38	274.62	117.68
Lebanon	0.00	0.00	0.09	0.44	0.43	1.90	3.46	3.94	4.26	3.59
Bahrain	0.20	0.89	51.22	66.44	44.17	34.92	13.45	32.86	87.09	74.13
Qatar	0.00	0.00	1.68	2.49	2.59	3.62	4.21	5.81	4.83	14.33
Israel	7.11	12.19	13.88	9.39	9.85	9.86	11.22	7.76	7.43	5.45
Iran	0.00	0.00	0.84	4.13	8.01	6.11	5.86	4.31	5.25	2.78
Syrian Arab Rep.	0.00	0.00	0.11	0.12	0.13	0.27	0.27	0.76	0.55	0.33
Jordan	0.23	0.25	0.57	0.99	0.76	1.37	0.73	1.29	2.14	2.79
Iraq	0.00	0.00	0.00	0.33	0.02	0.01	0.01	0.02	0.05	0.00
Oman	0.00	0.00	0.05	0.54	3.49	4.75	27.91	12.38	86.10	6.43
Other	12.79	11.14	5.01	0.05	0.06	0.08	0.01	0.11	0.03	0.02
Comesa	**394.28**	**487.53**	**472.68**	**410.21**	**473.75**	**544.80**	**518.08**	**628.40**	**796.72**	**692.84**
Kenya	361.91	440.36	422.76	360.69	410.54	468.34	446.81	535.07	680.82	578.60
Egypt	9.08	12.49	13.29	17.31	26.62	36.92	33.04	44.29	44.21	45.39
Swaziland	13.01	16.92	19.19	23.06	22.97	20.08	17.31	16.85	16.63	15.81
Congo (D.R.C)	2.09	2.71	2.41	0.13	0.38	2.23	4.96	6.72	25.58	29.91
Mauritius	0.00	0.00	0.36	2.10	2.47	6.92	3.42	9.85	7.98	7.42
Rwanda	0.60	0.56	0.54	0.61	2.52	2.56	5.32	6.12	8.94	7.18
Malawi	0.00	0.00	0.03	1.61	1.15	1.76	1.55	0.84	3.61	0.21
Sudan	0.00	0.00	0.05	0.16	0.18	0.24	0.96	3.89	4.82	5.46
Burundi	0.04	0.19	0.01	0.47	0.77	0.55	0.54	1.32	1.76	0.55
Zimbabwe	1.11	0.96	0.39	0.67	0.34	1.47	0.36	0.18	0.23	0.50
Ethiopia	0.13	0.35	0.08	0.21	0.20	0.63	0.93	0.60	0.37	0.22
Namibia	0.00	0.00	0.00	0.08	0.06	0.04	0.10	0.04	0.31	0.15
Zambia	0.35	0.64	0.88	1.29	0.63	0.76	0.90	1.61	1.27	1.13
Eritrea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08
Other	5.97	12.35	12.71	1.80	4.90	2.29	1.73	0.97	0.19	0.22
Rest of Africa	**141.43**	**162.48**	**164.94**	**176.88**	**267.11**	**304.96**	**264.43**	**292.51**	**340.65**	**278.81**
South Africa	124.16	148.73	141.98	151.35	219.08	258.87	207.40	245.96	232.32	221.38
Tanzania	15.80	11.60	19.06	22.37	44.75	33.29	52.84	32.47	54.82	47.39
Cote D'Ivoire	0.00	0.00	0.21	0.53	0.91	1.12	0.49	0.70	0.82	0.79
Ghana	0.00	0.00	0.02	0.09	0.26	0.59	1.72	8.37	2.07	4.30
Liberia	0.00	0.00	0.00	0.00	0.07	0.76	0.01	0.47	0.24	0.23
Nigeria	0.00	0.00	0.11	0.37	1.34	0.91	0.44	0.63	1.05	0.51
Benin	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.01	0.06	0.01
Gabon	0.00	0.00	0.00	0.00	0.07	0.06	0.17	0.15	0.22	0.35
Botswana	0.00	0.00	0.01	0.34	0.06	0.16	0.11	0.09	0.14	0.07
Mali	0.00	0.00	0.01	0.01	0.01	0.01	0.10	0.05	0.03	0.04
Cameroon	0.00	0.00	0.01	0.06	0.19	0.09	0.11	0.32	0.27	0.23
Burkina Faso	0.00	0.00	0.02	0.00	0.00	7.94	0.07	0.05	17.37	0.03
Senegal	0.00	0.00	0.05	0.04	0.03	0.01	0.02	0.03	0.12	0.05
Niger	0.00	0.00	0.00	0.10	0.02	0.22	0.19	0.35	0.20	0.12
Sierra Leone	0.00	0.00	0.00	0.00	0.01	0.02	0.03	0.00	0.00	0.04
Togo	0.00	0.00	0.00	0.00	0.00	0.71	0.10	0.07	0.12	0.16
Tunisia	0.00	0.00	0.03	0.05	0.03	0.04	0.12	0.56	30.80	0.75
Other	1.47	2.15	2.59	0.00	0.00	0.00	0.00	0.00	0.51	2.37

APPENDIX 10: Direction Of Formal Trade (Imports, Million US$)

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Rest of Europe	**13.96**	**23.66**	**44.46**	**55.74**	**115.70**	**118.19**	**98.42**	**72.56**	**91.67**	**77.40**
Ukraine	0.00	0.00	3.86	16.89	13.43	34.45	45.31	24.04	11.36	19.34
Turkey	0.00	0.00	5.89	12.32	22.82	62.13	21.58	25.29	54.12	22.22
Switzerland	6.48	12.11	19.27	24.88	22.01	15.66	18.55	19.58	23.87	32.41
Norway	3.01	2.44	1.41	1.13	48.35	4.75	3.22	2.02	1.40	2.56
Serbia	0.00	0.00	0.00	0.00	8.59	1.03	0.47	1.21	0.00	0.39
Croatia	0.00	0.00	0.00	0.00	0.16	0.00	8.47	0.09	0.00	0.05
Moldova Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Other	4.47	9.11	14.03	0.52	0.35	0.16	0.82	0.31	0.92	0.43
Unclassified	**144.42**	**183.03**	**145.34**	**120.78**	**174.56**	**203.24**	**198.12**	**286.78**	**274.23**	**212.47**
USA	85.58	95.15	90.72	76.80	110.66	113.66	101.97	167.50	114.79	119.61
Brazil	7.28	5.39	7.73	8.49	4.90	15.59	52.36	46.66	55.68	26.85
Canada	11.92	30.12	9.38	10.97	27.67	27.63	17.94	22.43	19.49	17.19
Australia	28.79	18.69	27.46	3.88	4.32	3.89	4.56	14.78	27.64	18.00
Chile	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.59	0.08	0.34
Peru	0.00	0.00	0.00	0.01	0.00	0.02	0.01	0.13	0.00	0.00
Jamaica	0.00	0.00	0.00	0.07	0.00	0.03	0.00	0.07	0.12	0.06
Colombia	0.00	0.00	0.01	0.09	0.06	0.04	4.89	2.96	0.50	0.75
Mexico	0.17	0.07	0.13	0.02	0.12	0.25	0.17	1.08	5.22	0.65
Panama	0.00	0.00	0.00	0.20	0.01	0.05	0.10	0.43	0.00	0.14
British Virgin Islands	0.00	0.00	0.31	0.10	0.00	0.61	11.92	0.49	0.00	0.03
Argentina	6.55	31.88	8.48	14.53	23.58	35.45	1.79	11.77	31.16	19.32
Dominican Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.16	0.10
New Zealand	0.00	0.00	0.06	0.37	0.20	0.47	0.43	0.37	1.10	0.46
Uruguay	0.00	0.00	0.00	2.52	1.09	1.23	0.00	5.00	0.07	1.24
Cuba	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.00
Liechtenstein	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.04	0.02
Other	4.14	1.73	1.06	2.74	1.93	4.32	1.53	11.19	18.18	7.70
Total	**1,516.7**	**1,889.9**	**2,135.8**	**2,494.8**	**3,508.7**	**4,060.3**	**4,114.4**	**4,668.9**	**5,222.0**	**4,900.7**

Source: Bank of Uganda

Appendix 11: Government Securities Outstanding by Holder (million shs., at end of period)

	Mar-09	Jun09	Sep09	Dec09	Mar10	Jun10	Sep10	Dec10	Mar11	Jun11	Sep11	Dec11	Mar12	Jun12	Sep12	Dec12	Mar13	Jun13
Treasury Bonds	**1,231,225.1**	**1,361,586.2**	**1,406,586.2**	**1,406,586.2**	**1,506,586.2**	**1,563,868.7**	**1,791,868.7**	**1,960,278.7**	**2,209,419.1**	**2,324,380.0**	**2,438,633.0**	**2,648,579.9**	**2,978,579.9**	**3,199,899.9**	**3,249,899.9**	**3,411,478.9**	**3,666,478.9**	**4,202,229.6**
Bank of Uganda																		105,372.0
Commercial Banks	745,675.9	875,821.6	893,253.5	904,515.3	1,006,900.2	1,089,607.4	1,251,263.1	1,262,806.1	1,348,292.9	1,347,862.6	1,082,419.8	1,114,928.6	1,216,033.8	1,228,134.5	1,194,708.7	1,262,872.4	1,178,505.8	1,380,012.2
Insurance Companies	14,904.9	15,426.9	18,158.4	19,392.3	17,432.8	17,636.2	18,726.8	24,516.8	27,109.3	30,042.9	30,024.1	31,100.5	35,502.0	35,186.6	35,777.3	36,115.3	37,691.1	46,539.4
Others[1]	470,644.3	470,337.7	495,174.3	482,678.6	482,253.2	456,625.1	521,878.8	672,955.8	834,016.9	946,474.5	1,326,189.1	1,502,550.8	1,727,044.1	1,936,578.8	2,019,413.9	2,112,491.2	2,450,282.0	2,670,306.0
Treasury Bills	**1,025,924.7**	**1,244,441.7**	**1,269,242.4**	**1,185,997.7**	**1,197,959.5**	**1,214,401.8**	**1,379,332.0**	**1,456,725.6**	**1,392,573.7**	**1,496,141.7**	**1,444,426.8**	**1,712,428.6**	**2,111,945.4**	**2,478,080.5**	**2,547,222.6**	**2,583,586.8**	**2,396,021.6**	**2,548,025.6**
Bank of Uganda																		347,300.0
Commercial Banks	954,522.7	937,294.6	940,836.7	1,011,967.2	1,053,936.3	1,201,535.5	1,167,202.6	1,216,838.3	1,093,007.8	1,208,720.1	931,699.5	947,296.9	1,232,130.3	1,608,722.9	1,882,760.4	2,052,546.0	1,907,338.0	2,136,653.3
Insurance Companies	18,398.2	22,323.8	22,346.7	21,738.6	20,173.0	22,360.1	17,049.4	14,167.7	14,383.0	16,512.9	25,695.4	27,615.9	34,239.1	31,210.4	25,330.5	32,373.0	29,519.3	22,839.2
Others[1]	53,003.8	284,823.3	306,059.0	152,291.9	123,850.2	-9,493.8	195,080.0	225,719.6	285,182.9	270,908.7	487,031.9	737,515.8	845,576.0	838,147.2	639,131.7	498,667.8	459,164.3	41,233.1
Total	**2,257,149.8**	**2,606,027.9**	**2,675,828.6**	**2,592,583.9**	**2,704,545.7**	**2,778,270.5**	**3,171,200.7**	**3,417,004.3**	**3,601,992.8**	**3,820,521.7**	**3,883,059.8**	**4,361,008.5**	**5,090,525.3**	**5,677,980.4**	**5,797,122.5**	**5,995,065.7**	**6,062,500.5**	**6,750,255.2**
Bank	**1,700,198.6**	**1,813,116.2**	**1,834,090.2**	**1,916,482.5**	**2,060,836.5**	**2,291,142.9**	**2,418,465.7**	**2,479,644.4**	**2,441,300.7**	**2,556,582.7**	**2,014,119.3**	**2,062,225.5**	**2,448,164.1**	**2,836,857.4**	**3,077,469.1**	**3,315,418.4**	**3,085,843.8**	**3,969,337.5**
Non-Bank	**556,951.2**	**792,911.7**	**841,738.4**	**676,101.4**	**643,709.2**	**487,127.6**	**752,735.0**	**937,359.9**	**1,160,692.1**	**1,263,939.0**	**1,868,940.5**	**2,298,783.0**	**2,642,361.2**	**2,841,123.0**	**2,719,653.4**	**2,679,647.3**	**2,976,656.7**	**2,780,917.7**

[1]Includes National Social Security Fund & others.

Source: Bank of Uganda

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 1: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Prel. Jun-13
Net Foreign Assets	**2606.04**	**3061.60**	**3804.25**	**5068.44**	**5639.02**	**5779.48**	**6668.50**	**8008.45**	**8871.62**
Central Bank(net)	1995.58	2593.15	3311.08	4319.49	5031.81	5200.29	6177.35	6845.22	8308.16
Of Which: Official Foreign Assets	2274.55	2602.42	3341.98	4379.68	5042.40	5445.01	5361.71	6536.36	7555.79
Other Depository Corporations(net)	610.45	468.45	493.17	748.94	607.21	579.19	491.15	1163.23	563.46
Net Domestic Assets (NDA)	**205.08**	**210.00**	**37.77**	**-30.59**	**658.57**	**2608.91**	**3873.89**	**3287.73**	**3175.71**
Domestic Claims	**1120.86**	**1561.33**	**1359.11**	**1923.63**	**3157.44**	**4884.22**	**7528.13**	**7036.33**	**8028.31**
Claims on Central Government(net)	**-172.74**	**-104.33**	**-715.79**	**-915.82**	**-543.94**	**92.48**	**692.17**	**-568.82**	**-70.18**
Claims on Central Government	2279.23	2635.93	2825.15	3633.55	4577.18	5595.25	7729.61	9291.05	11257.26
Less Liabilities to Central Government	2451.97	2740.26	3540.94	4549.36	5121.12	5502.77	7037.45	9859.86	11327.44
Claims on Other Sectors	**1293.60**	**1665.65**	**2074.90**	**2839.45**	**3701.38**	**4791.74**	**6835.96**	**7605.15**	**8098.48**
Other Financial Corporations	33.25	53.74	97.08	66.09	60.67	32.85	39.89	34.16	31.27
State and Local Government	0.03	0.60	0.85	0.09	0.04	0.87	0.91	0.31	0.70
Public Non Financial Corporations	11.84	23.19	34.64	29.63	37.27	52.57	38.81	38.63	55.95
Private Sector	1248.48	1588.11	1942.34	2743.64	3603.40	4705.45	6756.36	7532.05	8010.57
Of which: Loans	1247.11	1587.49	1941.96	2743.64	3603.40	4677.63	6739.72	7524.29	7989.82
Other Items(Net)	**-915.78**	**-1351.32**	**-1321.34**	**-1954.22**	**-2498.87**	**-2261.46**	**-3637.75**	**-3732.25**	**-4831.92**
Shares and Other Equity	563.61	848.19	790.64	1183.43	2289.37	2513.08	3552.23	3475.92	4380.32
Consolidation Adjustments	-101.77	-71.55	-83.08	-103.34	45.72	193.76	-73.82	10.85	20.45
Other Items(net)	-250.41	-431.59	-447.62	-667.45	-255.21	57.87	-11.69	-267.18	-472.05
Broad Money-M3	**2811.11**	**3271.60**	**3842.02**	**5037.85**	**6297.59**	**8388.39**	**10542.39**	**11296.18**	**12047.32**
Foreign Currency Deposits	653.25	706.64	848.07	1142.49	1376.91	1885.88	2485.97	3575.39	3114.98
Broad Money-M2	**2157.86**	**2564.96**	**2993.95**	**3895.35**	**4920.68**	**6502.52**	**8056.42**	**7720.79**	**8932.34**
Other Deposits-Local Currency	692.65	858.54	1002.38	1394.61	1942.51	2737.56	3365.42	3295.04	3687.47
Narrow Money-M1	**1465.21**	**1706.43**	**1991.57**	**2500.74**	**2978.17**	**3764.95**	**4691.00**	**4425.75**	**5244.87**
Transferable Deposits-Local Currency	860.15	961.53	1127.96	1426.26	1732.74	2331.04	2802.92	2486.41	3103.72
Currency Outside Depository Corporations	605.06	744.89	863.62	1074.48	1245.43	1433.92	1888.08	1939.34	2141.16
Deposits Excluded from Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**13.85**	**16.50**	**16.36**	**20.68**
Memo Items									
Year on Year growth(%)									
M3	8.65	16.38	17.44	31.12	25.01	33.20	25.68	7.15	6.65
M2	12.10	18.87	16.72	30.11	26.32	32.15	23.90	-4.17	15.69
Base Money	14.62	12.69	18.78	29.94	20.80	24.81	21.93	1.51	17.50
Private Sector Credit	11.90	27.29	22.33	41.28	31.34	29.81	44.08	11.64	6.19
Real Private Sector Credit	11.90	18.55	15.51	25.50	16.96	24.57	24.50	-5.39	2.40
Contribution to M3 growth									
Change in Net Foreign Assets/M3(t-1)	11.25	16.21	22.70	32.90	11.33	2.23	10.60	7.23	7.64
Change in Net Domestic Assets/M3(t-1)	-2.60	0.18	-5.26	-1.78	13.68	30.97	15.08	-4.12	-0.99
Change in Net Credit to Gov./M3(t-1)	-7.55	2.43	-18.69	-5.21	7.38	10.11	7.15	-11.67	4.41
Change in credit to private sect./M3(t-1)	5.13	12.11	10.83	20.87	17.07	17.06	24.58	4.10	4.12
Quarterly growth(%)									
M3	0.29	5.74	-0.82	5.20	5.29	13.98	6.98	5.89	1.16
M2	-0.54	6.22	1.15	6.01	6.62	10.94	7.21	-0.79	1.60
Base Money	1.17	-0.26	1.00	3.87	0.88	14.11	4.72	-0.13	-5.37
Private sector credit	0.43	12.02	3.92	8.18	1.34	6.53	11.85	1.90	0.29
Change Relative to June(Shs.Bns)									
Private sector credit	132.66	340.38	354.47	801.68	859.76	1074.23	2062.09	0.00	465.53
Claims on Government (net)	-195.45	68.41	-611.47	-200.02	371.87	636.42	599.69	0.00	498.64
Analytical Ratios(%)									
Currency outside Depository Corps/M2	28.04	29.04	28.85	27.58	25.31	22.05	23.44	25.12	23.97
Shilling Demand Deposits/M2	39.86	37.49	37.67	36.61	35.21	35.85	34.79	32.20	34.75
Shilling Time and Savings Deposits/M2	32.10	33.47	33.48	35.80	39.48	42.10	41.77	42.68	41.28
Foreign Currency Deposits/Shilling Deposits	42.07	38.82	39.81	40.50	37.46	37.21	40.30	61.84	45.87

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 2: CENTRAL BANK SURVEY(Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Net Foreign Assets	**1995.58**	**2593.15**	**3311.08**	**4319.49**	**5031.81**	**5200.29**	**6177.35**	**6845.22**	**8308.16**
Claims on Non Residents	2802.57	3168.74	3838.37	4910.77	5751.84	5782.67	6911.29	7491.91	9017.98
Of Which: Official Reserve Assets	2274.55	2602.42	3341.98	4379.68	5042.40	5445.01	5361.71	6536.36	7555.79
Less Liabilities to Non Residents	806.98	575.59	527.28	591.28	720.03	582.38	733.94	646.68	709.82
Of Which: Short Term Liabilities	273.98	3.07	17.64	18.23	21.64	0.00	0.01	0.00	0.00
Net Domestic Assets (NDA)	**-1121.85**	**-1588.37**	**-1995.39**	**-2732.42**	**-3170.30**	**-2793.72**	**-3235.46**	**-3831.69**	**-4249.87**
Domestic Claims	**-744.99**	**-881.96**	**-1624.07**	**-2212.63**	**-2066.00**	**-1778.13**	**-1514.27**	**-2682.75**	**-2772.66**
Net Claims on Central Government	**-808.93**	**-956.91**	**-1698.93**	**-2282.72**	**-2109.07**	**-1821.18**	**-1560.99**	**-2749.57**	**-2823.89**
Claims on Central Government	1296.73	1609.23	1726.15	2148.23	2872.67	3388.02	5220.03	6700.23	8129.34
Of which: Securities Other than Shares	200.49	232.60	200.00	275.25	238.77	200.00	69.53	29.88	957.69
Loans	1096.24	1376.63	1526.15	1872.98	2633.90	3188.02	5150.50	6670.35	7171.66
Less Liabilities to Central Government	2105.66	2566.13	3425.08	4430.95	4981.74	5209.20	6781.02	9449.80	10953.23
Of which: Deposits	2105.66	2566.13	3425.08	4430.95	4981.74	5209.20	6781.02	9449.80	10953.23
Claims on Other Sectors	**63.94**	**74.95**	**74.86**	**70.09**	**43.07**	**43.05**	**46.71**	**66.81**	**51.22**
Other Financial Corporations	25.02	44.54	46.29	37.18	25.10	16.93	9.86	5.24	5.03
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non Financial Corporations	5.07	4.64	4.21	4.10	2.22	0.36	0.36	0.36	0.00
Private Sector	33.85	25.77	24.36	28.80	15.75	25.76	36.50	61.21	46.20
Of which: Loans	33.85	25.77	24.36	28.80	15.75	25.76	36.50	61.21	46.20
Claims on Other Depository Corporations	**120.44**	**126.11**	**113.61**	**100.02**	**107.61**	**195.43**	**115.91**	**49.10**	**48.87**
Of which: Loans	120.44	126.11	113.61	100.02	107.61	195.43	115.91	49.10	48.87
Other Items(Net)	**-376.86**	**-706.42**	**-371.32**	**-519.79**	**-1104.30**	**-1015.59**	**-1721.19**	**-1148.93**	**-1477.20**
Shares and Other Equity	283.22	456.29	197.18	328.03	1047.25	1075.30	1799.30	1204.13	1599.47
Other Items(Net)	-93.63	-250.12	-174.15	-191.75	-57.04	59.71	78.11	55.20	122.26
	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Monetary Base plus REPOs	**928.33**	**1061.11**	**1360.13**	**1614.49**	**1950.36**	**2584.19**	**3037.47**	**3042.78**	**4083.23**
Monetary Base	**928.33**	**1046.11**	**1242.53**	**1614.49**	**1950.36**	**2434.19**	**2967.94**	**3012.90**	**3540.13**
Currency In Circulation	698.58	837.73	981.10	1230.02	1468.71	1738.98	2189.82	2204.47	2452.86
Liabilities to ODCs	229.75	208.38	261.42	384.47	481.64	695.21	778.12	808.43	1087.27
Reserve Deposits	229.75	208.38	261.42	384.47	481.64	695.21	778.12	808.43	1087.27
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REPOs	**0.00**	**15.00**	**117.60**	**0.00**	**0.00**	**150.00**	**69.53**	**29.88**	**543.10**
Other Liabilities to ODCs	**65.84**	**69.78**	**69.18**	**72.61**	**18.77**	**17.82**	**20.33**	**19.86**	**23.93**

Table 3: OTHER DEPOSITORY CORPORATIONS SURVEY (Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Net Foreign Assets	**610.45**	**468.45**	**493.17**	**748.94**	**607.21**	**579.19**	**491.15**	**1163.23**	**563.46**
Claims on Non Residents	725.55	632.31	688.84	980.37	1141.64	1340.17	1188.06	2039.14	1552.18
Of Which: Foreign Currency	30.56	41.19	40.55	64.12	133.58	157.57	186.63	133.01	225.44
Deposits	687.33	578.31	640.11	910.40	1006.17	376.79	734.98	1537.44	1166.07
Loans	7.67	12.81	8.18	5.85	1.89	801.62	254.16	362.40	129.65
Less Liabilities to Non Residents	115.10	163.86	195.68	231.43	534.43	760.98	696.91	875.91	988.72
Of Which: Deposits	67.57	106.97	81.80	86.28	49.76	206.77	249.83	136.73	130.94
Loans	47.53	56.89	113.88	145.15	484.67	485.80	368.99	640.96	702.40
Net Domestic Assets (NDA)	**1522.21**	**1962.76**	**2233.73**	**2960.70**	**4006.43**	**5527.79**	**7501.41**	**7390.06**	**7737.51**
Domestic Claims	**1865.85**	**2443.28**	**2983.18**	**4136.27**	**5223.44**	**6662.35**	**9042.40**	**9719.09**	**10800.97**
Net Claims on Central Government	**636.20**	**852.58**	**983.13**	**1366.90**	**1565.13**	**1913.66**	**2253.15**	**2180.75**	**2753.71**
Claims on Central Government	982.50	1026.70	1099.00	1485.32	1704.50	2207.22	2509.58	2590.81	3127.92
Less Liabilities to Central Government	346.31	174.12	115.86	118.41	139.38	293.57	256.43	410.06	374.21
Claims on Other Sectors	**1229.66**	**1590.70**	**2000.04**	**2769.36**	**3658.31**	**4748.69**	**6789.25**	**7538.34**	**8047.26**
Other Financial Corporations	8.22	9.20	50.79	28.90	35.57	15.92	30.03	28.91	26.24
State and Local Government	0.03	0.60	0.85	0.09	0.04	0.87	0.91	0.31	0.70
Public Non Financial Corporations	6.77	18.56	30.43	25.52	35.05	52.21	38.45	38.27	55.95
Private Sector	1214.64	1562.34	1917.97	2714.84	3587.65	4679.69	6719.86	7470.84	7964.37
Of which: Loans	1213.26	1561.72	1917.60	2714.84	3587.65	4651.87	6703.22	7463.08	7943.63
Claims on the Central Bank	**387.57**	**405.79**	**583.97**	**567.58**	**708.67**	**1222.69**	**1133.34**	**1139.88**	**1992.30**
Currency	93.52	92.84	117.49	155.53	223.28	305.07	301.73	265.13	311.70
Reserve Deposits	294.05	297.85	348.88	412.05	485.39	767.62	759.08	845.77	1137.67
Other Claims	0.00	15.10	117.60	0.00	0.00	150.00	72.52	28.98	542.93
Labilities to the Central Bank	**220.67**	**217.45**	**214.97**	**158.33**	**46.87**	**56.27**	**153.36**	**54.84**	**54.72**
Other Items(Net)	-437.16	-573.36	-866.94	-1331.10	-1440.29	-1439.62	-1842.73	-2594.16	-3375.17
Shares and Other Equity	280.39	391.89	593.46	855.40	1242.12	1437.79	1752.93	2271.79	2780.85
Other Items(Net)	-156.77	-181.46	-273.47	-475.70	-198.17	-1.84	-89.80	-322.37	-594.31
Deposits Liabilities to the Public	**2206.05**	**2526.71**	**2978.40**	**3963.36**	**5052.16**	**6968.33**	**8670.80**	**9373.20**	**9926.85**
Deposits Included in Broad Money	**2206.05**	**2526.71**	**2978.40**	**3963.36**	**5052.16**	**6954.48**	**8654.30**	**9356.84**	**9906.17**
Foreign Currency Deposits	653.25	706.64	848.07	1142.49	1376.91	1885.88	2485.97	3575.39	3114.98
Local Currency Deposits	1552.80	1820.07	2130.33	2820.87	3675.25	5068.60	6168.34	5781.45	6791.19
Transferable Deposits	860.15	961.53	1127.96	1426.26	1732.74	2331.04	2802.92	2486.41	3103.72
Other Deposits	692.65	858.54	1002.38	1394.61	1942.51	2737.56	3365.42	3295.04	3687.47
Deposits Excluded from Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**13.85**	**16.50**	**16.36**	**20.68**

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 4: ANALYTICAL BALANCE SHEET OF COMMERCIAL BANKS (Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Net Foreign Assets	**610.45**	**468.45**	**493.17**	**748.94**	**607.21**	**601.22**	**513.46**	**1203.46**	**607.76**
Claims on Non Residents	725.55	632.31	688.84	980.37	1141.64	1339.90	1187.17	2037.97	1551.32
Of Which: Foreign Currency	30.56	41.19	40.55	64.12	133.58	157.54	186.48	132.80	224.99
Deposits	687.33	578.31	640.11	910.40	1006.17	376.55	734.23	1536.48	1165.66
Loans	7.67	12.81	8.18	5.85	1.89	801.62	254.16	362.40	129.65
Less Liabilities to Non Residents	115.10	163.86	195.68	231.43	534.43	738.68	673.72	834.51	943.55
Of Which: Deposits	67.57	106.97	81.80	86.28	49.76	206.77	249.83	136.73	130.94
Loans	47.53	56.89	113.88	145.15	484.67	476.71	354.90	607.06	668.07
Net Domestic Assets (NDA)	**1522.21**	**1962.76**	**2233.73**	**2960.70**	**4006.43**	**5358.08**	**7275.98**	**7126.47**	**7412.25**
Domestic Claims	**1865.85**	**2443.28**	**2983.18**	**4136.27**	**5223.44**	**6483.98**	**8803.93**	**9421.77**	**10462.02**
Net Claims on Central Government	**636.20**	**852.58**	**983.13**	**1366.90**	**1565.13**	**1902.68**	**2241.77**	**2169.27**	**2742.04**
Claims on Central Government	982.50	1026.70	1099.00	1485.32	1704.50	2196.25	2498.20	2579.33	3116.24
Less Liabilities to Central Government	346.31	174.12	115.86	118.41	139.38	293.57	256.43	410.06	374.21
Claims on Other Sectors	**1229.66**	**1590.70**	**2000.04**	**2769.36**	**3658.31**	**4581.30**	**6562.15**	**7252.50**	**7719.99**
Other Financial Corporations	8.22	9.20	50.79	28.90	35.57	15.82	29.93	28.86	26.14
State and Local Government	0.03	0.60	0.85	0.09	0.04	0.87	0.91	0.31	0.70
Public Non Financial Corporations	6.77	18.56	30.43	25.52	35.05	52.21	38.45	38.27	55.95
Private Sector	1214.64	1562.34	1917.97	2714.84	3587.65	4512.40	6492.87	7185.05	7637.21
Of which: Loans	1213.26	1561.72	1917.60	2714.84	3587.65	4484.58	6476.23	7177.29	7616.46
Claims on the Central Bank	**387.57**	**405.79**	**583.97**	**567.58**	**708.67**	**1213.40**	**1121.79**	**1126.79**	**1974.98**
Currency	93.52	92.84	117.49	155.53	223.28	295.78	290.18	252.10	294.45
Reserve Deposits	294.05	297.85	348.88	412.05	485.39	767.62	759.08	845.77	1137.67
Other Claims	0.00	15.10	117.60	0.00	0.00	150.00	72.52	28.92	542.86
Labilities to the Central Bank	**220.67**	**217.45**	**214.97**	**158.33**	**46.87**	**55.43**	**152.58**	**54.15**	**54.14**
Other Items(Net)	-437.16	-573.36	-866.94	-1331.10	-1440.29	-1421.67	-1818.13	-2547.40	-3344.23
Shares and Other Equity	280.39	391.89	593.46	855.40	1242.12	1383.08	1676.32	2169.46	2660.62
Other Items(Net)	-156.77	-181.46	-273.47	-475.70	-198.17	-38.59	-141.81	-377.94	-683.61
Deposits Liabilities to the Public	**2206.05**	**2526.71**	**2978.40**	**3963.36**	**5052.16**	**6821.49**	**8468.46**	**9150.46**	**9646.40**
Deposits Included in Broad Money	**2206.05**	**2526.71**	**2978.40**	**3963.36**	**5052.16**	**6821.49**	**8468.46**	**9150.46**	**9646.40**
Foreign Currency Deposits	653.25	706.64	848.07	1142.49	1376.91	1879.73	2476.54	3565.24	3104.07
Transferable Deposits	526.29	541.78	651.59	874.24	1076.82	1455.20	1726.48	2431.08	1785.32
Other Deposits	126.97	164.86	196.49	268.26	300.09	424.53	750.06	1134.16	1318.75
Local Currency Deposits	1552.80	1820.07	2130.33	2820.87	3675.25	4941.76	5991.92	5585.22	6542.33
Transferable Deposits	860.15	961.53	1127.96	1426.26	1732.74	2331.04	2802.92	2486.41	3103.72
Other Deposits	692.65	858.54	1002.38	1394.61	1942.51	2610.72	3189.01	3098.81	3438.61
Deposits Excluded from Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Table 5: ANALYTICAL BALANCE SHEET OF CREDIT INSTITUTIONS (Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Net Foreign Assets	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-2.35**	**-6.30**	**-3.06**	**-0.95**
Claims on Non Residents	0.00	0.00	0.00	0.00	0.00	0.27	0.89	1.17	0.86
Of Which: Foreign Currency	0.00	0.00	0.00	0.00	0.00	0.03	0.15	0.21	0.45
Deposits	0.00	0.00	0.00	0.00	0.00	0.24	0.74	0.96	0.41
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Liabilities to Non Residents	0.00	0.00	0.00	0.00	0.00	2.62	7.19	4.23	1.82
Of Which: Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	2.62	7.19	4.23	1.82
Net Domestic Assets (NDA)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**94.03**	**127.06**	**130.74**	**152.74**
Domestic Claims	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**69.22**	**100.64**	**122.09**	**139.71**
Net Claims on Central Government	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1.25**	**7.18**	**11.48**	**11.68**
Claims on Central Government	0.00	0.00	0.00	0.00	0.00	1.25	7.18	11.48	11.68
Less Liabilities to Central Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Claims on Other Sectors	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**67.97**	**93.46**	**110.60**	**128.03**
Other Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	67.97	93.46	110.60	128.03
Of which: Loans	0.00	0.00	0.00	0.00	0.00	67.97	93.46	110.60	128.03
Claims on the Central Bank	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4.85**	**6.21**	**6.40**	**8.56**
Currency	0.00	0.00	0.00	0.00	0.00	4.85	6.21	6.34	8.48
Reserve Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.08
Labilities to the Central Bank	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.84**	**0.79**	**0.68**	**0.58**
	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**		
Other Items(Net)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**19.96**	**20.20**	**2.31**	**4.55**
Shares and Other Equity	0.00	0.00	0.00	0.00	0.00	24.17	32.25	43.75	48.86
Other Items(Net)	0.00	0.00	0.00	0.00	0.00	44.12	52.46	46.07	53.41
Deposits Liabilities to the Public	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**90.84**	**119.98**	**127.06**	**151.29**
Deposits Included in Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**87.13**	**116.68**	**123.10**	**146.67**
Foreign Currency Deposits	0.00	0.00	0.00	0.00	0.00	6.14	9.43	10.15	10.91
Transferable Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deposits	0.00	0.00	0.00	0.00	0.00	6.14	9.43	10.15	10.91
Local Currency Deposits	0.00	0.00	0.00	0.00	0.00	80.99	107.24	112.96	135.76
Transferable Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deposits	0.00	0.00	0.00	0.00	0.00	80.99	107.24	112.96	135.76
Deposits Excluded from Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3.71**	**3.30**	**3.96**	**4.62**

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 6: ANALYTICAL BALANCE SHEET OF MICRO FINANCE DEPOSIT TAKING INSTITUTIONS (Shillings, Billions)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Net Foreign Assets	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-19.68**	**-16.01**	**-37.17**	**-43.35**
Claims on Non Residents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of Which: Foreign Currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Liabilities to Non Residents	0.00	0.00	0.00	0.00	0.00	19.68	16.01	37.17	43.35
Of Which: Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	6.47	6.91	29.67	32.51
Net Domestic Assets (NDA)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**75.68**	**98.38**	**132.85**	**172.52**
Domestic Claims	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**109.15**	**137.84**	**175.24**	**199.24**
Net Claims on Central Government	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**9.72**	**4.20**	**0.00**	**0.00**
Claims on Central Government	0.00	0.00	0.00	0.00	0.00	9.72	4.20	0.00	0.00
Less Liabilities to Central Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Claims on Other Sectors	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**99.43**	**133.63**	**175.24**	**199.24**
Other Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.10	0.10	0.05	0.11
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	99.33	133.53	175.19	199.13
Of which: Loans	0.00	0.00	0.00	0.00	0.00	99.33	133.53	175.19	199.13
Claims on the Central Bank	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4.44**	**5.35**	**6.69**	**8.77**
Currency	0.00	0.00	0.00	0.00	0.00	4.44	5.35	6.69	8.77
Reserve Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Labilities to the Central Bank	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Other Items(Net)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-37.91**	**-44.81**	**-49.08**	**-35.49**
Shares and Other Equity	0.00	0.00	0.00	0.00	0.00	30.54	44.36	58.57	71.37
Other Items(Net)	0.00	0.00	0.00	0.00	0.00	-7.38	-0.44	9.50	35.89
Deposits Liabilities to the Public	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**56.00**	**82.37**	**95.68**	**129.17**
Deposits Included in Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**45.85**	**69.17**	**83.27**	**113.11**
Foreign Currency Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transferable Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Currency Deposits	0.00	0.00	0.00	0.00	0.00	45.85	69.17	83.27	113.11
Transferable Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deposits	0.00	0.00	0.00	0.00	0.00	45.85	69.17	83.27	113.11
Deposits Excluded from Broad Money	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10.14**	**13.20**	**12.41**	**16.06**

Table 7: FOREIGN ASSETS AND LIABILITIES (US $ m)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Central Bank	0	0	0	0	0	0	0		
Claims on Non Residents	1730.5	1956.6	2370.1	3032.3	2786.6	2532.5	2634.7	3030.3	3477.4
Of Which: Official Reserve Assets	1404.5	1606.9	2063.6	2704.4	2442.9	2384.7	2044.0	2643.8	2913.5
Liabilities to Non Residents	498.3	355.4	325.6	365.1	348.8	255.1	279.8	261.6	273.7
Other Depository Corporations									
Claims on Non Residents	448.0	390.4	425.3	605.4	553.1	586.9	452.9	824.8	598.5
Of Which: Foreign Currency	18.9	25.4	25.0	39.6	64.7	69.0	71.1	53.8	86.9
Deposits	424.4	357.1	395.3	562.2	487.5	165.0	280.2	621.9	449.6
Loans	4.7	7.9	5.1	3.6	0.9	351.1	96.9	146.6	50.0
Less Liabilities to Non Residents	71.1	101.2	120.8	142.9	258.9	333.3	265.7	354.3	381.3
Of Which: Deposits	41.7	66.1	50.5	53.3	24.1	90.6	95.2	55.3	50.5
Loans	29.4	35.1	70.3	89.6	234.8	212.8	140.7	259.2	270.8
	0	0	0	0	0	0	0		
Domestic (Forex) Liabilities:Foreign Currency Deposits	403.4	436.3	523.7	705.5	667.1	825.9	947.7	1446.1	1201.1
Dom (Forex) assets: lending to priv sector									

Table 8: Key ratios and growth rates

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Ratios to M3									
Foreign Currency Deposits(%)	23.24	21.60	22.07	22.68	21.86	22.48	23.58	31.65	25.86
Currency Outside Depository(%)	21.52	22.77	22.48	21.33	19.78	17.09	17.91	17.17	17.77
Shilling Demand deposits(%)	30.60	29.39	29.36	28.31	27.51	27.79	26.59	22.01	25.76
Shilling time & savings Deposits(%)	24.64	26.24	26.09	27.68	30.85	32.64	31.92	29.17	30.61
Money Multiplier (M3/Base)	3.03	3.13	3.09	3.12	3.23	3.45	3.55	3.75	3.40
Money Multiplier (M2/Base)	2.32	2.45	2.41	2.41	2.52	2.67	2.71	2.56	2.52
M2/M3	0.77	0.78	0.78	0.77	0.78	0.78	0.76	0.68	0.74
Shilling Time and Savings Deposits/Total Shilling Deposits (%)	44.61	47.17	47.05	49.44	52.85	54.01	54.56	56.99	54.30
Shilling Time and Savings Deposits/Total Deposits (%)	31.40	33.98	33.65	35.19	38.45	39.36	38.89	35.22	37.22
Shilling Demand Deposits/Total Shilling Deposits (%)	55.39	52.83	52.95	50.56	47.15	45.99	45.44	43.01	45.70
Shilling Demand Deposits/Total Deposits (%)	38.99	38.05	37.87	35.99	34.30	33.52	32.39	26.57	31.33
VULNERABILITY M3/RESERVES	1.24	1.26	1.15	1.15	1.25	1.54	1.97	1.73	1.59
VULNERABILITY M2/RESERVES	0.95	0.99	0.90	0.89	0.98	1.19	1.50	1.18	1.18

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 9: SELECTED COMPONENTS OF THE OTHER DEPOSITORY CORPORATIONS' BALANCE SHEET

RATIOS	**Jun-05**	**Jun-06**	**Jun-07**	**Jun-08**	**Jun-09**	**Jun-10**	**Jun-11**	**Jun-12**	**Jun-13**
Total deposits	2616.79	2799.63	3164.66	4154.65	5237.29	7343.30	9015.30	9885.10	10417.35
Total loans to private sector	1247.11	1587.49	1941.96	2743.64	3603.40	4677.63	6739.72	7524.29	7989.82
lending ratio (loans/deposits) %	47.66	56.70	61.36	66.04	68.80	63.70	74.76	76.12	76.70
loans/total assets %	25.89	25.17	25.64	29.17	38.31	43.14	50.58	47.52	50.46
shsgs deposits/total liabilities %	36.48	31.15	29.63	31.20	40.51	49.31	48.43	39.35	45.08
forex deposits/total liabilities %	17.45	12.93	12.38	13.20	15.35	20.39	20.90	23.96	21.19
capital & reserves /total liabilities %									
COMPONENTS OF M3									
PRIVATE SECTOR DEPOSITS									
Shilling deposits by sector and type	1550.83	1818.84	2130.28	2820.87	3675.25	5068.60	6168.34	5781.45	6791.19
TRANSFERABLE DEPOSITS	860.15	961.53	1127.96	1426.26	1732.74	2331.04	2802.92	2486.41	3103.72
Local Government	66.04	58.70	62.98	86.72	57.45	96.48	101.35	58.37	91.95
Non Financial Public Enterprises	57.06	43.96	37.30	48.70	26.76	16.68	50.50	38.21	70.70
Other Financial Corporation	23.77	34.31	18.97	20.56	12.03	116.36	55.89	42.97	66.96
Private Enterprises	0.00	0.00	0.00	0.00	0.00	697.64	1679.07	1587.28	1689.49
Other Residents	713.27	824.58	1008.71	1270.27	1636.50	1403.86	916.11	759.59	1184.62
	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
OTHER DEPOSITS	690.68	857.31	1002.33	1394.61	1942.51	2737.56	3365.42	3295.04	3687.47
Local Government	0.01	0.11	0.46	0.77	0.26	0.57	2.17	3.65	2.49
Non Financial Public Enterprises	124.43	78.34	98.11	212.28	194.44	23.41	64.87	55.70	32.57
Other Financial Corporation	33.33	51.72	29.02	7.00	33.73	805.86	976.64	679.55	797.82
Private Enterprises	0.00	0.00	0.00	0.00	0.00	349.58	372.70	431.64	433.39
Other Residents	532.91	727.13	874.73	1174.57	1714.08	1558.14	1949.04	2124.50	2421.20
Vertical check	-1.98	-1.23	-0.05	0.00	0.00	0.00	0.00	0.00	0.00
Forex deposits by sector and type of deposit	653.25	706.64	848.07	1142.49	1376.91	1885.88	2485.97	3575.39	3114.98
TRANSFERABLE DEPOSITS	526.29	541.78	651.59	874.24	1076.82	1455.20	1726.48	2431.08	1785.32
Local Government	5.65	2.29	2.07	0.33	0.12	0.05	0.09	0.02	0.21
Non Financial Public Enterprises	59.62	27.69	42.09	45.99	71.82	60.79	46.45	62.48	12.97
Other Financial Corporation	12.73	11.68	3.60	2.13	4.84	23.86	22.32	29.98	39.47
Private Enterprises	0.00	0.00	0.00	0.00	0.00	564.54	1155.00	1922.28	1069.61
Other Residents	448.29	500.12	603.83	825.78	1000.05	805.95	502.62	416.32	663.06
OTHER DEPOSITS	126.97	164.86	196.49	268.26	300.09	430.68	759.49	1144.31	1329.66
Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Financial Public Enterprises	17.58	10.92	14.48	12.83	26.72	14.24	18.33	6.58	0.00
Other Financial Corporation	2.97	4.04	4.67	2.59	3.14	36.13	31.38	92.81	151.18
Private Enterprises	0.00	0.00	0.00	0.00	0.00	144.58	331.00	379.24	294.79
Other Residents	106.41	149.90	177.34	252.83	270.23	235.72	378.78	665.68	883.68
GOVERNMENT, OTHER DEPOSITORY CORP DEPOSITS AND NON-RESIDENT DEPOSITS									
Shilling deposits by sector and type									
TRANSFERABLE DEPOSITS	202.70	138.10	104.00	113.79	89.85	183.62	242.23	355.61	264.70
Central Government	185.63	97.95	76.61	85.77	59.01	135.50	151.79	244.06	160.26
Budgetary Incl. URA Taxes	86.64	67.85	53.81	77.90	43.97	30.44	60.28	148.39	40.45
Project	98.99	30.10	22.80	7.87	15.04	12.92	15.58	21.10	11.58
Autonomous	0.00	0.00	0.00	0.00	0.00	92.15	75.93	74.56	108.23
Other Depository Corporations (excluding own)	3.12	0.36	0.66	0.29	0.23	18.23	45.32	37.51	23.59
Non-residents	13.95	39.79	26.73	27.74	30.62	29.89	45.12	74.04	80.85
	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
OTHER DEPOSITS	6.73	12.86	11.48	10.36	51.24	120.15	201.48	156.77	160.62
Central Government	4.09	7.53	10.11	0.00	45.20	94.20	43.09	93.65	81.93
Budgetary	1.44	6.53	6.17	0.00	45.20	0.44	0.00	0.00	0.00
Project	2.65	0.99	3.94	0.00	0.00	0.18	0.00	2.07	0.02
Autonomous	0.00	0.00	0.00	0.00	0.00	93.59	43.09	91.58	81.91
Other Depository Corporations (excluding own)	1.00	2.25	0.00	4.41	3.00	25.89	69.35	56.49	73.01
Non-residents	1.64	3.09	1.38	5.94	3.04	0.06	89.04	6.64	5.68
Forex deposits by sector and type									
TRANSFERABLE DEPOSITS	177.66	95.28	69.28	78.22	50.25	194.62	192.35	134.32	152.53
Central Government	124.36	35.84	24.45	32.86	34.61	63.70	60.59	72.31	123.83
Budgetary	35.49	24.23	17.23	31.90	34.19	0.00	0.00	0.00	0.31
Project	86.05	11.17	6.04	0.74	0.42	10.15	16.70	13.97	36.28
Autonomous	0.00	0.00	0.00	0.00	0.00	53.55	43.89	58.34	87.24
Other Depository Corporations (excluding own)	2.82	0.43	1.18	0.22	0.51	5.61	59.05	36.02	22.71
Non-residents	50.48	59.01	43.66	45.14	15.14	125.31	72.72	25.99	5.99
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEPOSITS	9.89	13.48	20.37	20.40	16.26	130.81	106.45	83.29	87.71
Central Government	4.14	0.00	0.00	0.00	0.56	0.17	0.96	0.05	8.19
Budgetary	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00
Project	4.14	0.00	0.00	0.00	0.00	0.16	0.57	0.00	0.00
Autonomous	0.00	0.00	0.00	0.00	0.00	0.01	0.39	0.04	8.19
Other Depository Corporations (excluding own)	4.25	8.39	10.34	12.94	14.73	5.32	32.78	54.99	70.55
Non-residents	1.50	5.09	10.03	7.47	0.97	125.31	72.72	28.25	8.97

Appendix 12: DEPOSITORY CORPORATIONS SURVEY(Shillings, Billions)

Table 10: Government Securities 1/:

Treasury Bills by Category of Holder (Cost Value)	1045.48	1081.06	1232.44	1386.45	1309.09	1339.20	1580.75	2107.28	3073.60
o/w Monetary Authority	200.50	255.44	200.00	0.00	0.00	0.00	200.00	29.88	852.52
Commercial Banks	636.98	670.79	764.00	631.65	817.23	987.06	1037.77	1315.72	1943.03
Non-Bank Public	208.01	154.82	268.44	754.80	491.86	352.15	342.98	761.68	278.05
Treasury Bonds by Category of Holder (Cost Value)	398.93	668.27	879.88	1377.08	1254.05	1457.95	2234.01	2933.43	3082.49
o/w Monetary Authority	10.76	10.76	1.61	0.53	0.00	0.00	0.00	0.00	100.00
Commercial Banks	257.76	344.18	422.84	768.64	785.92	1000.60	1284.64	1140.47	977.15
Non-Bank Public	130.40	313.32	455.42	607.91	468.13	457.35	949.37	1792.96	2005.34
								5010.83	

Table 11: Project Accounts

Monetary Authority Balance Sheet									
Government Project Deposits	56.82	145.24	281.27	437.28	795.88	1188.07	1173.84	1185.28	1927.79
Government Project Deposits-Revised	56.82	145.24	281.27	447.75	795.88	1174.69	1166.41	1154.41	1436.24
o/w Fully Government accounts	0.00	0.00	0.00	164.60	230.01	117.42	199.57	196.71	144.94
o/w UETCL LINE Escrow A/C	0.00	0.00	0.00	91.00	0.00	0.00	0.00	0.00	
o/w Budget Support Accounts	0.00	0.00	0.00	2.15	7.94	3.62	0.00	0.00	
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Energy Fund (Shs A/c)	0.00	0.00	16.57	119.97	0.00	0.00	0.00	0.00	0.00
Energy Fund (US$ A/c)	0.00	0.00	2.48	31.55	0.00	0.00	0.00	0.00	0.00
Energy Investment Fund (Shs A/c)	0.00	0.00	0.00	0.00	211.25	542.98	395.88	308.34	304.05
Energy Investment Fund (US$ A/c)	0.00	0.00	0.00	0.00	148.56	0.00	0.00	0.00	470.65

Table 12: Key sources of funding for Other Depository Corporations

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Key Liabilities (Ushs. billion)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**8283.44**	**10169.22**	**11441.25**	**12257.06**
Deposits	0.00	0.00	0.00	0.00	0.00	7522.83	9382.43	10103.81	10619.75
o/w Foreign currency deposits	0.00	0.00	0.00	0.00	0.00	2137.50	2755.01	3794.81	3384.67
o/w Shilling deposits	0.00	0.00	0.00	0.00	0.00	5385.32	6627.42	6309.00	7235.08
Loans and advances	0.00	0.00	0.00	0.00	0.00	760.61	786.79	1337.44	1637.31
o/w Due to Residents	0.00	0.00	0.00	0.00	0.00	274.81	417.80	696.49	934.92
o/w Due to Non-Residents	0.00	0.00	0.00	0.00	0.00	485.80	368.99	640.96	702.40
								0.00	
Key assets (Ushs. billion)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**9784.09**	**12005.80**	13922.02	**15235.83**
Loans and advances	0.00	0.00	0.00	0.00	0.00	5794.58	7188.67	8224.01	8881.25
o/w Shilling loans	0.00	0.00	0.00	0.00	0.00	3868.81	5017.46	5278.56	5634.98
o/w Foreign currency loans	0.00	0.00	0.00	0.00	0.00	1925.77	2171.21	2945.46	3246.27
Government securities	0.00	0.00	0.00	0.00	0.00	2207.22	2509.58	2590.79	3127.92
Deposits with non resident Institutions	0.00	0.00	0.00	0.00	0.00	376.79	734.98	1537.44	1166.07
Deposits with resident institutions	0.00	0.00	0.00	0.00	0.00	942.87	1084.21	1171.64	1523.45
Currency Holdings	0.00	0.00	0.00	0.00	0.00	462.64	488.36	398.14	537.14

Table 13: Macro Indicators

Inflation,12 month change(%)	0.0	7.4	5.9	12.6	12.3	4.2	15.7	18.00	3.7
End Period Exchange Rate(Shs./US$)	1619.48	1619.48	1619.48	1619.48	2064.08	2283.34	2623.17	2472.36	2593.3
GDP at market price, billions Ushs.					0.00	34580.00	38797.65	49087.00	
NPA(Commercial Banks)							104.64	283.13	
PSC/GDP					0.00	13.53	17.37	15.33	
M2/GDP					0.00	18.80	20.77	15.73	
Savings & Time Deposits/GDP							10.63	9.04	
NPA/PSC(Commercial Banks)							0.016	0.039	

Source: Bank of Uganda

Appendix 13: Commercial Bank's Shilling Denominated Loans and Advances to the Private Sector

	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Agriculture	**69,676**	**90,419**	**102,236**	**177,709**	**242,315**	**283,402**	**295,015**
Production	33,807	47,824	40,217	102,573	118,454	117,401	110,716
Crop Finance	35,868	42,595	62,019	75,136	123,861	166,001	184,299
Manufacturing	**194,799**	**190,624**	**341,671**	**405,307**	**521,955**	**422,811**	**414,077**
Foods, Beverages,Tobacco	80,462	76,481	175,788	205,114	272,904	214,969	221,648
Textiles, Apparel and Leather	15,169	7,702	5,469	17,622	18,793	15,738	9,624
Wood, Wood Products & Furniture	8,159	5,050	5,085	3,999	3,643	3,874	1,699
Paper, Paper Products, Printing & Publishing				16,545	17,235	17,837	17,659
Chemicals, Pharmaceuticals, Plastic and Rubber Products	12,135	5,934	21,341	14,362	35,526	34,754	21,423
Basic and Fabricated Non-Metal and Metal Products	13,111	7,406	37,508	43,781	52,913	50,641	57,422
Building & Construction Materials.	31,189	29,948	28,194	52,926	73,482	38,922	32,011
Other Manufacturing Industries	34,574	58,103	68,287	50,958	47,458	46,076	52,591
Trade & Other Services	**208,596**	**237,859**	**541,275**	**632,130**	927,345	942,986	949,498
Wholesale	52,146	73,699	173,177	266,252	371,057	366,332	365,323
Retail	156,450	164,160	368,098	270,194	407,506	449,073	445,181
Transport	**93,808**	**150,395**	**170,642**	**264,169**	322,636	246,504	165,763
Electricity & Water	**4,037**	**510**	**20,694**	**33,605**	**30,649**	**18,104**	**36,001**
Building and Construction	**152,955**	**346,156**	**464,240**	**650,616**	996,647	1,067,191	1,013,422
Mining and Quarrying	**17,266**	**5,899**	**8,610**	**9,667**	12,644	14,171	14,083
Personal Loans	**306,349**	**394,647**	**699,058**	**871,865**	**999,623**	**1,052,718**	**985,418**
Other Services	**314,826**	**610,219**	**446,322**	**383,192**	**180,031**	**204,512**	**314,982**
Total	**1,362,311**	**2,026,728**	**2,794,749**	**3,428,261**	**4,632,843**	**4,676,813**	**4,626,628**

Source: Bank of Uganda 1

Appendix 14: Commercial Banks' Forex Denominated Loans and Advances to the Private Sector

	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Agriculture	**52,135**	**75,155**	**60,876**	**114,888**	**181,126**	**162,194**	**266,933**
Production	14,229	14,928	12,045	55,297	104,376	103,775	125,722
Crop Finance	37,906	60,227	48,831	59,591	76,751	58,418	141,211
Manufacturing	**62,606**	**149,087**	**207,627**	**213,150**	**398,161**	**580,177**	**689,079**
Foods, Beverages,Tobacco	26,890	40,701	72,254	88,114	150,565	265,091	202,914
Textiles, Apparel and Leather	0	1,599	3,314	7,400	10,172	19,211	26,273
Wood, Wood Products & Furniture	1,184	1,494	166	7,854	15,034	8,929	11,158
Paper, Paper Products, Printing & Publishing	0	0	0	15,685	38,540	37,229	71,182
Chemicals, Pharmaceuticals, Plastic and Rubber Products	5,593	841	44,913	28,209	44,819	72,668	69,493
Basic and Fabricated Non-Metal and Metal Products	262	9,747	8,341	23,361	24,398	43,120	76,786
Building & Construction Materials.	13,135	17,071	4,494	6,527	74,307	101,140	150,626
Other Manufacturing Industries	15,542	77,634	74,144	35,999	40,326	32,789	80,647
Trade & Other Services	**75,905**	**98,311**	**205,370**	**137,348**	**221,940**	**252,544**	**247,319**
Wholesale	51,242	37,463	55,767	89,886	124,448	158,527	143,185
Retail	24,663	60,847	149,603	47,462	97,492	94,017	104,134
Transport	**18,326**	**38,787**	**39,854**	**89,533**	**183,819**	**227,892**	**278,885**
Electricity & Water	**2,538**	**22,921**	**2,092**	**18,884**	**30,261**	**56,274**	**76,373**
Building and Construction	**51,374**	**68,909**	**131,159**	**194,667**	**339,937**	**614,316**	**771,884**
Mining and Quarrying	**26,742**	**3,798**	**2,094**	**27,866**	**6,703**	**16,918**	**13,393**
Personal Loans	**19,895**	**28,156**	**95,180**	**90,013**	**32,750**	**59,278**	**70,729**
Other Services	**155,251**	**234,350**	**82,693**	**98,341**	**134,532**	**107,005**	**80,517**
Total	**464,772**	**719,474**	**826,944**	**1,110,708**	**1,883,380**	**2,540,221**	**3,049,799**

Source: Bank of Uganda

Appendix 15: Commercial Bank Activities (billion shs.)

	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Liabilities														
Total Deposits	1,370.52	1,586.02	1,942.45	2,255.77	2,611.66	2,661.31	2,849.85	3,234.96	4,230.58	5,316.79	7,547.31	9,294.19	10,122.95	10,367.07
Private Demand Deposits	531.01	638.45	804.27	859.53	1,034.44	1,048.90	1,059.84	1,205.22	1,512.31	1,791.97	2,483.87	2,998.90	2,766.79	3,261.79
Private Time & Savings Deposits	345.99	363.76	489.00	567.90	616.41	695.77	867.09	1,012.43	1,399.03	1,990.71	2,729.91	3,300.32	3,247.75	3,590.41
Foreign Exchange deposits	321.82	406.93	447.84	674.58	701.84	705.24	770.73	901.77	1,195.10	1,393.02	2,058.25	2,607.70	3,663.80	3,182.38
Government Deposits	126.71	159.53	183.57	138.80	235.26	189.72	105.48	86.72	85.77	104.21	229.70	194.88	337.71	219.11
Inter bank deposits (excluding own)	31.44	7.26	5.48	4.82	4.83	4.12	2.61	0.66	4.70	3.23	15.63	58.22	26.24	26.85
Foreign Liabilities														
Borrowing at Bank of Uganda	24.57	21.80	20.30	20.30	20.17	35.76	41.92	38.91	1.50	0.48	0.43	100.02	1.08	-
Items in Transit	79.22	91.65	3.06	25.78	7.69	4.29	3.17	0.39	0.09	0.03	0.92	0.39	0.26	0.42
Capital and Reserves	87.28	163.75	208.59	238.51	256.33	199.56	300.46	447.17	752.20	1,096.82	1,261.57	1,463.77	1,865.79	2,403.32
Other Liabilities	202.74	219.19	241.33	284.41	260.79	353.55	332.35	374.54	500.34	519.79	456.77	587.61	736.03	737.97
Total Liabilities	**1,801.51**	**2,209.04**	**2,852.10**	**3,030.01**	**3,427.67**	**3,675.64**	**4,002.52**	**4,819.55**	**6,503.59**	**8,273.23**	**10,442.96**	**12,847.21**	**14,792.55**	**16,150.22**
Assets														
Cash held	43.68	43.07	64.88	80.22	101.79	124.31	134.03	158.04	219.65	356.88	453.32	476.66	384.89	519.44
Balances with Bank of Uganda	108.53	155.57	153.18	181.94	215.66	294.05	297.85	348.88	412.05	487.91	917.62	831.61	874.69	1,689.54
Foreign Assets	364.68	498.39	551.10	702.20	789.76	719.34	632.31	684.92	980.37	1,141.64	1,335.72	1,174.88	2,031.68	1,520.30
Government Securities	320.27	479.79	776.09	754.46	879.13	972.51	1,019.39	1,090.94	1,469.25	1,704.50	2,196.24	2,498.20	2,579.30	3,116.24
Advances and Discounts	592.82	640.95	679.94	855.84	998.23	1,136.89	1,473.25	1,823.04	2,756.43	3,622.70	4,536.80	6,514.68	7,215.59	7,672.41
Investments in Stocks and Shares	8.75	8.87	10.55	7.47	9.04	4.84	5.35	46.47	11.23	10.77	38.64	52.31	44.96	49.65
Other Assets	100.87	121.86	132.15	151.38	103.95	143.75	154.03	201.35	251.37	333.61	289.09	422.71	506.66	503.77
Total Assets	**1,801.51**	**2,209.04**	**2,596.05**	**3,030.01**	**3,397.09**	**3,675.64**	**4,002.52**	**4,819.55**	**6,503.59**	**8,273.23**	**10,292.96**	**12,535.10**	**14,396.66**	**15,380.94**

Source: Bank of Uganda

Appendix 16: Structure of Interest Rates (annual percentage)

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Bank of Uganda														
Ways and Means	3.70	4.28	4.98	7.59	8.58	12.10	15.59	20.09	15.66	16.68	10.71	9.36	8.84	9.52
Rediscount rate	6.83	7.40	8.09	10.97	12.32	14.00	21.00	28.00	25.00	24.00	19.00	16.00	15.00	14.00
Bank rate to Commercial Banks	7.83	8.40	9.09	11.97	13.32	15.00	22.00	29.00	26.00	25.00	20.00	17.00	16.00	15.00
Central Bank Rate						11.00	16.00	23.00	21.00	20.00	15.00	12.00	12.00	11.00
Treasury Bills														
91 Days	3.70	4.28	4.98	7.59	8.58	12.10	15.59	20.09	15.66	16.68	10.71	9.36	8.84	9.52
182 Days	4.37	5.49	5.47	8.54	9.25	12.41	16.00	20.06	16.77	17.11	10.81	13.18	11.23	11.01
273 Days	…	…	…	…	…	…	…	…	…	…	…	…	…	…
364 Days	5.56	6.88	6.17	9.10	9.10	12.55	16.77	18.31	16.25	16.14	10.20	13.17	10.88	11.65
Commercial Banks (Weighted Average)														
Local Currency														
Deposit Rates	2.05	2.72	2.09	2.02	2.09	2.57	2.53	3.28	3.37	3.50	3.14	2.62	2.82	2.61
Demand deposits	1.26	1.29	1.36	1.28	1.18	1.13	1.20	1.19	1.38	1.32	1.72	1.56	1.58	1.51
Savings deposits	2.31	2.10	2.39	2.37	2.38	2.30	2.37	2.31	3.25	3.27	3.07	3.18	3.24	3.12
Time Deposits	7.70	10.85	5.43	9.78	9.68	11.01	13.74	19.95	19.96	19.90	11.87	12.72	12.02	11.57
Lending Rates	21.13	20.18	18.82	19.71	19.97	19.94	23.34	26.71	27.58	27.02	25.66	24.77	24.00	22.58
Foreign Currency														
Deposit Rates	1.63	1.36	1.09	1.25	1.30	1.33	1.37	1.44	1.26	1.25	1.16	1.27	1.36	1.36
Demand deposits	1.14	0.99	0.96	0.96	1.08	1.09	0.95	0.95	0.95	0.95	0.96	0.96	0.96	1.01
Savings deposits	1.49	1.49	1.51	2.65	1.49	1.49	1.63	1.74	1.75	1.66	1.65	1.75	1.69	1.66
Time Deposits	3.92	4.31	3.52	3.87	3.22	2.40	2.42	4.06	4.47	5.22	2.67	5.00	4.70	4.46
Lending Rates	10.33	9.56	10.01	8.57	10.14	9.43	9.70	10.08	9.99	8.44	8.73	8.75	9.92	10.27

Note: Beginning March 2005, Bank of Uganda discontinued the issue of the 273 day paper in order to enhance the capacity of the treasury bill to handle more larger trades.

Source: Bank of Uganda

Appendix 17: Foreign exchange rates (shs. per US$)

Year/Mor	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
Calendar Year Average						
2007	1,710.52	1,721.51	1,716.01	1,723.49	98.84	98.53
2008	1,704.58	1,715.48	1,710.03	1,720.44	98.38	97.40
2009	2,022.20	2,030.96	2,026.58	2,030.49	107.90	98.57
2010	2,170.24	2,179.44	2,174.80	2,177.47	116.25	108.17
2011	2,509.01	2,522.73	2,515.87	2,522.75	132.84	115.86
2012	2,493.89	2,504.29	2,499.09	2,503.31	125.89	103.71
Fiscal Year Average						
2007/08	1,687.54	1,696.47	1,692.00	1,696.45	99.55	99.66
2008/09	1,916.98	1,925.35	1,921.16	1,930.03	103.76	98.59
2009/10	2,020.54	2,030.43	2,025.44	2,028.88	108.91	99.31
2010/11	2,315.90	2,324.95	2,320.43	2,323.43	124.05	113.10
2011/12	2,541.81	2,557.94	2,549.87	2,559.12	132.48	109.90
2012/13	2,580.33	2,589.22	2,584.78	2,588.95	126.11	104.05
Monthly Average						
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	104.81	97.17
Feb	1,989.75	1,988.74	1,988.74	1,996.54	106.93	99.00
Mar	2,078.14	2,078.95	2,078.55	2,086.37	112.12	104.50
Apr	2,079.85	2,100.12	2,089.99	2,083.00	112.13	104.99
May	2,164.33	2,170.20	2,167.27	2,174.57	115.03	108.85
Jun	2,243.60	2,253.67	2,248.64	2,257.44	117.92	112.30
Jul	2,249.12	2,264.98	2,257.05	2,255.85	118.74	114.08
Aug	2,222.09	2,227.85	2,224.97	2,230.94	118.15	113.34
Sep	2,246.66	2,253.74	2,250.20	2,251.30	119.76	113.84
Oct	2,258.01	2,263.37	2,260.69	2,264.82	122.44	117.11
Nov	2,284.59	2,287.46	2,286.03	2,289.31	123.85	117.62
Dec	2,297.87	2,318.52	2,308.20	2,303.93	123.14	116.52
2011 Jan	2,323.64	2,330.42	2,327.03	2,332.47	124.51	116.49
Feb	2,328.38	2,333.10	2,330.74	2,341.93	124.77	115.58
Mar	2,383.02	2,403.94	2,393.48	2,393.31	127.16	114.14
Apr	2,362.46	2,367.13	2,364.80	2,367.59	127.11	112.18
May	2,381.39	2,392.35	2,386.87	2,387.68	127.78	112.12
Jun	2,453.60	2,456.56	2,455.08	2,461.04	131.15	116.55
Jul	2,575.07	2,578.04	2,576.56	2,587.23	137.83	120.38
Aug	2,750.97	2,765.83	2,758.40	2,753.23	145.96	125.08
Sep	2,795.01	2,802.88	2,798.95	2,814.02	145.85	117.34
Oct	2,793.62	2,807.07	2,800.35	2,805.37	143.32	114.11
Nov	2,515.92	2,588.65	2,552.29	2,582.18	132.54	105.87
Dec	2,444.99	2,446.84	2,445.92	2,446.91	126.05	101.37

Year/Mon	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
2012 Jan	2,402.37	2,410.12	2,406.25	2,414.19	124.59	101.95
Feb	2,327.57	2,350.05	2,338.81	2,327.97	121.98	98.80
Mar	2,464.71	2,477.85	2,471.28	2,485.02	129.54	105.48
Apr	2,495.06	2,503.41	2,499.24	2,506.21	130.12	105.34
May	2,464.63	2,479.21	2,471.92	2,479.05	127.05	104.93
Jun	2,471.78	2,485.29	2,478.54	2,484.36	124.94	104.05
Jul	2,468.50	2,474.22	2,471.36	2,474.18	120.73	101.47
Aug	2,484.52	2,490.67	2,487.60	2,492.04	121.85	102.25
Sep	2,505.75	2,511.93	2,508.84	2,515.88	123.80	102.83
Oct	2,570.15	2,576.88	2,573.52	2,579.43	127.05	104.19
Nov	2,608.44	2,617.96	2,613.20	2,622.95	128.22	105.79
Dec	2,663.19	2,673.91	2,668.55	2,673.48	130.66	107.37
2013 Jan	2,672.50	2,681.87	2,677.19	2,683.79	130.87	106.48
Feb	2,644.79	2,656.03	2,650.41	2,657.55	129.03	105.62
Mar	2,627.11	2,636.40	2,631.76	2,636.89	127.36	103.89
Apr	2,570.81	2,575.86	2,573.34	2,578.01	124.98	101.72
May	2,562.56	2,583.18	2,572.87	2,586.11	124.72	103.12
Jun	2,585.66	2,591.74	2,588.70	2,593.08	124.00	103.88

Source: Bank of Uganda

Appendix 18: Bureaux and Inter-bank Transactions (million US$)

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
2007/08	1,502.09	1,563.95	8,040.38	7,920.32
2008/09	1,798.32	1,584.24	7,021.61	7,183.36
2009/10	1,857.24	1,636.06	5,486.00	5,472.45
2010/11	1,871.85	1,735.10	6,493.76	6,599.90
2011/12	2,735.49	2,486.76	7,206.12	6,656.53
2012/13	3,878.37	3,704.34	7,870.56	7,191.50
2009 Jan	151.45	128.59	420.36	409.75
Feb	144.27	120.48	369.90	380.11
Mar	145.65	121.41	445.96	455.26
Apr	144.22	112.74	333.34	341.79
May	143.11	112.14	382.39	412.15
Jun	147.66	129.01	419.27	425.02
Jul	164.46	146.28	408.77	421.44
Aug	161.07	141.67	404.15	412.82
Sep	146.38	134.76	419.75	428.03
Oct	146.17	141.10	433.50	430.54
Nov	144.56	131.51	389.91	379.66
Dec	164.73	149.62	481.61	451.24
Total	**1,803.72**	**1,569.30**	**6,499.80**	**6,540.40**
2010 Jan	152.72	133.57	412.98	412.53
Feb	155.26	127.68	470.37	460.82
Mar	144.27	120.48	524.54	560.71
Apr	151.36	137.18	473.83	434.11
May	176.54	138.32	530.10	544.83
Jun	149.71	133.91	536.49	535.72
Jul	150.24	144.99	538.48	509.93
Aug	159.42	135.93	566.05	588.93
Sep	155.93	150.27	494.88	487.37
Oct	146.96	133.85	497.11	478.47
Nov	153.68	133.98	520.57	551.59
Dec	171.25	168.18	628.07	584.95
Total	**1,867.34**	**1,658.33**	**6,193.48**	**6,149.96**
2011 Jan	148.75	140.34	524.23	633.65
Feb	131.13	119.63	461.58	454.23
Mar	162.13	152.09	638.62	634.80
Apr	139.80	131.33	514.66	522.23
May	172.72	164.42	524.73	544.67
Jun	179.83	160.09	584.78	609.08
Jul	172.32	151.99	551.06	549.11
Aug	196.26	164.72	592.20	612.72
Sep	200.50	173.49	605.05	614.64
Oct	182.56	168.17	598.72	538.52
Nov	209.54	179.18	566.07	551.13
Dec	208.28	205.17	628.05	572.76
Total	**2,103.83**	**1,910.62**	**6,789.74**	**6,837.54**
2012 Jan	188.40	165.89	707.07	529.41
Feb	208.97	185.16	612.38	536.28
Mar	296.68	291.13	557.67	550.98
Apr	241.84	237.14	527.27	496.73
May	313.69	269.93	663.03	568.63
Jun	316.44	294.80	597.55	535.62
Jul	294.35	281.61	628.63	435.23
Aug	357.19	328.79	573.61	570.82
Sep	307.67	299.00	512.88	468.74
Oct	308.71	297.45	609.50	581.80
Nov	362.71	316.40	684.65	661.06
Dec	308.11	292.32	690.00	556.78
Total	**3,504.76**	**3,259.62**	**7,364.23**	**6,492.08**
2013 Jan	340.06	329.32	653.50	553.01
Feb	329.42	320.14	626.85	537.25
Mar	321.72	313.27	668.26	669.04
Apr	339.50	330.85	800.26	745.12
May	307.59	306.20	785.05	774.09
Jun	301.33	288.99	637.37	638.56

Source: Bank of Uganda

Appendix 19: Composite Consumer Price Index, Uganda (2005/06 = 100)

	Food	Beverages and Tobacco	Clothing and Footwear	Rent, Fuel and Utilities	Household and Personal Goods	Transport and Communication	Education	Health Entertainment & others	All Items Index	Monthly % Change	Annual % Change
Weights	27.2	4.7	4.4	14.8	4.5	12.8	14.7	16.8	100.0		
Calender Year (Average)											
2005	99.8	98.7	98.0	97.9	98.1	95.1	97.5	98.3	**96.8**		8.5
2006	105.5	100.7	102.7	106.4	102.9	104.5	102.2	101.7	**103.9**		7.2
2007	108.2	103.4	107.3	124.1	109.2	111.1	107.1	106.5	**110.2**		6.1
2008	129.6	113.7	116.5	136.5	126.4	122.2	114.3	114.8	**123.5**		12.0
2009	162.1	125.9	125.9	145.6	138.5	125.1	123.2	129.6	**139.6**		13.0
2010	165.4	132.3	129.5	153.1	147.6	123.3	131.3	142.2	**145.2**		4.0
2011	218.9	153.8	164.5	177.4	181.7	117.6	141.9	164.6	**172.3**		18.7
2012	237.6	179.1	191.1	214.2	210.3	133.7	164.1	190.6	**196.4**		14.0
Fiscal Year (Average)											
2005/06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**		6.6
2006/07	107.9	101.1	104.5	117.1	105.5	107.7	104.3	104.6	**107.5**		7.5
2007/08	113.7	107.7	112.1	129.8	117.8	117.5	110.6	109.7	**115.3**		7.3
2008/09	145.5	120.8	121.2	142.1	132.1	124.1	118.7	121.6	**131.6**		14.1
2009/10	168.9	128.4	127.3	148.6	143.0	126.0	127.7	136.1	**144.0**		9.4
2010/11	183.9	138.6	139.4	159.3	159.9	115.0	135.2	151.0	**153.4**		6.5
2011/12	237.3	171.2	189.4	202.2	201.2	128.6	152.0	179.9	**189.5**		23.5
2012/13	235.8	190.5	190.1	219.4	215.0	136.4	170.7	199.2	**200.1**		5.6
Monthly											
2010 Jan	173.3	128.7	128.8	145.2	143.2	124.0	125.0	136.3	**144.0**	-0.6	8.9
Feb	168.1	129.4	126.6	151.1	144.0	124.7	131.6	137.0	**144.6**	0.4	8.1
Mar	165.5	130.1	125.9	151.7	144.2	125.6	131.4	137.4	**144.2**	-0.3	7.6
Apr	165.6	130.0	125.8	151.2	145.1	128.3	131.3	138.7	**144.6**	0.3	6.0
May	161.8	129.8	125.6	150.6	145.4	128.6	131.3	139.9	**143.8**	-0.6	4.3
Jun	159.9	130.0	127.3	153.4	145.7	128.5	131.4	142.2	**144.2**	0.3	4.2
Jul	156.3	129.9	128.7	156.1	146.2	128.5	131.7	142.5	**143.8**	-0.3	3.3
Aug	157.6	130.1	129.8	156.6	148.9	128.6	131.9	143.2	**144.5**	0.5	1.7
Sep	162.4	133.1	130.5	154.9	149.8	129.6	132.3	144.3	**146.1**	1.1	0.3
Oct	167.5	138.6	130.4	155.1	151.2	110.2	132.4	145.6	**145.5**	-0.4	0.2
Nov	173.4	139.2	135.0	155.7	152.0	108.7	132.4	146.8	**147.4**	1.3	1.4
Dec	173.7	138.8	139.6	155.2	156.1	113.7	132.8	152.3	**149.4**	1.4	3.1
2011 Jan	179.5	140.1	140.0	157.8	159.6	110.2	133.1	152.2	**151.2**	1.2	5.0
Feb	183.0	140.1	140.9	159.8	162.4	112.6	138.2	153.2	**153.8**	1.7	6.4
Mar	204.7	142.3	143.1	162.5	166.8	106.2	138.2	155.1	**160.3**	4.2	11.2
Apr	216.6	143.4	146.6	165.5	170.7	109.6	138.3	156.8	**165.0**	2.9	14.1
May	218.9	143.8	152.5	165.4	175.8	109.7	138.8	159.9	**166.8**	1.1	16.0
Jun	213.4	143.7	156.2	167.0	178.8	112.5	142.2	160.7	**166.9**	0.1	15.7
Jul	219.9	145.6	162.1	169.4	182.5	113.2	143.5	164.3	**170.8**	2.3	18.8
Aug	225.3	162.9	170.8	175.3	187.6	114.2	144.1	167.9	**175.4**	2.7	21.4
Sep	244.2	167.8	178.7	195.2	194.1	128.1	146.5	173.1	**187.5**	6.9	28.3
Oct	244.2	170.9	189.1	204.4	197.2	128.8	146.5	175.0	**189.9**	1.3	30.5
Nov	243.5	172.3	193.1	202.8	200.3	130.0	146.6	176.4	**190.1**	0.1	29.0
Dec	233.9	172.9	200.6	203.1	204.5	135.5	147.0	180.7	**189.8**	-0.2	27.0
2012 Jan	228.4	174.0	201.4	212.3	204.3	133.3	147.5	184.0	**189.9**	0.1	25.6
Feb	233.5	175.1	201.0	215.7	206.7	131.4	158.7	184.8	**193.4**	1.8	25.7
Mar	236.2	175.9	198.8	214.2	207.7	131.8	158.8	184.9	**194.1**	0.4	21.1
Apr	249.1	176.7	197.8	213.7	208.7	132.4	158.6	187.4	**198.0**	2.0	20.0
May	248.9	179.8	193.7	210.1	210.0	132.1	158.7	190.2	**197.9**	-0.1	18.6
Jun	240.7	180.3	185.8	209.9	211.4	132.1	168.1	189.6	**197.0**	-0.4	18.0
Jul	231.8	180.0	182.4	215.0	211.6	132.9	167.7	190.4	**195.3**	-0.9	14.3
Aug	234.8	179.0	181.7	216.1	212.2	132.4	168.0	191.2	**196.2**	0.5	11.9
Sep	237.2	178.1	182.9	215.3	213.0	133.3	170.7	194.3	**197.8**	0.8	5.5
Oct	238.1	181.6	184.0	216.7	212.3	133.4	170.7	194.7	**198.3**	0.3	4.4
Nov	238.6	181.2	190.8	215.9	212.8	136.2	170.8	196.7	**199.4**	0.6	4.9
Dec	234.0	187.6	192.6	215.3	213.4	143.0	170.8	199.3	**199.8**	0.2	5.3
2013 Jan	228.4	194.9	192.5	220.5	215.3	136.6	170.8	202.1	**199.2**	-0.3	4.9
Feb	228.8	197.1	191.3	224.2	215.8	136.7	171.5	202.9	**200.1**	0.4	3.5
Mar	234.0	200.6	193.1	222.3	217.0	138.0	171.8	203.5	**201.9**	0.9	4.0
Apr	242.8	200.9	195.7	224.0	218.9	138.0	171.7	204.2	**204.7**	1.4	3.4
May	243.6	201.9	196.6	223.5	219.0	137.5	171.3	205.5	**205.1**	0.2	3.7
Jun	237.3	202.5	197.3	223.4	218.7	138.6	175.2	205.7	**204.1**	-0.5	3.6

Source: Uganda Bureau of Statistics

Appendix 20: Index of Production (Manufacturing), Formal Sector, Uganda (2002 = 100)

	Food Processing	Beverages and Tobacco	Textiles, Clothing & Footwear	Sawmilling, Paper & Printing	Chemicals, Paint, Soap & Foam Prds.	Bricks and Cement	Metal Products	Miscellaneous	ALL ITEMS	12-MONTH MOVING AVERAGE
Weights	400.2	201.4	42.5	35.3	96.6	75.2	82.8	66.1	1000.0	
Calender Year (Average)										
2005	110.0	146.2	164.8	124.7	130.4	126.0	124.9	129.5	**125.8**	
2006	117.0	146.4	135.3	132.2	131.5	149.0	131.6	121.5	**129.6**	
2007	125.6	179.8	163.3	149.3	145.3	156.5	140.3	137.8	**145.2**	
2008	139.3	192.8	141.7	167.9	166.7	173.1	129.8	151.7	**156.4**	
2009	161.4	196.5	187.2	207.8	225.8	168.7	128.5	155.6	**174.8**	
2010	153.5	211.7	182.7	216.2	245.6	209.3	139.1	157.6	**180.8**	
2011	145.4	251.5	188.4	212.4	218.9	244.4	150.7	157.3	**186.7**	
2012	158.4	266.4	192.1	234.4	209.3	239.9	140.0	152.7	**193.4**	
Fiscal Year (Average)										
2005/06	112.5	151.7	131.0	131.0	130.6	131.7	132.7	128.8	**127.8**	
2006/07	123.1	154.9	139.3	133.0	141.7	157.2	131.9	129.5	**136.1**	
2007/08	131.0	189.7	150.5	163.0	139.6	162.3	140.9	143.8	**149.6**	
2008/09	154.4	192.2	169.5	194.4	205.6	169.1	128.7	160.7	**168.4**	
2009/10	155.4	202.7	181.7	203.3	239.4	187.8	125.6	150.4	**175.5**	
2010/11	158.8	235.3	213.1	229.2	232.8	232.0	150.9	156.0	**190.8**	
2011/12	139.4	262.7	196.5	209.5	217.9	245.3	137.9	157.5	**185.7**	
Monthly										
2011 Jan	158.7	237.3	306.4	197.4	242.2	259.0	150.1	152.7	**196.7**	182.4
Feb	151.0	224.7	325.0	248.2	190.1	217.1	127.9	136.7	**182.5**	183.0
Mar	182.0	255.8	326.0	313.7	238.3	243.5	168.5	175.8	**216.2**	185.5
Apr	177.7	241.3	236.4	191.8	200.6	241.6	160.8	142.5	**196.8**	187.7
May	156.7	232.6	192.4	237.6	224.0	190.6	169.2	167.2	**187.1**	189.7
Jun	152.8	244.4	144.5	213.8	220.7	278.0	156.5	158.8	**189.7**	190.8
Jul	143.3	248.0	210.3	176.8	225.9	273.6	140.7	174.4	**188.1**	191.6
Aug	138.0	247.5	104.0	184.7	221.1	275.6	159.4	158.2	**181.7**	192.2
Sep	133.6	248.4	93.6	192.7	216.4	249.6	156.2	162.4	**177.6**	192.2
Oct	115.3	247.5	82.0	218.6	202.4	235.1	153.7	161.2	**167.8**	191.0
Nov	96.8	245.4	88.7	142.0	217.7	233.7	139.3	150.6	**157.0**	188.1
Dec	139.0	345.1	152.0	231.4	227.0	234.9	125.8	146.4	**199.4**	186.7
2012 Jan	144.4	268.4	234.4	229.8	242.9	254.2	128.5	172.3	**194.5**	186.5
Feb	120.2	258.3	288.1	215.2	218.9	221.0	129.8	158.7	**179.0**	186.2
Mar	145.0	292.8	362.6	230.8	236.6	241.6	132.3	146.8	**202.2**	185.1
Apr	148.5	262.8	274.6	208.1	198.3	229.8	119.7	136.2	**186.7**	184.2
May	180.3	238.0	244.9	259.3	208.3	232.5	137.7	152.7	**198.7**	185.2
Jun	168.6	249.9	222.2	224.7	199.3	261.4	131.4	170.6	**196.2**	185.7
Jul	185.4	274.4	112.2	215.2	201.6	246.0	149.3	158.8	**202.6**	187.0
Aug	179.0	207.1	111.7	221.7	210.8	254.5	161.3	173.0	**190.2**	187.7
Sep	157.0	253.5	122.4	204.9	194.9	222.9	157.6	151.7	**185.0**	188.3
Oct	144.5	261.8	122.0	332.2	193.7	238.4	157.0	146.0	**186.7**	189.9
Nov	164.2	256.0	94.2	233.8	215.7	234.2	148.7	137.2	**189.3**	192.5
Dec	164.0	373.8	115.9	236.9	190.4	242.9	126.9	127.9	**209.8**	193.4
2013 Jan	174.1	257.6	151.1	240.1	210.3	239.5	143.5	161.2	**197.3**	193.6
Feb	160.3	256.8	203.3	259.0	209.7	247.0	140.6	148.4	**193.9**	194.9
Mar	146.5	306.5	200.4	235.3	186.6	260.5	146.9	143.3	**196.4**	194.4

Source: Uganda Bureau of Statistics

Appendix 21: Pump Prices for Petroleum Products

(Kampala pump prices, shs per litre).

Year and Effective Month of Increase	Motor Spirit Premium (PMS)	Diesel (AGO)	Kerosene (BIK)	Exchange Rate (shs per US$)
2010 Jan	2,437	2,025	1,773	1,936
Feb	2,458	2,032	1,789	1,997
Mar	2,556	2,160	1,847	2,086
Apr	2,780	2,271	1,906	2,083
May	2,955	2,290	1,960	2,175
Jun	2,894	2,334	1,998	2,257
Jul	2,860	2,346	1,960	2,256
Aug	2,928	2,343	1,980	2,231
Sep	2,986	2,366	2,001	2,251
Oct	3,255	2,486	2,071	2,265
Nov	3,057	2,481	2,084	2,289
Dec	2,986	2,475	2,124	2,304
2011 Jan	3,150	2,500	2,200	2,332
Feb	3,280	2,850	2,450	2,342
Mar	3,350	2,950	2,500	2,393
Apr	3,500	3,100	2,690	2,368
May	3,530	3,250	2,700	2,388
Jun	3,580	3,300	2,800	2,461
Jul	3,700	3,345	2,825	2,587
Aug	3,800	3,350	2,840	2,753
Sep	3,865	3,475	2,910	2,814
Oct	3,950	3,550	2,980	2,805
Nov	3,880	3,500	2,890	2,582
Dec	3,750	3,750	2,850	2,447
2012 Jan	3,500	3,400	2,800	2,414
Feb	3,400	3,150	2,600	2,328
Mar	3,550	3,280	2,650	2,485
Apr	3,700	3,320	2,840	2,506
May	3,650	3,250	2,750	2,479
Jun	3,650	3,100	2,750	2,484
Jul*	3,650	3,100	2,750	2,474
Aug	3,550	3,200	2,800	2,492
Sep	3,600	3,250	2,750	2,516
Oct	3,650	3,250	2,750	2,579
Nov*	3,650	3,250	2,750	2,623
Dec	3,700	3,300	2,800	2,673
2013 Jan	3,800	3,350	2,850	2,684
Feb*	3,800	3,350	2,850	2,658
Mar	3,850	3,550	2,850	2,637
Apr	3,900	3,500	2,900	2,578
May	3,680	3,450	2,800	2,586
June	3,630	3,400	2,800	2,593

OUR STRATEGY ICON (Mascot): THE BEE

In developing the Strategic Plan 2012-2017, the Bank adopted the Bee as the official mascot.

The Bee is one of the symbols of the Bank of Uganda logo. It symbolises industry and accumulation of wealth. Its life in so many ways parallels our own at Bank of Uganda.

The Bee is purposeful, persistent, dependable, protective, adaptive and reliable. It is an excellent communicator and team player.

From the Bee, we learn great lessons that we shall apply to the way we live, work and relate to each other to achieve our mission.