BANK OF UGANDA

ANNUAL REPORT 2010/11

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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
BSA	Bank Supervision Application
CDS	Central Depository System
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
HRCCB	Human Resource and Compensation 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
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
NEER	Nominal Effective Exchange Rate
NIC	National Insurance Corporation
NPV	Net Present Value
NSSF	National Social Security Fund
OMO	Open Market Operations
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

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
Ernst & Young
Ernst & Young House
18 Clement Hill Road
P.O. Box 7215
Kampala
Uganda

1 GOVERNOR

Prof. Emmanuel Tumusiime-Mutebile

2 GOVERNOR'S FOREWORD

The Ugandan economy registered commendable growth in 2010/11, expanding by 6.3 percent, after a slowdown in 2009/10 that was largely caused by a harsh international economic environment, a manifestation of the second round effects of the global financial crisis. This growth was driven by increased public sector investment and the accommodative monetary and fiscal policies that were aimed at stimulating aggregate demand in the economy. The accommodative monetary policy resulted in a steep decline in interest rates and increased flow of credit to the private sector, while increase in public spending in priority programme areas staved off a fall in economic activity.

Notwithstanding the aforesaid growth, there were several challenges, especially in the conduct of monetary policy. The supply-side shocks to domestic food production, coupled with higher global inflation on account of rising international commodity prices that were in part driven by the robust growth in emerging economies, political unrest in the Middle East and supply-side shocks to world food production, led to unusually high inflation rates in the second half of the financial year. Indeed, headline and core inflation increased sharply from 4.2 percent and 4.6 percent, respectively, in June 2010 to 15.7 percent and 12.2 percent in June 2011.

The shilling also continued to depreciate against the United States Dollar, from an average of Shs. 2257 per United States dollar in June 2010 to Shs. 2461 per United States dollar in June 2011. This depreciation was driven by the continued deterioration of the current account balance and the spill-over from global financial markets volatility arising from financial market concerns over public finance sustainability in highly indebted European countries and muted growth prospects in the United States and Europe. While exchange rate depreciation is usually expected to promote exports, excessive volatility creates a lot of business uncertainty, fuels inflation, deters investment, and consequently has a negative impact on economic growth.

Because of the persistent depreciation pressures and upside risks to inflation, Bank of Uganda adopted a tight monetary policy stance in the second half of the financial year. The objective was to reign in the second round effects of the supply-side induced inflationary pressures, anchor medium-to-long-term inflation expectations at levels consistent with Bank of Uganda's inflation target, and to curb the depreciation pressures in the foreign exchange market.

The banking sector also remained robust, supported in part by the relatively sound macroeconomic environment. In order to align Uganda's minimum capital requirements with those in other EAC Partner States and strengthen the soundness of the financial system soundness, minimum paid-up capital was raised from Shs. 4.0 billion to Shs. 25.0 billion in October 2010. New commercial banks are required to comply with this new requirement, while existing commercial banks were required to raise their paid-up capital to Shs. 10.0 billion by March 01, 2011 and Shs. 25 billion by March 2013.

All banks remained adequately capitalized with both core capital and total capital to risk weighted assets, well above the statutory requirements. Commercial banks' asset quality, measured by the non-performing loans to gross loans improved from 3.3 percent in 2009/10 to 1.6 percent in 2010/11, as a result of a significant reduction in non-performing loans as the Credit Reference Bureau activities take root. BOU licensed one new bank, Imperial Bank Uganda Limited, during the financial year, bringing the number commercial banks in the country to twenty-three (23). Revisions are also being made to the Financial Institutions Act (FIA 2004) to allow commercial banks to broaden the scope of commercial banking activities to include "Bancassurance" and Islamic banking.

Going forward, the Ugandan economy continues to face challenges emanating from both the domestic and global environment. The risks to both domestic and global inflation are still on the upside and the higher inflation may have a more tangible and unwarranted impact on long-term inflation expectations. The risks arising from the pass-through of the supply-side shock into future core inflation via inflation expectations and the need to avoid second-round effects of the supply shocks require a continued tight monetary policy stance. Monetary policy will therefore remain tight as long as the upside risks to inflation remain dominant. The tight monetary policy stance will certainly dampen growth in 2011/12. The medium-term outlook is however promising. Growth prospects in the medium-term are positive and inflation is expected to converge to the policy target of 5 percent.

Prof Emmanuel Tumusiime-Mutebile

Governor

3 BOARD OF DIRECTORS

Prof. Emmanuel Tumusiime-Mutebile
Re-appointed 1 January 2011
Governor, Chairman of the following;
Board of Directors
Executive Committee
Payment System Policy Committee
Finance Committee
Monetary and Credit Policy Committee
Board of Trustees of BOU Retirement Benefits Scheme
Foreign Exchange Reserve Management Policy Committee

Louis Kasekende (PhD)
Appointed 16 January 2010
Deputy Governor, chairman of HRCCB, Member of CPCB and FCB, Chairman of the following;
Strategy & Finance Committee
Human Resources Management Committee
Procurement & Disposal Committee
Financial Markets Operations Subcommittee
Effective Information Management Committee
Risk Management Committee

Mr. C. Manyindo Kassami
Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development.
Member of the Finance Committee of the Board.

Prof. J. Waswa Balunywa
Principal, Makerere University Business School
Chairman of the Audit and Governance Committee of the Board.
Member of :
Capital Projects Committee
Finance Committee and
Human Resources & Compensation Committee of the Board

Hon. Manzi Tumubweinee
Chairman of the Finance Committee of the Board
Member of :
Capital Projects Committee
Audit and Governance Committee and
Human Resources & Compensation Committee of the Board

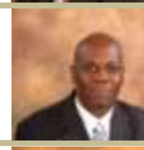
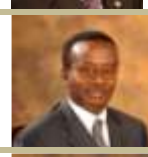
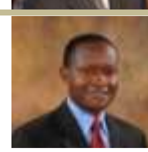
Mrs. Benigna Mukiibi
Chairperson Capital Projects Committee
Member of :
Finance Committee,
Human Resources & Compensation Committee and Audit and Governance Committee of the Board

4 MANAGEMENT STRUCTURE AND FUNCTIONS

Board of Directors

Prof. E. Tumusiime-Mutebile
Governor

Louis Kasekende (PhD)
Deputy Governor

	Dr Brownbridge Economic Advisor to the Governor	
	Dr P Musinguzi Executive Director General Duties	
	Mr R Mayebo Ag Executive Director Information Technology (From Jun 1, 2011)	Information Technology
	Dr. D. A. Kihangire Executive Director Research (Retired on 30 June 2011)	Research Statistics
	Mrs. Justine Bagyenda Executive Director Bank Supervision	Commercial Banking Non Banking Financial Institutions Financial Stability
	Mr. P K Byabakama Executive Director Operations	Banking Currency Financial Markets
	Mr. B. Patrick Kagoro Executive Director Finance	Accounts Payments & Settlements
	Mr. Emmanuel Kalule Executive Director Administration	Human Resources Medical Administrative Services Security
	Mr. G.W. Nyeko Ag Bank Secretary	Board Affairs Communications
	Ms Deborah Kabahweeza Chief Internal Auditor	Internal Audit

5 MANAGEMENT OF THE BANK

5.1 EXECUTIVE MANAGEMENT

Governor's Office	
Prof. Emmanuel Tumusiime-Mutebile	Governor
Louis Kasekende (PhD)	Deputy Governor
Dr. Martin Brownbridge	Economic Adviser to the Governor

Executive Directors:	**Function**
Mr. Emmanuel Kalule	Administration
Mr. George W. Nyeko	Bank Secretary (Ag.)
Ms Deborah Kabahweeza	Chief Internal Auditor
Mr. Patrick Kagoro	Finance
Dr. Polycarp Musinguzi	General Duties, Deputy Governor's Office
Mr. Richard Mayebo	Information Technology (Ag.)
Mr. Patrick Byabakama Kaberenge	Operations
Dr. David A. Kihangire (Retired on 30 June 2011)	Research and Policy
Mrs. Justine Bagyenda	Supervision

5.2 SENIOR MANAGEMENT

Director/Head of Department	**Department**
Ms. Rosemary Nakauka	Administrative Services
Mr. John Chemonges	Banking
Mrs. Susan Kanyemibwa	Board Affairs (Ag.)
Mr. David L Kalyango	Chief Accountant
Mr. Apollo Obbo (Retired on 30 June 2011)	Commercial Banking
Mr. Elliot Mwebya	Communications
Mrs. Naomi Nasasira (Retired on 30 June 2011)	Currency
Mr. Stephen Kaboyo	Financial Markets
Dr. Charles Abuka	Financial Stability
Dr. Henry Opondo	General Duties, Deputy Governor's Office
Mr. Solomon Oketcho	Human Resources
Ms. Lornah Nzaro	Information Technology
Mr. Charles Okello	Internal Audit
Mrs. Margaret Kaggwa Kasule	Legal Counsel
Dr. Tendo Nsereko	Medical
Mr. Ben Sekabira	Non-Banking Financial Institutions
Mr. Richard Byarugaba	Payments and Settlements
Dr. Adam Mugume	Research
Mr. Kihika V. T. Zulu	Security
Mrs. Mary Katarikawe	Statistics
Mr. Henry Tamale	Strategy and Risk Management

6 STATEMENT OF VISION, MISSION AND VALUES

6.1 MISSION

The mission of Bank of Uganda is "to foster price stability and a sound financial system".

6.2 VISION

The BOU vision is "upholding international best practice in creating a conducive environment for macroeconomic stability".

6.3 VALUES

The core values of Bank of Uganda are:

- Commitment to Serving Public Interest;
- Transparency and Accountability;
- Leadership by Example;
- Continuous Learning and Improvement.
- Professional Discipline and Teamwork; and

6.3.1 COMMITMENT TO SERVING PUBLIC INTEREST

Subject to our statutory obligations, Bank of Uganda is committed to fulfilling the needs of the public and offering the best services to its customers. Consequently, we shall:

- Recognize that our calling is to serve the interest of the public;
- Place public interest at the forefront of all actions, subject to our statutory obligations and resource constraints;
- Be mindful of public opinion and perceptions;
- Be unwavering advocates of public interest in the performance of our duties;
- Strive relentlessly to satisfy our internal and external customers;
- Evaluate the quality and quantity of our services; and
- Take corrective action whenever shortcomings occur.

6.3.2 TRANSPARENCY AND ACCOUNTABILITY

Bank of Uganda welcomes public scrutiny of all its actions and subscribes to accountability.

Consequently, we shall:

- Open our operations to internal and external scrutiny;
- Create a working environment where honesty, dialogue and debate are encouraged;
- Accept responsibility for our actions; and
- Provide accurate, timely and relevant information to stakeholders.

6.3.3 LEADERSHIP BY EXAMPLE

Bank of Uganda is committed to practicing what it preaches at both the organisational and individual levels.

Consequently, we shall:

- Commit time and other resources to succession planning and to developing managers into leaders that believe in, are committed to, and practise our values;

- Demonstrate our commitment to lead by acting with unwavering resolve to do whatever must be and can be done;
- Be honest, work hard and act with humility; and
- Inculcate a culture of delegation

6.3.4 CONTINUOUS LEARNING AND IMPROVEMENT

Bank of Uganda is committed to continuous learning and performance improvement.

Consequently, we shall:

- Provide an environment where learning is encouraged;
- Commit resources to continuous improvement; and
- Reward creativity and innovation.

6.3.5 PROFESSIONAL DISCIPLINE AND TEAMWORK

Bank of Uganda is committed to upholding professional ethics and integrity in all its activities, fair treatment of its stakeholders, and working together within and across the organisation.

Consequently, we shall:

- Enforce zero tolerance for unethical behaviour;
- Cherish our integrity;

Take all the necessary steps to protect the confidentiality of our customers, employees, and other stakeholders except where we are required to do so by law;

- Be impartial in all our decisions;
- Provide equal opportunity to everyone regardless of gender, race, ethnicity, religion, or physical disability;
- Be mindful of the concerns and needs of minority groups;
- Support a fair and impartial hearing to any aggrieved stakeholder;
- Provide a safe and healthy working environment for all staff;
- Commit time and other resources to building, maintaining and refining effective teamwork;
- Place our collective goals above our individual goals;
- Encourage participatory decision-making;
- Take collective responsibility for our decisions; and
- Reward teamwork.

7 CORPORATE GOVERNANCE STATEMENT

7.1 REGULATORY FRAMEWORK

The Constitution of the Republic of Uganda, 1995, Article 161, provides that the Bank of Uganda shall be the Central Bank of Uganda and, together with the Bank of Uganda Act (Cap 51, Laws of Uganda, 2000) Section 7, vests the authority of the Bank in the Board of Directors.

7.2 CORPORATE GOVERNANCE STATEMENT

Bank of Uganda upholds, and is committed to international best practice and highest standards of corporate governance. The Board of Directors of the Bank is accountable to the stakeholders by ensuring that the Bank complies with the law, and business ethics. This is achieved through checks and balances and upholding the values of transparency, accountability, professional and ethical conduct, teamwork, equity and fairness and integrity in all its activities.

The Bank carries out its work through various Board and Management Committees.

The Bank's compliance with the principles of good corporate governance is reflected through a properly constituted Board of Directors, Board Committees and Management Sub-Committees.

7.3 THE BOARD OF DIRECTORS

The Board of Directors of the Bank consists of:

The Governor who is the Chairman;

- The Deputy Governor who is the Deputy Chairman;
- 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-years but are eligible for re-appointment. All the Directors possess a wide range of skills, qualifications and experiences and are persons of integrity.

The Board currently has a vacant position, following the passing on of Prof. Mathew Okai in 2008.

7.4 SECRETARY TO THE BOARD

The Bank/Board Secretary provides secretarial services and logistical support to the Board in order to facilitate and interface policy making with policy implementation. In liaison with Legal Counsel, 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.

7.5 THE DUTIES OF THE BOARD

The Board of Directors is the supreme policy making body of the Bank. In addition to guiding the strategic direction of the Bank, the Board:

- is responsible for the general management of the affairs of the Bank;
- ensures the functioning of the Bank and the implementation of its functions;
- formulates the policies of the Bank;
- does anything required to be done by the Bank under the BoU Act and;
- does anything that is within, or incidental to the functions of the Bank.

7.5.1 MEETINGS OF THE BOARD

At least 10 meetings of the Board must be held in one financial year (as per the schedule to the Bank of Uganda Act). All the scheduled meetings of the Board during the period under review were held to conduct Board business in accordance with the approved Annual Work Plan for the year. The Board and Board Committees met quarterly as scheduled. However, ad hoc or special meetings are convened as and when required. In total, the Board and Board Committee meetings held in the period under review were twenty six (26) and the attendance was as indicated in Table 1 below:

7.5.2 MEETINGS OF THE BOARD, JULY 2010-JUNE 2011

During the year under review, the Board held five (5) Board meetings and twenty one (21) Committee meetings.

Table 1 Attendance of Board and Board Committee Meetings

Board Member	BOARD	FCB	AGCB	HRCCB	CPCB
Prof. Emmanuel Tumusiime-Mutebile	5	N/A	N/A	N/A	N/A
Dr Louis Kasekende (PhD)	5	4	N/A	8	2
Prof. Waswa Balunywa	4	4	3	8	1
Mr. Chris Kassami	4	2	N/A	N/A	N/A
Mr. Manzi Tumubweinee	5	5	4	8	4
Mrs. Benigna Mukiibi	5	4	4	8	4

7.6 BOARD COMMITTEES

The Board delegates some of its responsibilities to Board Committees. There are four Committees assisting the Board in discharging its functions. The Committees are: the Human Resource and Compensation Committee of the Board, the Finance Committee of the Board, the

Capital Projects Committee of the Board and the Audit and Governance Committee of the Board. These Committees operate within defined terms of reference laid down by the Board.

7.6.1 HUMAN RESOURCE AND COMPENSATION COMMITTEE OF THE BOARD. (HRCCB)

The HRCCB is composed of the Deputy Governor as the Chairman and three Non-Executive Directors. The Bank Secretary is secretary to the Committee. The Executive Director Administration attends the meetings, 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 main Board for ratification. HRCCB 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. All the scheduled meetings in the period under review were held including ad hoc/ special meetings called from time to time.

7.6.2 FINANCE COMMITTEE OF THE BOARD (FCB)

The FCB is composed of the Deputy Governor and four Non-Executive Directors, including the Permanent Secretary and Secretary to Treasury. The Committee is chaired by a Non-Executive Director. The Bank Secretary is secretary to the Committee. The Executive Director Finance attends the Committee meetings as an ex-officio member. The meetings are held on a quarterly basis. Special meetings may be convened as and when necessary. The Committee reviews proposed budgets and supplementary budgets requests and makes recommendations to the Board; reviews quarterly budget performance against approved budgets; and generally supervises the Bank's financial discipline by examining financial plans, commitments and budgets presented by management. All the scheduled meetings in the period under review were held, including special meetings called from time to time.

7.6.3 CAPITAL PROJECTS COMMITTEE OF THE BOARD (CPCB)

The CPCB is composed of the Deputy Governor and three 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 and Finance attend the meetings. 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, construction; major maintenance works, property acquisition and disposal, and makes recommendations to the Board. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.6.4 AUDIT AND GOVERNANCE COMMITTEE OF THE BOARD (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; oversees 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 the 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.

7.7 BANK MANAGEMENT COMMITTEES

It is a strategic objective of the Bank to have an organization structure, which is conducive to outstanding performance. The Bank has in place Management Committees that form an integral part of the Bank's organization structure. The Committees are composed of Senior Management of the Bank. They aid the Bank's performance through facilitation of timely decision making. Management Committees ensure coordinated policy developments and implementation after Board approval.

The Committees engender teamwork and tap expertise throughout the Bank. The Management Committees are:

- Executive Committee (EXCOM)
- Strategy and Finance Committee (SFC)
- Human Resources Management Committee (HRMC)
- Procurement and Disposal Committee (PDC)
- Monetary and Credit Policy Committee (MCPC)
- Financial Markets Operations Sub-Committee(FMOC)
- Foreign Exchange Reserve Management Policy Committee (FERMPC)
- Payment Systems Policy Committee (PSPC)
- Effective Information Management Committee (EIMC)
- Risk Management Committee (RMC)
- Financial Stability Committee (FSC)
- Management Committee

7.8 THE MEDICAL BOARD

The Medical Board comprises of seven external consultant doctors, one of them being the Chairman with the Director Medical Department as secretary. The Committee advises the Governor on medical policy issues and treatment of staff outside the country.

7.9 CORPORATE SOCIAL RESPONSIBILITY

Bank of Uganda is committed, not only to deepening the financial sector and adding value to the economy, but also adding value to the environment and society. In its commitment to deepening the financial sector and Corporate Social Responsibility, the Bank made various subscriptions, donations and contributions during the FY2010/2011. Key among these were to Capital Markets Authority, Uganda Securities Exchange, Institute of Corporate Governance of Uganda and Uganda Institute of Banking and Financial Services. Notable also is the Bank's effort to promote the education sector. The Bank made various donations to Universities such as Kabale University, Makerere University, Uganda Christian University, Bishop Stuart University and to Professional Associations such as ICPAU. The Bank made donations to some social and religious organizations, charities and contributed towards medical treatment of some individuals in society.

8 RISK MANAGEMENT STATEMENT

The Board of Directors acknowledges its ultimate responsibility for risk management at the Bank. The Board discharges the responsibility by setting up policies, procedures, guidelines and organizational structures to manage risks. The existing risk management policy stipulates that the Bank will systematically and continuously manage risks in its operating environment in order to ensure attainment of its strategic and operational objectives.

The Bank's Risk Management Framework provides the basic domains and organizational structure for risk management at the Bank. Specific guidelines are given covering the risk assessment process, control activities, information and communication, and risk monitoring and evaluation.

During the financial year under review, the Bank continued to identify, assess and document all the risks obtaining in its operating environment. A Bank-wide risk profile was reviewed and compiled to document risks existing in all of the key activities of the Bank. The ten key risk types, which the Bank has identified, assessed and managed, are as defined below.

8.1 OPERATIONAL RISK

This is the risk of a loss arising from inadequate or failed internal control processes, people and systems or from external events and/or unforeseen catastrophes.

This is the most prevalent risk and pervades all the Bank departments and operating units with the highest concentration in Banking, Financial Markets, Accounts, Currency, and Medical departments.

The Bank addresses this risk through institution of appropriate internal controls, internal audit processes, and management oversight supported by the current level of information technology at the Bank.

8.2 REPUTATIONAL RISK

This is the risk that the reputation of the Bank may be negatively affected by inappropriate management action, system failure or release of sensitive information to unauthorized persons or the public.

The Bank manages the risk by ensuring that there is transparency in handling all its operations and by ensuring all stakeholders are given appropriate information. The Communications department is provided with sufficient information to disseminate to the public.

8.3 CUSTODIAL RISK

This is the risk that the Bank custodians would not deliver when required to do so or when the Bank could incur a loss in discharging its custodial responsibilities.

The risk is managed through Board approved performance benchmarks, management oversight, and provision of performance reports and adherence to standards and best practices.

8.4 LEGAL RISK

This is the risk that losses will accrue from contracts which are not enforceable or which cannot fully protect the Bank from claims. The risk could also arise from penalties for failure to comply with certain laws, statutes and regulations.

The risk is managed by ensuring compliance with statutory and regulatory requirements and by recruitment and retention of qualified legal staff to draft or peruse through contracts and advise the Bank accordingly. External legal consultants are also retained for opinions on a number of issues with high potential for reputational risk.

8.5 CURRENCY RISK

Currency risk (or foreign exchange risk) refers to the loss of the portfolio value or purchasing power due to adverse exchange rate movements.

The risk is managed by setting prudent benchmarks for foreign reserve management with an investment strategy that ensures the portfolio of foreign reserves is hedged against adverse movements in exchange rates.

8.6 LIQUIDITY RISK

This is the risk of being unable to meet financial commitments at the appropriate time, place and currency without having to liquidate large amounts of assets quickly even when market conditions may not be favourable.

The risk is managed by observing Board approved benchmarks for foreign reserves management with an investment strategy that ensures the portfolio of foreign reserves is sufficiently liquid to meet external debt financing, Government imports and intervention in foreign exchange markets when need arises.

8.7 SETTLEMENT RISK

Settlement risk results from failure of counterparties to settle for any reason other than default due to inability to pay.

The risk is managed by diversification of the investment portfolio and adherence to policy guidelines on counterparty dealing limits.

8.8 INTEREST RATE RISK

This refers to the likelihood that interest rate movements may adversely affect the portfolio return.

The risk is managed by setting and adhering to prudent benchmarks within our investment strategy as well as the taking of such prompt actions aimed at minimizing the deviations from expected returns in line with the investments policy.

8.9 CREDIT RISK

This is the risk of loss due to the inability or unwillingness of a counter-party to meet its contractual obligations.

The management of credit risk is in accordance with policies and procedures approved by the Board. The policy covers identification, measurement, control, as well as regular monitoring and reporting of credit risk. The credit risk management policy covers among other things sovereign risk, instrument risk, (quality and type), counter-party risk, (concentration and credit rating) and overall exposure limits. Counter-party exposure risk is monitored and reviewed monthly and variations are submitted to the Board for approval as and when it becomes necessary.

8.10 BUSINESS CONTINUITY RISK

This is the risk that the Bank will not continue some or all of its operations.

The risk is recognised in all the Bank operations. A business recovery site has been set up and is operational. A site for business resumption was identified and the process of equipping it is ongoing.

9 LEGAL FRAMEWORK

9.1 ESTABLISHMENT

The Constitution of the Republic of Uganda, 1995, Article 161, provides that the Bank of Uganda shall be the Central Bank of Uganda.

Article 162 (1) of the Constitution provides that the Bank shall:

a) Promote and maintain the stability of the value of the currency of Uganda;

b) Regulate the currency system in the interest of the economic progress of Uganda;

c) Encourage and promote economic development, and the efficient utilisation of the resources of Uganda through effective and efficient operation of a banking and credit system;

d) Do all such other things not inconsistent with this Article, as may be prescribed by law.

Article 162 (2) provides that in performing its functions; the Bank shall conform to the Constitution of Uganda but shall not be subject to the direction or control of any person or authority.

The Bank of Uganda was established as the Central Bank of Uganda under the Bank of Uganda Act 1966 (subsequently amended by the Bank of Uganda Act (Cap. 51), Laws of Uganda 2000).

The Bank's principal responsibilities are to:

a) Formulate and implement monetary policy directed to economic objectives of achieving and maintaining economic stability;

b) Act as adviser to Government on monetary policy;

c) Act as financial adviser to Government and manager of the public debt;

d) Where appropriate, act as an agent in financial matters for the Government;

e) Supervise, regulate, control and discipline financial institutions;

f) Issue currency notes and coins;

g) Maintain external assets reserve; and

h) Be the banker to Government and financial institutions.

9.2 CAPITAL

Under section 14 of the Bank of Uganda Act, the authorised capital of the Bank shall be thirty billion shillings and shall be subscribed by the Government from time to time. The issued and paid up capital of the Bank shall be a minimum of twenty billion shillings. As at 30 June 2010, the paid up capital of the Bank was twenty billion shillings.

9.3 GENERAL RESERVE FUND

Section 15 of the Bank of Uganda Act provides that there shall be a General Reserve Fund of the Bank, which shall be determined by the Board from time to time. The Bank may, in consultation with the Minister, transfer funds from the General Reserve Fund to the Capital of the Bank.

9.4 DISTRIBUTION OF THE BANK NET PROFITS AND LOSSES

Under section 16 of the Bank of Uganda Act, the net surplus or deficit from the Bank's operations shall be shared by the Bank and the Government in the proportions of 25 percent and 75 percent respectively after making good the authorised capital and reserve fund balance; allowing for expenses of operation; making provision for bad and doubtful debts; providing for depreciation of fixed assets and impairment of financial assets; and contributing to any scheme or fund established under the Bank's Act.

The accounts shall clearly distinguish profits or losses arising from normal operations of the Bank and those arising from exchange fluctuations.

The Board may determine that the whole of the net profit of the Bank be paid into the Consolidated Fund if, at the end of the financial year, the balance in the general reserve fund is twice or more than the paid up capital of the Bank.

The Bank may, after consultation with the Minister, retain from Government a proportion of the share of net profits payable into the Consolidated Fund, any amount of money as the Board may determine, in satisfaction of any amounts due to the Bank by Government.

10 GLOBAL ECONOMY: DEVELOPMENTS AND OUTLOOK

10.1 ECONOMIC ACTIVITY

In 2010/11 global economic activity continued to recover from the severe recession recorded during the global financial crisis. Particularly in the first half of the year, the economic upturn was sustained by monetary and fiscal policy stimulus measures, some further normalisation of global financial conditions and improvements in consumer and business confidence. In addition, a prolonged inventory cycle supported the global economic recovery, as firms rebuilt their stocks in response to a more favourable global economic outlook. In fact, the restocking contributed significantly to GDP growth in major economies over this period.

The overall improvement in the economic situation and the rebound in activity – which was led by the manufacturing sector – was accompanied by a strong recovery in world trade, as reflected in very buoyant export and import growth rates in Table 2. However, the pace of the recovery was rather uneven across regions. In advanced economies, the upturn remained fairly modest. At the same time, emerging economies, particularly the resilience of large emerging economies such as Brazil, India and China, led the global recovery, even raising concerns about overheating pressures in several countries. Global employment indicators also gradually improved in the course of the year, following widespread job losses throughout the preceding two years.

In the second half of the year the global recovery temporarily lost some momentum in the light of waning support from the global inventory cycle and the retrenchment of fiscal stimuli, but the recovery seemed to have moved onto a more self-sustained trajectory. Several countries also announced consolidation measures to address the precarious fiscal situation. The process of balance sheet adjustment in various sectors and subdued labour market developments, particularly in advanced economies, further dampened the recovery of the world economy.

According to the IMF World Economic Outlook, the world economy is estimated to have grown by 4.3 percent on annual basis in the period to June 2011, down from an annual growth rate of 4.7 percent registered in June 2010 (IMF WEO, April 2011). Growth was however weakened by many unanticipated offsetting factors, such as the earthquake in Japan, which led to supply chain disruptions with a heavy toll on industrial production, and consumer spending. While growth in the United States was disappointing, in part due to high commodity prices, supply chain disruptions on account of the Japanese earthquake, weather conditions, and a slump in domestic demand, growth in the Euro area surprised on the upside, on account of buoyant investment in France and Germany. In Japan, after the impressive growth of 3.9 percent in 2010, the economy stabilized in the second quarter of 2011 after the effects of the devastating earthquake and tsunami, which had led to a historic decline in industrial production of 15.7 percent in March 2011. In the United Kingdom (UK), the pace of recovery remained rather subdued. After growing by 0.5 percent year on year in the period to March 2011, most indicators pointed to a rather sluggish real GDP growth in the period to June 2011.

Growth in emerging economies remained robust but with considerable variation across regions. In Latin America, growth continued to be robust, despite tight monetary policies and efforts to sustain national budgets in certain countries in the region. After the recession in 2009, Brazil's economy expanded by 7.5 percent in 2010 on account of rising global demand for their exports, improved manufacturing exports and strong consumer demand. Growth in the Asian region, particularly in China and India also continued to be robust. In China, notwithstanding the tight monetary policy, real GDP grew by 10.3 percent in 2010 up from 9.2 percent in 2009, and is estimated to average 9.5 percent on annual basis in the second quarter 2011, while in India, real GDP is estimated to have grown by 7.8 percent year-on-year in the first quarter of 2011. The strength of activity in China, and also other major developing economies such as

Table 2 Real GDP growth and projections in selected countries

	2000-03	2004-07	2008	2009	2010	2011	2012	2013
United States	2.4	2.8	0	-2.6	2.8	2.8	2.9	2.7
United Kingdom	2.8	2.6	-0.1	-4.9	1.3	1.7	2.3	2.5
Japan	1.2	2.3	-1.2	-6.3	3.9	1.4	2.1	1.7
Argentina	-1.8	8.8	6.8	0.8	9.2	6	4.6	4.2
Brazil	2.4	4.7	5.2	-0.6	7.5	4.5	4.1	4.1
China	9	12.1	9.6	9.2	10.3	9.6	9.5	9.5
Euro area	1.9	2.4	0.4	-4.1	1.7	1.6	1.8	1.8
Middle East and North Africa	4.7	5.8	5.1	1.8	3.8	4.1	4.2	4.3
Sub-Saharan Africa	5.1	6.7	5.6	2.8	5	5.5	5.9	5.7

Source: International Monetary Fund, World Economic Outlook

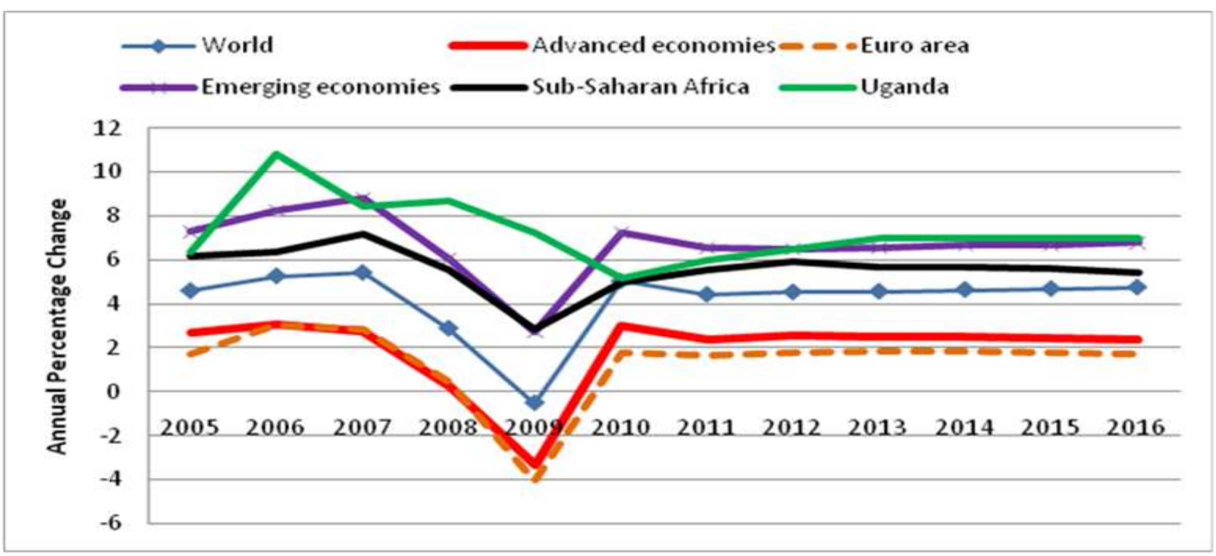
India, has contributed to commodity prices steadily making up their earlier sharp declines of the second half of 2008. The performance of selected countries and projected growth rates are shown in Table 2.

Growth in Sub-Saharan Africa (SSA) also continued to recover after the devastating second round effects of the global financial crises. Indeed, SSA is projected to grow by 5.5 percent in 2011, up from 5.0 percent in 2010 on account of good macroeconomic framework and commodity price booms. Real GDP growth in selected regions and projections going forward are shown in Figure 1.

10.2 GLOBAL TRADE

Developments in global trade closely mimic uneven growth in global output between the developed and emerging market economies, reflecting adverse effects of the decline in net exports on growth, particularly in the advanced economies. World trade volumes have risen due to the effects of stimulus packages and inventory restocking. This follows a contraction of 14 percent in 2009. The recovery in global external demand is increasingly due to China. Even during the pre-crisis period of 2003-2007 China's annual contribution to global fixed investment demand was roughly equal to that of the US. While its contribution to global domestic demand growth was smaller it has been growing fast. Although all major economic blocs saw a sharp decline in imports during the crisis in late 2008, China's recovery in imports

Figure 1 Global growth and projections by major country groups



Source: International Monetary Fund, World Economic Outlook

started earlier and was stronger.

World Trade Organization (WTO) data indicates that while global merchandise exports increased by 14.5 percent in volume terms in 2010, those of developed economies rose by 12.9 percent, and combined exports from Asia rose by 23.1 percent, as shown in Table 3. Imports also followed a similar trend, with imports of developed economies growing to 10.7 percent compared to an average growth rate of 17.9 percent in the developing and emerging economies.

The fastest real export growth in 2010 was registered in Asia, led by China and Japan, whose exports rose by about 28.0 percent. The United States and the European Union exports increased by 15.4 percent and 11.4 percent, respectively. On the other hand, South America and the Caribbean registered the highest growth in imports, at 22.7 percent. African exports on the other hand grew by just 6.5 percent, in 2010, after declining by 4.2 percent in 2009. Africa's imports were also dismal, growing by just 7.0 percent after declining by 5.0 percent in 2009. In value terms however,

Table 3 GDP and merchandise trade by region, 2007-10, annual percentage change

	GDP			Exports			Imports		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
World	1.4	-2.4	3.6	2.2	-12	14.5	2.2	-12.8	13.5
North America	0.1	-2.8	3.0	2.1	-14.8	15.0	-2.4	-16.7	15.7
United States	0.0	-2.6	2.8	5.8	-14.0	15.4	-3.7	-16.4	14.8
South and Central America	5.1	-0.2	5.8	0.8	-7.9	6.2	-13.2	-16.3	22.7
Europe	0.5	-4.0	1.9	0.2	-14.1	10.8	-0.6	-14.2	9.4
European Union (27)	0.5	-4.2	1.8	0.0	-14.5	11.4	-0.9	-14.2	9.2
Commonwealth of Independent States	5.5	-7.1	4.3	2.0	-5.2	10.1	16.4	-25.6	20.6
Africa	4.8	2.1	4.7	1.2	-4.2	6.5	14.6	-5.0	7.0
Middle East	5.3	0.8	3.8	3.5	-4.3	9.5	14.2	-7.8	7.5
Asia	2.8	-0.2	6.3	5.5	-11.2	23.1	4.7	-7.5	17.6
China	9.6	9.1	10.3	8.5	-10.5	28.4	3.8	2.9	22.1
Japan	-1.2	-6.3	3.9	2.2	-24.8	27.5	-1.0	-12.2	10.0
India	6.4	5.7	9.7	14.4	-6.8	19.9	17.3	-1.0	11.2
Newly Industrialized economies	1.9	-0.8	7.7	4.9	-5.7	21.3	3.5	-11.4	18.0
Memo: Developed economies	0.2	-3.7	2.6	0.8	-15.1	12.9	-1.2	-14.4	10.7
Memo: Developing and CIS	5.7	2.1	7.0	4.2	-7.8	16.7	8.5	-10.2	17.9

Source: WTO

Table 4 Export prices of selected primary products, annual percentage change

	2008	2009	2010	2000-10	2005-10
All commodities	28	-30	26	10	9
Metals	-8	-20	48	13	15
Beverages	23	2	14	9	12
Food	23	-15	12	6	8
Agricultural raw materials	-1	-17	33	2	5
Energy	40	-37	26	11	8

Source: IMF International Financial Statistics

Africa's exports were up 28.0 percent. This large value increase in exports was largely explained by rising primary commodity prices, which resumed their upward trajectory in 2010, after plunging in 2009 due to the global financial crisis, as shown in Table 3.

The increases in primary commodity prices were also driven to a large extent by rising import demand by the fast-growing developing economies like China and India. Between 2000 and 2010, prices for metals rose faster than any other primary commodity group, with average annual increases of 13 percent, followed closely by energy with 11 percent growth per annum. Agricultural raw material prices however stagnated, with increases of just 2 percent per year on average over the last 10 years.

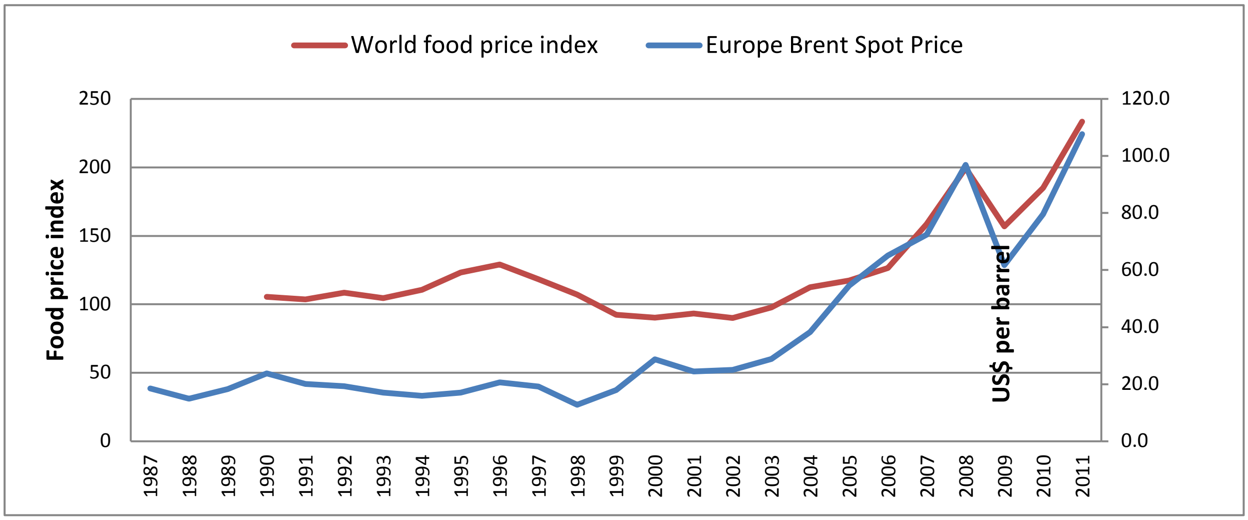
10.3 GLOBAL INFLATION

In spite of a gradual increase in commodity prices, mostly in the second half of the year, inflationary pressures in advanced economies remained subdued in 2010– with some notable exceptions, such as the United Kingdom – on account of well-anchored inflation expectations and the prevailing spare capacity. This contrasted with dynamic emerging markets where inflationary pressures were more pronounced, partly on account of higher commodity prices, as well as rising capacity constraints. Amid persisting concerns regarding inflation resulting from overheating, several central banks in emerging economies decided to withdraw some of the exceptional liquidity measures introduced in response to the crisis and to tighten their monetary policy stances.

The overall global inflation remains high as are the upside risks. It rose from 3.5 percent at the close of 2010 to 4.0 percent in the first quarter of 2011. The main driver being high commodity prices, including prices of food, crude oil and metals, which in part is driven by strong economic growth in emerging market economies. Figure 2 shows the evolution of the international crude oil and food prices.

These price increases have had a bearing on inflation in many countries, including the United States, the Euro area and China, among others.

Figure 2 International crude oil and food price index



Note: 2011 crude oil price is an average for January-August 2011 taken from the EIA database.

Source: Thomson Reuters; FAO stats and EIA

Inflation in most developed and emerging economies is higher than targeted. In the United Kingdom, annual CPI inflation declined marginally to 4.2 percent in June from 4.5 percent in May 2011 compared to 3.2 percent in June 2010. In the Euro area, the annual harmonised index of consumer prices (HICP) inflation rose from 1.4 percent in June 2010 to 2.7 percent in June 2011, which is above the European Central Bank (ECB) target of 2 percent. In the United States, annual headline inflation rose to 3.6 percent in June 2011 from 1.1 percent in June 2010. Core inflation also edged up to 1.6 percent, its highest level since January 2010, as did the food and energy indices by 3.7 percent and 20.1 percent, respectively during the same period of time.

In emerging markets and developing countries, inflationary pressures have become broad-based, in part reflecting a large share of food and fuel in the consumption basket and the intensifying demand pressures. In China, notwithstanding the tight monetary policy stance, inflation rose from 3.3 percent in June 2010 to 6.4 percent in June 2011, way above, the Central Bank's target of 4.0 percent. The increase in inflation was mostly attributed to carryover effect, coupled with high food prices. In India, inflation declined only marginally to 9.4 percent in June 2011 from 10.6 percent in June 2010, while in Kenya, inflation rose from 3.5 percent in June 2010 to 14.5 percent in June 2011.Inflation in the East African country was also partly driven by the severe regional drought, which adversely affected food production. In South Africa and Ethiopia, consumer price inflation rose to 5.0 percent and 38.1 percent, respectively in June 2011 from 4.6 percent and 34.7 percent, respectively in May 2011

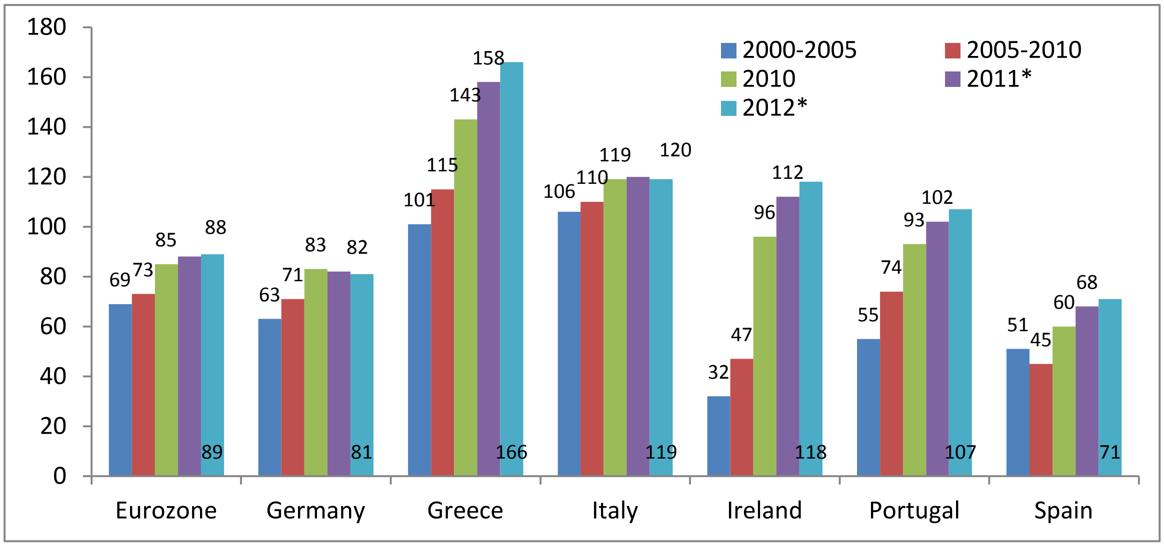
10.4 GLOBAL FINANCIAL MARKETS

Financial and credit market normalization continued. The initial acute phase of the economic crisis involved intense financial and credit market turmoil. The normalization of many financial and credit market indicators, for example interbank lending rates, continued in the period under review. International bond issuance jumped worldwide as fiscal financing needs ballooned with stimulus expenditures. Tightening of bank credit standards moderated in the US and the EU, according to lending officers surveys. Global equity markets rebounded. The stock market indices of the US, EU and Japan, which had halved from early 2007 to the lows of 2009, rose across the board. However, after easing through much of 2010/11, global financial conditions became more volatile at the close of May 2011. The ensuing volatility was largely driven by market concerns about sovereign risks related to developments in the euro area periphery, weakening of economic activity and the persistent sluggishness in the housing market observed in the United States. The global financial markets were influenced by rising expectations that the euro debt crisis could worsen, marked by default on Greek debt obligations.

Overall, global spillovers from the Euro-zone public debt turmoil have been limited. The risk of a fiscal debt crisis in Greece led to a sharp rise in Sovereign Credit Default swap (CDS) spreads on certain other Euro-zone economies such as Portugal and Italy. However, the impact on the cost of default insurance for sovereign credits, and more broadly indices of spreads over US Treasuries, in emerging market economies were muted. Indeed, the debt levels in some of the Euro economies seem to be unsustainable as shown in Figure 3. As a result, credit default swap spreads have risen and there is renewed market focus on the potential for transmission of shocks from sovereigns to banks as banking systems in core European countries still have large exposures to small countries within the Euro zone.

Currency wars, commodity price volatility, persistent demand for high-yielding emerging market assets, asset-allocation shifts in favour of safe-haven currencies such as the Swiss franc, Japan's natural disasters and weak economic activity in the United States also contributed to financial turbulence. The United

Figure 3 Government debt as a percentage of GDP



Source: Deloitte Research publication: Global economic outlook

States dollar was on the defensive due to the uncertainty surrounding the quantitative easing program, which was supposed to provide monetary stimulus to the U.S. economy, fiscal sustainability relating to the U.S. debt ceiling and a fragile labour and real estate market. Currencies of emerging market economies remained strong, mainly on account of interest rate differentials in favour of these economies. On the other hand, the Japanese yen remained strong irrespective of weak economic fundamentals due to the rising need for asset diversification thus placing the Yen as a safe haven currency, while the strength of the South African Rand was driven by high gold prices, in addition to the interest rate differentials.

10.5 GLOBAL ECONOMIC OUTLOOK

Global economic recovery is projected at about 4 percent in the medium-term, but with considerable variation across regions. The strong growth in emerging economies is projected to continue notwithstanding the tight monetary policy stance being implemented in some of these economies, while growth is projected to remain subdued in developed countries on account of high downside risks due to heightened potential for spillovers from deterioration of market confidence in the euro area periphery and possible setbacks to the recovery in the United States. The fragility of the global economic recovery has been highlighted by the weak gross domestic product (GDP) growth rates in several major economies in the first half of 2011, slowing global manufacturing and production indicators, euro zone debt crises, and concerns about the effect of monetary policy tightening in key emerging markets.

The weak sovereign balance sheets and feeble activity in the real estate markets, especially in the Euro zone and the United States also add downside risks to the projected economic recovery. Policies needed to ensure that fiscal positions in these economies revert to sustainable trajectories may restrain growth in the near-term. Other downside risks relate to high commodity prices, and geopolitical uncertainty, as well as overheating and booming asset markets in emerging market economies. These factors are likely to lower the pace of global recovery. The likely moderation of growth combined with increased inflationary pressures raises a policy dilemma for central banks in the major advanced economies. Indeed, monetary policy tightening, a desirable policy direction to check the current inflationary pressures may subdue growth.

Nonetheless, there is potential for upside surprises to growth, owing to strong corporate balance sheets in advanced economies and buoyant demand in emerging and developing economies. Any upside surprises in advanced economies would add to demand pressures in emerging and developing economies while boosting energy prices.

In terms of prices, inflationary pressures may continue to prevail in the near-term as the upside risks clearly outweigh the downside risks. The upside risks relate to continued higher energy and commodity prices, which are clearly discernible in increasing costs of production, with implications for prices for global industrial output. Furthermore, there is a risk of increases in indirect taxes and administered prices in most major economies that may be greater than currently assumed, owing to the need for fiscal consolidation in the years ahead. However, inflation may slow down if global food, energy and commodity prices slacken. The underlying inflationary pressures in the euro area and the United States may also be subdued by the low resource utilisation in these economies. There are expected to be plenty of unutilised resources in the years ahead, which will contribute towards inflation retreating. However, if resource utilisation increases, underlying inflation may increase, which may further fuel global inflationary pressures.

In terms of financial markets, while a high momentum for global recovery remains, downside risks to the recovery have increased, on account of concerns about debt sustainability and support for adjustments in the Euro zone. In addition, the prolonged period of low interest rates in advanced economies has the potential to build financial imbalances in emerging markets and developing countries. Indeed, the momentum for the global recovery was one of the contributing factors to the improved financial stability. The downside risks to the global economic recovery have caused investors to rethink the pace and strength of the recovery, which may have implications for global financial markets in the near-term. In the United States, concerns for slow growth caused by renewed weakness in housing markets have pushed real Treasury yields down, which has had adverse consequences for yield on riskier assets. Indeed investors are beginning to shift from equities to bonds causing global stock markets to retreat.

The outlook for sovereign risk in some advanced economies has worsened. In the United States, market concerns about the fiscal path remain, given that after the successful upward adjustment of the debt ceiling, the United States sovereign AAA rating was downgraded to AA+. In Japan, rating agencies have downgraded the sovereign outlook on concerns about the government's ability to achieve deficit reduction. The prolonged zero interest rates in advanced economies promote risk taking, as investors search for higher yields. These factors may continue to keep global financial conditions volatile, with adverse consequences for small economies like Uganda.

10.6 IMPLICATIONS FOR THE UGANDAN ECONOMY

Given the highly open nature of the Ugandan economy, the economy is exposed and vulnerable to the global financial and economic shocks that continue to emerge at unprecedented levels. Indeed, the strong growth momentum in emerging economies has led to high demand for commodities including oil, contributing to increases in international commodity prices, which in turn have fed through to domestic inflation. It has also increased domestic costs of production through increases in input costs, contributing to further increases in domestic prices, translating into larger-than expected domestic inflation, with downside risks to domestic economic growth. However, on the upside, it could be a source for increased exports, as high incomes in export destinations could trigger increased demand for Ugandan exports. The expected recovery in the advanced economies, although at a slower pace, could also be a source of economic growth for Uganda in that the rebound in advanced economies could lead to an increased momentum of the rebound of foreign direct investment (FDI), exports and migrant workers remittance flows, as employment levels in advanced economies increase.

The turbulence in the world economy and financial markets is a challenge for Uganda. The financial market turbulence in the euro zone and US has caused global stocks to fall as international portfolio investors shifted their investments from assets they perceive to be riskier to less risk assets. This has had implications for the stability of the exchange rate in Uganda. Sovereign risks in advanced economies also present concerns for developing countries, particularly for the flow of Official Development Assistance (ODA). The long-term risks relates to the possibility that policies in the affected advanced economies could focus on measures needed to address the underlying structural issues, which include putting in place credible plans to restore fiscal sustainability. The fiscal retrenchment in donor nations could result in a reduction of bilateral development assistance flows to developing countries, with serious implications for growth and poverty reduction.

11 MACROECONOMIC DEVELOPMENTS AND POLICIES

Macroeconomic policy in the financial year 2010/11 focused on accelerating economic growth, creating employment and enhancing socio-economic transformation. In order to achieve these objectives, the Government's strategic priorities centred on expansion of economic infrastructure and increasing production while mitigating the impact of adverse exogenous shocks on the domestic economy. Therefore, monetary policy aimed at attaining core inflation at 5 percent per annum in the medium-term but without severely constraining economic growth. In response to the weakening economic activity and intense global recession strains, the BOU undertook steps to limit the impact of the downturn, through monetary policy easing during the first half of the fiscal year. This was aimed at supporting the continued recovery in aggregate demand. However, the emerging upside risk to inflation albeit from the supply side in the second half of the financial year necessitated BOU to tighten monetary policy with the objective of reining in the second round effects of the supply-side induced inflationary pressures. The tight monetary policy that Bank of Uganda implemented was also aimed at anchoring long-term inflation expectations and subduing the depreciation pressures that had begun to build-up in the foreign exchange market.

11.1 MONETARY POLICY FRAMEWORK AND INSTRUMENTS

During the year, BOU continued to implement monetary policy using a flexible monetary policy framework agreed upon with the International Monetary Fund (IMF) under the Policy Support Instrument (PSI). Under this framework, the monetary analysis used as a basis for the analysis and assessment of money and credit developments and this has deepened the BOU's medium term-oriented monetary policy strategy. This also involves using a wide range of economic indicators, including monetary aggregates, in determining monetary policy actions. As an interim operating target, the Bank continued to use the Net Domestic Assets (NDA) of the Central Bank, but maintained base money as an indicative target for purposes of controlling money supply. In the second half of the financial year, BOU implemented a relatively tight monetary policy stance to curtail the second-round effects of inflation and anchor long-term inflation expectations at levels that are consistent with the BOU's inflation target, while avoiding adverse effects on economic growth. Anchoring inflation expectations was deemed crucial in maintaining price stability over the medium term. Subsequently, the stock of treasury bills and bonds, which are the main instruments of monetary policy increased from Shs.1,414.4 billion and Shs. 1,563.9 billion in June 2010 to Shs. 1,696.1 billion and Shs. 2,324.4 billion, respectively in June 2011. Thus, the net withdrawal of liquidity from the system in 2010/11 on account of Treasury bills and bonds approximately amounted to Shs. 108.3 billion and Shs. 874.0 billion, respectively. BOU also continued to pursue a flexible exchange rate policy regime and only intervened in the inter-bank foreign exchange market (IFEM) primarily to dampen short term volatility in the exchange rates. This however resulted in a marginal net sale of US$0.7 million in 2010/11 compared to a net sale of US$47 million in 2009/10.

In June 2011, BOU implemented a shadow-run of the flexible Inflation targeting monetary policy framework ahead of it being eventually implemented in July 2011. Under this framework, the implementation of monetary policy involves setting a monetary policy rate called the Central Bank Rate (CBR), defined as a target for the 7-day interbank interest rate on a monthly basis. The CBR for June 2011 was set at 11.0 percent with upper and lower bounds of 13.0 percent and 9.0 percent, respectively. Daily liquidity management involved influencing the supply of funds in the interbank money market so that the 7-day interbank interest rate remains with the CBR bounds.

11.2 CHALLENGES

Supply side inflationary pressures, exchange rate depreciation and steady growth in bank credit remained the main challenges to monetary policy during the financial year 2010/11. Monetary policy works by influencing the level of aggregate demand in the economy. Faster growth of aggregate demand relative to aggregate supply tends to lead to higher inflation and vice versa. Monetary policy therefore cannot prevent increases in food prices when these increases are the result of supply side shocks such as drought and the external supply chain disruptions. The supply side driven inflationary pressures and external supply disruptions caused domestic inflation to rise above the BOU target of 5 percent. Given that monetary policy is effective only on the demand side, the BOU monetary policy thus focused on preventing supply side shocks to food prices from triggering higher prices in the non-food inflation. Nonetheless, BOU's effort to rein in the second round effects of inflation was conducted in a conscious manner so as not to adversely affect the level of real economic activity. The tight monetary policy stance resulted in increases in yields across all maturities. The average monthly yields to maturity for the 91-day, 182-day and 364-day Treasury bills rose to 12.7 percent, 13.3 percent and 13.8 percent, respectively from 4.4 percent, 5.7 percent and 7.4 percent in June 2010. Despite the increases in yields, commercial banks' weighted average lending interest rates declined marginally to 19.9 percent per annum in 2010/11 from an average of 20.6 percent per annum in 2009/10, while credit to the private sector continued to grow at 44.4 percent in 2010/11 compared to the 25.0 percent growth registered in 2009/10. It is important for monetary policy to prevent supply side shocks to food prices from triggering higher inflation in the non-food prices which are determined by the state of aggregate demand. If monetary policy can cause a disinflation of non-food prices, the overall level of inflation will return towards its target level once food prices fall back as food supplies improve. But, if the BOU were to fail in its efforts to curtail inflation of non-food prices, inflationary pressures would become deep-rooted and high inflation would persist even after food prices have fallen back towards normal levels.

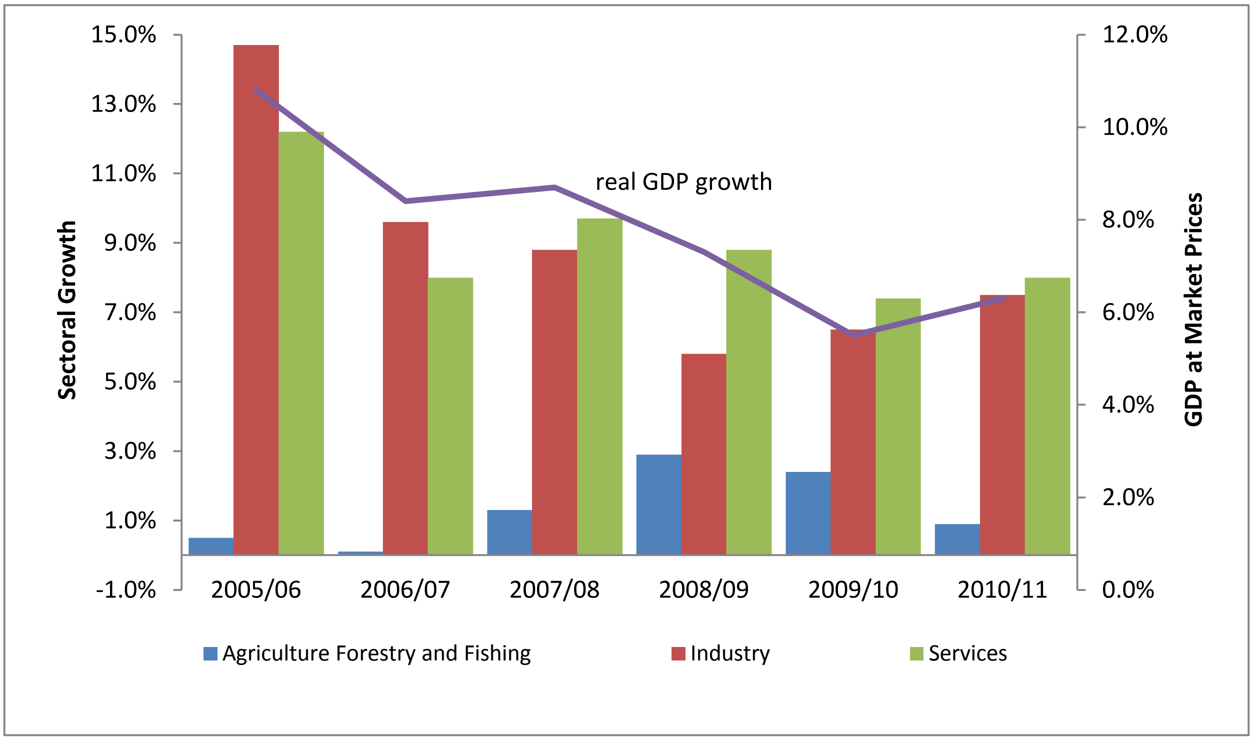
The depreciation of the exchange rate on account of reduced supply of dollars amidst high demand also continued to pose a challenge for monetary policy. The nominal exchange rate depreciated severely in the second half of the financial year on account of the weakening of the external current account as the delayed impact of the global financial and economic crisis started to weigh on the Ugandan economy. The global economic crisis that erupted in the second half of 2008 heavily affected Uganda's main sources of foreign exchange inflows, including remittances, tourism, private capital and export earnings as external demand for Uganda's exports slowed. Despite these challenges, the BOU continued to implement the floating exchange rate regime and only intervened in the interbank foreign exchange market to smooth wide volatility in the exchange rates.

11.3 MACROECONOMIC PERFORMANCE AND POLICIES

11.3.1 GDP PERFORMANCE

Real GDP growth recovered somewhat in 2010/11, after a slowdown in the previous year. Growth had slowed to 5.5 percent in 2009/10, from 7.3 percent in 2008/09, because of the decline in net exports as a result of the impact of the global economic crisis, the slowdown in private consumer demand and the slump in investment as reflected by low credit extension. The global economic downturn that erupted in 2008/09 has had a delayed impact on net exports as external demand slowed. Indeed, net

Figure 4 Real GDP growth rates by sector



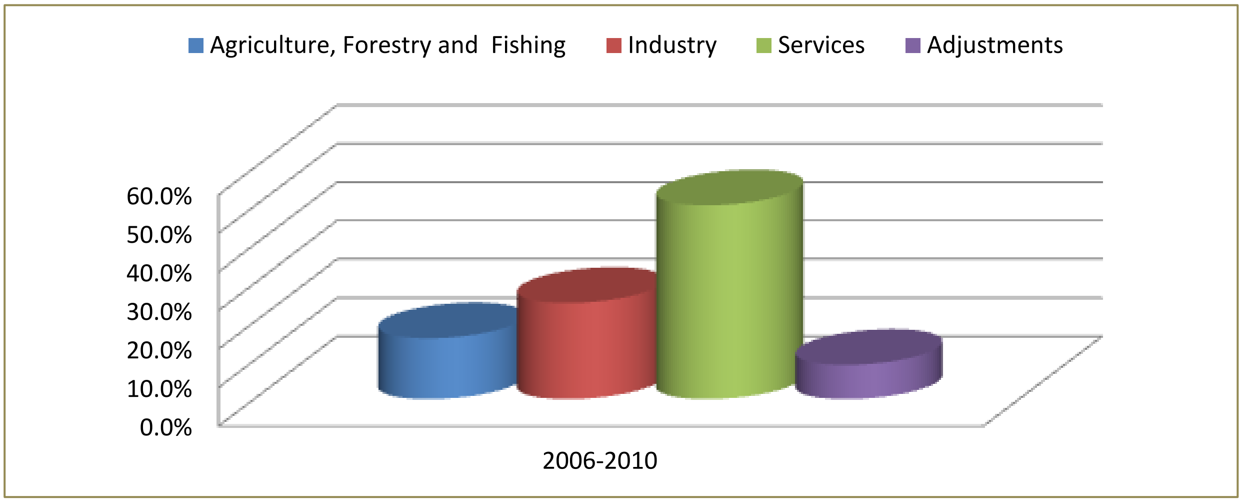
Source: Uganda Bureau of Statistics and MOFPED

exports during the year grew modestly by 5.0 percent compared to the 53.1 percent in the previous year. In the same vein, domestic private consumption and investment spending slowed at 6.6 percent and 2.5 percent in 2010/11 relative to the respective growth rates of 10.3 percent and 9.8 percent recorded in 2009/10.

In terms of sectoral contributions, the services sector was the main driver of economic growth, registering 8.0 percent growth compared to the industrial and agricultural sectors, which grew at 7.5 percent and 0.9 percent, respectively as shown in Figure 4. Specifically, cash crops output declined by 15.8 percent in 2010/11 compared to 1.1 percent decline in the previous year. The impressive growth in the services and industrial sectors were largely due to the good performance of manufacturing, construction, and wholesale and retail trade, which grew at 6.5 percent, 7.7 percent and 3.0 percent, respectively. The slow pace of growth in the agricultural sector was a result of poor performances of the cash crops and fish sub-sectors, on account of adverse weather conditions experienced during the year.

Services continued to be the dominant sector in the Ugandan economy contributing over 50

Figure 5 Structural composition of economic activity (2006-2010 average)



Source: Uganda Bureau of Statistics and MOFPED

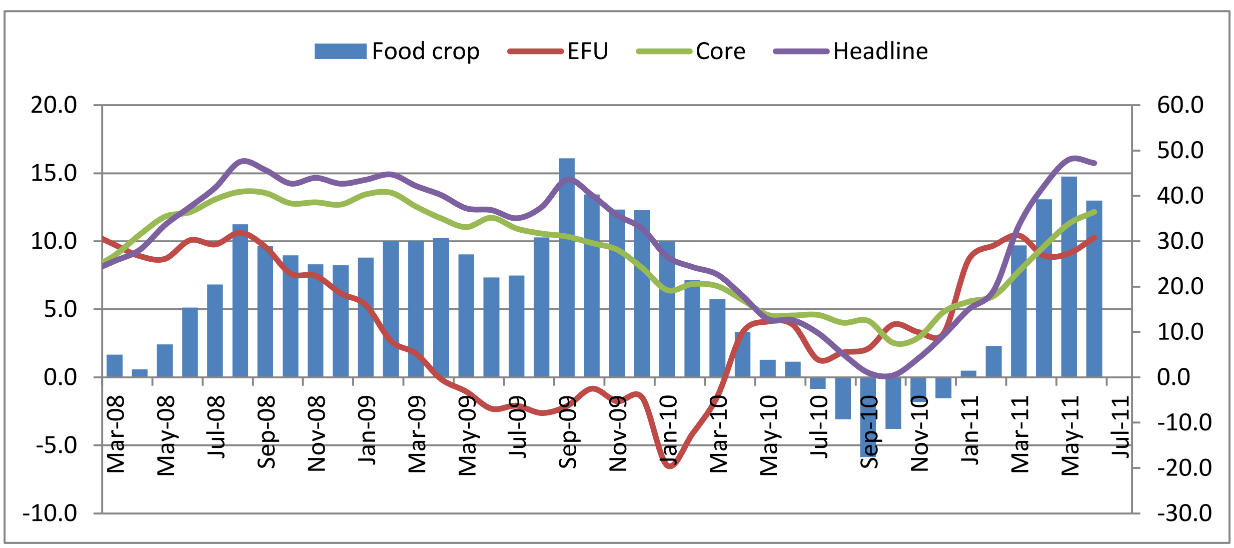
percent to the annual GDP. Although agriculture takes up a large chunk of the Ugandan labour force – over 70 percent - the continued dominance of the services sector seems to indicate that some structural transformation is taking place in the economy.

Industry and agriculture however, contributed just 25.6 percent and 14.5 percent to GDP, respectively in 2010/11 as shown in Figure 5.

11.3.2 INFLATION

Annual headline and core inflation increased sharply from 4.2 percent and 4.6 percent, respectively in June 2010 to 15.7 percent and

Figure 6 Annual developments in inflation



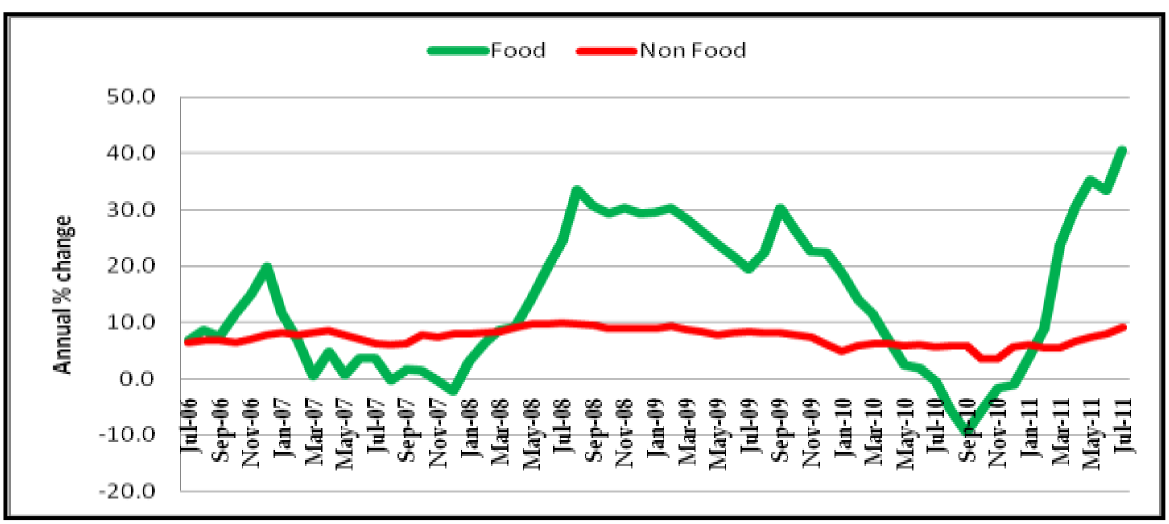
Source: Uganda Bureau of Statistics

12.2 percent in June 2011 as shown in Figure 6.

These inflation outturns are so far above the BOU policy target. The main cause of the high inflation rates were very sharp food price hikes as a result of drought and external shocks, at the same time as the sharp depreciation of the exchange rate, particularly in the second half of the financial year 2010/11 caused inflationary pressures on the non-food prices. Food accounts for 27.2 percent of the overall Ugandan consumer basket of goods and services. Annual food price inflation increased to 33.4 percent in June 2011 mainly on account of reduced supply of food as prolonged drought affected most food producing parts of the country since the onset of 2011. Inflation of non-food items, which account for the remaining 73.8 percent of the consumer basket, was much more moderate, although it has edged up in recent months to 7.9 percent in June 2011 as shown in Figure 7.

Food prices have been driven up sharply in the last 12 months because of supply side shocks to food production, notably drought, in both Uganda and some of our neighbours in East Africa. The current high food prices are not unique to Uganda or to the East Africa region. The United Nations Food and Agriculture Organisation (FAO) produces a global food price index, based on the international prices of food commodities. The FAO food price index rose by 39 percent in the 12 months to June 2011, a very similar rate of increase to that of food prices in Uganda. Within the non-food prices, those of household goods and clothing and foot wear experienced annual inflation rates of over

Figure 7 Annual food and non-food inflation (percent): July 2006-July 2011



Source: Uganda Bureau of Statistics

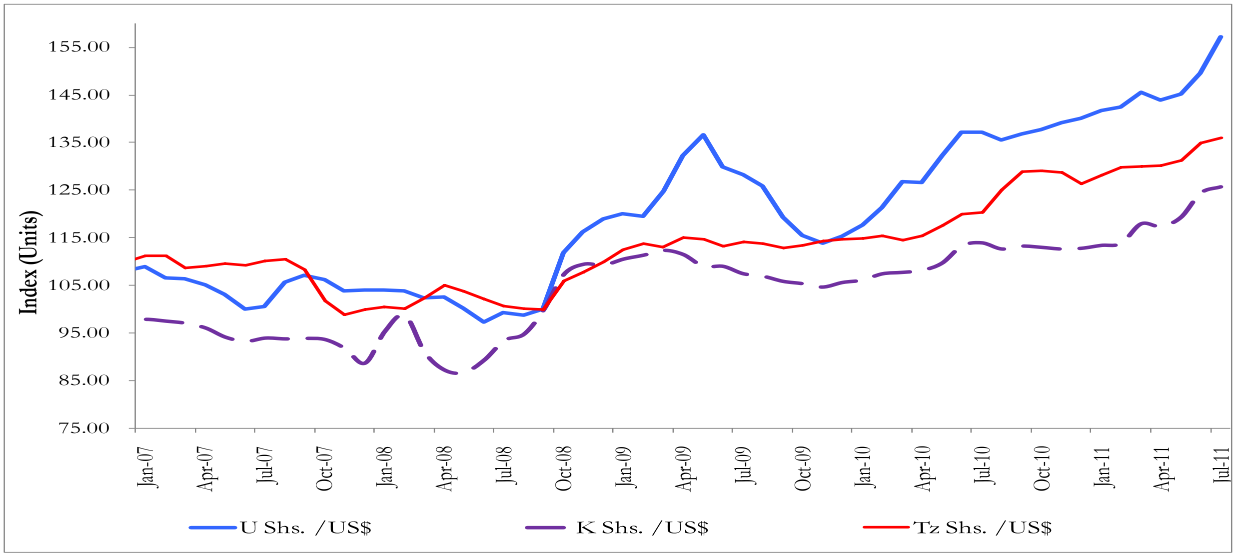
20 percent, mainly because most of these items are imported and their domestic prices are affected by exchange rate depreciation.

11.3.3 EXCHANGE RATE

In 2010/11, the Uganda shilling depreciated by 14.5 percent against the US dollar to an annual average exchange rate of Shs. 2,323.4/US$ from Shs. 2,028.9 percent recorded in 2009/10. The sharp depreciation began in the second half of 2010/11, depreciating by 6.8 percent to close at a monthly average rate of Shs. 2,461.04 in June 2011. The depreciation of the Uganda Shilling was in part driven by the weakening balance of payments, speculative attacks and jittery global environment.

The balance of payments recorded a deficit of US$ 581.4 million in 2010/11 from the surplus position of US$ 210.9 million registered in 2009/10 mainly on account of the worsening current balance and a decline in the capital and financial account surplus. During 2009/10 import demand in Uganda stagnated, because private sector consumption growth was very sluggish; a delayed reaction to the impact of the global crisis on domestic income. As a consequence there was a modest strengthening of the exchange rate in 2009. However in 2010/11, Uganda's demand for imports increased strongly as economic growth recovered, whereas growth in the main sources of foreign exchange (the euro zone and U.S.) remained subdued. In addition, market sentiments, especially around June 2011 caused

Figure 8 Indices of the Regional Currencies against the US dollar: June 2007-July 2011(2008=100)



Source: Bank of Uganda

speculative attacks on the shilling making the shilling to lose substantially against the US dollar. The jittery global environment amidst rising oil prices, concerns over fiscal sustainability in the Euro zone and the slowdown of the US economy sent investors into asset allocation shifts as the US dollar and the Euro became *unsafe* havens. These factors not only affected the Uganda shilling, but also caused a depreciation of the Kenya and Tanzania Shillings as indicated in Figure 8.

Faced with high international oil and commodity prices during most parts of 2010/11, manufacturing, telecommunications, and energy sectors increased their demand for foreign currencies to meet higher import bills.

Despite sharp depreciation of the shilling, the BOU continued to implement the floating exchange rate regime, only intervening to stem wide volatility of the exchange rates. Consequently, the BOU intervened on several occasions in the inter-bank foreign exchange market (IFEM), resulting into total intervention sales of US$ 138.6 million. However, taking into account the BOU's daily purchases of US$ 0.5 million for reserve build-up and purchases from the foreign exchange market, the net interventions amounted to a net sale of US$ 0.7 million compared to a net sale of US$ 42.2 million for sterilization that was recorded in 2009/10.

During 2010/11, the Nominal Effective Exchange Rate (NEER), which measures the relative strength of the Uganda shilling against a weighted basket of currencies of major trading partners depreciated by 16.0 percent compared to a depreciation of 7.4 percent in 2009/10. On a bilateral basis, in 2010/11 the shilling depreciated against the Euro (by 12.7 percent), the Japanese Yen (26.2 percent), the Pound Sterling (15.3 percent), the Kenya Shilling (6.6 percent), the South African Rand (24.1 percent), and the Indian Rupee (17.8 percent). To the extent that Uganda imports more from these countries than it exports to them, the depreciation of the Uganda Shilling against all these currencies implied a rise in import costs, the import bill and demand for dollars for import purposes.

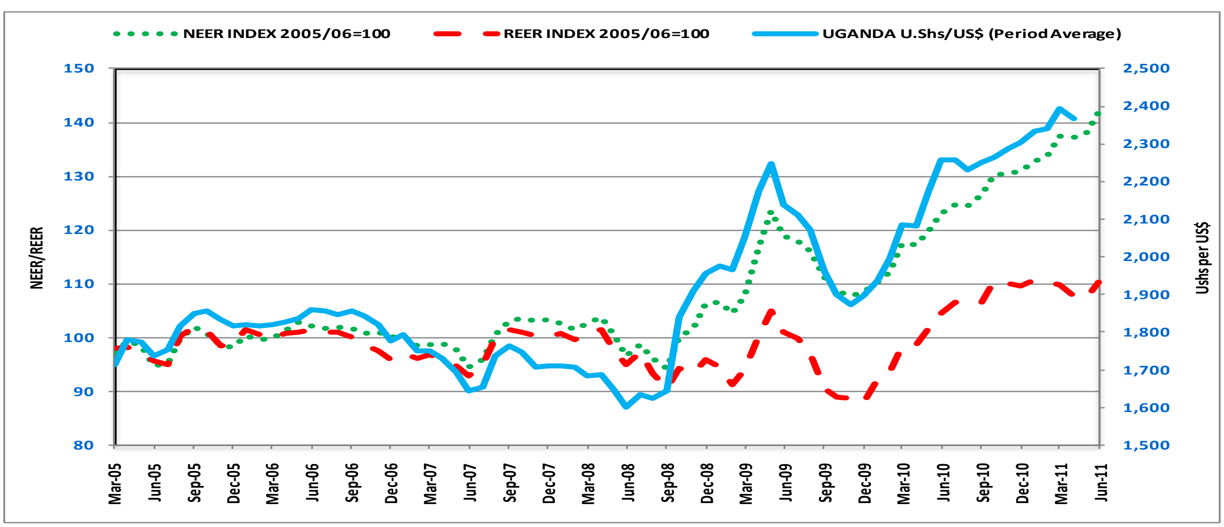
As a result of the depreciation of the NEER, the Real Effective Exchange Rate (REER), which measures the competitiveness of Uganda's domestic traded goods relative to those of its trading partners depreciated by 14.3 percent in 2010/11 in contrast to an appreciation of 0.8 percent registered in 2009/10. The evolution of the nominal and effective exchange rates is shown in Figure 9.

11.3.4 EXTERNAL SECTOR

The current account of the balance of payments deteriorated over the last three years as import growth outstripped the growth of exports, tourism receipts and remittances. Imports increased from $3.5 billion in 2007/08 to $4.6 billion in 2010/11, an increase of $1.1 billion. In contrast, exports only increased from $2.1 billion to $2.3 billion, an increase of $0.2 billion. As a result the trade deficit widened from $1,437 million in 2007/08 to $2,285 million in 2010/11. In the years before the global financial crisis, Uganda was able to finance its current account deficits with large inflows of foreign capital. However, since the outbreak of the global financial crisis, foreign capital flows to Uganda have stagnated because of the slowdown in real economic activity in the developed economies and a greater awareness among investors of the potential risks of investing in emerging markets and developing economies.

On a case by case basis, in spite of the slowdown in coffee production as a result of prolonged dry spells, coffee export earnings increased by 41.6 percent in value terms to US$ 371.0 million over the twelve months from US$ 262.1 million that was recorded in 2009/10. The increase was on account of higher prices of coffee on the global market. Formal non-coffee export earnings were estimated at US$ 1,418.8 million over the period, which represents an increase of about 17.4 percent in 2010/11. Developments in the current account of the BOP are presented in Table 5.

Figure 9 Nominal and real effective exchange rate



Source: Bank of Uganda

Because of the deterioration of the external current account, the overall BOP recorded a deficit of US$ 581.4 million from a surplus of US$ 210.9 million in 2009/10. On the other hand, whereas the capital and financial account contracted, it remained in surplus, declining by 35.5 percent to a surplus of US$ 1,070.1 million in 2010/11 from a surplus of US$ 1,659.1 million in 2009/10 as shown in Table 6.

11.4 PUBLIC FINANCE AND FISCAL POLICY

11.4.1 FISCAL STRATEGY

The fiscal strategy in fiscal year 2010/11 focused on strengthening investments aimed at reducing the infrastructure gaps which are a critical constraint to economic growth and productivity. However, because of the need to enhance democracy and rule of law through peaceful elections, and the necessity to protect Ugandans and their property from terrorism activities, the share of the total expenditure for capital formation was slightly less than the level achieved last year. Other expenditures which increased during budget implementation included wages for security related personnel,

pensions for local governments, increase in energy subsidy as a result of high fuel cost for the thermal power plants, and increased interest cost. To accommodate these priorities, fiscal policy during FY 2010/11 was expansionary compared to last year. The expansionary fiscal policy was partly financed by increased donor resources and partly by short term debt from the banking system.

11.4.2 REVENUES AND EXPENDITURE

Table 5 The current account of the balance of payments in million dollars

	05/06	06/07	07/08	08/09	09/10	10/11
Current Account Balance	-314.53	-342.01	-902.65	-1258.09	-1532.72	-1808.36
Goods Account (Trade Balance)	-927.72	-1021.33	-1437.41	-1845.82	-1697.63	-2284.7
Total Exports (fob)	1041.24	1473.82	2072.95	2216.4	2317.3	2307.17
Total Imports (fob)	-1968.97	-2495.16	-3510.37	-4062.22	-4014.92	-4591.87
Services Account (net)	-175.36	-270.59	-477.45	-439.68	-526.9	-696.68
Inflows(credit)	523.37	556.44	644.74	884.35	1210.74	1406.96
Outflows(debit)	-698.74	-827.03	-1122.2	-1324.03	-1737.64	-2103.64
Income Account (net)	-248.73	-228.57	-262.11	-307.44	-382.19	-364.11
Inflows(credit)	53.48	87.93	115.7	92.95	23.87	17.74
Outflows(debit)	-302.22	-316.5	-377.81	-400.38	-406.06	-381.84
Current Transfers (net)	1037.29	1178.49	1274.33	1334.84	1073.99	1537.12
Inflows (Credit)	1236.33	1324.79	1520.19	1754	1552	2037.55
Outflows (Debits)	-199.03	-146.3	-245.86	-419.15	-478.01	-500.42

Source: Bank of Uganda

Table 6 Balance of payments

	05/06	06/07	07/08	08/09	09/10	10/11
A. Current Account Balance (A1+A2+A3+A4)	-314.50	-342.00	-902.70	-1,258.10	-1,532.70	-1,808.40
A1. Goods Account (Trade Balance)	-927.70	-1,021.30	-1,437.40	-1,845.80	-1,697.60	-2,284.70
a) Total Exports (fob)	1,041.20	1,473.80	2,073.00	2,216.40	2,317.30	2,307.20
b) Total Imports (fob)	-1,969.00	-2,495.20	-3,510.40	-4,062.20	-4,014.90	-4,591.90
A2. Services Account (services net)	-175.40	-270.60	-477.50	-439.70	-526.90	-696.70
a) Inflows(credit)	523.40	556.40	644.70	884.30	1,210.70	1,407.00
b) Outflows(debit)	-698.70	-827.00	-1,122.20	-1,324.00	-1,737.60	-2,103.60
A3. Income Account (Income net)	-248.70	-228.60	-262.10	-307.40	-382.20	-364.10
a) Inflows(credit)	53.50	87.90	115.70	92.90	23.90	17.70
b) Outflows(debit)	-302.20	-316.50	-377.80	-400.40	-406.10	-381.80
A4. Current Transfers (net)	1,037.30	1,178.50	1,274.30	1,334.80	1,074.00	1,537.10
a) Inflows (Credit)	1,236.30	1,324.80	1,520.20	1,754.00	1,552.00	2,037.50
b) Outflows (Debits)	-199.00	-146.30	-245.90	-419.20	-478.00	-500.40
B. Capital & Financial Account Balance (B1+B2)	879.00	1,060.60	1,185.70	1,254.30	1,659.10	1,070.10
B1. Capital Account	126.80	3,428.10	0.00	0.00	0.00	0.00
B2. Financial Account; excl. financing items	752.20	-2,367.50	1,185.70	1,254.30	1,659.10	1,070.10
a) Direct Investment	512.00	718.30	760.60	785.20	837.80	913.30
i) Direct investment abroad	0.00	0.00	0.00	0.00	0.00	0.00
ii) Direct investment in Uganda	512.00	718.30	760.60	785.20	837.80	913.30
b) Portfolio Investment	-5.60	77.60	66.30	-34.70	-31.30	-4.80
Assets	0.00	0.00	-12.10	0.00	0.00	0.00
Liabilities	-5.60	77.60	78.40	-34.70	-31.30	-4.80
c) Financial derivatives, net	0.00	0.50	-0.10	6.30	-5.30	1.30
Monetary authorities	0.00	0.00	0.00	0.00	0.00	0.00
General government	0.00	0.00	0.00	0.00	0.00	0.00
Banks	0.00	0.50	-0.10	6.30	-5.30	1.30
Other sectors	0.00	0.00	0.00	0.00	0.00	0.00
d) Other Investment	245.70	-3,163.90	359.00	497.50	857.90	160.30
Assets	107.50	-156.00	75.50	-78.70	-24.60	-280.50
Liabilities	138.20	-3,007.90	283.50	576.20	882.50	440.80
C. Errors and Omissions	-366.30	-14.70	279.90	-42.00	84.50	156.90
D. Overall balance (A+B+C)	198.20	703.80	563.00	-45.70	210.90	-581.40
E. Reserves and related items	-198.20	-703.80	-563.00	45.70	-210.90	581.40
a) Reserve assets	-24.10	-682.50	-538.90	61.30	-198.30	584.50
b) Use of Fund credit and loans	-138.80	0.00	0.00	0.00	0.00	0.00
c) Exceptional Financing	-35.30	-21.40	-24.10	-15.60	-12.60	-3.10

Source: Bank of Uganda

Tax revenue collections were estimated at Shs. 5,024 billion in 2010/11, representing 99.8 percent performance against the target of Ushs 5.038 trillion, and equivalent to 12.9 percent of GDP. The improvement in tax collections was as a result of the implementation of various reforms in tax administration, including rolling out e-tax. The main drivers of tax revenue performance were domestic income taxes, mainly PAYE, which grew by 24.1 percent relative to 2009/10, primarily due to increased remittances from major taxpayers. Similarly, taxes on international trade grew by 22.5 percent driven by a recovery in import volumes, coupled with the depreciation of the exchange rate. In contrast, consumption tax revenue from VAT and Excise Duty on domestic activity was below their targets by 17.3 and 3.4 percentage points, respectively, during the year under review.

The Government realized its first large income from commercial activities in the oil sector amounting to US$ 438 million (equivalent to Ushs 1.0 trillion in form of capital gains tax). These revenues were expected to total US$ 909 million when the two transactions were completed. The first transaction involved Heritage Oil Company selling its interest to Tullow Oil Company Limited in the FY 2010/11. The second transaction was related to the subsequent sale by Tullow Oil Company Ltd of part of its shares to CNOOC and Total Uganda. This latter transaction was in line with the Government of Uganda policy of not creating monopolies in such strategic areas such as the oil sector. The Capital Gains Tax Revenue has however been saved and earmarked for the construction of Karuma Hydropower Project, which is scheduled to start in fiscal year 2011/12.

Total expenditure during the FY 2010/11 was estimated to increase by 34 percent; representing an increase of Shs.1,719 billion or 23 percent above the programmed expenditure level. As a share of GDP, total expenditures, excluding domestic arrears payments are projected at 23.4 percent. The increase in total expenditure was partly on account of a higher than expected spending on non-wage recurrent activities, including compensation of employees, use of goods and services, interest payments, subsidies, social benefits, and grant transfers, which increased markedly during the year.

Development expenditures, particularly on infrastructure was estimated to grow by 28 percent during 2010/11 relative to 2009/10. In addition, the capacity to absorb resources in key sectors such as works, energy and water improved during the year. Whereas the performance by donor-financed development expenditures improved, the performance by activities under the domestically-financed budget was expected to fall short by 24 percent. The low absorption capacity in the domestic development budget activities was partly due to the slow procurement and bureaucratic processes involved.

11.4.3 BUDGET DEFICIT AND FINANCING

The expansionary fiscal stance during the budget implementation resulted in a fiscal deficit (excluding grants and oil capital gains tax revenue) being estimated at 10.5 percent of GDP compared to the budget target of 6.2 percent in 2009/10. Including grants and oil capital gains tax revenue, the deficit is estimated at 4.8 percent of GDP or Ushs 1.877 Trillion, which is less than the 5 percent medium term target for fiscal prudence. Table 7 summarizes selected indicators of central government operations since 2007/08.

Table 7 Selected indicators of government operations (% of GDP or otherwise stated)

	outturn	outturn	outturn	Budget	Proj. outturn
	2007/08	**2008/09**	**2009/10**	**2010/11**	**2010/12**
Revenue and grants/GDP	16.3	15.5	14.9	16.4	18.9
Domestic revenue incl. oil/GDP	13.3	12.6	12.4	13.4	15.8
Domestic revenue excl. oil/GDP	13.3	12.6	12.4	13.4	13.2
Tax revenue/GDP	12.9	12.2	12.1	13.2	12.9
Total expenditure excl. domestic arrears repayments/GDP	17.6	16.4	19.5	19.3	23.4
Total expenditure incl. domestic arrears repayments/GDP	18.8	17.4	19.7	19.7	23.4
Gross operating balance/GDP	0.9	1.7	-1.5	0.4	-0.9
Domestic balance/GDP	-0.9	-1.5	-4.2	-1.7	-5
Primary balance/GDP	-0.6	-0.5	-3.6	-2.3	-3.8
Budget deficit (excl. grants)/GDP	-4.9	-4.6	-7.2	-6.2	-7.9
Budget deficit (excl. grants and oil)/GDP	-4.9	-4.6	-7.2	-6.2	-10.5
Budget deficit (incl. grants and oil)/GDP	-1.9	-1.7	-4.7	-3.2	-4.8
Domestic financing (-borrowing/+saving)/GDP	1	0.3	-2	-1.3	1
Donor assistance disbursement/total budget	26.2	30.4	25.9	27	27.7
Donor assistance disbursement/GDP	4.9	5.3	5.1	5.3	6.6
External borrowing/GDP	-1.4	-1.9	-2.2	-2	-3.1
Capital formation/total budget	12.1	14.8	15.9	16.9	15.1
Consumption/total budget	33.4	37.3	40.7	38.7	43.8

Source: Ministry of Finance, Planning and Economic Development; Background to the budget 2011/12 FY

12 FINANCIAL SECTOR DEVELOPMENTS

12.1 FINANCIAL SECTOR DEEPENING

Uganda's financial sector went through a period of significant growth during the financial year 2010/11. Financial indicators continued to demonstrate a strong domestic financial sector. The system-wide risk-weighted capital ratio remained high and has stabilized at more than 20 percent since 2008, providing a large buffer to absorb unexpected losses. Profitability improved in the first quarter of 2010 after a decline since the mid-2009. In the fourth quarter of 2010 the return on assets was around 2.98 percent and the return on equity 21.29 percent. These were up from 2.02 percent and 12.69 percent respectively in 2009 Q3. Banks' asset quality, measured by non-performing loans to gross loans improved from 3.3 percent in 2009/10 to 1.6 percent in 2010/11 as a result of lower non-performing loans compared to the previous year. Banks' performance in the year 2010/11 was also characterized by strong credit growth and a sharp rise in foreign currency loans.

Credit extension to the private sector through banks, which had declined from an annual growth rate of 58 percent in December 2008 to 18 percent in December 2009, picked up steadily to 36 percent in December 2010 and to 44 percent in June 2011. There was also an improvement in the ratio of loan to deposit ratio from about 61 percent at the end of the 2009/10 to about 72 percent at the end of 2010/11.

In terms of financial deepening, Uganda now compares favourably with some countries in the East African Community. For instance, the ratio of private sector credit to GDP now stands at an average of 12.0 percent compared to Kenya at 21.0 percent and Tanzania at 15.6 percent during 2007-2011 period, while the level of

Table 8 Financial Structure: regional comparison

	Kenya		Tanzania		Uganda	
	Credit/GDP	Credit/deposits	Credit/GDP	Credit/deposits	Credit/GDP	Credit/deposits
1987-91	17.8	77.9	9.4	70.9	1.9	59.6
1992-96	19.9	69	9.3	48.7	3.6	57.5
1997-01	24	81.5	4	32.4	4.9	47.3
2002-06	23.5	73.9	7.4	45.8	7.3	40.2
2007-11	21	69.2	15.6	72.4	12	62.1

Source: Thorsten Beck, Asli Demirguc-Kunt and Ross Eric Levine – World Bank; and Bank of Uganda financial intermediation, measured by the ratio of credit to deposits stood at an average of 62.1 percent compared to Kenya at 69.2 percent and Tanzania at 72.4 percent during the same period as shown in Table 8.

In the same vein, while the ratio of broad money (M3) to GDP decreased to 21.7 percent relative to 24.0 percent in 2009/10, the ratio of currency in circulation to broad money (M2) increased to 23.9 percent in 2010/11 from the 22.5 percent registered in 2009/10. The ratio of financial savings (which are comprised of time and savings deposits plus certificates of deposits) to M2 decreased marginally to 40.5 percent in 2010/11 compared to 40.9 percent recorded in 2009/10.

12.2 COMMERCIAL BANKS' ACTIVITIES

During the year ended June 2011, the banking sector registered positive growth supported by the macroeconomic environment as well as increased competition in the industry. Bank of Uganda licensed one new bank, Imperial Bank Uganda Limited, bringing the number of operating commercial banks to twenty-three (23). The sector remained financially sound during the year and all banks were adequately capitalized with both core capital and total capital to risk weighted assets well above the statutory minimum.

Furthermore, in order to align Uganda's minimum capital requirements with those in the EAC and strengthen financial soundness, government gazetted a statutory instrument in October 2010, to raise the minimum paid up capital to Shs. 25.0 billion from Shs. 4.0 billion. New commercial banks would comply with the new requirement, while existing banks would raise their paid up capital to Shs. 10.0 billion by March 01, 2011 and to Shs. 25 billion by March 2013. Furthermore, revisions are being made to the Financial Institutions Act (FIA 2004) to allow commercial banks to broaden their scope of commercial banking activities to include "Bancassurance" and Islamic banking.

12.2.1 ASSETS OF COMMERCIAL BANKS

The total assets of the banking sector grew by 32.3 percent from UShs 10,200.1 billion in June 2010 to UShs 13,494.0 billion in June 2011. This growth in assets was mainly on account of an increase in net domestic assets of commercial banks, which grew by 35.2 percent between June 2010 and June 2011 driven by an increase in credit to the private sector. However, the net foreign assets of commercial banks declined by 23.1 percent over the same period in contrast to growth of 8.6 percent observed in the corresponding period last year, driven by a fall in external assets. Commercial banks' claims on the central government increased by 21.0

percent in the period ended June 2011 compared to an increase of 21.6 percent in the year ended June 2010 due to an increase in holdings of government securities.

12.2.2 LOANS AND ADVANCES TO THE PRIVATE SECTOR

During 2010/11, commercial banks' stock of outstanding credit to the private sector increased by 44.4 percent relative to growth of 25.0 percent registered in the previous fiscal year. Net extensions of credit increased to Shs. 1,962 billion after accounting for net capitalized interest of 367 billion during FY2010/11 from Shs. 917 billion in the previous year. While a significant growth in credit has been registered for the fiscal year, the ratio of credit to the private sector to GDP stands at only 16.8 percent compared to the regional average of 29.7 percent (Kenya at 41.4 percent and Tanzania at 18.0 percent).

While personal and household loans constituted the largest share to total credit, the trade and commerce sector now dominates with 22.8 percent, followed by the building and construction sector with 19.5 percent. The share of household loans reduced from 18 percent in 2006 to 15.3 percent at end December 2010. This decline augurs well for economic growth as more credit is now being channelled to investment rather than consumption spending. Mining & quarrying and electricity & water sectors accounted for the lowest share of total credit over the period under review. Table 8 shows the outstanding loans and advances, and percentage shares by sectors.

Table 9 Outstanding loans and advances by sector

Sector	Jun 08	Jun 09	Jun 10	Jun 11	Jun 08	Jun 09	Jun 10	Jun 11
	Sectoral Analysis of Private Sector Credit				Share of total credit			
Agriculture	167.14	163.11	292.60	423.44	6.02	4.50	6.45	6.50
Manufacturing	345.33	549.30	618.46	920.12	12.43	15.17	13.63	14.12
Trade	349.88	746.64	869.96	1,398.17	12.60	20.62	19.17	21.46
Transport,	192.34	210.50	353.70	353.70	6.93	5.81	7.79	7.77
Electricity & water	23.43	22.79	52.49	60.91	0.84	0.63	1.16	0.93
Building & construction	422.48	595.40	845.28	1,336.58	15.21	16.44	18.62	20.51
Mining & quarrying	9.70	10.70	37.53	19.35	0.35	0.30	0.83	0.30
Other services	844.57	529.01	507.07	818.82	30.41	14.61	11.17	16.67
Personal loans	422.38	794.24	961.88	1,032.37	15.21	21.93	21.19	15.84
Total	2,777.23	3,621.69	4,538.97	6,516.22	100.00	100.00	100.00	100.00

Source: Bank of Uganda

12.2.3 LIABILITIES OF COMMERCIAL BANKS

Commercial banks intensified deposit mobilization during 2010/11. This, coupled with increased confidence in the banking sector caused total deposits in commercial banks to expand by 21.7 percent in 2010/11. Demand deposits expanded by 20.4 percent, while time and savings deposits increased by 22.8 percent in 2010/11 compared to increases of 35.4 percent and 35.0 percent in 2009/10, respectively. Foreign exchange deposits also grew by 32.5 percent in 2010/11 relative to the growth of 36.6 percent in 2009/10.

12.3 INTEREST RATES

12.3.1 COMMERCIAL BANKS' RATES

Despite the tight monetary policy that the BOU implemented, particularly in the second half of 2010/11, commercial banks' weighted average lending rates on shilling denominated loans were relatively stable in 2010/11. Indeed, the lending interest rates declined to 19.9 percent in 2010/11 from 20.6 percent in 2009/10. Going forward, whereas the BOU will continue to focus on bringing inflation to its target level, monetary policy will be implemented cautiously so as to minimize sharp increases in lending interest rates that would in turn adversely affect the level of real economic activity. The BOU will also support measures aimed at reducing lending rates, such as the on-going activities of the credit reference bureau. Developments in the commercial banks' interest rates are shown in the Table 10.

Table 10 Commercial banks' weighted interest rates (% p.a)

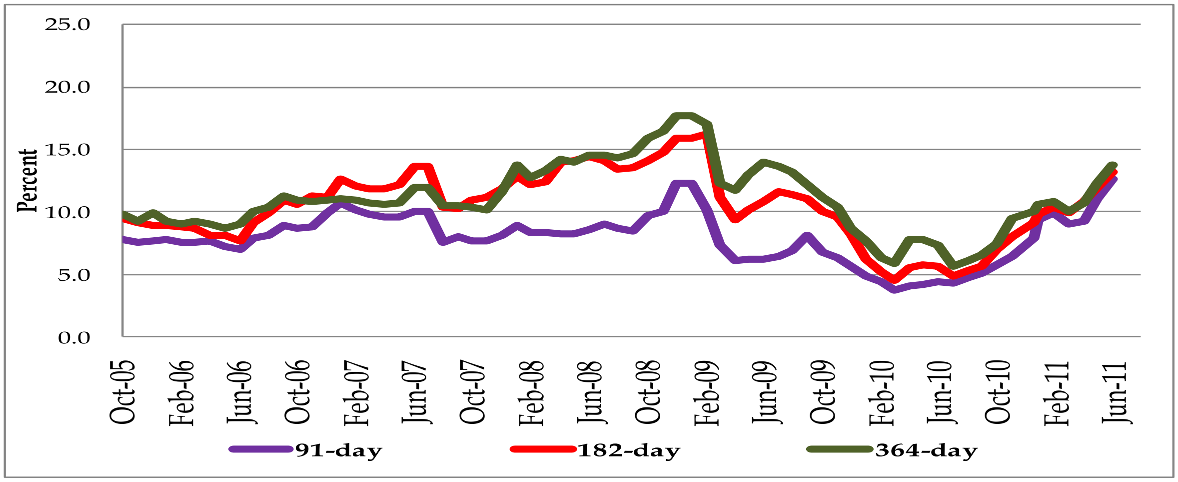
Weighted Average	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Lending	18.07	18.6	19.38	20.18	21.8	20.07	19.94
Demand deposits	1.08	1.11	1.2	1.29	1.26	1.24	1.13
Saving deposits	1.77	2.02	2.79	2.1	2.36	2.43	2.3
Time deposits	10.17	7.57	9.8	10.85	10.72	7.25	11.01
Spread (lending rate – time rate)	7.9	11.03	9.58	9.33	11.08	12.81	8.92

Source: Bank of Uganda

12.3.2 YIELDS ON TREASURY BILLS AND BONDS

The BOU auctioned treasury bills and bonds regularly in the period under review. Interest rates in both primary and secondary markets for treasury bills increased steadily reflecting the tight monetary policy stance implemented in the second half of 2010/11. Treasury bill yields across all tenors rose steadily over the year in line with the inflation expectations of the participants. By June 2011, the average monthly yields-to-maturity for the 91-day, 182-

Figure 10 Treasury bill effective yield rates



Source: Bank of Uganda

day and 364 day tenors had risen to 12.7 percent, 13.3 percent and 13.8 percent, from respective yields of 4.4 percent, 5.7 percent and 7.4 percent in June 2010.

The average yields-to-maturity on the 2-year and 3-year bonds declined slightly in 2010/11 to 11.1 and 11.2 percent, respectively, from 11.6 percent recorded in each of the respective tenors in the previous year. At end June 2011, the outstanding stock of treasury bonds grew to Shs. 2,324.4 billion. Figure 10 depicts the evolution of the effective yield rates on treasury bills.

Trading in the secondary market for treasury bills increased to Shs. 1,942.5 billion in 20010/11 from Shs. 1,006.3 billion in 2009/10. Over the same period, total trading in the secondary market for treasury bonds increased slightly to Shs. 978.2 billion from Shs. 955.5 billion in the previous year.

12.4 MONETARY AGGREGATES

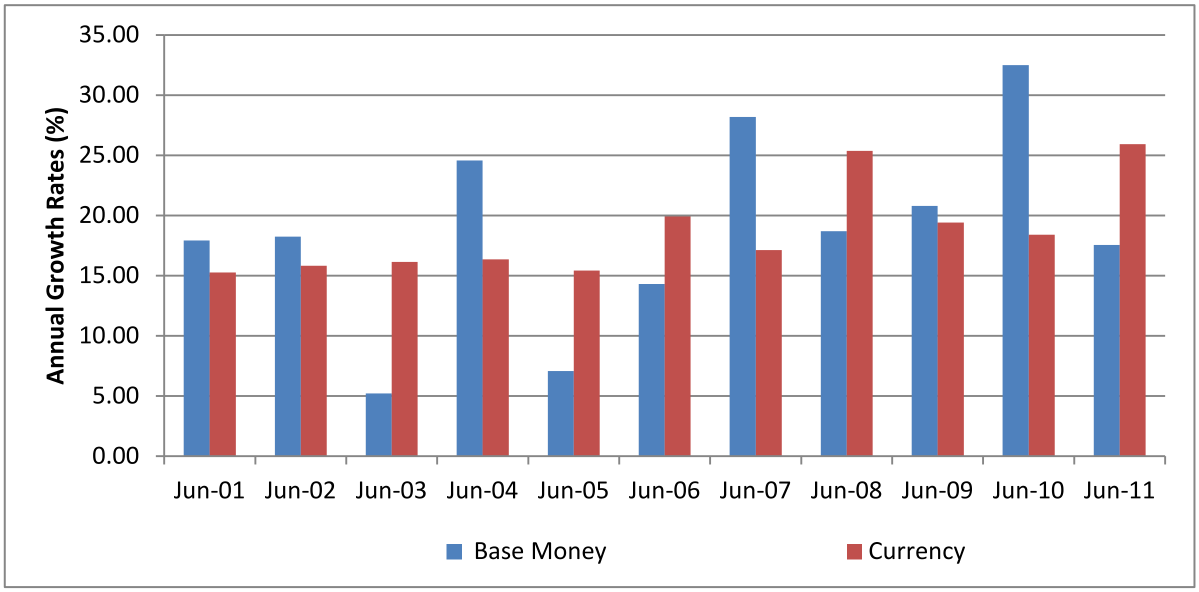
12.4.1 BASE MONEY

By end June 2011, base money, which is composed of commercial banks' deposits at the Central Bank plus currency issued, had expanded by about 21.9 percent on an annual basis compared to an increase of 24.8 percent, in the corresponding period of 2009/10. The lower growth in base money reflected the tight monetary policy stance pursued by the BOU in the year. Figure 11 shows the annual growth in base money and currency-in-circulation from June 2001 to June 2011.

12.4.2 NET FOREIGN ASSETS

The Net Foreign Assets (NFA) of the banking system grew by 15.7 percent from Shs. 6,383.9 billion at end June 2010 to Shs. 7,386.0 billion at end June 2011 mainly due to an increase in the NFA of the Central Bank. The foreign reserves of the Central Bank rose by 2.1 percent from Shs.

Figure 11 Base money and currency annual growth rates



Source: Bank of Uganda

5,704.2 billion at end June 2010 to Shs. 5,822.2 billion at end June 2011. The increase in foreign reserves of the Central Bank was largely due to the revaluation gains realised as a result of the depreciation of the Uganda shilling in the period under review. However, the NFA of commercial banks registered a 23.1 percent decline in the year to June 2011, in contrast to an 8.6 percent increase in the previous year. This was largely due to the impact of tight monetary policy stance that drained shilling liquidity from the inter-bank money market and almost zero interest rates on foreign assets held abroad. Figure 12 summarizes developments in the monetary aggregates of the banking system over the period June 2001 to June 2011.

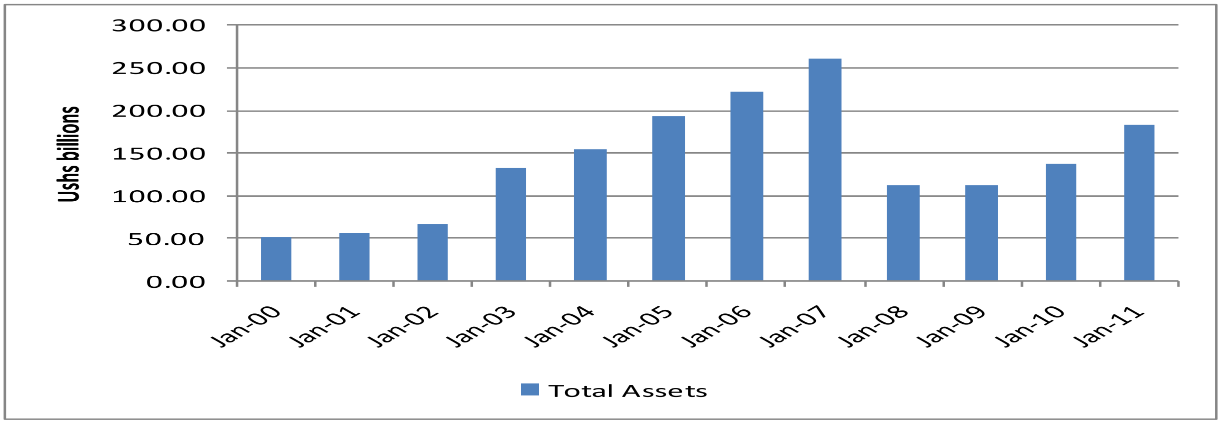
12.4.3 NET DOMESTIC ASSETS

The Net Domestic Assets (NDA) of the banking system, excluding revaluation, grew by 61.9 percent in the year to June 2011, following a 97.9 percent increase in the previous year. This increase in NDA was mainly driven by a rise in domestic credit. The banking system's claims on the private sector grew by 44.4 percent, compared to a growth of 25.3 percent in the previous year. The banking systems net claims on the Central Government also increased during the same period.

12.5 CREDIT INSTITUTIONS

During the year to June 2011, all the credit institutions maintained their respective core capital levels above the statutory minimum capital requirement. Similarly, core capital and

Figure 13 Credit Institutions' Total Assets (UShs Billion)



total capital to risk weighted assets ratios exceeded the statutory on-going requirements. Overall, there was an increase in the activities of the credit institutions in the period under review as depicted by their assets and liabilities.

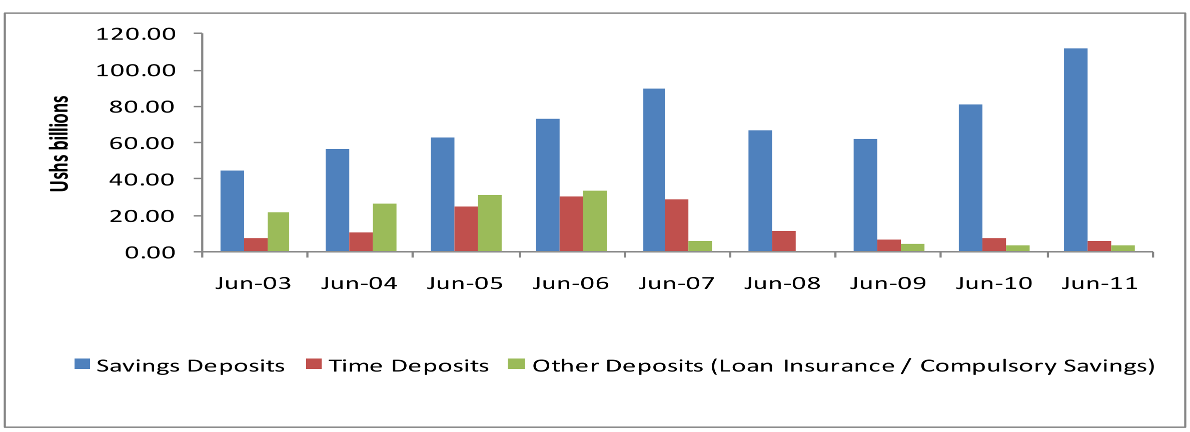
12.5.1 ASSETS OF CREDIT INSTITUTIONS

The assets of credit institutions grew by 33.5 percent in 2010/11 on account of increased deposits with financial institutions and outstanding loans and advances. Figure 13 shows the developments in the assets of Credit Institutions.

12.5.2 DEPOSIT LIABILITIES

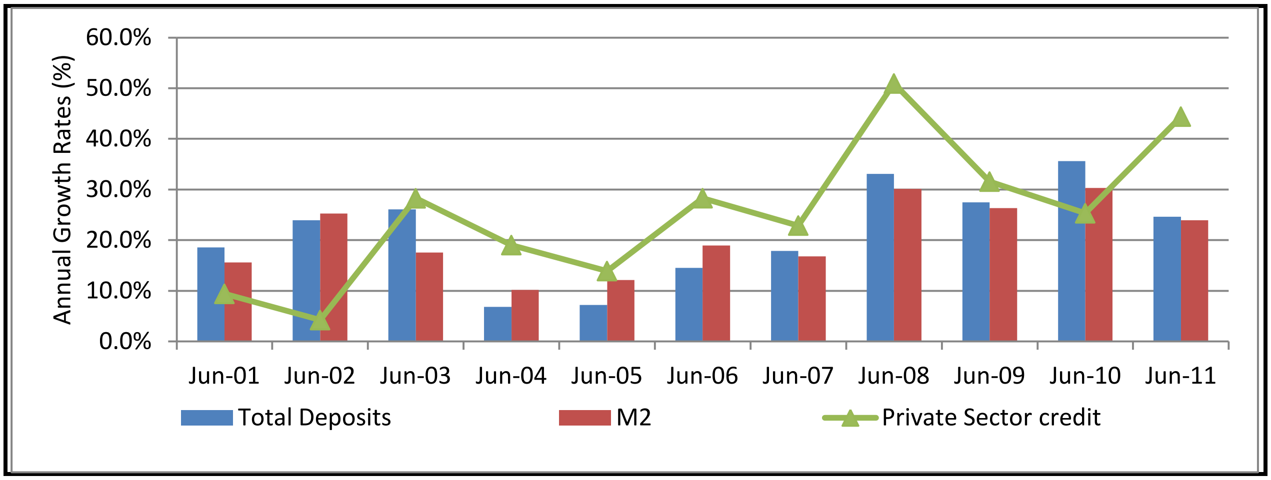
During 2010/11, total deposits with the credit institutions increased by 32.0 percent as compared to an increase of 26.5 percent in the previous year. This increase in total deposits was mainly due to the increase in saving deposits, which grew by 38.6 percent during the year under review. Figure 13 shows the developments in the deposits of credit institutions.

Figure 12 Total Deposit Liabilities of Credit Institutions



Source: Bank of Uganda

Figure 14 Monetary and private sector credit annual growth rates June 2001 – June 2011



Source: Bank of Uganda

12.5.3 LOANS AND ADVANCES TO THE PRIVATE SECTOR

The stock of outstanding loans and advances to the private sector increased by 38.4 percent in 2010/11 as compared to an increase of 25.4 percent in the previous year. The trade and commerce sector held the biggest share of loans offered by credit institutions, equivalent to 33.4 percent of total loans followed by personal and household loans with a share of 31.0 percent. Figure 15 shows the developments in the loans and advances of credit institutions.

12.6 MICRO FINANCE DEPOSIT-TAKING INSTITUTIONS

During the year ended June 2011, all the MDIs complied with the minimum capital requirements and both core capital and total capital to risk weighted assets ratios were well above the statutory minimum.

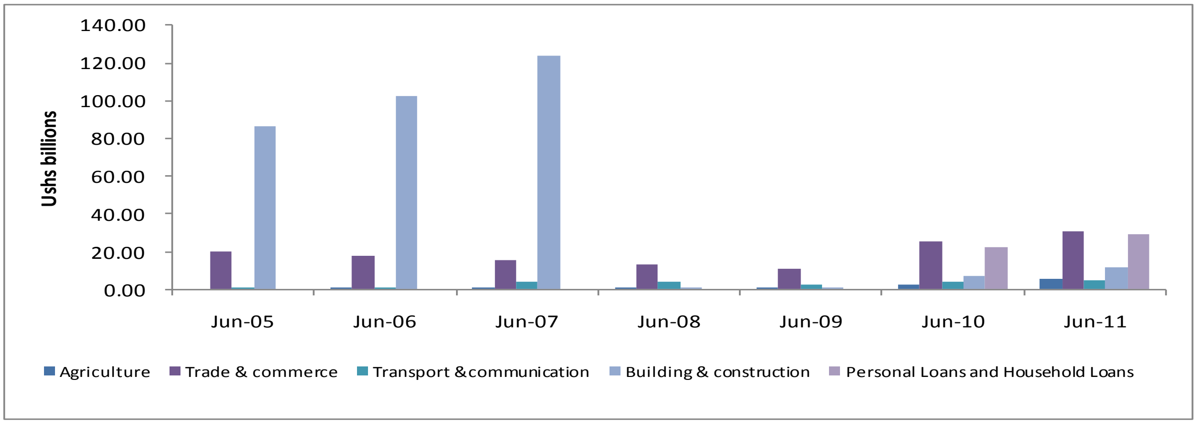
12.6.1 ASSETS

Total assets of the MDIs grew by 31.5 percent in 2010/11 as compared to a growth of 12.9 percent in 2009/10. The increase in total assets was mainly due to the growth of the MDIs' loans to the private sector.

12.6.2 LIABILITIES

Total liabilities of MDIs increased by 28.4 percent in 2010/11 compared to the 31.9 percent growth in the previous year. There was an increase of 58.4 percent in the total deposits of MDIs in 2010/11 as compared to growth of 50.9 percent in the previous year. This increase was mainly due to the growth in total private sector deposits. The private sector time and savings deposits rose in the year under review reflecting the savings mobilisation efforts.

Figure 15 Outstanding loans and advances of credit institutions



Source: Bank of Uganda

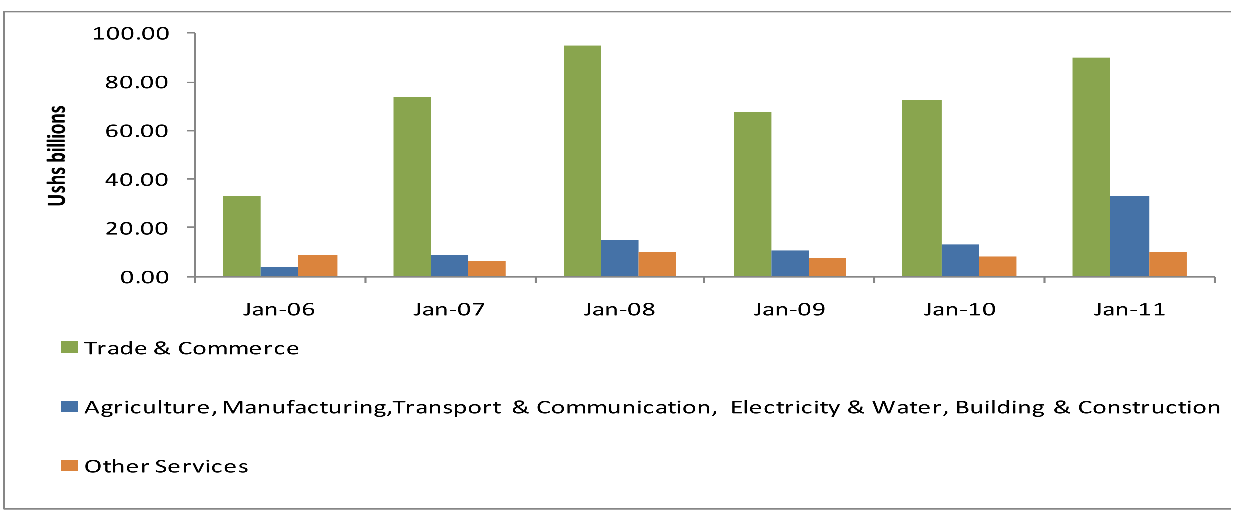
12.6.3 LOANS AND ADVANCES TO THE PRIVATE SECTOR

The stock of outstanding loans and advances grew by 35.1 percent as compared to a growth of 17.8 percent registered in the previous year. The trade and commerce sector accounted for the biggest share of credit from the MDIs, accounting for 67.5 percent of total outstanding loans by end-June 2011. Figure 16 shows the evolution of MDIs' credit to the various sectors.

12.6.4 ACTIVITIES AT THE UGANDA SECURITIES EXCHANGE

The Uganda Securities Exchange (USE) market was relatively stable with measured increase in activity. The All Share Index (ALSI) rose by 9.6 percent from 1,023.8 in 2009/10 to 1,122.3 in June 2011. The market capitalization increased by 36.9 percent to Shs. 13,683.4 billion from Shs.9,991.9 billion at end of 2009/10. Similarly, the turnover increased by 56.6 percent from

Figure 16 The evolution of MDI's Credit to Sectors (UShs Billion)



Source: Bank of Uganda

Table 11 Trading at the Uganda Securities Exchange

	2007/08	2008/09	2009/10	2010/11	Percentage change
Volume of shares traded (Shs. Million)	326.7	169.9	186.9	186.6	-0.2
Turnover (Shs. Million)	91714	47907	31821	46825	56.6
Market capitalization (Shs. Billion)	6376	7701.8	9991.9	13683.4	36.9
All share Index	1095.9	790.8	1023.8	1122.3	9.6

Source: Uganda Securities Exchange

Shs. 31,821.0 in 2009/10 to Shs. 46,825.0 in June 2011 as shown in Table 11. During the period, Centum Investment Company Ltd and Nation Media Group were cross listed, while Bank of Baroda and Stanbic Bank registered bonus share issues on the USE.

13 REGIONAL INTEGRATION

13.1 OVERVIEW

The East African Community (EAC) continued to consolidate efforts geared at creating a monetary union. The EAC central banks continued to make strides towards monetary and exchange rate policy coordination and harmonization, financial markets integration, payments systems harmonization and coordination of financial sector surveillance and supervision, which are integral components of a monetary union. In addition efforts at facilitation of cross border transactions, enhancement of currency convertibility and harmonization of payments systems to facilitate trade and investment also took centre stage. Inflation and exchange rate volatility on account of supply side rigidities and external shocks arising from the jittery global environment posed challenges to macroeconomic convergence during the period.

13.2 COORDINATION OF MONETARY AND EXCHANGE RATE POLICIES

Notable progress in monetary policy coordination and harmonization was recorded in attaining a common monetary and exchange rate policy, currency convertibility, macroeconomic convergence, a common monetary policy framework, harmonized statistics and harmonized computation of the cash reserve requirement. Specifically, a study report on attaining a common monetary and exchange rate policy would be considered in consort with the IMF, prior to its submission to the East Africa Monetary Union High Level Task Force (HLTF).

Other pertinent initiatives include the development of a strategy for public sensitization on establishing currency convertibility, a review of the terms of reference for studies on the choice and harmonization of the appropriate monetary policy framework for the region and the suitability of the macroeconomic convergence criteria.

13.3 SUPERVISION AND SURVEILLANCE OF THE FINANCIAL SECTOR

In 2010/11, compilation of the existing national prudential supervisory rules and practices was completed and further harmonization efforts are underway. The Basel Core Principles (BCP) assessment methodology would be adopted by Member States when undertaking their self-assessments for effective banking supervision. The BOU conducted self-assessment to determine the level of Uganda's compliance with the BCP for

Effective Banking Supervision. The findings indicated that Uganda was fully compliant with 21 principles and "largely compliant" with 4 principles. Furthermore, The IMF would provide Technical Assistance regarding harmonization of the legal and regulatory framework for Islamic banking in the EAC.

13.4 FINANCIAL MARKETS

Public Private Partnership in addition to national Financial Markets Development Plans continued to provide an active framework for development of financial markets in the region. What is more, the central banks are reviewing the existing legal frameworks on liquidity management, foreign exchange, standing facilities and collateral frameworks for lending in conformity with the EAMU objectives. Furthermore, the development of a framework for regional market intermediaries for government securities has been advocated.

13.5 MONETARY UNION INITIATIVES

The HTLF envisages the establishment of an East African Central Bank, an East African Statistical Bureau, an appropriate framework for fiscal policy coordination and harmonization as well as an East African Compliance and Enforcement Commission, as the central institutions of economic integration. The EAC monetary union negotiation process would be conducted through sector specific working groups. The sector specific working groups and their mandates include the Macroeconomic Policy Working Group, which is to review fiscal, monetary and exchange rate policies; the Statistics Working Group to review statistics; the Financial Sector Working Group to review financial markets, capital markets, insurance, pensions, microfinance, bank and non-bank regulation and supervision; and the Payment and Settlement Working Group to handle matters of payments and settlement systems.

The HLTF adopted a model protocol on the East African Monetary Union that was proposed by experts from the European Central Bank as the main guide for the negotiation process.

The negotiation process will be guided by technical studies including a study on the attainment of a common exchange rate policy, one on a harmonized monetary policy framework and another a review of the EAC macroeconomic convergence criteria and designing a surveillance and enforcement mechanism.

Uganda's team is committed to continually seeking the participation of other key stakeholders like the private sector in generating negotiating positions through formal and informal exchanges. The BOU reiterates its dedication to pursue the full range of the regional integration agenda including doing all that is technically feasible to meet the 2012 date set by the EAC Heads of State for the EAC Monetary Union.

13.6 OUTLOOK

The economic outlook is subject to both external and internal risks. The strength and timing of the economic recovery in developed markets looms over the near-term outlook. This external factor could both surprise on the upside and downside. Growth could also surprise on the upside if the government's infrastructure development programme is expeditiously implemented. Along with progress on fiscal consolidation, this could also help reverse the recent rise in Uganda's government debt due to the fiscal stimulus spending. On the flip side, however, the potential stalling of infrastructure development momentum could drive down growth prospects.

In coming months, annual inflation should hover around 5 percent depending on the behaviour of oil and food prices, which have a major impact on the general price level. As the major domestic spending drive by both the government and private sector is concentrated on extending output capacity, the Ugandan economy is not expected to experience over-heating pressures that could affect the sustainability of growth. In turn, although high deficit levels for the current account are forecast for the coming years, these will mainly be determined by the higher capital spending and will be widely financed by foreign direct investment and medium and long-term borrowing.

The outlook for international capital flows to Uganda is mixed. On the one hand, the on-going realization of losses from the financial crisis and deleveraging of balance sheets is likely to constrain global liquidity supply. Increased issuance by developed economy governments with their own fiscal problems may also crowd out some of the demand for emerging market sovereign credits. In aggregate, net private capital flows to Uganda and other developing countries are projected to remain subdued in 2011/12. On the other hand, with interest rates low in high-income economies, investors may particularly look to developing countries, with its strong growth prospects, for higher yielding assets.

14 RESERVES MANAGEMENT

14.1 INTRODUCTION

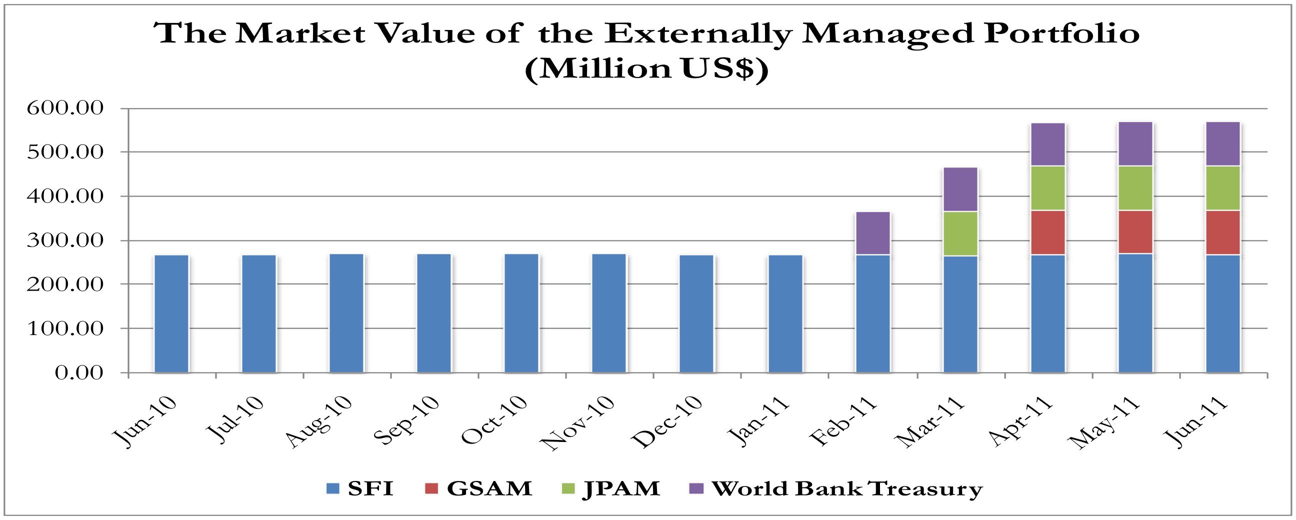
The global economic recovery continued to gather momentum, but unemployment remained high. Earlier fears of a double dip recession in the major economies did not materialise during the period under review. Instead, concerns turned to commodity prices that rose more than expected due to strong demand and supply shocks. The problems of the European Union periphery, stemming from low growth, fiscal worries and financial pressures dominated the policy debate. In light of those problems, the major central banks held their policy rates at record lows. For instance, the Bank of England held its policy rate at 0.5 percent, the Federal Reserve Bank and the Bank of Japan held their rates at target ranges of 0 – 0.25 percent and 0 – 0.1 percent respectively, while the European Central Bank raised its policy rate by 25 basis points to 1.25 percent to curb inflation pressures. In addition, the G7 governments maintained unprecedented high levels of liquidity to support their respective banking systems through the asset purchase programmes. These developments had an overall negative impact on the BoU reserves management operations largely on account of low interest rate environment.

14.2 DEVELOPMENTS IN THE BOU RESERVE PORTFOLIO

The reserve portfolio is divided into two portions: the internally managed and externally managed portfolios. 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.

During the year, the Bank appointed three additional fund managers – JP Morgan Asset Management (JPMAM), Goldman Sachs Asset Management (GSAM) and the World Bank Treasury (WBT). As a result, the externally managed fund rose to approximately 24 percent of the total BoU reserves from about 10 percent at the end of the previous financial year. The performance of the externally managed fund is measured against a number of benchmarks and in line with investment guidelines laid down by BOU. The market value of the externally managed fund moved from US$266.94 million at the beginning of July 2010 to US$569.31 million at the end of June 2011, of which, 47.1 percent was managed by Strategic Fixed Income (SFI). The trend of the externally

Figure 17 The Trend of the Market Value of the Externally Managed Portfolio



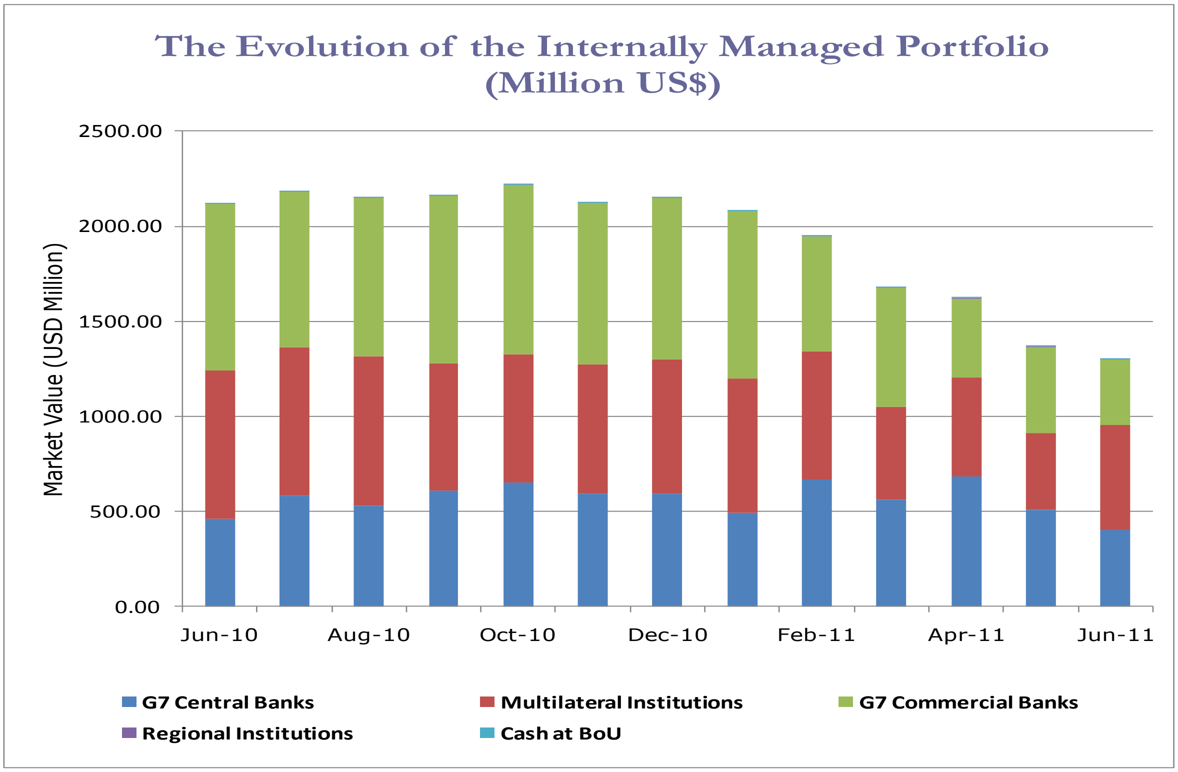
managed fund market value is shown in Figure 17.

In terms of market exposure, the fund was mainly concentrated in the core Euro zone markets and other G10 government bond markets with zero exposure to the peripheral euro zone markets of Greece, Portugal, Ireland, Italy and Spain, which are experiencing a sovereign debt crisis that began more than a year ago. However, after negotiations, the European Union (EU) and the IMF agreed to provide a joint rescue package for the debt-stricken countries in early June 2010 and have continued to take measures to prevent the crisis from spreading to other European countries and markets.

The internally managed portfolio market value moved from US$2,117.67 million at the beginning of July 2010 to US$1,302.87 million at the end of June 2011, registering an annual decrease of 38.48 percent as illustrated in Figure 18 below. The decrease was mainly attributed to government imports of goods and services during the year.

Total inflows for the year under review amounted to US$617.07 million, which comprised of donor inflows, interest income, net purchases of foreign exchange from projects and purchases of foreign exchange under intervention in the IFEM. Total outflows amounted to US$1,431.88 million comprised of government payments, BoU imports of goods and services, Treasury debt payments and sales of foreign exchange in the IFEM under intervention. The bulk of Bank of Uganda's internally managed portfolio was invested in highly liquid money market instruments. As at end-June 2011, US$77.91 million was held in

Figure 18 The Evolution of the Market Value of the Internally Managed Portfolio



the liquidity tranche in the form of repurchase agreements, overnight deposits and current account balances and; US$50.00 million was held in the emergency tranche in the form of deposits and Treasury bills of up to 3 months. The investment tranche had US$1,174.96 million held in bank deposits, Treasury bills, the World Bank Central Bank Facility (CBF), Equity at Afri-Exim Bank and US Treasury bonds under the Reserves Advisory and Management Programme (RAMP).

On 28th February 2011, the Bank of Uganda joined the World Bank Reserves Advisory Management Programme (RAMP), a three-year cost recovery fixed income programme aimed at training staff in bond trading and fixed income analytics. At inception, US$100 million was availed to the World Bank Treasury to be benchmarked against the Bank of America Merrill Lynch 0-1 year US Treasuries. A similar amount was set aside to be managed internally and matching the risk-return profile of the World Bank Treasury portfolio. By the end of June 2011, the World Bank Treasury and the internally managed bond portfolio market values had grown to US$100.142 million and US$100.014 million, respectively. The Operations Function continued to manage credit risk in accordance with the policy guidelines; it closely monitored credit developments in the international financial markets and kept senior management abreast of key developments in the markets. As at end-June 2011, the portfolio's credit profile was in compliance with the policy parameters and specifications set out in BOU's foreign exchange reserves management policy guidelines.

14.3 POLICY ACTIONS

The Bank continued to invest with only highly rated commercial banks and multilateral institutions such as the BIS to ensure safety of the reserves. This strategy impacted on return on investments due to low returns offered by these institutions. During the period under review, the Monetary Policy Committee (MPC) formerly the Monetary and Credit Policy Committee (MCPC) approved the daily purchase of US$0.50M from the Interbank Foreign Exchange Market (IFEM) for reserve build-up. The Board also approved the engagement of three additional external fund managers (WBT, JPM, and GSAM) to manage a fixed income portfolio with the aim of enhancing return in view of the ultra low interest rates in the money markets. Furthermore, management approved the proposal to add four emerging market countries in the SFI benchmark index for diversification and return enhancement. All the necessary amendments in the investment guidelines have been incorporated in the policy document to facilitate the commencement of business.

14.4 OUTLOOK

Economic growth appears set to rebound over the remainder of 2011 supported by the accommodative monetary policy stance as well as the extension of the asset purchase programmes. Furthermore, the recovery in investment and consumer spending suggests improvement in consumer confidence. However, the growing concerns over the rising inflationary pressures in a number of G7 countries and the pending resolution of the Euro zone debt crisis still pose challenges to the fragile growth.

15 DOMESTIC FINANCIAL MARKETS DEVELOPMENTS

15.1 OVERVIEW

During the year to June 2011, the Bank's monetary and financial policies supported the development of financial and money markets, particularly Government securities. In order to realize monetary policy objectives, Bank of Uganda issued a number of securities, which included the following – Repos and Reverse Repos with maturities ranging from overnight to 14 days, Treasury bills for 91-, 182-, and 364-days and Treasury bonds for 2, 3, 5, and 10 years. The longer dated bonds have since 2004 proved to be efficient liquidity management tools particularly in providing an excellent vehicle for the sterilization of structural liquidity injected into the economy by the fiscal operations of the Government. In addition, T-bonds have helped lengthen the yield curve thereby facilitating the pricing of other financial instruments in the market. The primary dealer system has continued to underpin the increase in the depth and access to liquidity in the Government securities market through support of the primary and secondary market operations.

The actual issuance of Treasury securities has been dependant on the periodic evolution of liquidity versus the forecast within the monthly liquidity management framework approved by both the Financial Markets Operations Sub-Committee (FMOS) and the Monetary and Credit Policy Committee (MCPC) in addition to the chosen mix of policy instruments. Management of rollover risk has been tied with management of the maturity profile for outstanding Treasury bonds stock. The Bank of Uganda has continued the practice of re-opening Treasury bonds to create benchmark bonds with greater liquidity. However, the re-opening of individual bonds has been capped at Shs. 100 billion to control rollover risk.

15.2 TREASURY BILLS AND BONDS

During the FY2010/11, the Bank of Uganda issued bills and bonds for different tenures for monetary policy implementation. During the year to 30 June 2011, a total of UShs 3,374.2 billion worth of new securities were issued of which UShs 2,154.2 billion were Treasury bills and UShs 1,220.0 billion were bonds, representing a securities mix of 64:36 for Treasury bills and bonds. Government securities' redemptions in the period under review amounted to UShs 2,422.3 billion. As at end June 2011, the total stock of Treasury bills stood at UShs 1,496.1 billion whereas Treasury bond stock stood at UShs 2,324.4billion. As at

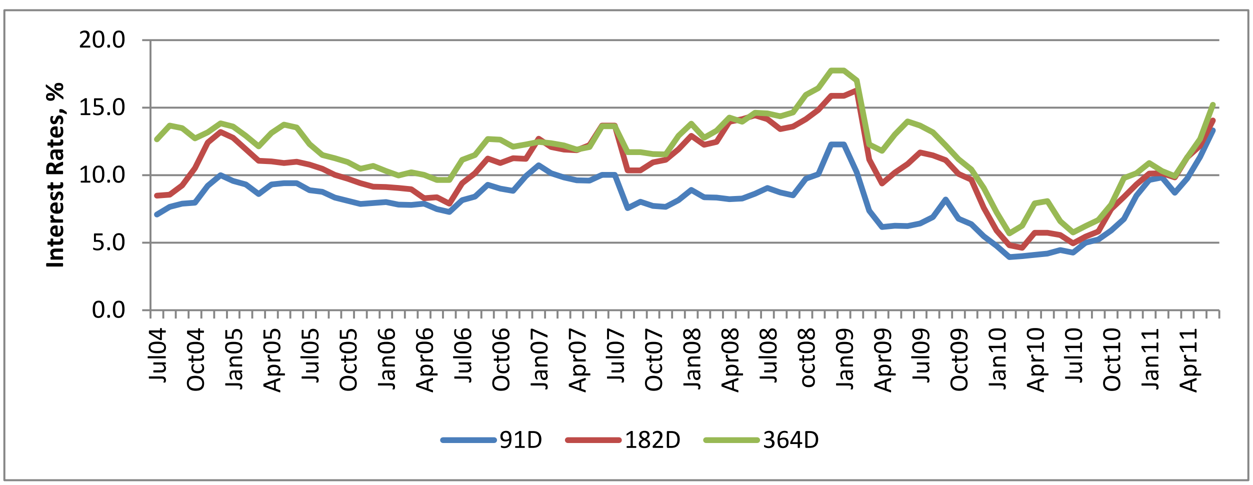
30 June 2011, out of the total stock of government securities, commercial banks held the largest portfolio to the tune of 65.0 percent, offshore investors held only 1.0 percent, government agencies held 13 percent, while other institutional investors and individuals held 21 percent of total securities stock.

15.3 SECURITIES RATES

The Bank pursued a tight monetary policy throughout the year in order to tame inflation pressures spurred mainly by local weather and other exogenous factors. In line with the rising inflation especially towards the end of the financial year, interest rates for both the short and long term segments of the market rose. By end-June 2011, the effective yields on the 91-, 182-, and 364-day Treasury bills stood at 13.299, 14.047, and 15.196 percent, respectively, which was a significant rise compared to the corresponding rates of 4.456, 5.571 and 6.581 percent by end-June 2010. Similarly, the discount rates on the 91-, 182-, and 364-day Treasury bills rose from 4.336, 5.349 and 6.175 percent to 12.294, 12.723, and 13.194 percent, respectively by end-June 2011.

The average yields to maturity on the 2- and 3-year bonds increased from 8.285 and 9.127 percent respectively at end-June 2010 to 12.735 and 12.542 percent respectively, at end-June 2011. The 5- and 10-year yields increased to 12.748 and 13.227 percent, respectively from 8.886 and 11.741 percent recorded at the end of June 2010. Interest rates significantly edged up across the maturity spectrum due to the generally tight liquidity stance pursued by the

Figure 19 Treasury Bill Effective Yield Rates (July 2004 – June 2011)



Source: Bank of Uganda

Bank especially towards the end of the financial year. This increase in rates was in spite of the fact that demand outweighed supply in the primary securities market auctions as evidenced by large auction oversubscriptions throughout the year.

15.4 THE REPURCHASE AGREEMENT (REPO) MARKET

The Repo market was used for short-term liquidity management. It registered total sales volumes of UShs 8,254.5 billion, which was comprised of 78.60 percent Reverse repos and 21.4 percent vertical repos. Vertical repos which were offered in tenures ranging from overnight to 7 days, registered total sales volumes of UShs 4,481.7 billion compared to sales of UShs 4,481.7 billion in 2009/10. The reverse repo market recorded a turnover of UShs 6,485.0 billion at a weighted average rate (WAR) of 6.80 percent in tenors of 1-10 days compared to UShs 2,027 billion at a WAR of 7.43 percent in 2009/10. The increased activity in the Repo market was due to Bank of Uganda's use of the flexible daily liquidity framework especially towards the end of the year when the Bank adopted inflation targeting lite as a new monetary policy framework. The short term Repo market interest rates remained fairly stable despite the generally tight liquidity trends throughout the period.

15.5 SECONDARY MARKET DEVELOPMENTS

As part of its mandate, the Bank has an obligation to support the development and stability of the financial system in Uganda. In this regard, the development of the money and capital markets was supported. During the period under review, trading in the secondary market for Treasury securities marginally increased from UShs 1,825.1 billion traded in the year to June 2010 to UShs 1,874.4 billion traded in the year to June 2011. The marginal increase in the volume was largely on account of the rising interest rates in the primary auctions that gave investors little profit-making opportunities through sale in the secondary market.

15.6 PRIMARY DEALER SYSTEM REFORMS

Since February 2003, the Bank of Uganda activated the Primary Dealer (PD) system. 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 Award for the Primary dealer of Government Securities for the Month. The results of the monthly award are used to determine the winner of the Award for the Primary dealer of Government Securities for the year. These two awards have promoted an increase in public awareness of the Primary dealers and the services that they provide to potential investors in Government securities. Many of the PDs have reflected 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 PD system in 2005.

Table 12 Winners for Primary Dealers in Uganda Government Securities since 2005

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

The PD system has resulted in remarkable improvements in market performance as reflected in the substantial growth in the auction oversubscriptions for Treasury bills, bonds and REPOs as well as the increased secondary market activity over the years. There are more PD reforms envisaged to be implemented in the FY 2011/2012 including introduction of non-bank dealers, underwriting of Government securities by PDs, daily updated secondary market yield curve information availed to the general public, setting bond coupons during auctions and the movement to a yield-basis away from the current price-based bidding method in primary auctions.

15.7 NEW CENTRAL SECURITIES DEPOSITORY (CSD) SYSTEM

In order to keep in line with the expanding vibrant market for government securities in Uganda, Bank of Uganda has since June 2008 embarked on a project for the procurement, customization, installation and implementation of a tested off-the-shelf CSD that is more operationally sound, secure, robust, reliable and efficient than the current system. Expected to be delivered in the early part of the second quarter of FY2011/2012, the system is envisaged to generate among others, the following benefits to the market:

- Electronic submission of bids by primary dealers on behalf of clients
- Automated secondary market and REPO (both horizontal and vertical) operations
- Online access by retail investors of relevant information on the CSD

- Online access of Government securities information by market participants
- Potential for being linked to the stock exchange depository and/or to a regional depository to allow the trading of equities, corporate and Treasury bonds.

Upon full implementation of 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 thereby support efficient mobilization of resources necessary for sustainable economic growth and development.

16 DEVELOPMENTS IN THE NATIONAL PAYMENT SYSTEM

The 2010/11 Financial Year (FY) registered further developments in the National Payment System. By definition, the National Payment System (NPS) is the payment system as a whole, and includes any payment system, settlement system, clearing system and any arrangement used in the process of effecting payments between payers and beneficiaries.

16.1 PAYMENT SYSTEM UPGRADES AND ON-GOING IMPLEMENTATIONS

16.1.1 RTGS UPGRADE

During the year, the Uganda National Interbank Settlement System (UNISS), also known as the Real Time Gross Settlement System (RTGS) was upgraded from one that only supports Ugandan Shillings to one that supports all the East African Community currencies. This was a prerequisite for the on-going implementation of the East African Cross-border Payment System (EAPS), a regional system that will facilitate transfer of funds within the East African Community, thus promoting more efficient trade between partner states.

16.1.2 EAST AFRICAN PAYMENT SYSTEM

Testing of East African Payment Systems (EAPS) functionality is going on between the three countries of Uganda, Kenya and Tanzania. The EAPS is expected to become operational, initially, between the aforementioned countries as Rwanda and Burundi prepare to join. The five Central Bank Governors met in Burundi, Bujumbura and signed the agreement establishing EAPS. Each Central Bank is supposed to sign the EAPS participation agreement with commercial banks in own country. In this regard, Bank of Uganda has completed signing the agreement with all commercial banks in Uganda

16.1.3 CENTRAL SECURITY DEPOSITORY

The implementation of a new and more robust Central Security Depository (CSD) that started last FY is at an advanced stage and is expected to go live in the second quarter of the FY 2011/12.

16.2 PERFORMANCE OF PAYMENT SYSTEM STREAMS AND INSTRUMENTS

During the FY 2010/11, there was a steady rise in volumes and values of electronic transactions processed through various National Payment System streams.

16.2.1 RTGS/UNIS SYSTEM AND ELECTRONIC CLEARING SYSTEM (USHS TRANSACTIONS)

The Real Time Gross Settlement (RTGS) System commonly known as the Uganda National Interbank Settlement System (UNISS) is a

Figure 20 RTGS and Electronic Clearing System Volumes

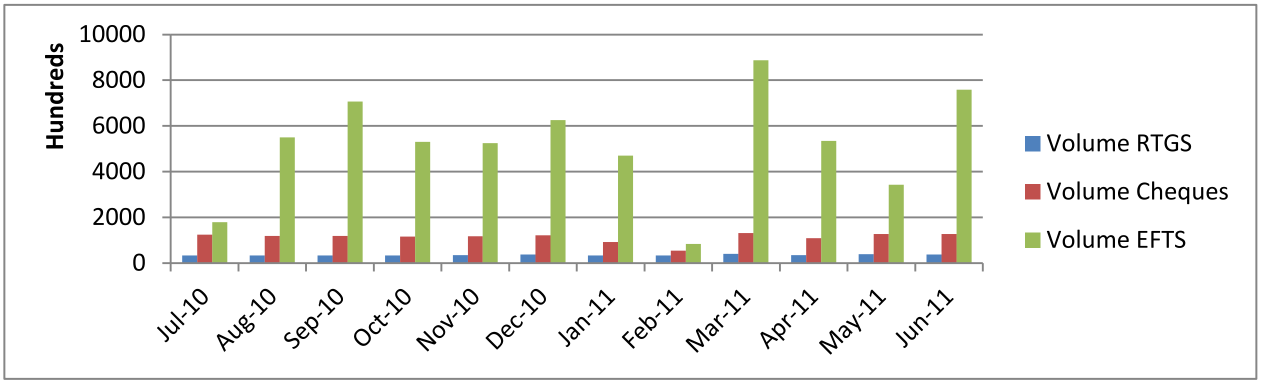
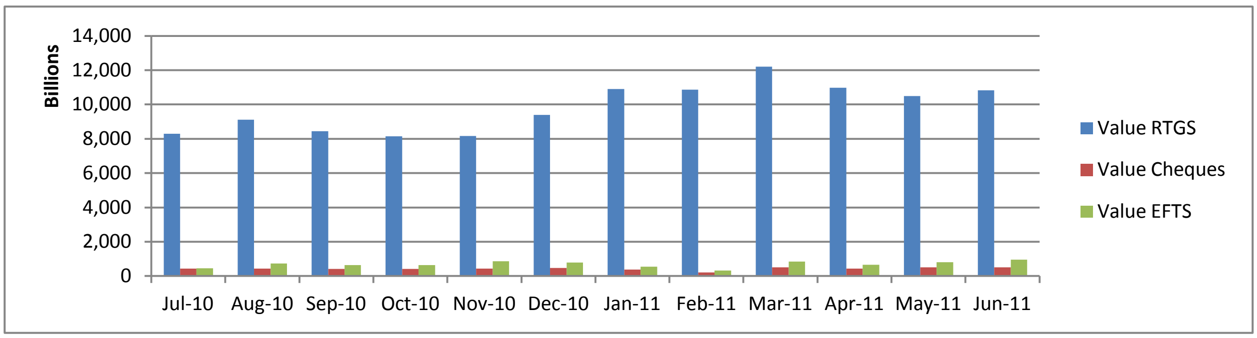


Figure 21 RTGS and Electronic Clearing System Transactions by Value



settlement system which transfers large values of funds on a real time basis. Currently twenty five (25) financial institutions, including Bank of Uganda, participate in UNISS. The Electronic Clearing System (ECS) facilitates the interbank clearing of low value payment instruments which include cheques and EFTs. For the Financial Year 2010/11 the RTGS transaction volumes were over 420,000 with a total value of over USHS 117.8trillion, cheque transaction volumes were over 1.3 million with a value of over USHS 5 trillion and the EFT transaction volumes were over 6 million with a value of over USHS 8 trillion.

Compared to both the cheque transactions and EFT credits, RTGS transactions were low by volume but very high in terms of value of transactions. RTGS contributed 89.75 percent by value of all transactions during FY 2010/11.

16.2.2 ELECTRONIC FUNDS TRANSFER

Both the Volumes and Values of Electronic Funds Transfer (EFT) transactions increased throughout the financial year, indicating an increase in the public`s usage of the EFT mode of payment. In July 2010, over 170,000 EFT transactions valued at over USHS 437.2 billion were cleared in the ECS. This figure has grown to over 758,000 transactions valued at over USHS 962.8billion in June 2011. The highest volume was over 887,000 transactions in March 2011 with a corresponding value of Ushs 839.9 billion.

By the end of the FY, EFT transaction volumes had grown by more than 400 percent while the values had more than doubled.

In general, there has been an upward trend in the number of EFT transactions throughout the year. Each quarter was characterized by a having a minimum number of transactions at the beginning and a maximum number at the end. This could be explained by the fact that Ministry of Finance release funds to government ministries on a quarterly basis.

Monthly EFT transaction values from Uganda Shillings 8 trillion at the beginning of the FY - July 2010 to Uganda Shillings 10 trillion at the end of the FY. The lowest monthly transaction value during the period was USHS 8.1 trillion, in November 2010.

The two graphs below show a comparison of the three methods of payment. It is shown that RTGS is a low volume, high value method of payment. Whereas the volumes are low, values are very high and growing meaning that the public have accepted RTGS as a means of high value payment.

In summary, it can be said that RTGS transactions are high value low volume, very few transactions contribute a very big proportion of the value of the cashless transactions in the economy. On the other hand, both cheque and EFTs are low value high volume transactions with very many transactions accounting for a low proportion of total value of the transactions. However, it can be seen that EFTs are increasingly taking on more significance compared to the cheque mode of payment. This is in line with BOU objective of promoting safe and efficient payment systems in the country.

Figure 22 Local Foreign Currency Clearing (LFCC) Transactions by Volume

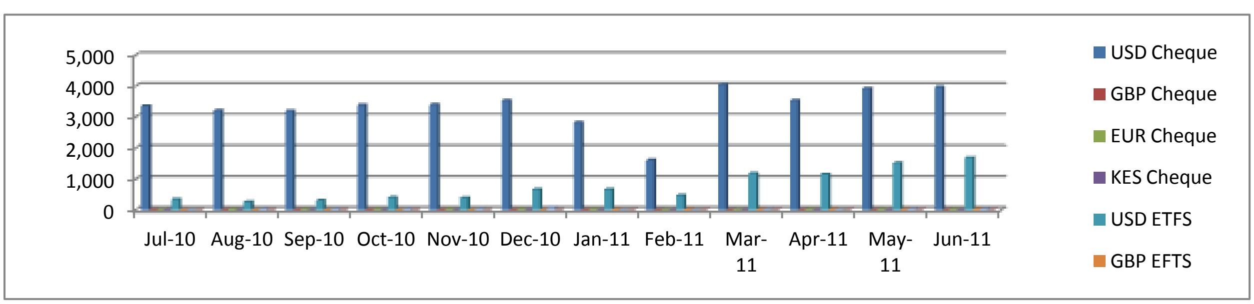
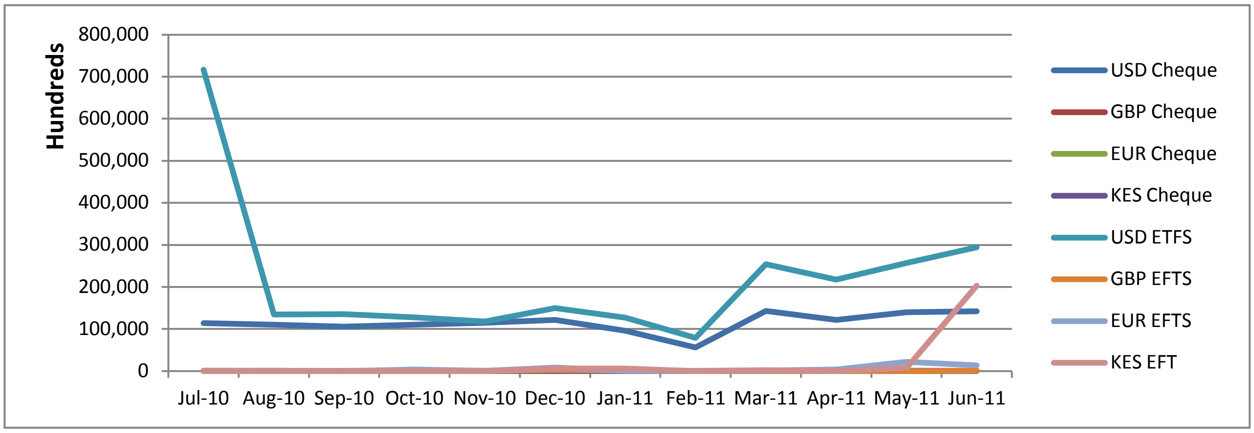


Figure 23 Local Foreign Currency Clearing (LFCC) Transactions by Value



16.2.3 LOCAL FOREIGN CURRENCY CLEARING (LFCC)

LFCC was introduced in July 2009 to facilitate clearing of payment instruments denominated in USD, GBP, EUR and KES Cheques that are issued on financial institutions in Uganda. In addition to cheques, EFTS in foreign currency are now cleared in the Clearing House at BOU.

Local Foreign cheques and EFT Credits have been gradually accepted and used by the market as evidenced by the steady growth in transaction volumes and values.

In the FY 2010/11, LFCC transaction Volumes increased by over 20 percent with the highest volume in March 2011, indicating a gradual increase in acceptance and usage of this payment stream by the public.

The Value of transactions also increased by over 24 percent, indicating potential for the product

Figure 24 ATM cash Withdrawals by Volume

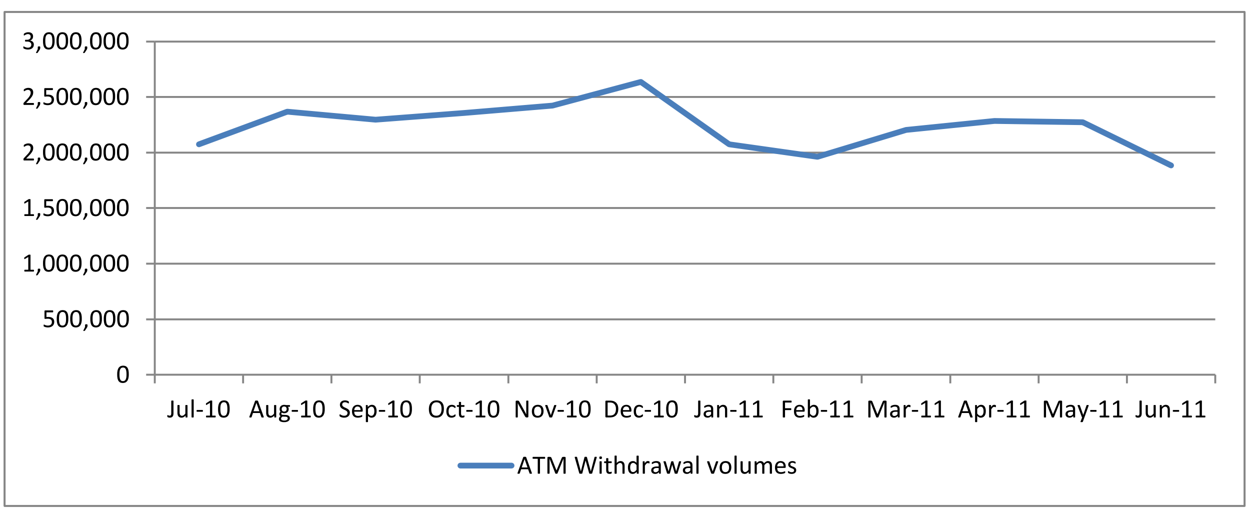
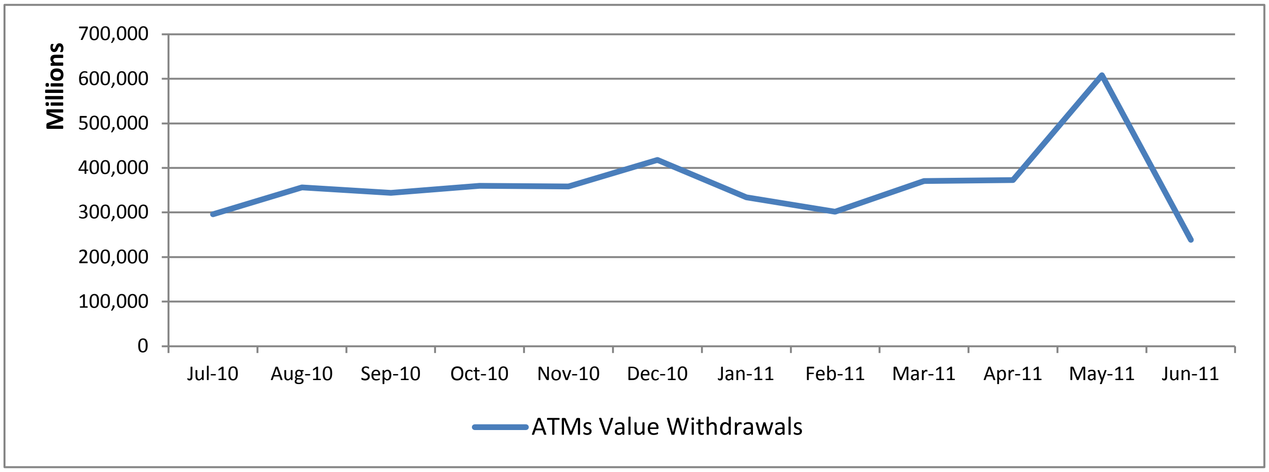


Figure 25 ATM cash withdrawals by Value



to be used widely in future.

The USD has performed better that other currencies (GBP, EUR and KES) are yet to be widely accepted by the public and as such their use is very low.

16.2.4 AUTOMATIC TELLER MACHINES (ATMS)

This FY registered an addition of over 30 ATMs from last FY 2009/. The bank with the highest number of ATMs contributed 32.16 percent, the next two contributed 12.8 percent and 10.88 percent respectively.

During the year, there were over **26 million** ATM cash withdrawals valued at **over USHS 4.357 billion** and a total of **over 1.2 million** cash deposits valued at over USHS **208 billion**.

Over the reporting period, most of the

Figure 26 ATM Cash Deposits by volume

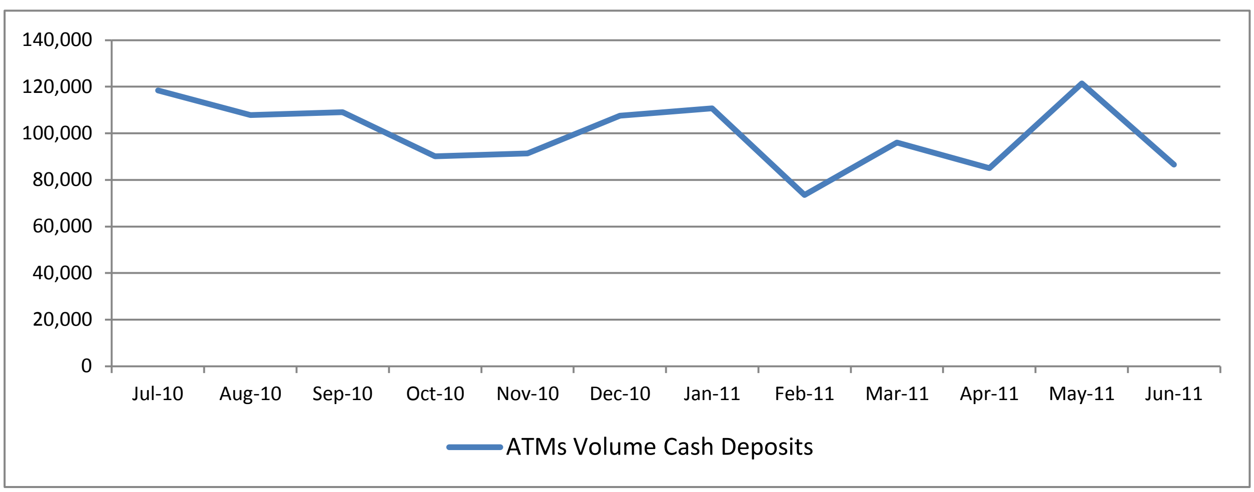
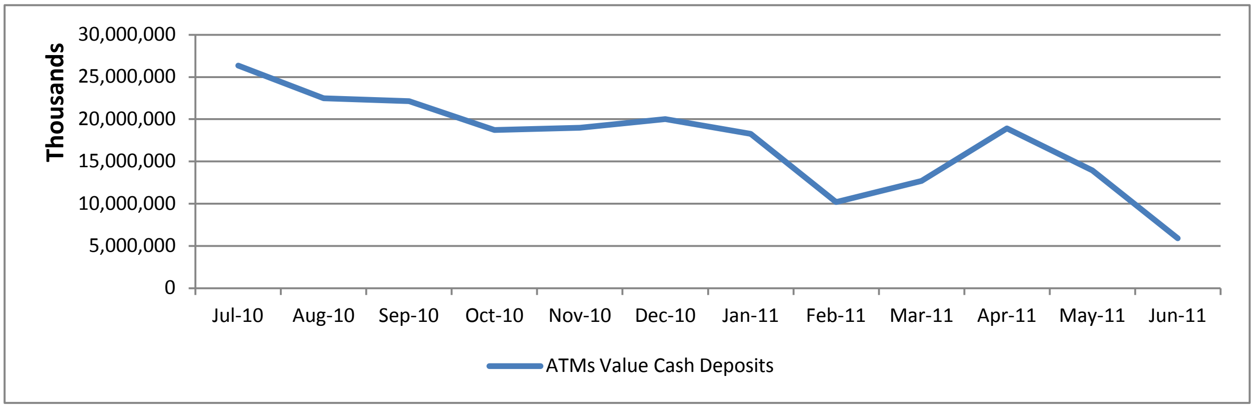


Figure 27 ATM Cash Deposits by value



commercial banks and very few Non-Bank Financial Institutions possessed ATMs. Only a few banks did not own ATMs and some of these were using the Bankom (now Inter switch) network. A few banks had their own ATM networks while they also participated in the Bankom network and still have their own ATM networks.

Some Banks have VISA and Master Card enabled ATMs and are therefore able to offer cash to all VISA and MasterCard holders regardless of the issuing Bank.

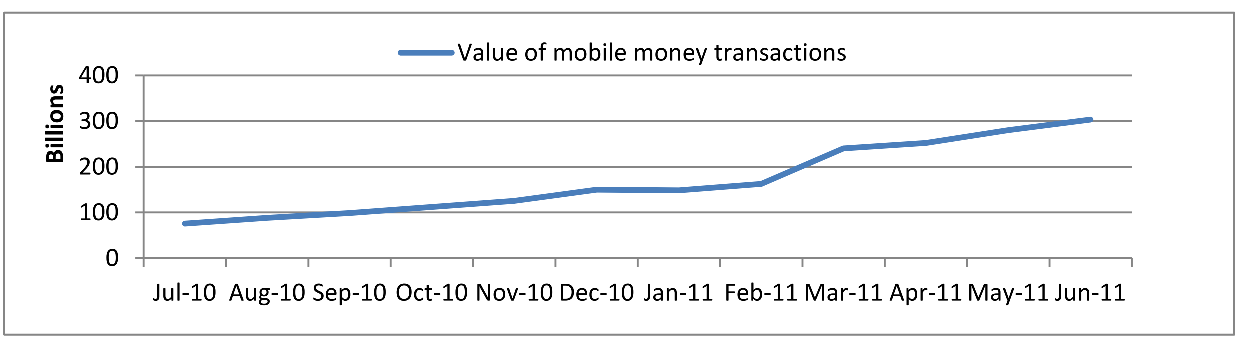
ATMs offer cash deposit facility; however, not all banks do offer this facility and even those that do, not all ATMs are able to offer the service. As a result the volume and values of the ATM Cash deposits are so small compared to the volume and values of the ATM cash withdrawals.

Other facilities offered by ATMs include balance enquiry, mini statements, cheque book ordering and ordering air time.

16.2.5 MOBILE MONEY

Mobile Money transfer services have been in

Figure 28 Mobile Money Transactions by Value



operation since March 2009, with mobile phone operators opening up trust accounts at various commercial banks during the reporting period the three mobile companies that had been are offering mobile funds transfer services continued to do so with the number of customers rising to over 2 million. Mobile money performance for this FY period was as indicated in the line graph below.

16.3 FRAUDS AND FORGERIES

Data from 22 commercial banks indicated 123 volumes of successful frauds valued at USHS less than 4.4 billion and 50 unsuccessful attempts valued at over USHS 2.9 billion.

Below are tables showing the different trends of attempts and successful Fraud and Forgeries per month.

Figure 29 Mobile Money Transactions by Volume

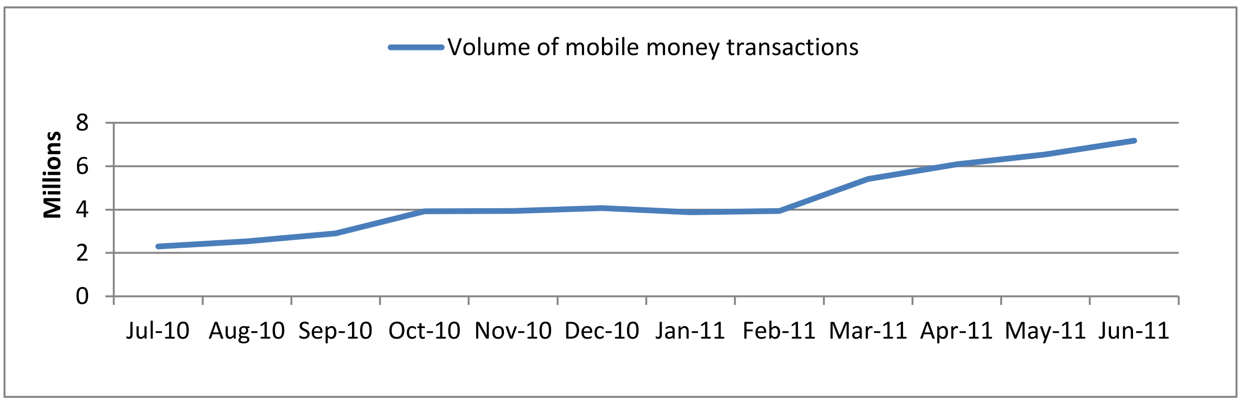


Table 13 Trends of attempts and successful Fraud and Forgeries

	SUCCESSFUL FRAUDS & FORGERIES		FAILED FRAUD & FORGERY ATTEMPS	
Months	**Volume**	**Value**	**Volume**	**Value**
Jul-10	13	157,449,800	7	49,300,050
Aug-10	18	500,125,582	1	14,000,000
Sep-10	18	884,882,534	5	18,630,000
Oct-10	6	20,007,121	3	258,710,000
Nov-10	3	42,625,000	6	165,624,381
Dec-10	13	194,764,558	3	9,050,000
Jan-11	4	1,651,255,426	1	3,550,000
Feb-11	10	99,650,558	1	87,420,000
Mar-11	7	37,866,668	8	1,521,480,000
Apr-11	14	122,479,524	-	-
May-11	8	15,590,000	7	807,000,000
Jun-11	9	599,280,000	8	23,948,500
Total	**123**	**4,325,976,771**	**50**	**2,958,712,931**

17 INTERNAL AUDIT FUNCTION

During the year 2010/11 Internal Audit Function focused on its mission of providing independent assurance and consulting services to the Board and Management of the Bank. The work plan covered the Customer, Financial, Internal processes and Sustainability perspectives and 15 Strategic objectives of the Strategic Plan SP2013. Overall, 51 tasks representing 86 percent of planned activities were accomplished during the year. In addition to these, other tasks outside the work-plan were performed.

Operational, Financial, System, Compliance and Investigative audits were executed in Banking, Currency, Non-Bank Financial Institutions, Accounts, Research, Payments and Settlements, Statistics and Financial Markets, Human Resources, Administrative Services, Communications and Security Departments.

System audits covered evaluation of databases and application controls of various systems including, Society of World Wide Interbank Financial Telecommunications (SWIFT), Oracle Purchasing and Inventory Module (PAI), and Real Time Gross Settlement system (RTGS). Technical reviews for new applications such as the Central Securities Depository (CSD) also conducted. The BOU Banking System (BBS) went live in July 2010. Internal Audit participated in some of the go-live activities.

Quarterly reviews of the reconciliation between the Monetary Authority Balance sheet and the BOU Balance sheet were conducted. Follow-up of Management implementation of External and Internal auditors' recommendations was conducted on quarterly basis.

Capacity building was undertaken by staff during the year. This included in-house training on the Internal Audit Teammate Suite and Audit Command Language (ACL).

Overall audit assessment indicated that a sufficient framework of key controls was in operation in the Bank of Uganda, for its objectives to be achieved.

18 INFORMATION TECHNOLOGY DEVELOPMENTS

The Information Technology (IT) department is responsible for the achievement of one of the Bank's strategic objectives "Timely and reliable information". In this regard, the Bank undertook initiatives and to improve IT Governance.

One notable development that took place during the year was the establishment of the Information Technology Function – reporting to the Governors' Office - to facilitate further automation of the Bank's business processes and to enhance IT service delivery.

18.1 BUSINESS AUTOMATION

In July 2010, the Bank cut-over to the live operation of the BOU Banking System (BBS) – an off-the-shelf core banking system intended to improve service delivery to the Bank's customers through the automation of banking operations. The system has operated successfully throughout 2010/2011, culminating in a successful year end closure at the end of June 2011. Going forward, the Bank intends to exploit additional features of the BBS to rationalize systems, improve efficiencies and enhance customer services.

During the year, the Bank participated in regional activities related to the East African Cross-Border Payments System (EAPS). In particular, the Bank's vendor upgraded the RTGS to support the East African regional currencies. The upgrade was tested and is scheduled to go live during FY2011/12.

The Bank successfully utilized its Oracle Human Resources Management System (HRMS) for the automation of Human Resource Management processes. On-line performance appraisals were conducted for all staff, and the on-line recruitment module was used to process internal applications from staff for vacancies. The on-line recruitment module will be used to process applications from potential recruits outside the Bank early in FY2011/12.

The implementation of an off-the-shelf Central Securities Depository (CSD) System supplied by CMA Small Systems AB was delayed as a result of issues related to the acquisition of the manufacturer of the Bank's preferred hardware platform. The issues were ultimately resolved, and project activities have since resumed. The new system is expected to go-live in November 2011.

18.2 IT INFRASTRUCTURE

The Bank successfully undertook a formal exercise to verify the effectiveness of Business Continuity arrangements for its payment processes during the year. The Bank continued to effect improvements to other aspects of its IT infrastructure, in response to business requirements and security and maintenance imperatives.

18.3 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. A COBIT IT maturity assessment was conducted by an external consultant - steady progress towards the achievement of IT maturity targets was recognised. In FY2011/12, a compliance framework will be developed to ensure adherence to methods and procedures adopted under the COBIT program.

As part of its program to improve project management procedures and practices, the Bank arranged for formal training and certification of staff, as well as briefings to members of the Board, on PRINCE2, the project management methodology. IT project proposals were documented using new procedures for IT project formulation and selection during the year. Going forward, IT related projects will be managed using new IT project management procedures based on PRINCE2 that have been developed.

19 FINANCIAL FRAMEWORK

19.1 INTRODUCTION

The financial framework for the Bank is to assist management to manage its resources more efficiently, to provide timely information to all the key stakeholders in line with the strategic objectives of the Bank.

The Bank in line with its mandate continued to work towards the achievement of the following major objectives during the financial year 2010/2011;

i. Maintaining Price Stability,
ii. Supervising and Regulating of financial and non bank financial institutions,
iii. Facilitating an efficient and Safe Payment systems,
iv. Providing Banking and Currency Services to Government and the financial institutions,
v. Prudent management of External Assets Reserves,
vi. Promoting good Governance and Policy,
vii. Harnessing regionalism.

Below is a summary report on the budget performance in line with the strategic objectives for the financial year under review.

19.2 BUDGET PERFORMANCE

19.2.1 MAINTAINING PRICE STABILITY

The Bank remained focused on the objective of maintaining low and stable inflation with a set target for the core inflation of 5 percent.

For the financial year ended 30 June 2011, the Bank spent Shs. 14,182 million (June 2010 Shs. 15,835 millions) towards this objective against the allocated budget of Shs.13,740 million for the year representing an adverse variance of 36 percent .The main cause for this variance was attributed to losses of Shs. 4,471 million arising from intervention in an effort to provide support for the nominal exchange rate.

Table 14 and Figure 30 show the summary of the expenditure according to the strategic objective of the Bank.

19.2.2 FACILITATING EFFICIENT AND SAFE PAYMENT SYSTEMS

The Bank continued with the automation of all processes in order to improve service delivery. As a result, new systems were implemented , and some upgraded; these included; BoU Banking System (BBS) a subsidiary ledger that houses all customer transactions which comprise mainly of government accounts, Central Securities Depository (CSD) for housing government securities, and Real Time Gross

Table 14 Recurrent Expenditure for the year ended 30 June 2011

Expenditure	Approved	Actual	%tage
(Shs'Millions)	Budget 2010/1	To 30 June 11	Variance
	A	B	(A-B)/A
Monetary Policy Implementation/Harnesing Regionalism*	13,740	14,182	-3%
Regulation and Supervision	9,296	8,562	8%
Banking & Currency	80,395	78,692	2%
Efficient Payment System	7,499	7,747	-3%
Reserve Management Fees	7,827	7,689	3%
Governance & Policy	13,796	12,569	9%
Cost of Core Mandates before Overheads	**132,553**	**129,441**	**2%**
Over head Costs	62,837	68,598	-9%
Total controllable expenditure	**195,390**	**198,039**	**-1%**
Depreciation	11,455	15,888	-39%
Total recurrent expenditure**	**206,845**	**213,927**	**-3%**
Add: Provision		153,153	
Total Expenditure	**206,845**	**367,080**	
*Harnesing Regionalism	1,088	1,338	-23%
**Includes Shs. 5,112 million for IMF & Reserve management fees			

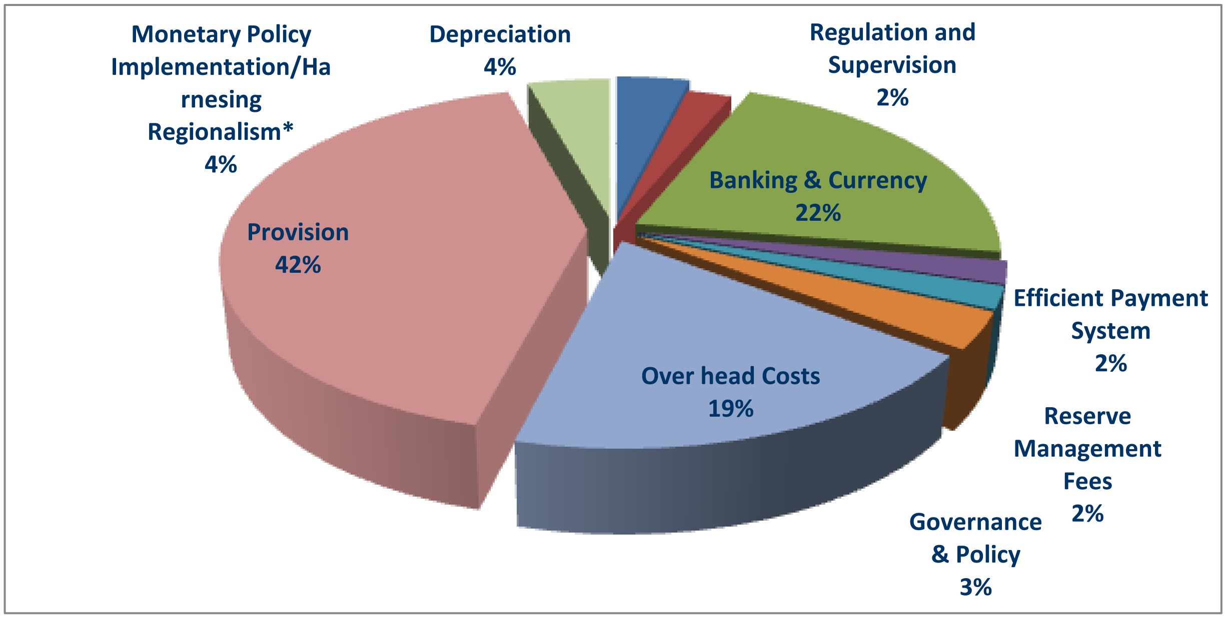
Settlement System (RTGS) which settles transactions between participating financial institutions on a real time basis. As a result, the payment system remained largely stable and efficient, guaranteeing an up time of at least 90 percent with no major disruptions in the Clearing processes.

Shs. 7,499 million (including staff costs) was allocated to this objective and at the end of 30 June 2011, Shs. 7,747 million (June 2010 Shs. 6,414 millions) had been utilised representing an adverse variance of Shs. 248 million (-3 percent). The adverse variance is mainly attributed to the increase in the foreign denominated expenses such as licence fees and support maintenance costs as a result of a depreciation of the shilling.

19.2.3 BANKING & CURRENCY SERVICES

In line with its mandate, the Bank continued to ensure availability of clean notes and coins in such amounts, denominations and quality to meet the needs of the public so as to support the increased economic activity. Currency Costs take up a big share of Bank's costs. Expansion in the economy resulted in the issue of more new currency. Also, the economic business activities in the DRC and Southern Sudan until recently, contributed to the increased quantity demanded for currency notes and coins. Currency-in-circulation has more than tripled to Shs. 2,192 billion when compared to the levels

Figure 30 Distribution of Actual Expenditure for the Year ended 30 June -2011



of 2003, where it was only Shs. 513.2 billion. The enhanced security features on the new family currency notes saw a reduction in counterfeits. The New 50,000 note design won the Bank an international award in the category of the best presented design according to world standards.

In addition, currency handling infrastructure was improved with the commissioning of a new branch at Mbale in the East.

In order to provide adequate assurance in regard to meeting the needs of the public and acceptance of the new currency, customer surveys were conducted on notes/coins acceptance. The results of the survey indicated that coins were in big demand for the day to day transactions. Public awareness on the salient improved security features of new family of currency notes took place using the various electronic media such as television and radios

Towards this objective, Shs. 80,395 million was provided and Shs. 78,692 million (June 2010 Shs. 105,868 millions) had been utilised by 30 June 2011 representing a usage of 98 percent. Currency printing and coins minting alone cost the Bank Shs. 61,634 million (June 2011 Shs. 90,124 millions) against a budget of Shs. 62,151 million for the year ended 30 June 2011.

19.2.4 PRUDENT MANAGEMENT OF EXTERNAL RESERVE ASSETS

The Bank's strategy on ensuring the prudent management of reserves is premised on identifying alternative financial products that will boost the earning capacity of the Bank. Consequently, the Bank engaged two additional fund managers namely JP Morgan and Goldman Sachs, to bring the total number of the current fund managers to three. This is in addition to joining the World Bank Reserve Assets Management Programme (RAMP).

The Board of Directors also approved diversification into the emerging markets.

Despite the above development, the Bank still faces a major challenge of low interest rates on investments which resulted into low earnings. This was compounded by the depreciation of the shilling to the extent that it increased the foreign denominated expenses such as the fund management fees leading to budget overruns.

The Bank incurred Shs. 7,689 million (June 2010 Shs. 7,008 millions) to manage external assets reserves against a budget of Shs. 7,827 million allocated for the year.

Presented below under Section 19.2.5 is the breakdown of income generated from the Assets of the Bank for the financial year ended 30 June 2011;

19.2.5 INCOME

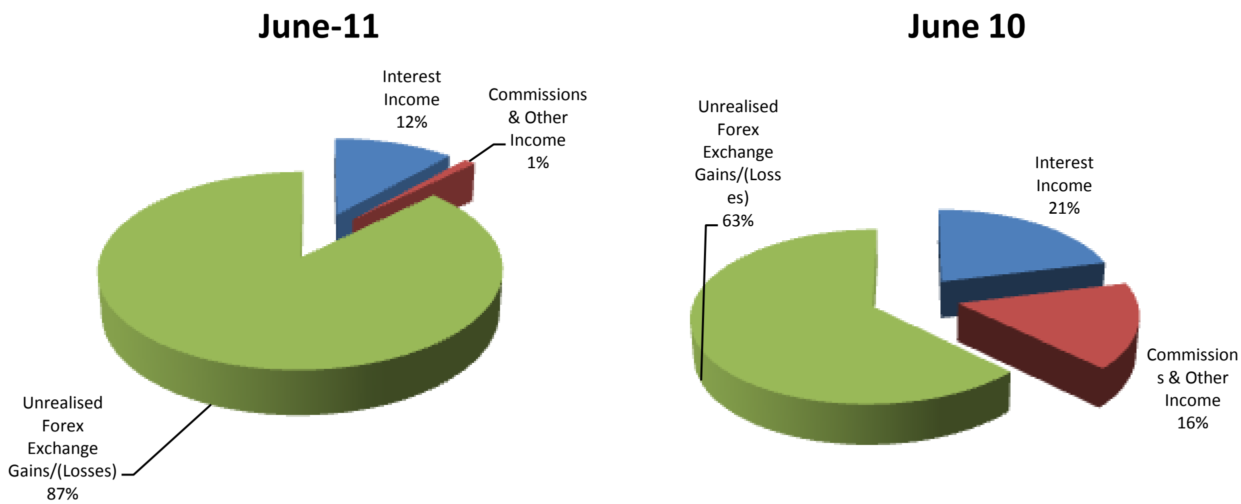
During the year under review, the Bank realised a total Income of Shs. 1,093,529 million compared to Shs. 172,705 million registered in 2010. This increase is mainly due to unrealised foreign exchange and fair value gains of Shs. 955,373 million (June 2010 Shs.109,932 million) on account of depreciation of the shilling against major currencies and local interest income earned on Government drawdown.

In operating terms, the Bank earned an operating income (before unrealised foreign exchange and fair value gains) of Shs.138,156 million (June 2010: UShs 62,773 million) compared to the projected annual income of UShs 141,400 million. This resulted in an adverse variance of UShs 3,244 million (-2.3

Table 15 Income Distribution for the year ended to 30 June 2011

Source of Income	Approved Budget 2010/2011 UShs 'millions	Actual Income To 30-June-11 Shs' millions	Variance (Prorated compared to Budget) %	Percentage Contribution
	A	B	(A-B)/B	
Interest Income	129,560	126,884	-2%	12%
Commissions & Other Income	11,840	11,272	-5%	1%
Unrealised Forex Exchange Gains/(Losses)	-	955,373		87%
Total Income	**141,400**	**1,093,527**		

Figure 31 Distribution of actual income



percent), before taking into account unrealised foreign exchange and fair value gains of Shs. 955,373 million.

Table 15 and Figure 31, show the distribution of the major income sources during the financial year. As can be deduced from the table, interest Income realised 12 percent, followed by commissions & Other Income at 1 percent, the unrealised foreign exchange and fair value gains accounting for 87 percent of total income

19.2.5.1 INTEREST INCOME

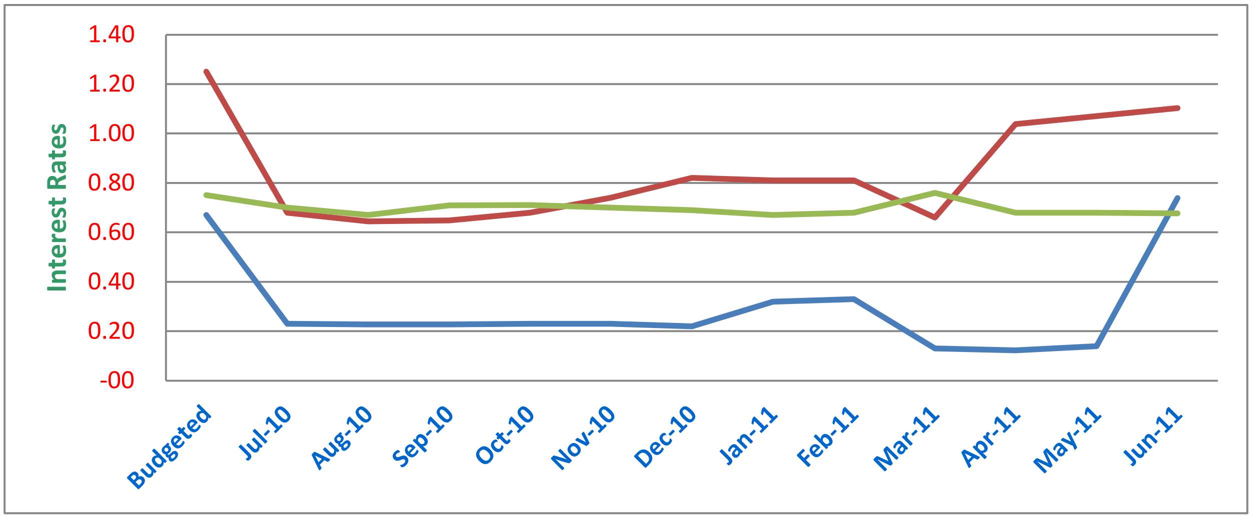
Interest income earned from foreign and local investments amounted to UShs 126,884 million (June 2010: UShs 36,957 million) compared to the estimated Income budget of UShs 129,560 million for year registering a negative variance of UShs 2,676 million (-2 percent).

The interest rates outturn in the US zone, the Federal Reserve Bank rate averaged between 0.0 percent and 0.24 percent. In the UK, the Bank of England rate averaged at 0.7 percent, while the Euro zone stood at 0.72 percent compared to the budgeted rates of 0.67 percent, 0.75 percent and 1.25 percent respectively.

The Uganda shilling was volatile against the US Dollar averaging UShs 2,324 for the year while the GBP and EURO were UShs 3,694 and UShs 3,156 compared to the projected rates of UShs 2,081, UShs 3,176 and Shs.2, 979 respectively.

Figure 32 and Figure 33 show the trends of interest and exchange rates respectively for the period to 30 June 2011.

Figure 32 Interest rate trends



19.2.5.2 COMMISSIONS & OTHER INCOME

Commissions and other income includes commission on development finance loans, RTGS charges, sale of receipt books for forex bureaus, disposal of old bank assets, commission on letters of credit, forex bureau license fees, rental income and recovery of previously written off loans. .

Earnings from this source during the year decreased by 56 percent to UShs 11,272 compared to the previous year's figure of UShs 25,816 million. The Bank had projected to earn UShs 11,840 million for the year. The favourable rate of return was largely attributed to the recovery of previously written off loans.

Figure 34 shows the Income trends for the

Figure 33 Exchange rate Trends

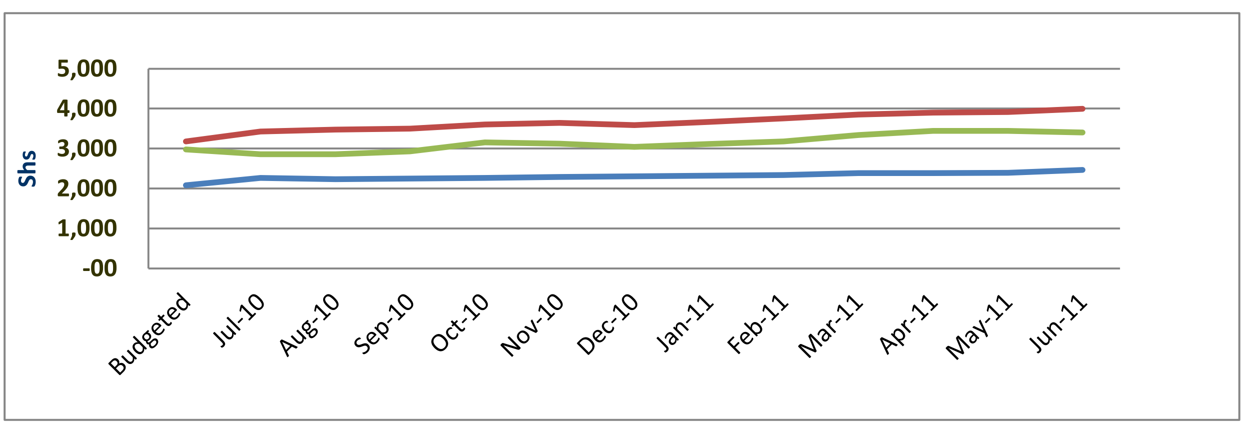
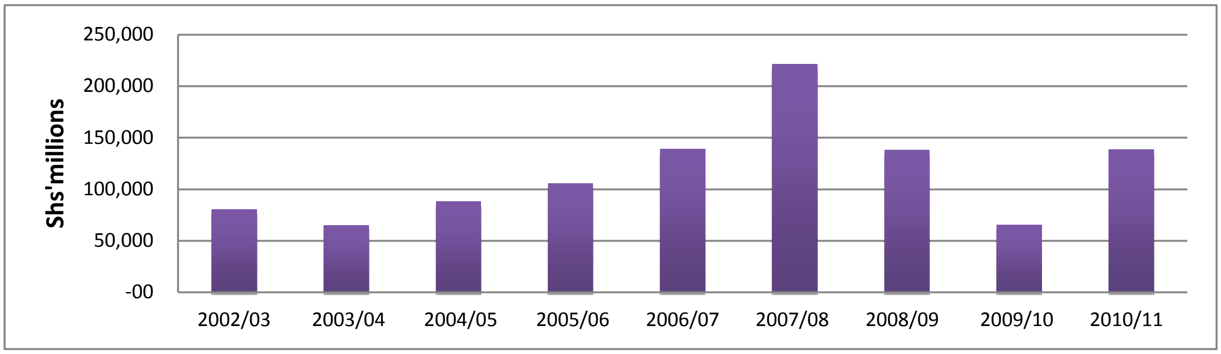


Figure 34 Interest Income & Commissions (2002/03-2010/11)



financial years, 2002/03-2010/11, and

The graphical presentation in Figure 35 below shows the estimated against actual Income for the period 2005-2011

19.2.6 SUPERVISION AND REGULATION OF FINANCIAL AND NON-BANK FINANCIAL INSTITUTIONS

In line with its mandate, the Bank regulates and supervises all commercial banks, credit institutions, forex bureaus and MDIs by conducting onsite and offsite surveillance. The surveillance reports indicate that the Banking sector remained financially sound and all supervised institutions were adequately capitalised and are generally liquid.

The Bank is currently implementing the new capital regulations that were gazetted by Government in October 2010, with an aim of strengthening financial soundness of all the supervised Institutions.

One financial institution was licensed during the

Figure 35 Actual against budgeted Income (2005/06-2010/11)

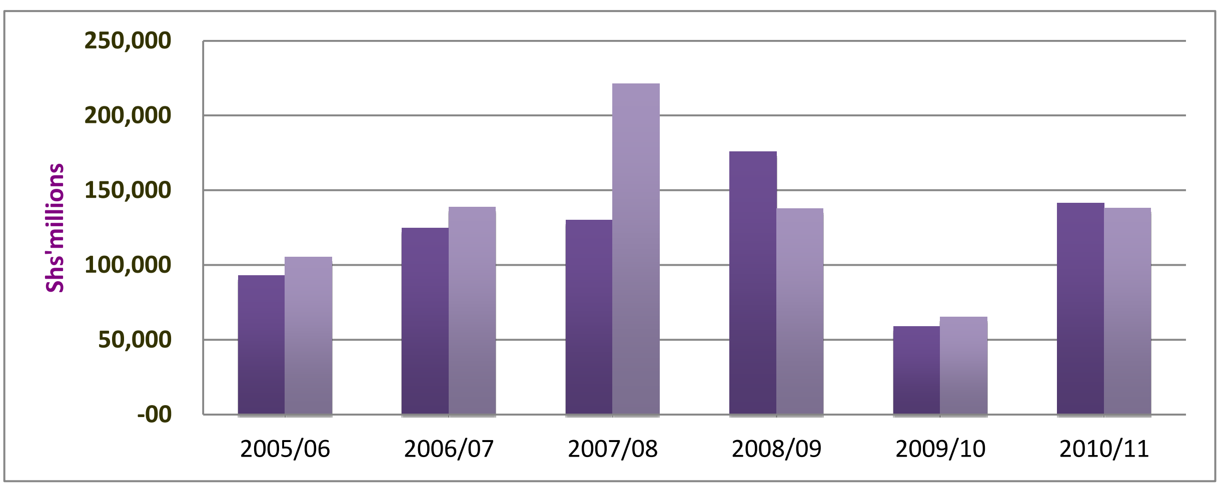
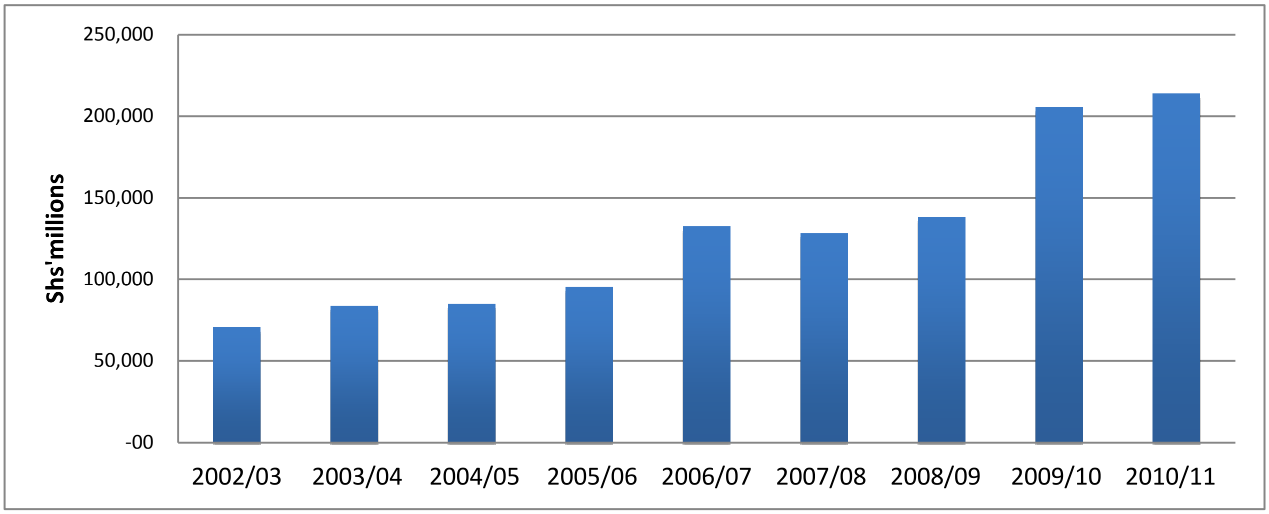


Figure 36 Total Operating Expenditure 2002/03-2010/11



year bringing the number of supervised commercial banks operating in the country to 23.

The Bank is now looking into establishing a framework to guide the numerous financial innovations such as the mobile money, "Bancassurance" and Islamic Banking. Also additional responsibility of coordinating literacy and financial inclusion campaign in the financial sector was assigned to the Bank. With the support of Donors such as GIZ (formerly GTZ), workshops were conducted in this regard.

There is now a tighter regulatory regime to guide the operations of financial institutions while conducting business in accordance with FIA 2004.

Shs. 9,296 millions was allocated to this objective out of which Shs. 8,562 million was incurred representing a favourable variance of Shs.734 million. Figure 36 above shows the operating expenditure trends (2003-2011)

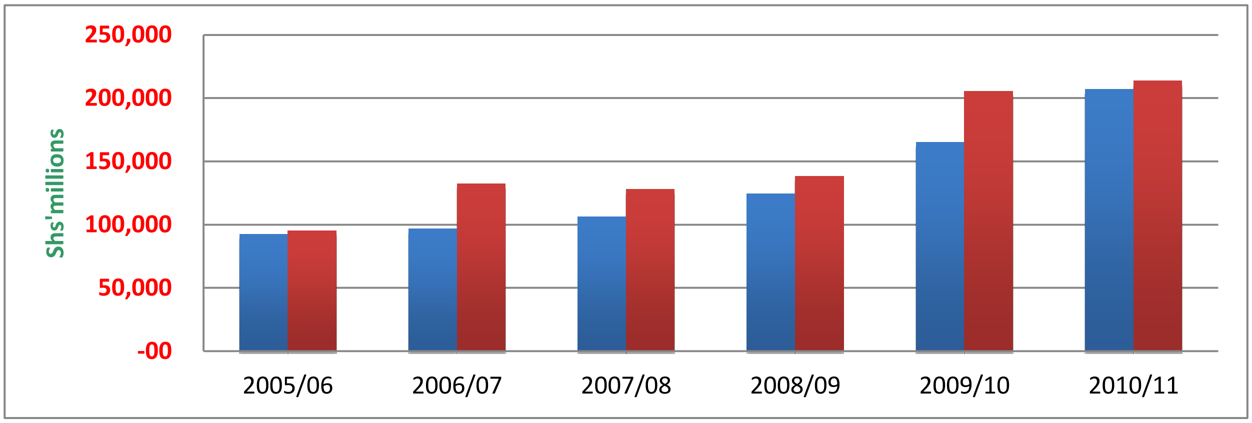
19.2.7 HARNESS REGIONALISM.

As part of the Harmonisation project under the Umbrella of the East African Community, the Bank continued to participate in the activities of the EAC Central Banks. Several meetings of MAC took place under the respective sub Committees of Legal, Banking & Currency, Accounting & Finance, Financial Markets and Monetary Policy, and positions have been reached where each Central Bank is expected to comply.

The Bank continued collaborating with other institutions like the World Bank and IMF on key financial sector matters.

In liaison with Ministry of Finance, Planning & Economic Development, the Bank is responsible for ensuring the proper management of the

Figure 37 Actual against budgeted Expenditure (2005/06-2010/11)



public debt and regular scheduled meetings took place on matters of debt management.

Shs. 1,088 million was provided for this objective out of which Shs. 1,338 million was utilised during the year representing an adverse of Shs. 250 million (23 percent). The negative variance is mainly attributed to the unstable exchange rates which greatly impacted on all the foreign related expenses. Figure 37 shows the actual against budgeted Expenditure for the financial years, 2005/06-2010/11.

19.2.8 PROMOTING GOVERNANCE AND POLICY

The Bank has in place a Governance framework that steers the strategic direction of the Bank in accordance with the Mission and Vision. This oversight was demonstrated by Management and the Board through the major policy decisions taken during the period. Management determined several policy actions covering a number of areas which included Staff welfare, Bank structure, efficiency and cost rationalisation.

Bank operations are increasingly susceptible to risks because of the fast paced changes in the operating environment. Technological advancement, globalisation and economic upheavals world-over impose an obligation for the Bank to insulate its business against events that may potentially affect its operations.

Business continuity plans and arrangements are in place. Initiatives have commenced to conduct a business impact analysis and penetration testing. The results of the exercises will enrich the banks business continuity planning.

A number of activities therefore took place and were aimed at building capacity and sensitisation of staff in risk management. The activities conducted included workshops for senior managers and directors and updating of the risk registers. The Strategy & Risk Management department was also restructured to strengthen its oversight of risk functions in the Bank.

Capacity building in risk management under bilateral arrangements with other Central Banks such as Bundesbank has been embraced. Risk management reporting and analysis automation process has commenced with anticipated benefits of efficiency and completeness.

Shs. 13,796 million was provided for this objective out of which Shs. 12,569 million was spent during the year representing 91 percent utilisation of the total budge towards this objective.

19.2.9 OVERHEADS

Overheads mainly comprise all costs that are not directly attributed to the core mandates of the Bank but give support to the core functions in the achievement of the core objectives. These costs mainly cover administration and other support services, such as management of construction of buildings as well as other works, plant & equipment maintenance, facilities management, procurement services, inventory/stock management, transport services, fixed assets management, catering services, insurance services and staff building loan scheme.

In addition, policy reviews were undertaken in a number of areas to improve the management of people, including E-learning, succession management, staff welfare, recruitment, alignment of the organization structure of the Bank, whereby some departments were restructured. Consultants were engaged in some cases to advise in some of the specialized areas. Management was focused on ensuring that staffs remain relevant in their roles through various training programmes in order to enhance their contributions to the fulfilment of the Bank's mission.

The Bank allocated Shs. 62,837 million towards this expenditure and UShs 68,599 million was spent by 30 June 2011 representing an adverse of Shs. 5,762 million, 9 percent more of the approved budget. The variance is mainly due to UShs 2,741 million as provision for outstanding leave and Shs. 2,131 million from staff retirement and terminal benefits. This expenditure includes Shs. 19 billion incurred under the early retirement/voluntary termination of service section that was implemented during the year.

The depreciation expense amounted to Shs. 15,888 million compared to a budget of Shs. 11,455 million resulting in an adverse of Shs. 4,433 million (-37 percent). The adverse variance is mainly due to the rolling out of the BOU Banking System (BBS) which was not put

Table 16 Trends in the income and expenditure patterns for the years 2005/06 to 2010/11

	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Budget 2011/12
Income							
Interest Income	95,849	118,536	195,207	114,804	38,254	129,532	57,563
Interest Expense (IMF charges)	(3,490)	(3,220)	(2,116)	(1,279)	(1,297)	(2,648)	(1,400)
Net Interest Income	**92,359**	**115,316**	**193,091**	**113,525**	**36,957**	**126,884**	**56,163**
Commissions & Discounts	14,530	25,281	29,237	26,334	27,850	13,742	14,889
Commissions & other Expenses	(1,479)	(1,786)	(1,198)	(2,109)	(2,034)	(2,470)	(4,903)
Net Commissions & Discounts	**13,051**	**23,495**	**28,039**	**24,225**	**25,816**	**11,272**	**9,986**
Net Interest Income & Commissions	105,410	138,811	221,130	137,750	62,773	138,156	66,149
Foreign exchange and fair value gains/(Losses)	120,235	(266,789)	99,876	767,335	109,932	955,373	-
Total Operating Income/(Loss)	**225,645**	**(127,978)**	**321,006**	**905,085**	**172,705**	**1,093,529**	**66,149**
Expenditure							
General & Administration Costs	(58,870)	(85,445)	(72,407)	(90,763)	(91,825)	(125,501)	(116,001)
Currency costs	(13,832)	(16,168)	(23,212)	(30,967)	(93,597)	(65,484)	(85,454)
Provision for Impairment Costs	(6,868)	(19,276)	(10,836)	(762)	(971)	(153,153)	-
Financial & Professional Charges	(1,712)	(1,464)	(3,388)	(7,580)	(7,088)	(7,055)	(13,142)
Depreciation	(13,930)	(9,840)	(18,247)	(8,062)	(11,829)	(15,888)	(13,000)
Actuarial gains on defined benefit pension obligations	185	(1,543)	296	3,269	2,313	(19,396)	-
Total Operating Expenditure	**(95,027)**	**(133,736)**	**(127,794)**	**(134,865)**	**(202,997)**	**(386,477)**	**(227,597)**
Surplus/ (Deficit) of Income over Expenditure	**130,618**	**(261,714)**	**193,212**	**770,220**	**(30,292)**	**707,052**	**(161,448)**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**130,618**	**(261,714)**	**193,212**	**770,220**	**(30,292)**	**707,052**	**(161,448)**
Add/(Less) foreign exchange and fair value losses/(gains)	(120,235)	266,789	(99,876)	(767,335)	(109,932)	(955,373)	-
Actual net surplus/(deficit) before foreign exchange and fair val	**10,383**	**5,075**	**93,336**	**2,885**	**(140,224)**	**(248,321)**	**(161,448)**
Capital Expenditure	12,169	10,723	27,522	18,970	26,740	14,354	19,289

into consideration during the budgeting process.

19.2.10 NET OPERATING RESULTS

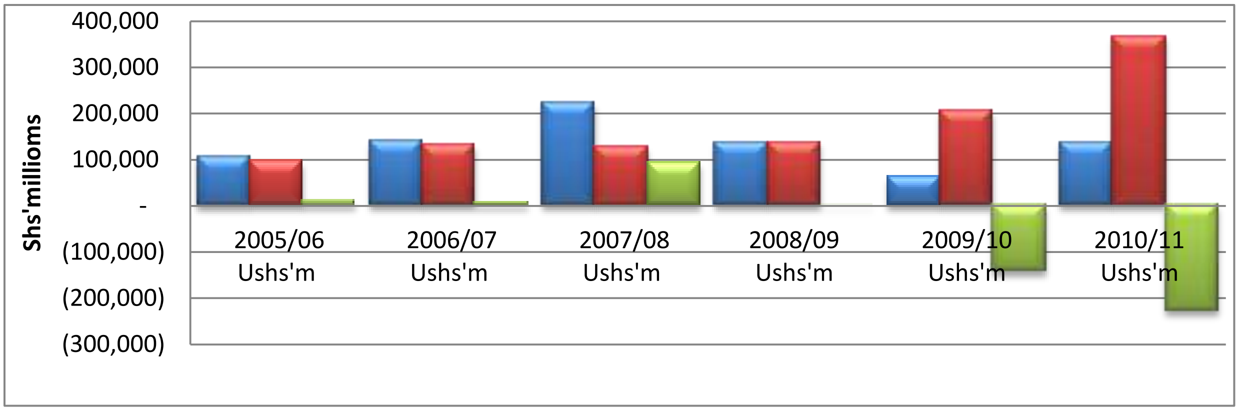
The actual net operating deficit for the year amounted to UShs 248,320 million compared to a deficit of UShs 140,224 million in June 2010 after depreciation and impairment costs as indicated in Table 16 and Figure 38 over the period 2005 to 2011.

The Bank had projected a deficit of Shs. 65,445 million. This unfavourable position is largely explained by the low earnings growth compared to the operational costs and a provision towards the letters of comfort of UShs 142,698 million.

The budget for the FY2010/11 was based on the following key assumptions;

On income, deposit interest rates for USD, GBP and Euro Zone investments were projected to average 0.67 percent, 0.75 percent and 1.25 percent respectively; a return of 0.95 percent was expected from externally managed funds, while the exchange rates were expected to average 2081, 3176 and 2979 for the USD, GBP and EUR respectively. Borrowings of Government were expected to be charged at a rate of 8 percent.

Figure 38 Net Operating Results 2002/03-2010/11



On the expenditure side, the Bank planned to carry out a right sizing exercise, outsource part of the security, transport and catering services and stay all new capital projects.

19.2.11 CAPITAL EXPENDITURE

The capital expenditure for the year ended 30 June 2011 amounted to Shs. 14,354 million compared to an approved budget of Shs. 18,554 million, representing an absorption capacity of 77.4 percent as shown in Table 17, Figure 39 and Figure 40 explain the capital expenditures under the major items.

19.2.11.1 IT RELATED PROJECTS

UShs 4,754 million was approved for the FY2010/11 representing 26 percent of the total capital budget. UShs 3,282 million was incurred by end of the year. The IT projects included the BBS on which UShs 2,233 million was spent, Document Conversion UShs 104 million ,RTGS upgrade to multicurrency at UShs 156 million and the new CSD at Shs764 million.

19.2.11.2 BUILDING WORKS

UShs 8,058 million (43 percent of the total Budget) was allocated to building works for FY2010/11, out of which UShs 6,734 million (47 percent of the total expenditure) had been incurred; UShs 5,200 million related to Kabale currency centre construction while UShs 521 million on the canopy connecting plot 45 to the main building. The construction of the canopy was completed during the year. The Bank also incurred UShs 759 million on the certified work done on installation of the new lifts in the new building.

19.2.11.3 OFFICE MACHINES AND EQUIPMENT

Office machines and equipment comprise of computers and other equipment which had been budgeted at UShs 1,034 million (5.5

Table 17 Capital Expenditure for the year ended 30 June 2011

PARTICULARS	Approved Budget	Actual	Absorption	Actual2	Absorption3
	2010/11	June-11	June-11	June-10	June-10
	Shs'm	Shs'm	%	Shs'm	%
IT RELATED PROJECTS	4,754	3,282	69%	10,679	92%
BUILDING WORKS	9,630	6,734	70%	10,702	85%
OFFICE MACHINES	1,034	1,042	101%	2,270	117%
OFFICE FURNITURE	300	276	92%	351	88%
VEHICLES	715	660	92%	2,285	653%
PLANT & EQUIPMENT	2,121	2,360	111%	2,700	59%
Total	18,554	14,354	77%	28,987	92%

percent of the total Budget). Shs.1,042 million was incurred by the end of the year.

19.2.11.4 OFFICE FURNITURE

The Bank provided UShs 300 million (1.6 percent of the total Budget) to cater for furniture requirements of the Bank. Out of this, UShs 276 million was spent by 30 June 2011.

19.2.11.5 MOTOR VEHICLES

Out of UShs 715 million(3.8 percent of the total Budget) budgeted for motor vehicles, UShs 660 million has been committed to pay for two Land cruisers and one double cabin for Currency Department.

19.2.11.6 PLANT AND EQUIPMENT

UShs 3,693 million (20 percent of the total Budget) was approved for the financial year. A total of UShs 2,360 million (16.4 percent of the total expenditure) was spent during the year. UShs 1,757 million on air conditioners, UShs 323 million on CCTV cameras while Shs. 57 million was on UPS and stabilizers. The Bank also incurred Shs. 55 million towards the purchase of new generators for plot 45 during the year.

Figure 39 Distribution of Capital Expenditure for the period to June 2011

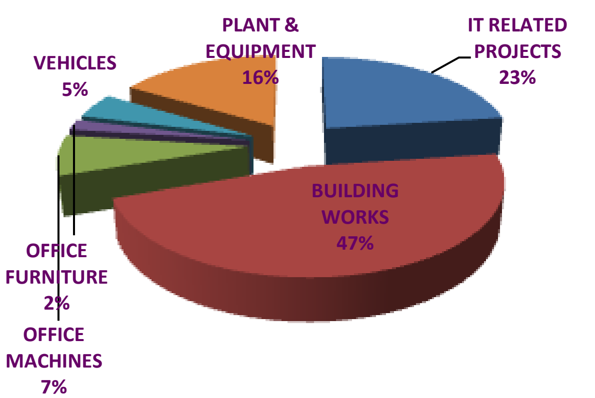
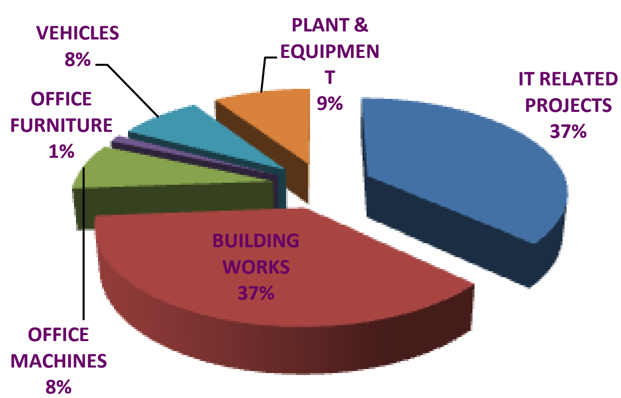


Figure 40 Distribution of Capital Expenditure for the period to June 2010



19.3 STATEMENT OF FINANCIAL POSITION

The statement of financial position shows the position of the Bank's assets and liabilities as well as the Shareholders Funds as at the reporting date. A detailed presentation of these items is discussed hereunder.

19.3.1 ASSETS

Total assets increased by 33 percent to Shs.12,541,688 million during the year compared to the previous year. The assets are categorized into foreign and domestic, where each category accounted for 55 percent and 45 percent respectively.

19.3.1.1 FOREIGN ASSETS

The foreign assets increased by 20 percent to Shs.6,896,972 million during the year compared to the previous year. This was largely attributed to receipt of oil tax revenue of USD 499 million, reinvestment of foreign reserves and depreciation of the Uganda Shilling against the major currencies. The shilling depreciated by 17 percent, 11 percent and 24 percent against the USD, GBP and Euro respectively.

19.3.1.2 DOMESTIC ASSETS

The domestic assets increased by 54 percent to Shs.5,644,716 million as at 30 June 2011 compared to previous year. The increase is largely attributed to higher volume of loans, advances, drawdown and Letters of Comfort to Financial institutions and Parastatals, and Government.

Loans, advances and draw downs to government account for 91 percent of total domestic assets and these increased by 62 percent to Shs.5,150,496 million as at 30 June 2011. Loans, advances and draw downs by Government include BOU letters of comfort of Ushs 82,718 million in favour of Haba Group of Companies.

Loans to Financial Institutions and Parastatals increased by 107 percent to Shs.148,021 million as at 30 June 2011 compared to the previous year. This was due to Reverse Repo of UShs 100 billion which was issued to complement the open market operations.

Three items have been classified to conform to the character of an asset within the IFRS framework. These include the IMF quota and Agriculture Credit Facility (ACF) loans which are now memorandum items because they are government assets and not Bank of Uganda assets. Also reclassified are the zero coupon treasury bills of the Bank to reflect the actual utilization and reported at fair value.

19.3.2 LIABILITIES

Total liabilities increased by 29 percent to Shs.10,748,086 million as at 30 June 2011 compared to previous year. The liabilities are categorized into foreign and domestic. The details relating to the movement above are explained in the preceding paragraphs.

19.3.2.1 FOREIGN LIABILITIES

Foreign liabilities comprise of SDR allocations of SDRs. 173 million. IMF obligations in shilling terms increased by 26 percent to Shs733,628 million during the year due to the depreciation of the Uganda Shillings against the SDR.

19.3.2.2 DOMESTIC LIABILITIES

Overall, domestic liabilities increased by 29 percent to Shs.10,014,363 million during the year mainly due to increase in currency in circulation and government deposits. Government deposits account for 68 percent of total liabilities while currency-in-circulation accounts for 22 percent and the balance represents deposits from financial institutions and other liabilities.

Currency-in-circulation increased by 26 percent to Shs.2,189,817 million during the year due to increase in economic activities causing a high demand for the local unit. The economic business activities in the Democratic Republic of Congo (DRC) and Southern Sudan also contributed to the increased quantity of demanded currency.

Government deposits increased by 36 percent to Shs.6,789,243 million during the year due to increased tax collections and non tax revenue, public debt, issuance of treasury bills and bonds to tackle inflationary pressures. Included in government deposits is the Oil Revenue Fund of Shs. 1,192,710 million received from Tullow Oil being the settlement of the tax dispute.

19.3.3 SHAREHOLDERS' FUNDS

As a result of the evolution of the Bank's assets and liabilities detailed above, the Bank's net worth increased by 65 percent to UShs 1,793,602 million during the year as compared to previous year. The increase was attributed to foreign exchange and fair value gains of Shs.955,373 million which is offset by a deficit of Shs.248,320 million recorded during the year ended 30 June 2011.

During the year, the Bank dissolved the Sinking Fund and an amount of UShs 13,652 million was re-absorbed into the Bank's revenue reserve.

20 DIRECTORS' REPORT

20.1 INTRODUCTION

The Directors are pleased to present their report for the year ended 30 June 2011. The report of 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.

20.2 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.

20.3 OPERATING FINANCIAL RESULTS

The Directors present the financial statements for the year ended 30 June 2011 as set out on pages 95 to 154 of this report. The Bank registered total comprehensive income of UShs 707,052 million compared to a deficit of Ushs 30,292 million in 2009/10. The deficit in 2009/10 is largely attributed to after effects of global economic crisis with interest rates continuing to be well below pre-crisis levels. Reserve holdings increased from USD 2.32 billion as at 30 June 2010 to USD 2.37 billion as at close of the financial year. The net interest income and commissions for the year was Ushs 138,156 million, compared to Ushs 62,773 million registered in 2009/10. In line with the BOU Act the net surplus/ (deficit) is further analysed in the statement of comprehensive income to distinguish between profits/ (losses) arising from exchange rate fluctuations and those arising from normal operations. The net deficit for the financial year 2010/11 was Ushs 248,320 million before adjusting for a non cash flow foreign exchange and fair value gains of Ushs 955,373 million. The major source of the Bank's income continues to be interest earned on foreign reserve investments, and foreign exchange trading.

20.4 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 2011 (Nil 30 June 2010).

20.5 DIRECTORS

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

E. Tumusiime-Mutebile (Prof.)	Chairman
Louis Kasekende (PhD)	Deputy Chairman
C. Manyindo Kassami	Member
J. Waswa Balunywa (Prof.)	Member
B. Mukiibi	Member
M. Tumubweinee	Member

None of the Directors had any financial interests in the Bank at any time during the year except for one of the Directors who acquired a loan during the year.

20.6 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 2011, Messrs Ernst & Young, Certified Public Accountants were reappointed to act on behalf of the Auditor General.

By order of the Board

MKasule.

Margaret K. Kasule

Ag. Bank Secretary

13 September 2011

21 STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors, according to the Bank of Uganda Act, are responsible for 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 of 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 95 to 154, 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 2011 and of its net surplus for the year ended on that date. 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.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this statement.

CHAIRMAN

13 September 2011

DIRECTOR

13 September 2011

22 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 M/s Ernst & Young 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.

22.1 REPORT ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA

The financial statements of Bank of Uganda set out on pages 95 to 154 which comprise the statement of financial position as at 30 June 2011 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.

22.2 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 control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

22.3 AUDITORS' RESPONSIBILITY

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the Auditor complies with ethical requirements and plans and performs the audit to obtain reasonable assurance 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 statement, whether due to fraud or error. In making those risk assessments, the Auditor considers the internal control 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 unqualified audit opinion.

22.4 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 2011, 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.

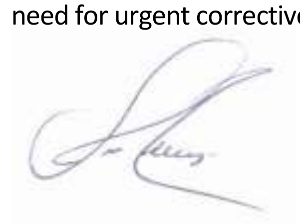
22.5 EMPHASIS OF MATTER

Without qualifying my opinion, I draw your attention to the following matters:

- Notes 11 and 18 to the financial statements which indicate that during the year, Bank of Uganda issued letters of comfort to various commercial banks in respect of borrowings by the HABA Group amounting to Ushs 153 billion (US$ 65.5 million). As at 30 June 2011, the Bank had paid Ushs 82 billion to two of the commercial banks following failure by the HABA Group to repay the borrowings as agreed with the commercial banks. Other loans amounting to Ushs 70 billion for which letters of comfort issued were due to mature after 30 June 2011.

  The letters of comfort were issued by the Bank in response to a request by the Ministry of Finance, Planning and Economic Development to provide financial assistance to the Haba Group of Companies. Parliamentary approval was neither sought nor obtained as required by the Constitution. In the absence of such approval, the Bank has made a provision of Ushs 153 billion in the financial statements as it follows up this matter with Government.

- Note 43 to the financial statements which indicates that as at 30 June 2011, the Bank of Uganda capital reserves after excluding accumulated unrealised foreign exchange gains (translation reserves) was a net deficit of Ushs 116 billion. This indicates that the capital of the Bank is eroded and there is need for urgent corrective action.



John .F. S. Muwanga

AUDITOR GENERAL

KAMPALA

23 September 2011

23 FINANCIAL STATEMENTS

23.1 STATEMENT OF COMPREHENSIVE INCOME

Year ended		Note	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)
Operating income				
	Interest income	3	129,532	38,254
	Interest expense	4	(2,648)	(1,297)
Net interest income			**126,884**	**36,957**
	Commissions, discounts & other income	5	13,742	27,850
	Commissions & other expenses	6	(2,470)	(2,034)
Net commissions & discounts			**11,272**	**25,816**
Net interest income & commissions			**138,156**	**62,773**
	Foreign exchange and fair value gains/(losses)	7	955,373	109,932
Net operating income			**1,093,529**	**172,705**
Expenses	General & administration costs	8	(125,501)	(91,825)
	Currency costs	10	(65,484)	(93,597)
	Impairment costs	11	(153,153)	(971)
	Financial and professional charges	12	(7,055)	(7,088)
	Depreciation	21	(15,888)	(11,829)
	Actuarial (loses)/gains on defined benefit plans	29	(19,396)	2,313
			(386,477)	**(202,997)**
Net surplus/(deficit)			**707,052**	**(30,292)**
Other comprehensive income			-	-
Total comprehensive income for the year			**707,052**	**(30,292)**

23.2 STATEMENT OF FINANCIAL POSITION

				Restated	Restated
As at			**30-Jun-2011**	**30-Jun-2010**	**30-Jun-2009**
			UShs (m)	**UShs (m)**	**UShs (m)**
Assets					
Foreign assets	Cash and cash equivalents	14	171,493	110,365	152,499
	Investments at fair value through profit or loss	15 (a)	4,607,328	4,559,290	4,456,618
	Investments held-for-trading	15 (b)	1,511,059	607,960	533,327
	Investments available-for-sale	15 (c)	1,295	1,080	1,008
	Assets held with IMF	16	605,797	482,476	19
Total foreign assets			6,896,972	5,761,171	5,143,471
Domestic assets	Investments in treasury bills	17	69,535	150,000	-
	Loans, advances and drawdowns to government	18	5,150,497	3,188,022	2,574,965
	Loans and advances to commercial banks	19	148,021	71,429	158,130
	Staff loans	20	25,698	18,039	12,328
	Employee benefits	29	-	3,048	736
	Property, plant and equipment	21	126,349	128,649	113,834
	Leasehold land	22	17,637	17,637	17,637
	Other assets	23	106,979	83,574	82,844
Total domestic assets			5,644,716	3,660,397	2,960,474
Total assets			**12,541,688**	**9,421,568**	**8,103,945**
Liabilities					
Foreign liabilities	IMF obligations	16	733,628	581,407	94,561
	Other foreign liabilities	24	94	94	94
Total foreign liabilities			733,722	581,501	94,655
Domestic liabilities	Currency in circulation	25	2,189,817	1,738,981	1,468,641
	Government deposits	26	6,789,243	4,998,688	4,710,332
	Commercial banks' deposits	27	867,982	863,247	506,237
	International Bank for Reconstruction & Dev't (IBRD)	28	206	876	2,249
	Employee benefits	29	16,348	-	-
	Other liabilities	30	150,768	148,520	202,144
Total domestic liabilities			10,014,364	7,750,312	6,889,603
Total liabilities			**10,748,086**	**8,331,813**	**6,984,258**
Equity	Issued capital	31	20,000	20,000	20,000
	Reserves	32	1,769,227	1,048,523	1,080,615
	Earmarked funds	33	4,375	21,232	19,072
Total Equity			**1,793,602**	**1,089,755**	**1,119,687**
Total liabilities & equity			**12,541,688**	**9,421,568**	**8,103,945**

The financial statements on pages 95 to 154 were approved by the Board of Directors on 13 September 2011 and were signed on its behalf by:

Chairman

Director

Director

23.3 STATEMENT OF CHANGES IN EQUITY

	Issued capital	Translation Reserve	Asset revaluation reserve	Revenue reserve	General reserve	Earmarked funds	Dividend paid to government	Totals
	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)
At 1 July 2008	**20,000**	**76,622**	**49,909**	**163,689**	**20,175**	**20,205**	**40,000**	**390,600**
Surplus for the year	-	-	-	770,220	-	-	-	770,220
Revaluation surplus release	-	-	(891)	891	-	-	-	-
Foreign Exchange and fair value gains	-	767,335	-	(767,335)	-	-	-	-
Dividend paid to Government	-	-	-	-	-	-	(40,000)	(40,000)
Repayment- EFF capital movement	-	-	-	-	-	3,046	-	3,046
Transfer EFF to UDBL	-	-	-	-	-	(4,412)	-	(4,412)
Income net of expenses	-	-	-	-	-	16	-	16
Interest on building loan	-	-	-	-	-	217	-	217
At 30 June 2009	**20,000**	**843,957**	**49,018**	**167,465**	**20,175**	**19,072**	**-**	**1,119,687**
At 1 July 2009	20,000	843,957	49,018	167,465	20,175	19,072	-	1,119,687
Deficit for the year	-	-	-	(30,292)	-	-	-	(30,292)
Revaluation surplus release	-	-	(291)	291	-	-	-	-
Foreign Exchange and fair value gains	-	109,932	-	(109,932)	-	-	-	-
Asset disposals	-	-	(100)	100	-	-	-	-
Transfer to Sinking Fund	-	-	-	(1,800)	-	1,800	-	-
Provision on EFF loans	-	-	-	-	-	40	-	40
Interest on building loan	-	-	-	-	-	320	-	320
At 30 June 2010	**20,000**	**953,889**	**48,627**	**25,832**	**20,175**	**21,232**	**-**	**1,089,755**
At 1 July 2010	20,000	953,889	48,627	25,832	20,175	21,232	-	1,089,755
Surplus for the year	-	-	-	707,052	-	-	-	707,052
Revaluation surplus release	-	-	(291)	291	-	-	-	-
Foreign Exchange and fair value gains	-	955,373	-	(955,373)	-	-	-	-
Transfer EFF to UDBL	-	-	-	-	-	(3,500)	-	(3,500)
Interest on building loan	-	-	-	-	-	295	-	295
Transfer from Sinking Fund	-	-	-	13,652	-	(13,652)	-	-
At 30 June 2011	**20,000**	**1,909,262**	**48,336**	**(208,546)**	**20,175**	**4,375**	**-**	**1,793,602**

23.4 STATEMENT OF CASH FLOWS

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

Year ended		30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)
Cash flows from operating activities			
	Total comprehensive income for the year	707,052	(30,292)
	Depreciation	15,888	11,829
	Profit on sale of fixed Assets	(476)	(73)
	Interest on building loan	295	320
		722,759	**(18,216)**
Foreign Assets	Increase in investments at fair value through profit or loss	(48,038)	(102,672)
	Increase in investments held-for-trading	(903,099)	(74,633)
	Increase in investments available-for-sale	(215)	(72)
	Increase in assets held with IMF	(123,321)	(482,457)
Increase in total foreign assets		**(1,074,673)**	**(659,834)**
Domestic Assets	Decrease/(increase) in investments in treasury bills	80,465	(150,000)
	Increase in loans, advances and drawdowns to government	(1,962,475)	(613,057)
	(Increase)/decrease in loans and advances to commercial banks	(76,592)	86,701
	Increase in staff loans	(7,659)	(5,711)
	Increase in other assets	(23,406)	(730)
Increase in total domestic assets		**(1,989,667)**	**(682,797)**
Increase in total assets		**(3,064,341)**	**(1,342,631)**
Foreign liabilities	Increase in IMF obligations	152,221	486,846
Increase in other foreign liabilities		**152,221**	**486,846**
Domestic Liabilities	Increase in currency in circulation	450,836	270,340
	Increase in government deposits	1,790,555	288,355
	Increase in commercial banks' deposits	4,735	357,010
	Increase/(decrease) in other liabilities	2,248	(53,625)
Increase in total domestic liabilities		**2,248,373**	**862,080**
Increase in total liabilities		**2,400,595**	**1,348,926**
Net Cash from / (used in) Operating Activities		**59,013**	**(11,921)**
Cash flows from investing activities:			
	Proceeds from sale of property, plant and equipment	609	173
	Acquisition of property, plant and equipment	(13,721)	(26,741)
	Interest on building loan	295	320
Net Cash used in Investing Activities		**(12,816)**	**(26,248)**
Cash flows from financing activities:			
	Transfer EFF to UDBL	(3,500)	-
Net Cash used in Financing Activities		**(3,500)**	**-**
Increase/(decrease) in cash and cash equivalents		**61,128**	**(42,134)**
	Add: Cash and Cash Equivalents at the beginning of the year	110,365	152,499
Cash and Cash Equivalents at 30 June		**171,493**	**110,365**

24 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the Board to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. The Board identifies all significant accounting policies and those that involve high judgment as documented in note 45.

2.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year.

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Bank:

IFRS 2 Share-based payment: Group Cash-settled Share-based Payment Transactions

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39

IFRS 1 First-time Adoption of International Financial Reporting Standards-Additional Exemptions for First-time Adopters (Amendments)

IFRS 1 First-time Adoption of International Financial Reporting Standards-Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Issued in April 2009

IFRS 2 Share-based Payment

IAS 1 Presentation of Financial Statements

IAS 17 Leases

IAS 38 Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 Reassessment of Embedded Derivatives

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This listing is of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date.

2.4.1 IAS 24 RELATED PARTY DISCLOSURES (AMENDMENT)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Bank does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

2.4.2 IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected in mid 2011. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting IFRS 9, however, as the impact of adoption depends on the assets held by the Bank at the date of adoption, it is not practical to quantify the effect.

2.4.3 IFRIC 14 PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT (AMENDMENT)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is expected to have no impact on the financial statements of the Bank.

2.4.4 IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The amendment is expected to have no impact on the financial statements of the Bank.

2.4.5 IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model with a new definition of control that applies to all entities. The amendment is expected to have no impact on the financial statements of the Bank.

2.4.6 IFRS 11 JOINT ARRANGEMENTS

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings which may create some confusion as to whether there are significant changes. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which is accounted for on the equity method (no more proportional consolidation). The amendment is expected to have no impact on the financial statements of the Bank.

2.4.7 IFRS 12 DISCLOSURE OF INTEREST IN OTHER ENTITIES

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgements made to determine whether it controls another entity. The amendment is expected to have no impact on the financial statements of the Bank.

2.5 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.

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 yield 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 COMMISSION INCOME

Fees and commission income is recognised on an accrual basis when the service is provided.

2.6.3 OTHER INCOME

Other income comprises gains less losses 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 enterprise and a financial liability of another enterprise.

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

Financial instruments are initially recognized when the Bank becomes a party to contractual provisions of the instrument.

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

2.7.1.1 Financial instruments held-to-maturity

Financial instruments with fixed or determinable payments and fixed maturity where the Bank has a positive intent and ability to hold to maturity other than loans and receivables which are measured at amortized cost. Held-to-maturity investments and Loans and advances are recognised on the date they are transferred to the Bank.

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 and receivables are advances made by the Bank, including staff loans and advances. Loans and receivables are initially measured at the fair value and subsequently at amortized cost. Amortized cost represents the amounts at which the financial instruments were measured at initial recognition minus principal repayments plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount and minus any write down for impairment or uncollectabillity. Loans and advances offered at concessionary rates of interest (below the market rates) are accordingly adjusted to the market rates using appropriate discount rates. The difference between the market adjusted value and transaction value is recognized as a deferred expense and charged to the statement of comprehensive income over the lives of the loans.

The Bank provides loan facilities to staff to help them acquire or improve property and purchase motor vehicles. Staff are also eligible to obtain advances for various purposes. 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

Currency swaps that requires initial exchange of different currencies of equal fair value is accounted for as a derivative. Derivatives, which comprise forward foreign exchange contracts and swaps, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value is determined using forward exchange market rates at the reporting date or appropriate pricing models. The Bank has no derivatives which qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income.

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 MEASUREMENT

2.7.2.1 Initial Measurement

Financial instruments are initially measured at fair value plus, for all financial assets except those carried at fair value through profit or loss, transaction costs.

2.7.2.2 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 DERECOGNITION

A financial asset is derecognised when the Bank loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the bank commits to sell the assets. The Bank uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity investments and loans and advances are derecognised on the date they are transferred by the Bank.

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for, depending on their classification as either held-to-maturity, fair value through profit or loss, or available-for-sale

2.8 IMPAIRMENT

The carrying amounts of the Bank's assets are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the assets recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

2.8.1 FINANCIAL ASSETS

The recoverable amount of the Bank's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate, i.e. the effective interest rate computed at the initial recognition of these assets.

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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.

2.8.2 NON-FINANCIAL ASSETS

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.

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%
Bullion vans	10%
Furniture and equipment	20%
Notes processing machines	10%

Property, plant and equipment in the course of construction (capital work in progress) is not depreciated. Upon completion of a project, the accumulated cost is transferred to an appropriate asset category where it is depreciated according to the policy set out above.

2.10 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 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.

2.12 CURRENCY PRINTING 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.

2.13 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.

2.14 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.

2.15 PROVISIONS

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

2.16 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.

2.17 REPURCHASE AND SALE AGREEMENT

A securities repurchase agreement (Repos) is an arrangement involving the sale, for cash, of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price either on a specified future date or at maturity. The Repos continue to be recognised in the statement of financial position and are measured in accordance with the policies for non-trading investments. The liability for amounts received under these agreements is included in amounts due to banks and other financial institutions. The difference between sales and repurchase price is treated as interest income or expenditure and is recognised in net interest income and commissions in the statement of comprehensive income using the effective yield method.

2.18 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 are translated into Uganda Shillings at the exchange rate ruling at the date of each transaction. The resulting differences from conversion and translation are dealt with through the statement of comprehensive income in the year in which they arise. The Bank's functional and reporting currency is Uganda Shillings.

2.19 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.

2.20 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 scheme is a Defined Benefit Scheme where the employee contributes 2 percent of the total pensionable pay and the Bank (employer) contributes the balance required to reach the level recommended by the Actuaries. Currently the Bank contributes 17.1 percent of the employees' total pensionable pay.

The scheme provides pension benefits to eligible members based on the number of years of service and final pensionable pay. The scheme's assets are held in a separate fund administered by trustees and contributions are charged to the statement of comprehensive income so as to spread the cost of pensions over employees' working lives in the Bank.

The Bank's net obligation in respect to the plan is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine the present value and fair value of the plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a benefit to the Bank, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reduction in future contribution to the plan. Actuarial gains and losses are charged to the statement of comprehensive income over the remaining lives of employees participating in the scheme.

2.21 OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.22 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.

2.23 COMPARATIVES

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current reporting period.

3 INTEREST INCOME

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Short term deposits with foreign banks	26,315	17,635
Investments in treasury bills with foreign banks	589	472
Operating income-externally managed funds-strategic fixed	16,781	12,411
Interest on short term money market deposits (local)	938	985
Interest income on government loans *	83,085	4,868
Demand loans & staff advances (local)	1,824	1,883
	129,532	**38,254**

* This relates to interest income earned on the special loan to Government (Presidential Jet), drawdown on the outstanding balance from the Ministry of Defence and Ministry of Internal Affairs (see note 18).

4 INTEREST EXPENSES

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Interest paid to IMF (SDR allocation charges)	2,648	1,297
	2,648	**1,297**

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

5 COMMISSIONS, DISCOUNTS AND OTHER INCOME

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Income from foreign exchange trading	5,196	10,698
Commissions & discounts- domestic	869	889
Disposal of vehicles	374	117
Disposal of property, plant and equipment	102	(44)
Licence and cheque fees	460	345
Sale of receipt books	387	360
Sale of currency	11	133
Rental income	29	156
Real time gross & national interbank settlement systems	950	885
Fines, penalties & hire of bullion vans	310	573
Write back of amounts previously written off/provisions	4,356	12,429
Other income	698	1,309
	13,742	**27,850**

6 COMMISSIONS & OTHER EXPENSES

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Reserve management fees and other charges	2,470	2,034
	2,470	**2,034**

7 FOREIGN EXCHANGE AND FAIR VALUE GAINS/(LOSSES)

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Unrealised foreign exchange gain	966,793	103,251
Fair value (loss)/gain on investments	(11,420)	6,681
	955,373	**109,932**

The unrealized foreign exchange gain arises from translation of foreign currency transactions at the transaction date foreign currency exchange rates, 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 gains 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-2011	30-Jun-2010
US Dollars	2,653.86	2,277.33
Euro	3,820.50	2,773.61
GBP	4,252.55	3,429.72
SDR	4,238.98	3,359.44

8 GENERAL & ADMINISTRATION COSTS

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Staff costs (note 9)	97,371	65,848
Audit fees	188	115
Communication expenses	2,676	2,487
Water & electricity	1,680	1,630
Ground rates & buildings insurance	946	779
Repairs & maintainance.- premises & equip.	3,377	2,497
Motor vehicle expenses	1,542	1,761
Travel costs	4,204	3,493
Corporate contributions	2,586	3,611
Publicity & public awareness costs	2,041	2,323
Printing & stationery	1,619	1,497
Inspection costs	700	589
General & administration costs	3	3
Furniture & equip repairs	1,392	317
Office expenses-uniforms	181	201
J Mubiru memorial lecture	95	81
Intervention costs in forex market	4,416	4,045
Directors' fees and emoluments	484	548
	125,501	**91,825**

9 STAFF COSTS

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Salaries,wages & allowances	52,637	42,537
Voluntary termination of service*	19,057	-
NSSF- contribution & provision	3,937	3,292
Staff pension fund - contributions	5,662	4,526
Gratuity	2,481	1,687
Death in service insurance	652	539
Staff welfare including medical	4,875	4,550
Training	8,070	8,717
	97,371	**65,848**

*Relates to severance pay to staff who left the Bank under the voluntary termination of service (VTS) on 30 June 2011.

The average number of persons employed during the period was 981 (2010: 1,007). The analysis is shown below;

	30-Jun-2011 No of Staff	30-Jun-2010 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	9	8
Directors	21	20
Other	949	977
	981	**1,007**

10 CURRENCY COSTS

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Notes printing	57,676	83,300
Coins minting	3,932	6,800
Stock movement	451	448
Currency accessories	439	337
Currency machine maintenance	2,091	2,298
Cheque printing	15	50
Bullion van maintenance	352	351
Other currency costs	528	13
	65,484	**93,597**

11 IMPAIRMENT OF LOANS & ADVANCES

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Provision for impairment of loans & advances	153,153	971
	153,153	**971**

The provision for impairment includes an amount of Ushs 142,698 million relating to the request by the Minister of Finance, Planning and Economic Development in respect of letters of comfort made by the Governor to various commercial banks requesting them to extend loans to Haba group of companies. In addition, Ushs 10,455 million has been provided for to cater for exchange rate movements in connection with the letters of comfort. The provision has been made in accordance with IAS 39 and IAS 37 due to uncertainty in receipt of the re-imbursement. (see note 18 and 30 respectively).

12 FINANCIAL AND PROFESSIONAL CHARGES

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Consultancy costs	1,471	1,808
Litigation fees & legal damages	129	762
Staff loans fair valuation	1,700	1,857
RTGS Training Expenses	14	39
Valuers' fees	7	2
Liquidation expenses	7	16
Software license & maintenance	3,727	2,604
	7,055	**7,088**

13 NET SURPLUS/(DEFICIT) FOR THE YEAR

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

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Audit fees	110	110
Directors' emoluments	412	476
Directors' fees	72	72
Depreciation	15,888	11,829
Litigation fees & legal damages	129	762
Other income	(698)	(1,309)

14 CASH AND CASH EQUIVALENTS

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Foreign currency held in banking	4,566	3,638	881
Cash from foreign financial institutions	166,927	106,727	151,618
	171,493	**110,365**	**152,499**

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.

15 INVESTMENTS IN SECURITIES

		30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
(a)	**At fair value through profit or loss**			
	Term deposits with external institutions	3,439,442	3,729,863	3,681,272
	Treasury bills investments	602,033	568,915	414,816
	Repurchase agreements	141,185	135,959	196,880
	Foreign cash collateral	26	56,232	101,412
	World bank one year deposit	79,616	68,321	62,238
	BOU managed funds	345,026	-	
		4,607,328	**4,559,290**	**4,456,618**
(b)	**Held-for-trading**			
	Externally managed funds - caretaker	-	-	96,685
	Externally managed funds - strategic fixed income	1,511,059	607,960	436,642
		1,511,059	**607,960**	**533,327**
(c)	**Investments available-for-sale**			
	At 1 July	1,080	1,008	650
	Currency translation	215	72	358
	At 30 June	**1,295**	**1,080**	**1,008**

Investments at fair value through profit and loss and held for trading include fair value losses of UShs 11,420 million (June 2010: gains of UShs 6,681 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.

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 profit or loss.

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

(c) Available-for-sale investment:

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 2011.

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

			Restated		Restated	
Assets	**30-Jun-2011 UShs (m)**	**30-Jun-2011 SDR (m)**	**30-Jun-2010 UShs (m)**	**30-Jun-2010 SDR (m)**	**30-Jun-2009 UShs (m)**	**30-Jun-2009 SDR (m)**
IMF SDR holdings	605,797	144	482,476	144	19	1
	605,797	**144**	**482,476**	**144**	**19**	**1**
Liabilities						
IMF account no. 2	28	1	22	1	21	1
IMF SDR allocation	733,600	173	581,385	173	94,540	29
	733,628	**174**	**581,407**	**174**	**94,561**	**30**

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.

16.1 IMF Quota

Assets	30-Jun-2011 UShs (m)	30-Jun-2011 SDR (m)	30-Jun-2010 UShs (m)	30-Jun-2010 SDR (m)	30-Jun-2009 UShs (m)	30-Jun-2009 SDR (m)
IMF Quota	765,137	181	606,379	181	580,541	181
	765,137	**181**	**606,379**	**181**	**580,541**	**181**
Liabilities						
IMF account no. 1	674,176	159	534,292	159	511,525	159
IMF Securities	90,961	22	72,087	22	69,016	22
	765,137	**181**	**606,379**	**181**	**580,541**	**181**

The International Monetary Fund Quota refers to the Uganda Government total membership capital subscription of SDR 180.5 million to the International Monetary Fund and is the responsibility of Government of Uganda as a fiscal agent. The IMF assets and liabilities have been restated to take into account the IMF Quota and IMF securities now transferred from Bank of Uganda records as at 30 June 2011 to be accounted for in the books of the Government of Uganda.

17 INVESTMENTS IN TREASURY BILLS

	30-Jun-2011 UShs (m)	Restated 30-Jun-2010 UShs (m)	Restated 30-Jun-2009 UShs (m)
Treasury bills for repos (zero coupon)	69,535	150,000	-
	69,535	**150,000**	**-**

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 fine tuning of 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 amount.

The Treasury bills for Repos have been restated to match the actual amount drawn down or utilised of the collateral for the vertical repurchase agreements outstanding at the end of the year.

18 LOANS, ADVANCES AND DRAWDOWNS TO GOVERNMENT

	30-Jun-2011 USh (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government ministries	34	14,974	95,925
Government project accounts	-	17	1,015
Uganda Consolidated Fund	3,259,054	2,440,406	2,202,197
Other government capital	309,859	197,461	161,249
Letters of comfort*	82,718	21,091	21,091
Special loan to government (Gulf Stream)**	38,575	47,629	80,633
Drawdowns (Classified)***	1,529,037	449,897	22,729
Development Finance Scheme loans	13,937	13,972	-
EFT salary	-	2,575	-
Provision for impairment losses	(82,718)	-	(9,874)
Total	**5,150,497**	**3,188,022**	**2,574,965**
Provision for impairment losses;			
At 1 July	-	(9,874)	(24,863)
Additional provisions	(82,718)	-	-
Write off of provisions	-	9,874	14,989
At 30 June	**(82,718)**	**-**	**(9,874)**

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 Ushs 82,718 million relate to requests made by the Governor to various commercial banks to extend loans to Haba group of companies. This was done following the request by the Minister of Finance, Planning and Economic Development to the Governor as the Minister awaited for budget approval by Parliament as recommended by the Solicitor General. The total amount under the letters of comfort was Ushs 153,153 million of which Ushs 142,698 million relates to the claim by Haba group of companies while Ushs 10,455 million relates to movements in foreign exchange rates.

An impairment loss of UShs 153,153 million has been made in accordance with IAS 37 and IAS 39 because of uncertainty regarding the receipt of the re-imbursement (see note 11). Ushs 82,718 million had crystallised and had been paid to commercial banks as at 30 June 2011 while the balance of Ushs 70,435 million had not yet crystallised as at year end and has been provided for under accounts payable (see note 30). The Bank is following up this matter with Government. (see note 11).

** 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 Ushs 1,501,596 million and Ushs 27,440 million to the Ministry of Internal Affairs (National identity card project). The drawdown attracted an interest of 8 percent per annum up to 30 June 2011 and thereafter, future commitments will be made by the Ministry of Finance. Government of Uganda remitted Ushs 1,394,170 million in August 2011 against the drawdown.

19 LOANS AND ADVANCES TO COMMERCIAL BANKS

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Short term loans to commercial banks	100,137	-	40,000
Development finance loans to commercial banks	47,884	73,285	113,887
Swap receivable - due from financial institutions	-	-	6,483
Insurance Companies	-	-	19
Loans to parastatals	359	358	359
	148,380	**73,643**	**160,748**
Less: provision for impairment loss	(359)	(2,214)	(2,618)
Net loans and advances	**148,021**	**71,429**	**158,130**
Provision for impairment loss:			
At 1 July	(2,214)	(2,618)	(50,976)
Write-back of provision on written off loans	1,855	404	48,358
At 30 June	**(359)**	**(2,214)**	**(2,618)**

19.1 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 percent on Uganda Shilling loans and 3 to 5 percent for foreign currency denominated loans with loan maturity terms of between 5 to 12 years. The securities held on these 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 2011, the loans were performing as per the memorandum of understanding and there were no signs of impairment noted.

20 STAFF LOANS

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Staff loans, advances and imprest to staff	9,535	(853)	5,517
Staff building loans	6,825	12,830	4,190
Staff loans, advances at fair value	**16,360**	**11,977**	**9,707**
Deferred staff cost	10,070	6,768	3,315
Staff loans, advances at cost	**26,430**	**18,745**	**13,022**
Provision for impairment (see below)	(732)	(706)	(694)
	25,698	**18,039**	**12,328**
Provision for impairment:			
Adjustment	(706)	(694)	(1,260)
Recoveries/write back of provisions	(26)	(12)	566
At 30 June	**(732)**	**(706)**	**(694)**

The Bank provides loans and advances to staff at interest rates below the market rates. The rates range from 3 percent to 6 percent, depending on the loan type. The loans and advances have maturity terms ranging between 3 months and 20 years, depending on whether or not staff are on permanent and pensionable terms. The loans and advances have been marked to market and the fair value adjustment is deferred over the loan repayment periods. Apart from the house loans 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.

21 PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Computer Equipment	Motor Vehicles	Capital Work- In-Progress	Totals
	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	**UShs (m)**
Cost or Valuation								
As at 1 July 2008	5,173	58,632	68,345	4,780	22,317	11,695	5,825	**176,767**
Additions	-	3,769	3,077	585	5,625	1,518	6,246	**20,820**
Reclassification	-	5,650	-	-	-	175	(5,825)	**-**
Disposals	-	-	(240)	(24)	(521)	(1,141)	-	**(1,926)**
As at 30 June 2009	**5,173**	**68,051**	**71,182**	**5,341**	**27,421**	**12,247**	**6,246**	**195,661**
As at 1 July 2009	5,173	68,051	71,182	5,341	27,421	12,247	6,246	**195,661**
Additions	5,920	1,887	3,568	408	2,960	1,267	10,731	**26,741**
Reclassification	-		1,153	-	1,597	-	(2,750)	**-**
Disposals	(100)	-	(155)	(28)	(353)	(231)	-	**(867)**
As at 30 June 2010	**10,993**	**69,938**	**75,748**	**5,721**	**31,625**	**13,283**	**14,227**	**221,535**
Additions	-	384	3,859	289	3,116	660	5,413	**13,721**
Reclassification	-	210	1,650	-	9,633	-	(11,493)	**-**
Disposals	-	(2)	(63)	(25)	(188)	(2,097)	-	**(2,374)**
As at 30 June 2011	**10,993**	**70,530**	**81,194**	**5,985**	**44,186**	**11,846**	**8,147**	**232,881**
Depreciation								
As at 1 July 2008	-	104	46,018	4,028	16,744	8,784	-	**75,678**
Charge for the year		1,203	2,706	293	2,759	1,101		**8,062**
Disposals		-	(236)	(23)	(513)	(1,141)	-	**(1,913)**
As at 30 June 2009	**-**	**1,307**	**48,488**	**4,298**	**18,990**	**8,744**	**-**	**81,827**
As at 1 July 2009	-	1,307	48,488	4,298	18,990	8,744	-	**81,827**
Charge for the year		1,320	5,046	371	3,946	1,146		**11,829**
Disposals		(6)	(152)	(28)	(353)	(231)	-	**(770)**
As at 30 June 2010	**-**	**2,621**	**53,382**	**4,641**	**22,583**	**9,659**	**-**	**92,886**
Charge for the year		1,339	6,034	373	6,833	1,308		**15,888**
Disposals		-	(63)	(25)	(188)	(1,965)	-	**(2,241)**
As at 30 June 2011	**-**	**3,960**	**59,353**	**4,989**	**29,228**	**9,002**	**-**	**106,533**
Net Carrying Amount								
As at 30 June 2011	**10,993**	**66,570**	**21,841**	**996**	**14,958**	**2,844**	**8,147**	**126,349**
As at 30 June 2010	**10,993**	**67,317**	**22,366**	**1,080**	**9,042**	**3,624**	**14,227**	**128,649**
As at 30 June 2009	**5,173**	**66,744**	**22,694**	**1,043**	**8,431**	**3,503**	**6,246**	**113,834**

The last valuation was conducted as at 30 June 2008 by independent and certified professional valuers, Bageine & Company. The above revaluation figures were extracted from the valuation report dated 18 July 2008. 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 Bank revalues its land and buildings after every 5 years.

Capital work-in-progress represents continuing works on the Kabale Currency Centre and development costs of the new Central Securities Depository (CSD) system. Items disposed of were in respect of vehicles and furniture, which mostly had a nil book value. All gains on disposal are credited directly to the statement of comprehensive income.

22 LEASEHOLD LAND

	30-Jun-2011 USh (m)	30-Jun-2010 USh (m)	30-Jun-2009 USh (m)
Leasehold land	**17,637**	**17,637**	**17,637**
	17,637	**17,637**	**17,637**

Leasehold land relates to all land for office space and residential premises under the current lease agreements. The Bank has embarked on a process of converting of all leasehold properties to freehold. The leasehold land valued at Ushs 17,637 million will be classified as freehold after conversion. Consequently amortization of these assets ceased 1 July 2008.

23 OTHER ASSETS

	30-Jun-2011 USh (m)	30-Jun-2010 USh (m)	30-Jun-2009 USh (m)
Consumable store stock	2,290	1,748	1,635
Prepayments & accrued income	671	967	23,868
Derivative asset	-	-	12
Deferred currency costs (***)	103,807	81,278	57,682
Receivable from Government of Uganda	3,904	3,904	3,904
Sundry debtors	972	311	27
Provisions for impairment losses	(4,665)	(4,634)	(4,284)
	106,979	**83,574**	**82,844**
Provisions for impairment losses:			
At 1 July	(4,634)	(4,284)	(4,347)
(Additional provisions)/write offs during the year	(31)	(350)	63
At 30 June	**(4,665)**	**(4,634)**	**(4,284)**

*** 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.

24 OTHER FOREIGN LIABILITIES

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Multi-lateral investment guarantee agency	38	38	38
IDA subscription	56	56	56
	94	**94**	**94**

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

25 CURRENCY IN CIRCULATION

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Notes	1,700,556	1,653,182	1,389,264
Coins	91,361	86,529	81,837
Cash held in banking	397,977	(653)	(2,384)
Office imprest	(77)	(77)	(76)
	2,189,817	**1,738,981**	**1,468,641**

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2011 while cash held in Banking relates to cashiers' cash on hand as at year end.

26 GOVERNMENT DEPOSITS

		Restated	Restated
	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government income accounts	59,148	-	69
* Oil Tax Fund	1,192,710	-	-
Government deposit forex accounts	-	-	6,975
Government deposit letters of credit accounts	122,768	122,251	60,243
Government ministries accounts	147,024	341,571	994,039
Government projects accounts	1,173,841	1,327,628	961,172
Special diversiture revolving fund	18	18	18
** Government of Uganda managed funds through DFS	131,897	153,007	166,051
IMF accounts	22,890	20,157	19,297
Government capital accounts	3,938,661	3,034,056	2,502,467
EFT salary suspense accounts	286	-	1
	6,789,243	**4,998,688**	**4,710,332**

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 these government accounts as at 30 June 2011. The Bank does not pay interest on these 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 Government capital accounts have been restated to reflect the actual amount of Treasury bills outstanding at the end of the year used as collateral for the vertical repurchase agreements used to manage market liquidity.

* The Oil Tax Revenue Fund of Shs. 1,192,710 million relates to an amount of US$ 449 million received by Government of Uganda from Tullow Oil for the settlement of the tax dispute between government and Heritage Oil & Gas (U) Limited. These funds have been set aside for future Government development expenditure.

** The Government of Uganda managed funds through Development Finance Schemes (DFS) includes a net balance of Ushs 6,127 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 these loans are in terms of promissory notes from participating commercial banks.

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Agricultural Credit Facility (ACF) Capital	28,505	20,599	-
Less:			
ACF Loans to commercial banks	(22,378)	(10,512)	-
Net balance on ACF capital	**6,127**	**10,087**	**-**

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

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government Deposits	6,789,243	4,998,688	4,910,332
Government Loans and Advances (see note 18)	(5,150,497)	(3,188,022)	(2,574,965)
Net Uganda Consolidated Fund Position	**1,638,746**	**1,810,666**	**2,335,367**

27 COMMERCIAL BANK DEPOSITS

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Current accounts by commercial banks	778,120	695,208	481,639
Cash recovered from closed commercial banks	39	168	166
Collection from closed banks loans	20,288	17,871	18,208
Swap payable due to financial institutions	-	-	6,224
Repos collection account	69,535	150,000	-
	867,982	**863,247**	**506,237**

Current accounts relate to the cash balances held by the commercial banks with Bank of Uganda in line with statutory obligations. The Bank does not pay interest on these account balances.

28 INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT (IBRD)

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
International Bank for Reconstruction & Dev't (IBRD) at cost	206	876	2,249
	206	**876**	**2,249**

The IBRD balance relates to notes substituted as Government of Uganda's national currency subscription to IBRD capital stock and now held in IBRD's securities custody account with the Bank of Uganda as a depository. As at 30 June 2011, the total obligation was Ushs 206 million.

29 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 reporting 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 2011.

The Actuarial certification includes two pension arrangements; the Bank of Uganda Retirement Benefits Scheme (RBS) and the Bank of Uganda Special Provident Fund (SPF) for financing pensions, under court order, in respect of a defined group of 73 VTS (Voluntary Termination of Service) ex-employees, who left service as at 31 December 1994. The certification also includes post-retirement healthcare provisions for which pensioners of the RBS and SPF are eligible. For accounting purposes a consolidated actuarial certification was given.

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

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Present value of defined benefit obligations	214,089	133,817	80,981
Fair value of plan assets	(80,732)	(74,948)	(62,982)
Present value of unfunded benefits obligation	**133,357**	**58,869**	**17,999**
Unrecognised actuarial loss	(63,158)	(61,917)	(18,735)
Unrecognised transitional loss	(53,851)	-	-
Employee benefits payable/(receivable)	**16,348**	**(3,048)**	**(736)**

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 over the remaining lives of employees participating in the scheme in accordance with the Bank's accounting policy.

The amounts recognised in profit or loss are as follows:

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Current service cost	6,655	1,532	374
Interest cost	9,134	5,609	5,121
Expected return on plan assets	(5,070)	(4,472)	(4,427)
Net actuarial loses/(gains) recognised in the year	5,274	(119)	169
Past service costs	6,566	-	-
Adjustment for prior year values	2,242	-	-
Total included in staff costs	**24,801**	**2,550**	**1,237**
Employer contribution	(5,405)	(4,863)	(4,506)
Actuarial loses/(gains) on defined benefit plans	**19,396**	**(2,313)**	**(3,269)**

The recognised actuarial loss in the current year is the previous year's unrecognised loss in excess of 10% of the previous year's value of defined benefit obligations, amortised over the expected future working lifetime of the in-service members. This is the minimum actuarial loss that should be recognized in the income statement as per the IAS19 requirements.

The past service cost arises out of the change in the accrual factor from 1/100 to 1/60. The past service cost has been amortised over the future working lifetimes of existing members.

The principle actuarial assumptions in real terms are as follows:

	30-Jun-2011	30-Jun-2010	30-Jun-2009
Discount rate	7%	2%	7%
Expected return on plan assets	7%	2%	7%
Future salary increase	6%	1%	6%
Future pension increase	0%	0%	5%

30 OTHER LIABILITIES

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Deposits from other institutions	551	(10)	310
Uninvested pension fund cash	108	3,073	4,017
Deposit protection fund	20,414	16,324	26,834
Accounts payable	108,203	57,886	10,244
Other creditors	5,900	43,151	91,379
IMF debt relief	10,105	21,069	68,188
UCBL sales proceeds	1,359	1,359	3,412
Provision for UCBL excluded liabilities	3,412	3,412	1,359
Provision for NSSF	656	656	3,258
Money remittance institutions	60	1,600	(9,754)
Govt ministries cash clearing accounts	-	-	2,897
	150,768	**148,520**	**202,144**

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 an amount due from the Bank to the DPF.

* Accounts payable includes an amount of Ushs 70,371 million relating to Bank of Uganda letters of comfort to commercial banks in respect of borrowings by Haba Group of companies whose liability had not crystallised as at year end. The letters of comfort have been provided for because as at 30 June 2011, having paid the Ushs 82,718 million, there was uncertainty regarding the receipt of the re-imbursement (see note 18).

During the financial year 2005/06, Government benefited from IMF debt relief of SDR87.7million (Ushs 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.

30.1 UCBL SALES PROCEEDS

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
UCBL net sale proceeds due to government	26,818	26,818	26,818
Payments to government	(21,994)	(21,994)	(21,994)
Provision for excluded liabilities	(1,412)	(1,412)	(1,412)
	3,412	**3,412**	**3,412**

The Bank completed the dissolution of Uganda Commercial Bank Ltd (UCBL) on 21 February 2003 with the sale of the majority shares (80 percent) 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 Ushs 1,412 million has been set aside to cover other incidentals.

31 AUTHORISED AND ISSUED SHARE CAPITAL

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Authorised			
30,000,000,000 of ushs 1.00 each	30,000	30,000	30,000
Issued and fully paid			
20,000,000,000 of ushs 1.00 each	20,000	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 Ushs 30 billion. Currently Ushs 20 billion is issued and fully paid.

32 RESERVES

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Asset revaluation reserve	48,336	48,627	49,018
Revenue reserve	(208,546)	25,834	167,467
General reserve	20,175	20,175	20,175
Translation reserve	1,909,262	953,887	843,955
	1,769,227	**1,048,523**	**1,080,615**

The distributable deficit is arrived at as follows:

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Total comprehensive income/ (loss) for the year	**707,052**	**(30,292)**	**773,489**
Unrealised foreign exchange gain	(955,373)	(109,932)	(763,928)
Actuarial losses/(gains) on defined benefit pension obligatic	19,396	(2,313)	(3,269)
Deficit sharing with Government	**(228,925)**	**(142,537)**	**6,292**

33 EARMARKED FUNDS

	30-Jun-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
EFF Fund			
At 1 July	7,875	7,835	9,185
Repayment/borrowing - EFF capital movement	-	-	3,046
Transfer EFF to UDBL	(3,500)	-	(4,412)
Income net of expenses	-	-	16
Provision on EFF loans	-	40	-
At 30 June	4,375	7,875	7,835
Staff building loan fund			
At 1 July	13,357	11,237	11,020
Interest on building loan	295	320	217
Transfer from revenue reserve	-	1,800	-
Transfer to revenue reserve	(13,652)	-	-
At 30 June	-	13,357	11,237
	4,375	**21,232**	**19,072**

34 EARMARKED DEVELOPMENT FUNDS

Earmarked funds represent amounts set aside from reserves by the Bank for purposes of financing development projects through accredited financial institutions.

35 EARMARKED BUILDING LOAN FUND

The Bank setup a staff building revolving fund for the purpose of providing building loans to staff in order to facilitate ownership of homes. During the year the Board resolved to re-absorb the sinking fund of Ushs 13,357 million back to Capital and Reserves.

36 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.

36.1 LEGAL PROCEEDINGS

The Bank is a litigant in various cases for breach of contract arising in the normal course of business amounting to Ushs 600 million (2010: Ushs 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.

36.2 CAPITAL COMMITMENTS

As at 30 June 2011, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to Ushs 19,289 million compared to Ushs 19,000 million as at 30 June 2010.

37 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 tradeoffs 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.

37.1 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.

37.1.1 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.

37.2 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.

37.2.1 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.

37.2.2 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).

37.2.3 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.

37.2.4 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.

37.2.5 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 18 Credit Risk Profile

Loans and Advances In millions of shillings	Government 30-Jun-2011	30-Jun-2010	30-Jun-2009	Commercial Banks 30-Jun-2011	30-Jun-2010	30-Jun-2009	Staff Loans 30-Jun-2011	30-Jun-2010	30-Jun-2009
Carrying Amount	5,150,497	3,188,022	2,574,965	148,021	71,429	158,130	25,698	18,039	12,328
Individually Impaired:									
Government ministries	82,718	-	9,874	-	-	-	-	-	-
Closed commercial banks	-	-	-	359	2,214	2,618	-	-	-
Staff loans	-	-	-	-	-	-	732	706	694
Gross Amount	82,718	-	9,874	359	2,214	2,618	732	706	694
Allowance for impairment	(82,718)	-	(9,874)	(359)	(2,214)	(2,618)	(732)	(706)	(694)
Carrying amount	-	-	-	-	-	-	-	-	-
Past due but not impaired:									
Low-fair risk	3,621,460	3,188,022	2,574,965	-	-	-	-	-	-
Watch list	-	-	-	-	-	-	-	-	-
Carrying amount	3,621,460	3,188,022	2,574,965	-	-	-	-	-	-
Past due comprises:									
30 - 60 days	-	11	11	-	-	-	-	-	-
60 - 90 days	-	1,589	1,589	-	-	-	-	-	-
90 - 180 days	-	1,240	1,240	-	-	-	-	-	-
180 days+	3,621,460	3,185,182	2,572,125	-	-	-	-	-	-
Carrying amount	3,621,460	3,188,022	2,574,965	-	-	-	-	-	-
Neither past due nor impaired:									
Carrying amount	1,529,037	-	-	148,021	71,429	158,130	25,698	18,039	12,328
Total carrying amount	5,150,497	3,188,022	2,574,965	148,021	71,429	158,130	25,698	18,039	12,328

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

38 LIQUIDITY RISK

Liquidity risk is the risk that an entity may not be able to accommodate increases in liabilities or to fund decreases in assets in full at the time that a commitment or transaction is due for settlement. The Bank does face liquidity risk in respect of assets and liabilities as shown in the table below.

Table 19 Liquidity profile 2010/11

		30-Jun-2011 USh s (m)	0-3 Months UShs. (m)	4-6 Months UShs. (m)	7-9 Months UShs. (m)	> 9 Months UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	171,493	-	-	-
	Investments at fair value through profit or loss	4,607,328	4,527,712	-	-	79,616
	Investments held-for-trading	1,511,059	1,511,059	-	-	-
	Investments available-for-sale	1,295	-	-	-	1,295
	Assets held with IMF	605,797	-	-	-	605,797
	Total foreign assets	**6,896,972**	**6,210,264**	**-**	**-**	**686,708**
Domestic assets	Investments in treasury bills	69,535	-	-	-	69,535
	Loans, advances and drawdowns to government	5,150,497	5,150,497	-	-	-
	Loans and advances to commercial banks	148,021	-	-	-	148,021
	Staff loans	25,698	-	-	-	25,698
	Employee benefits	-	-	-	-	-
	Property, plant and equipment	126,349	-	-	-	126,349
	Leasehold land	17,637	-	-	-	17,637
	Other assets	106,979	106,979	-	-	-
	Total domestic assets	**5,644,716**	**5,257,476**	**-**	**-**	**387,240**
Total assets		**12,541,688**	**11,467,740**	**-**	**-**	**1,073,948**
Foreign liabilities	IMF obligations	733,628	-	-	-	733,628
	Other foreign liabilities	94	-	-	-	94
	Total foreign liabilities	**733,722**	**-**	**-**	**-**	**733,722**
Domestic liabilities	Currency in circulation	2,189,817	2,189,817	-	-	-
	Government deposits	6,789,243	6,789,243	-	-	-
	Commercial banks' deposits	867,982	867,982	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	206	206	-	-	-
	Employee benefits	16,348	-	-	-	16,348
	Other liabilities	150,768	150,768	-	-	-
	Total domestic liabilities	**10,014,364**	**9,998,016**	**-**	**-**	**16,348**
	Total liabilities	**10,014,364**	**9,998,016**	**-**	**-**	**750,070**
Equity	Issued capital	20,000	-	-	-	20,000
	Reserves	1,769,227	-	-	-	1,769,227
	Earmarked funds	4,375				4,375
	Total Equity	**1,793,602**	**-**	**-**	**-**	**1,793,602**
	Total liabilities & equity	**12,541,688**	**9,998,016**	**-**	**-**	**2,543,672**
	Net liquidity gap	**30-Jun-2011**	**1,469,724**	**-**	**-**	**(1,469,724)**
	Net liquidity gap	**30-Jun-2010**	**730,578**	**-**	**-**	**(730,577)**

Table 20 Liquidity profile 2009/10

		30-Jun-2010 USHs (m)	0-3 Months UShs. (m)	4-6 Months UShs. (m)	7-9 Months UShs. (m)	> 9 Months UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	110,365	-	-	-
	Investments at fair value through profit or loss	4,559,290	4,490,969	-	-	68,321
	Investments held-for-trading	607,960	607,960	-	-	-
	Investments available-for-sale	1,080	-	-	-	1,080
	Assets held with IMF	482,476	-	-	-	482,476
	Total foreign assets	**5,761,171**	**5,209,294**	**-**	**-**	**551,877**
Domestic assets	Investments in treasury bills	150,000	-	-	-	150,000
	Loans, advances and drawdowns to government	3,188,022	3,188,022	-	-	-
	Loans and advances to commercial banks	71,429	-	-	-	71,429
	Staff loans	18,039	-	-	-	18,039
	Employee benefits	3,048	-	-	-	3,048
	Property, plant and equipment	128,649	-	-	-	128,649
	Leasehold land	17,637	-	-	-	17,637
	Other assets	83,574	83,574	-	-	-
	Total domestic assets	**3,660,397**	**3,271,596**	**-**	**-**	**388,802**
Total assets		**9,421,568**	**8,480,890**	**-**	**-**	**940,679**
Foreign liabilities	IMF obligations	581,407	-	-	-	581,407
	Other foreign liabilities	94	-	-	-	94
	Total foreign liabilities	**581,501**	**-**	**-**	**-**	**581,501**
Domestic liabilities	Currency in circulation	1,738,981	1,738,981	-	-	-
	Government deposits	4,998,688	4,998,688	-	-	-
	Commercial banks' deposits	863,247	863,247	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	876	876	-	-	-
	Employee benefits	-	-	-	-	-
	Other liabilities	148,520	148,520	-	-	-
	Total domestic liabilities	**7,750,312**	**7,750,312**	**-**	**-**	**-**
	Total liabilities	**8,331,813**	**7,750,312**	**-**	**-**	**581,501**
Equity	Issued capital	20,000	-	-	-	20,000
	Reserves	1,048,523	-	-	-	1,048,523
	Earmarked funds	21,232	-	-	-	21,232
	Total Equity	**1,089,755**	**-**	**-**	**-**	**1,089,755**
	Total liabilities & equity	**9,421,568**	**7,750,312**	**-**	**-**	**1,671,256**
	Net liquidity gap	**30-Jun-2010**	**730,578**	**-**	**-**	**(730,577)**
	Net liquidity gap	**30-Jun-2009**	**648,413**	**-**	**-**	**(648,413)**

Table 21 Liquidity profile 2008/09

		30-Jun-2009 UShs (m)	0-3 Months UShs. (m)	4-6 Months UShs. (m)	7-9 Months UShs. (m)	> 9 Months UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	152,499	-	-	
	Investments at fair value through profit or loss	4,456,618	4,394,380	-	-	62,238
	Investments held-for-trading	533,327	533,327	-	-	
	Investments available-for-sale	1,008	-	-	-	1,008
	Assets held with IMF	19	(580,543)	-	-	580,562
	Total foreign assets	**5,143,471**	**4,499,663**	**-**	**-**	**643,808**
Domestic assets	Investments in treasury bills	-	(200,000)	-	-	200,000
	Loans, advances and drawdowns to government	2,574,965	2,574,965	-	-	
	Loans and advances to commercial banks	158,130	-	-	-	158,130
	Staff loans	12,328	-	-	-	12,328
	Employee benefits	736	-	-	-	736
	Property, plant and equipment	113,834	1	-	-	113,833
	Leasehold land	17,637	-	-	-	17,637
	Other assets	82,844	82,844	-	-	
	Total domestic assets	**2,960,474**	**2,457,810**	**-**	**-**	**502,664**
Total assets		**8,103,945**	**6,957,473**	**-**	**-**	**1,146,472**
Foreign liabilities	IMF obligations	94,561	(580,543)	-	-	675,104
	Other foreign liabilities	94	-	-	-	94
	Total foreign liabilities	**94,655**	**(580,543)**	**-**	**-**	**675,198**
Domestic liabilities	Currency in circulation	1,468,641	1,468,641	-	-	-
	Government deposits	4,710,332	4,710,332	-	-	-
	Commercial banks' deposits	506,237	506,237	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	2,249	2,249	-	-	-
	Employee benefits	-	-	-	-	-
	Other liabilities	202,144	202,144	-	-	-
	Total domestic liabilities	**6,889,603**	**6,889,603**	**-**	**-**	**-**
	Total liabilities	**6,984,258**	**6,309,060**	**-**	**-**	**675,198**
Equity	Issued capital	20,000	-	-	-	20,000
	Reserves	1,080,615	-	-	-	1,080,615
	Dividend payable to Government		-	-	-	-
	Earmarked funds	19,072	-	-	-	19,072
	Total Equity	**1,119,687**	**-**	**-**	**-**	**1,119,687**
	Total liabilities & equity	**8,103,945**	**6,309,060**	**-**	**-**	**1,794,885**
	Net liquidity gap	**30-Jun-2009**	**648,413**	**-**	**-**	**(648,413)**

38.1 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.

The Bank then maintains a portfolio of short term liquid assets largely made up of short term liquid investment securities to ensure that sufficient liquidity is maintained as a whole.

39 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.

39.1 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 22 Interest risk analysis 2010/11

		30-Jun-2011 UShs (m)	0-3 Months UShs. (m)	4-6 Months UShs. (m)	7-9 Months UShs. (m)	> 9 Months UShs. (m)	Non-Bearing UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	171,493	-	-	-	-
	Investments at fair value through profit or loss	4,607,328	4,607,328	-	-	79,616	-
	Investments held-for-trading	1,511,059	1,511,059	-	-	-	-
	Investments available-for-sale	1,295	-	-	-	1,295	-
	Assets held with IMF	605,797	-	-	-	605,797	-
	Total foreign assets	**6,896,972**	**6,289,880**	**-**	**-**	**686,708**	**-**
Domestic assets	Investments in treasury bills	69,535	-	-	-	-	69,535
	Loans, advances and drawdowns to government	5,150,497	-	-	-	-	5,150,497
	Loans and advances to commercial banks	148,021	-	-	-	148,021	-
	Staff loans	25,698	-	-	-	-	25,698
	Employee benefits	-	-	-	-	-	-
	Property, plant and equipment	126,349	-	-	-	-	126,349
	Leasehold land	17,637	-	-	-	-	17,637
	Other assets	106,979	-	-	-	-	106,979
	Total domestic assets	**5,644,716**	**-**	**-**	**-**	**148,021**	**5,496,695**
	Total assets	**12,541,688**	**6,289,880**	**-**	**-**	**834,729**	**5,496,695**
Foreign liabilities	IMF obligations	733,628	-	-	-	733,628	733,628
	Other foreign liabilities	94	-	-	-	-	94
	Total foreign liabilities	**733,722**	**-**	**-**	**-**	**733,628**	**733,722**
Domestic liabilities	Currency in circulation	2,189,817	-	-	-	-	2,189,817
	Government deposits	6,789,243	-	-	-	-	6,789,243
	Commercial banks' deposits	867,982	-	-	-	-	867,982
	International Bank for Reconstruction & Dev't (IBRD)	206	-	-	-	-	206
	Employee benefits	16,348	-	-	-	-	16,348
	Other liabilities	150,768	-	-	-	-	150,768
	Total domestic liabilities	**10,014,364**	**-**	**-**	**-**	**-**	**10,014,364**
	Total liabilities	**10,748,086**	**-**	**-**	**-**	**733,628**	**10,748,086**
Equity	Issued capital	20,000	-	-	-	-	20,000
	Reserves	1,769,227	-	-	-	-	1,769,227
	Earmarked funds	4,375	-	-	-	-	4,375
	Total Equity	**1,793,602**	**-**	**-**	**-**	**-**	**1,793,602**
			-	-	-	-	-
	Total liabilities & Equity	**12,541,688**	**-**	**-**	**-**	**733,628**	**12,541,688**
			-	-	-	-	-
	On balance Sheet interest Sensitivity Gap	**30-Jun-2011**	**6,289,880**	**-**	**-**	**101,101**	**(7,044,993)**
	On balance Sheet interest Sensitivity Gap	**30-Jun-2010**	**(94)**	**-**	**-**	**8,840,161**	**(5,254,147)**

.

Table 23 Interest risk analysis 2009/10

		30-Jun-2010 UShs (m)	0-3 Months UShs. (m)	4-6 Months UShs. (m)	7-9 Months UShs. (m)	> 9 Months UShs. (m)	Non-Interest Bearing UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	110,365	-	-	-	-
	Investments at fair value through profit or loss	4,559,290	4,490,969	-	-	68,321	-
	Investments held-for-trading	607,960	607,960	-	-	-	-
	Investments available-for-sale	1,080	-	-	-	1,080	-
	Assets held with IMF	482,476	-	-	-	482,476	-
	Total foreign assets	**5,761,171**	**5,209,294**	**-**	**-**	**551,877**	**-**
Domestic assets	Investments in treasury bills	150,000	-	-	-	-	150,000
	Loans, advances and drawdowns to government	3,188,022	-	-	-	-	3,188,022
	Loans and advances to commercial banks	71,429	-	-	-	71,429	-
	Staff loans	18,039	-	-	-	-	18,039
	Employee benefits	3,048	-	-	-	3,048	-
	Property, plant and equipment	128,649	-	-	-	-	128,649
	Leasehold land	17,637	-	-	-	-	17,637
	Other assets	83,574	-	-	-	-	83,574
	Total domestic assets	**3,660,397**	**-**	**-**	**-**	**74,477**	**3,585,920**
			-	**-**	**-**	**482,476**	**-**
	Total assets	**9,421,568**	**-**	**-**	**-**	**9,421,568**	**3,585,920**
Foreign liabilities	IMF obligations	581,407	-	-	-	581,407	-
	Other foreign liabilities	94	94	-	-	-	-
	Total foreign liabilities	**581,501**	**94**	**-**	**-**	**581,407**	**-**
Domestic liabilities	Currency in circulation	1,738,981	-	-	-	-	1,738,981
	Government deposits	4,998,688	-	-	-	-	4,998,688
	Commercial banks' deposits	863,247	-	-	-	-	863,247
	International Bank for Reconstruction & Dev't (IBRD)	876	-	-	-	-	876
	Employee benefits	-	-	-	-	-	-
	Other liabilities	148,520	-	-	-	-	148,520
	Total domestic liabilities	**7,750,312**	**-**	**-**	**-**	**-**	**7,750,312**
	Total liabilities	**8,331,813**	**94**	**-**	**-**	**581,407**	**7,750,312**
Equity	Issued capital	20,000	-	-	-	-	20,000
	Reserves	1,048,523	-	-	-	-	1,048,523
	Dividend payable to Government		-	-	-	-	-
	Earmarked funds	21,232	-	-	-	-	21,232
	Total Equity	**1,089,755**	**-**	**-**	**-**	**-**	**1,089,755**
	Total liabilities & Equity	**9,421,568**	**94**	**-**	**-**	**581,407**	**8,840,067**
	On balance Sheet interest Sensitivity Gap	**30-Jun-2010**	**(94)**	**-**	**-**	**8,840,161**	**(5,254,147)**
	On balance Sheet interest Sensitivity Gap	**30-Jun-2009**	**5,080,206**	**-**	**-**	**2,461,436**	**(7,636,203)**

Table 24 Interest risk analysis 2008/09

		30-Jun-2009	0-3 Months	4-6 Months	7-9 Months	> 9 Months	Non-Interest Bearing
		TOTAL UShs (m)	UShs. (m) UShs (m)	UShs. (m) -	UShs. (m) -	UShs. (m) -	UShs. (m) -
Foreign assets	Cash and cash equivalents	152,499	152,499	-	-	-	-
	Investments at fair value through profit or loss	4,456,618	4,394,380	-	-	62,238	-
	Investments held-for-trading	533,327	533,327	-	-		-
	Investments available-for-sale	1,008	-	-	-	1,008	-
	Assets held with IMF	19	-	-	-	19	-
	Total foreign assets	**5,143,471**	**5,080,206**	**-**	**-**	**63,265**	**-**
Domestic assets	Investments in treasury bills	-	-	-	-	-	-
	Loans, advances and drawdowns to government	2,574,965	-	-	-	2,574,965	-
	Loans and advances to commercial banks	158,130	-	-	-	-	158,130
	Staff loans	12,328	-	-	-	12,328	-
	Employee benefits	736	-	-	-	-	736
	Property, plant and equipment	113,834	-	-	-	-	113,834
	Leasehold land	17,637	-	-	-	-	17,637
	Other assets	82,844	-	-	-	-	82,844
	Total domestic assets	**2,960,474**	**-**	**-**	**-**	**2,587,293**	**373,181**
	Total assets	**8,103,945**	**5,080,206**	**-**	**-**	**2,650,558**	**373,181**
Foreign liabilities	IMF obligations	94,561	-	-	-	94,561	-
	Other foreign liabilities	94	-	-	-	-	94
	Total foreign liabilities	**94,655**	**-**	**-**	**-**	**94,561**	**94**
Domestic liabilities	Currency in circulation	1,468,641	-	-	-	-	1,468,641
	Government deposits	4,710,332	-	-	-	-	4,710,332
	Commercial banks' deposits	506,237	-	-	-	-	506,237
	International Bank for Reconstruction & Dev't (IBRD)	2,249	-	-	-	-	2,249
	Employee benefits	-	-	-	-	-	-
	Other liabilities	202,144	-	-	-	-	202,144
	Total domestic liabilities	**6,889,603**	**-**	**-**	**-**	**-**	**6,889,603**
	Total liabilities	**6,984,258**	**-**	**-**	**-**	**94,561**	**6,889,697**
Equity	Issued capital	20,000	-	-	-	-	20,000
	Reserves	1,080,615	-	-	-	-	1,080,615
	Dividend payable to Government		-	-	-	-	-
	Earmarked funds	19,072	-	-	-	94,561	19,072
	Total Equity	**1,119,687**	**-**	**-**	**-**	**94,561**	**1,119,687**
	Total liabilities & Equity	**8,103,945**	**-**	**-**	**-**	**189,122**	**8,009,384**
	On balance Sheet interest Sensitivity Gap	**30-Jun-2009**	**5,080,206**	**-**	**-**	**2,461,436**	**(7,636,203)**
			-	-	-	-	-

39.2 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% would be as follows;

Table 25 Interest risk sensitivity analysis FY 2010/11

		30-Jun-2011 CARRYING AMOUNTS UShs (m)	0.5% Increase UShs. (m)	0.5% decrease UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	857	(857)
	Investments at fair value through profit or loss	4,607,328	23,037	(23,037)
	Investments held-for-trading	1,511,059	7,555	(7,555)
	Investments available-for-sale	1,295		
	Assets held with IMF	605,797		
	Total foreign assets	**6,896,972**	**31,449**	**(31,449)**
Domestic assets	Investments in treasury bills	69,535		
	Loans, advances and drawdowns to government	5,150,497	25,752	(25,752)
	Loans and advances to commercial banks	148,021		
	Staff loans	25,698	128	(128)
	Employee benefits	-		
	Property, plant and equipment	126,349		
	Leasehold land	17,637		
	Other assets	106,979		
	Total domestic assets	**5,644,716**	**25,881**	**(25,881)**
	Total assets	**12,541,688**	**57,330**	**(57,330)**
Foreign liabilities	IMF obligations	733,628		
	Other foreign liabilities	94		
	Total foreign liabilities	**733,722**	**-**	**-**
Domestic liabilities	Currency in circulation	2,189,817		
	Government deposits	6,789,243		
	Commercial banks' deposits	867,982		
	International Bank for Reconstruction & Dev't (IBRD)	206		
	Employee benefits	16,348		
	Other liabilities	150,768		
	Total domestic liabilities	**10,014,364**	**-**	**-**
	Total liabilities	**10,748,086**	**-**	**-**
Equity	Issued capital	20,000		
	Reserves	1,769,227		
	Earmarked funds	4,375		
	Total Equity	**1,793,602**	**-**	**-**
	Total liabilities & equity	**12,541,688**	**-**	**-**
	Net interest increase/(decrease)	**30-Jun-2011**	**57,330**	**(57,330)**
	Impact on profits	**30-Jun-2011**	**57,330**	**(57,330)**

Table 26 Interest risk sensitivity analysis FY 2009/10

		30-Jun-2010		
		CARRYING AMOUNTS	0.5% Increase	0.5% decrease
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	552	(552)
	Investments at fair value through profit or loss	4,559,290	22,796	(22,796)
	Investments held-for-trading	607,960	3,040	(3,040)
	Investments available-for-sale	1,080		
	Assets held with IMF	482,476		
	Total foreign assets	**5,761,171**	**26,388**	**(26,388)**
Domestic assets	Investments in treasury bills	150,000		
	Loans, advances and drawdowns to government	3,188,022	-	-
	Loans and advances to commercial banks	71,429		
	Staff loans	18,039	-	-
	Employee benefits	3,048		
	Property, plant and equipment	128,649		
	Leasehold land	17,637		
	Other assets	83,574		
	Total domestic assets	**3,660,397**	**-**	**-**
	Total assets	**9,421,568**	**26,388**	**(26,388)**
Foreign liabilities	IMF obligations	581,407		
	Other foreign liabilities	94		
	Total foreign liabilities	**581,501**	**-**	**-**
Domestic liabilities	Currency in circulation	1,738,981		
	Government deposits	4,998,688		
	Commercial banks' deposits	863,247		
	International Bank for Reconstruction & Dev't (IBRD)	876		
	Employee benefits	-		
	Other liabilities	148,520		
	Total domestic liabilities	**7,750,312**	**-**	**-**
	Total liabilities	**8,331,813**	**-**	**-**
Equity	Issued capital	20,000		
	Reserves	1,048,523		
	Dividend payable to Government	-		
	Earmarked funds	21,232		
	Total Equity	**1,089,755**	**-**	**-**
	Total liabilities & equity	**9,421,568**	**-**	**-**
	Net interest increase/(decrease)	**30-Jun-2010**	**26,388**	**(26,388)**
	Impact on profits	**30-Jun-2010**	**26,388**	**(26,388)**

Table 27 Interest risk sensitivity analysis FY 2008/09

		30-Jun-2009		
		CARRYING AMOUNTS	0.5% Increase	0.5% decrease
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	762	(762)
	Investments at fair value through profit or loss	4,456,618	22,283	(22,283)
	Investments held-for-trading	533,327	2,667	(2,667)
	Investments available-for-sale	1,008		
	Assets held with IMF	19		
	Total foreign assets	**5,143,471**	**25,712**	**(25,712)**
Domestic assets	Investments in treasury bills	-		
	Loans, advances and drawdowns to government	2,574,965	-	-
	Loans and advances to commercial banks	158,130		
	Staff loans	12,328	-	-
	Employee benefits	736		
	Property, plant and equipment	113,834		
	Leasehold land	17,637		
	Other assets	82,844		
	Total domestic assets	**2,960,474**	-	-
	Total assets	**8,103,945**	**25,712**	**(25,712)**
Foreign liabilities	IMF obligations	94,561		
	Other foreign liabilities	94		
	Total foreign liabilities	**94,655**	-	-
Domestic liabilities	Currency in circulation	1,468,641		
	Government deposits	4,710,332		
	Commercial banks' deposits	506,237		
	International Bank for Reconstruction & Dev't (IBRD)	2,249		
	Employee benefits	-		
	Other liabilities	202,144		
	Total domestic liabilities	**6,889,603**	-	-
	Total liabilities	**6,984,258**	-	-
Equity	Issued capital	20,000		
	Reserves	1,080,615		
	Dividend payable to Government			
	Earmarked funds	19,072		
	Total Equity	**1,119,687**	-	-
	Total liabilities & equity	**8,103,945**	-	-
	Net interest increase/(decrease)	**30-Jun-2009**	**25,712**	**(25,712)**
	Impact on profits	**30-Jun-2009**	**25,712**	**(25,712)**

40 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 28 Currency risk profile 2010/11

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	109,913	29,084	17,320	15,000	176
	Investments at fair value through profit or loss	4,607,328	345,026	1,429,919	1,877,755	954,628	
	Investments held-for-trading	1,511,059	-	1,511,059			
	Investments available-for-sale	1,295	-	1,126		169	
	Assets held with IMF	605,797	-				605,797
	Total foreign assets	**6,896,972**	**454,939**	**2,971,188**	**1,895,075**	**969,797**	**605,973**
Domestic assets	Investments in treasury bills	69,535	69,535				
	Loans, advances and drawdowns to government	5,150,497	5,150,497				
	Loans and advances to commercial banks	148,021	148,021				
	Staff loans	25,698	25,698				
	Employee benefits	-	-				
	Property, plant and equipment	126,349	126,349				
	Leasehold land	17,637	17,637				
	Other assets	106,979	106,979				
	Total domestic assets	**5,644,716**	**5,644,716**	**-**	**-**	**-**	**-**
	Total assets	**12,541,688**	**6,099,655**	**2,971,188**	1,895,075	969,797	605,973
Foreign liabilities	IMF obligations	733,628	733,534				94
	Other foreign liabilities	94	(1,700,462)	1,700,556			
	Total foreign liabilities	**733,722**	**(966,928)**	**1,700,556**	**-**	**-**	**94**
Domestic liabilities	Currency in circulation	2,189,817	2,189,817				
	Government deposits	6,789,243	6,789,243				
	Commercial banks' deposits	867,982	867,982				
	International Bank for Reconstruction & Dev't (IBRD)	206	206				
	Employee benefits	16,348	16,348				
	Other liabilities	150,768	150,768				
	Total domestic liabilities	**10,014,364**	**10,014,364**	**-**	**-**	**-**	**-**
	Total liabilities	**10,748,086**	**9,047,436**	**1,700,556**	-	-	94
Equity	Issued capital	20,000	20,000				
	Reserves	1,769,227	1,769,227				
	Dividend payable to Government						
	Earmarked funds	4,375	4,375				
	Total Equity	**1,793,602**	**1,793,602**	**-**	**-**	**-**	**-**
	Total liabilities & equity	**12,541,688**	**10,841,038**	**1,700,556**	-	-	94
	Net foreign currency position	**30-Jun-2011**	**(4,741,383)**	**1,270,632**	**1,895,075**	**969,797**	**605,879**
	Net foreign currency position	**30-Jun-2010**	**(4,107,895)**	**731,098**	**1,786,326**	**1,107,337**	**483,134**

Table 29 Currency risk profile 2009/10

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
	Foreign assets						
Foreign assets	Cash and cash equivalents	110,365	-	33,853	22,961	52,799	752
	Investments at fair value through profit or loss	4,559,290	-	1,741,556	1,763,365	1,054,369	
	Investments held-for-trading	607,960	-	607,960			
	Investments available-for-sale	1,080	-	911		169	
	Assets held with IMF	482,476	-				482,476
	Total foreign assets	**5,761,171**	**-**	**2,384,280**	**1,786,326**	**1,107,337**	**483,228**
Domestic assets	Investments in treasury bills	150,000	150,000				
	Loans, advances and drawdowns to government	3,188,022	3,188,022				
	Loans and advances to commercial banks	71,429	71,429				
	Staff loans	18,039	18,039				
	Employee benefits	3,048	3,048				
	Property, plant and equipment	128,649	128,649				
	Leasehold land	17,637	17,637				
	Other assets	83,574	83,574				
	Total domestic assets	**3,660,397**	**3,660,397**	**-**	**-**	**-**	**-**
	Total assets	**9,421,568**	**3,660,397**	**2,384,280**	**1,786,326**	**1,107,337**	**483,228**
Foreign liabilities	IMF obligations	581,407	581,313				94
	Other foreign liabilities	94	(1,653,088)	1,653,182			
	Total foreign liabilities	**581,501**	**(1,071,775)**	**1,653,182**	**-**	**-**	**94**
Domestic liabilities	Currency in circulation	1,738,981	1,738,981				
	Government deposits	4,998,688	4,998,688				
	Commercial banks' deposits	863,247	863,247				
	International Bank for Reconstruction & Dev't (IBRD)	876	876				
	Employee benefits	-	-				
	Other liabilities	148,520	148,520				
	Total domestic liabilities	**7,750,312**	**7,750,312**	**-**	**-**	**-**	**-**
	Total liabilities	**8,331,813**	**6,678,537**	**1,653,182**	**-**	**-**	**94**
Equity	Issued capital	20,000	20,000				
	Reserves	1,048,523	1,048,523				
	Dividend payable to Government						
	Earmarked funds	21,232	21,232				
	Total Equity	**1,089,755**	**1,089,755**	**-**	**-**	**-**	**-**
	Total liabilities & Equity	**9,421,568**	**7,768,292**	**1,653,182**	**-**	**-**	**94**
	Net foreign currency position	**30-Jun-2010**	**(4,107,895)**	**731,098**	**1,786,326**	**1,107,337**	**483,134**
	Net foreign currency position	**30-Jun-2009**	**(5,048,817)**	**2,250,057**	**1,679,434**	**1,213,699**	**(94,374)**

Table 30 Currency risk profile 2008/09

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	-	10,267	23,793	118,271	168
	Investments at fair value through profit or loss	4,456,618	-	1,705,718	1,655,641	1,095,259	
	Investments held-for-trading	533,327	-	533,327			
	Investments available-for-sale	1,008	-	839		169	
	Assets held with IMF	19	-				19
	Total foreign assets	**5,143,471**	**-**	**2,250,151**	**1,679,434**	**1,213,699**	**187**
Domestic assets	Investments in treasury bills	-	-				
	Loans, advances and drawdowns to government	2,574,965	2,574,965				
	Loans and advances to commercial banks	158,130	158,130				
	Staff loans	12,328	12,328				
	Employee benefits	736	736				
	Property, plant and equipment	113,834	113,833				
	Leasehold land	17,637	17,637				
	Other assets	82,844	82,844				
	Total domestic assets	**2,960,474**	**2,960,473**	**-**	**-**	**-**	**-**
	Total assets	**8,103,945**	**2,960,473**	**2,250,151**	1,679,434	1,213,699	187
Foreign liabilities	IMF obligations	94,561	-				94,561
	Other foreign liabilities	94	-	94			
	Total foreign liabilities	**94,655**	**-**	**94**	**-**	**-**	**94,561**
Domestic liabilities	Currency in circulation	1,468,641	1,468,641				
	Government deposits	4,710,332	4,710,332				
	Commercial banks' deposits	506,237	506,237				
	International Bank for Reconstruction & Dev't (IBRD)	2,249	2,249				
	Employee benefits	-	-				
	Other liabilities	202,144	202,144				
	Total domestic liabilities	**6,889,603**	**6,889,603**	**-**	**-**	**-**	**-**
	Total liabilities	**6,984,258**	**6,889,603**	**94**	-	-	**94,561**
Equity	**Issued capital**	**20,000**	**20,000**				
	Reserves	1,080,615	1,080,615				
	Dividend payable to Government						
	Earmarked funds	19,072	19,072				
	Total Equity	**1,119,687**	**1,119,687**	**-**	**-**	**-**	**-**
	Total liabilities & equity	**8,103,945**	**8,009,290**	**94**	-	-	94,561
	Net foreign currency position	**30-Jun-2009**	**(5,048,817)**	**2,250,057**	**1,679,434**	**1,213,699**	**(94,374)**

40.1 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.

40.2 CURRENCY RISK SENSITIVITY ANALYSIS

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

Table 31 Currency Risk Sensitivity analysis FY 2010/11

		CARRYING AMOUNTS	15% DEPRECIATION	15% APPRECIATION
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	25,724	(25,724)
	Investments at fair value through profit or loss	4,607,328	691,099	(691,099)
	Investments held-for-trading	1,511,059	226,659	(226,659)
	Investments available-for-sale	1,295	194	(194)
	Assets held with IMF	605,797	90,870	(90,870)
		6,896,972	**1,034,546**	**(1,034,546)**
Foreign liabilities	IMF obligations	(733,628)	(110,044)	110,044
		(733,628)	**(110,044)**	**110,044**
Domestic liabilities	Government deposits	(145,374)	(21,806)	21,806
	Commercial banks' deposits	(34,172)	(5,126)	5,126
		(179,546)	**(26,932)**	**26,932**
Total increase/(decrease)		**30-Jun-2011**	**897,570**	**(897,570)**
Impact on profits		**30-Jun-2011**	**897,570**	**(897,570)**

Table 32 Currency Risk Sensitivity analysis FY 2009/10

		CARRYING AMOUNTS	15% DEPRECIATION	15% APPRECIATION
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	16,555	(16,555)
	Investments at fair value through profit or loss	4,559,290	683,894	(683,894)
	Investments held-for-trading	607,960	91,194	(91,194)
	Investments available-for-sale	1,080	162	(162)
	Assets held with IMF	482,476	72,371	(72,371)
		5,761,171	**864,176**	**(864,176)**
Foreign liabilities	IMF obligations	(581,407)	(87,211)	87,211
		(581,407)	**(87,211)**	**87,211**
Domestic liabilities	Government deposits	(102,001)	(15,300)	15,300
	Commercial banks' deposits	(5,655)	(848)	848
		(107,656)	**(16,148)**	**16,148**
Total increase/(decrease)		**30-Jun-2010**	**760,816**	**(760,816)**
Impact on profits		**30-Jun-2010**	**760,816**	**(760,816)**

Table 33 Currency Risk Sensitivity analysis FY 2008/09

		CARRYING AMOUNTS	15% DEPRECIATION	15% APPRECIATION
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	22,875	(22,875)
	Investments at fair value through profit or loss	4,456,618	668,493	(668,493)
	Investments held-for-trading	533,327	79,999	(79,999)
	Investments available-for-sale	1,008	151	(151)
	Assets held with IMF	19	3	(3)
		5,143,471	**771,521**	**(771,521)**
Foreign liabilities	IMF obligations	(94,561)	(14,184)	14,184
		(94,561)	**(14,184)**	**14,184**
Domestic liabilities	Government deposits	(145,159)	(21,774)	21,774
	Commercial banks' deposits	(34,172)	(5,126)	5,126
		(179,331)	**(26,900)**	**26,900**
Total increase/(decrease)		**30-Jun-2009**	**730,437**	**(730,437)**
Impact on profits		**30-Jun-2009**	**730,437**	**(730,437)**

At 30 June 2011, if the Shilling had weakened by 15% against the major trading currencies with all other variables held constant, profits would have been Ushs 760,816 million (2009/10: Ushs 730,437 million) lower with other components of equity remaining the same.

Conversely, if the Shilling had strengthened by 15% against the major trading currencies with all other variables held constant, profits would have been Ushs 760,816 million (2009/10: Ushs 730,437 million) lower with other components of equity remaining the same.

41 EFFECTIVE INTEREST RATES ON FINANCIAL ASSETS AND LIABILLITIES

The effective interest rates of the principal financial assets and liabilities as at 30 June 2011 and 30 June 2010 were in the following ranges.

		30-Jun-2011	30-Jun-2010	30-Jun-2009	30-Jun-2008
		%	%	%	%
Assets	Government securities	1.00	4.00	7.00	7.00
Deposits	USD	0.22	0.36	0.24	0.25
	GBP	0.62	0.56	0.32	1.00
	Euro	0.74	0.64	0.64	2.00

42 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 2011, 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 quoted 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-2011 UShs(m)	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Level 1 - Investments at fair value through profit or loss and held-for-trading	6,118,387	5,167,250	4,989,945
Level 3 - Investments available-for-sale	1,295	1,080	1,008
	6,119,682	**5,168,330**	**4,990,953**

During the reporting period ending 30 June 2011, 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.

43 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-2011 UShs (m)	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Issued Capital	20,000	20,000	20,000
Asset revaluation reserve	48,336	48,627	49,018
Earmarked funds	4,375	21,232	1,011,422
Revenue reserve	(208,546)	25,834	167,467
General reserve	20,175	20,175	20,175
Capital and reserves excluding translations	**(115,660)**	**135,868**	**1,268,082**
Translation reserve	1,909,262	953,887	843,955
Total Reserves	**1,793,602**	**1,089,755**	**2,112,037**

As indicated in the table above, the Bank's total capital excluding translation reserves was a net deficit of Ushs 115,659 million. The Bank is following up with Government on how best to maintain adequate core capital levels of the Bank.

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

44 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.

44.1 LOANS TO DIRECTORS

The Bank extended loans to Executive Directors of the Board. The outstanding amount on the loans was Ushs 352 million as at 30 June 2011.

44.2 LOANS TO EXECUTIVE MANAGEMENT

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
At 1 July	183	291
Advanced during the year	585	88
Repayments	(199)	(196)
At 30 June	**569**	**183**

The Bank extends loan facilities to Executive Management in accordance with the Bank policy. The advances are given at preferential rates determined by the Board of Directors.

44.3 DIRECTORS EMOLUMENTS

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Directors' fees and emoluments	484	548
Remuneration:		
Governor and Deputy Governor	844	703
	1,328	**1,251**

44.4 COMPENSATION OF EXECUTIVE MANAGEMENT

	30-Jun-2011 UShs(m)	30-Jun-2010 UShs(m)
Short-term employee benefits	1,943	1,282
Post-employment pension benefits	194	130
	2,137	**1,412**

44.5 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 2011 amounted to Ushs 20,414 million. The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was Ushs 108 million.

45 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.

45.1 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.

45.2 TAXES

The Bank is subject to various government taxes under the Ugandan tax laws. 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.

45.3 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.

45.4 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 29 for the assumptions used.

45.5 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.

46 PRIOR YEAR ADJUSTMENTS

	30-Jun-2010 USh (m)	Adjustments UShs (m)	Restated UShs (m)
Assets held with IMF*	1,088,855	(606,379)	482,476
Investments in treasury bills**	200,000	(50,000)	150,000
Loans and advances to commercial banks***	81,955	(10,526)	71,429
IMF obligations*	1,187,786	(606,379)	581,407
Government capital accounts**	3,084,056	(50,000)	3,034,056
GOU managed funds***	163,519	(10,512)	153,007
Other liabilities****	148,534	(14)	148,520

* IMF assets and liabilities have been restated to take into account the IMF quota and IMF securities now transferred from Bank of Uganda records to be accounted for in the books of Government of Uganda.

** Treasury bills for Repos have been restated to match the actual amount drawn down or utilised of the collateral for the vertical repurchase agreements outstanding at the end of the year.

*** The Government of Uganda managed funds through Development Finance Schemes (DFS) have been restated to reflect a net balance outstanding on the Agricultural Credit Fund (ACF).

**** Deposits from insurance companies have been reclassified from loans and advances to commercial banks to other liabilities.

47 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting year.

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26 APPENDICES

Appendix 1 Macroeconomic Indicators

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Real Sector										
GDP at Market Prices (current prices), Shs. billion	10,907	12,438	13,972	16,026	18,172	21,212	24,497	30,101	34,811	38,798
GDP at Market Prices (constant 2002 prices), Shs. billion	11,493	12,237	13,070	13,897	15,396	16,685	18,145	19,461	20,525	21,825
Real GDP growth (Annual Change %)	8.5	6.5	6.8	6.3	10.8	8.4	8.7	7.3	5.5	6.3
GDP per capita (current prices), Shs.	453,157	495,754	540,314	599,279	657,708	742,159	827,823	981,725	1,095,209	1,177,835
GDP per capita (constant 2002 prices), Shs.	477,505	487,728	505,411	519,699	557,235	583,780	613,162	634,701	645,754	662,582
GDP per capita growth rate (%)	5.1	2.1	3.6	2.8	7.2	4.8	5.0	3.5	1.7	2.6
Prices										
Annual Headline Inflation, (%)										
End of Period (Base 2005/06)	-2.5	10.2	0.8	10.7	7.4	5.9	12.5	12.3	4.2	15.7
Period Average (Base 2005/06)	-2.0	5.7	5.0	8.0	6.6	7.4	7.3	14.1	9.5	6.5
Exchange Rate (shs/US$)										
End of Period (e.o.p)	1,797.2	2,002.8	1,788.8	1,740.3	1,862.3	1,590.1	1,619.5	2,142.4	2,283.3	2,623.2
Period Average (p.a.)	1,754.6	1,882.9	1,934.9	1,737.7	1,825.1	1,780.0	1,696.5	1,930.0	2,028.9	2,323.4
Interest Rates(% p.a., e.o.p)										
Bank Rate	8.3	19.6	12.9	15.8	13.8	16.6	16.2	10.6	8.4	16.7
Rediscount Rate	7.3	18.6	11.9	14.8	12.8	15.6	15.2	9.6	7.4	15.7
Lending Rate	17.6	18.3	20.9	18.1	18.6	19.4	20.2	21.8	20.1	19.9
91 - day Treasury Bill Discount Rate	5.3	17.7	6.3	8.9	6.9	9.4	8.2	6.0	4.3	12.1
Financial Sector										
Money Supply, M3 (Shs billion)	1,935.5	2,388.4	2,587.3	2,811.1	3,271.6	3,842.0	5,037.8	6,297.6	8,293.2	10,437.8
Money Supply, M2A (Shs billion)	1,490.6	1,749.2	1,924.9	2,157.9	2,565.0	2,993.9	3,895.4	4,920.7	6,411.7	7,945.8
Currency in Circulation (Shs billion)	407.2	461.4	529.3	605.1	744.9	863.6	1,074.5	1,245.4	1,443.3	1,899.6
Base Money (Shs billion)	630.0	630.6	809.9	928.3	1,046.1	1,242.5	1,614.5	1,950.4	2,434.3	3,037.3
M2A growth (% p.a.)	24.9	17.3	10.0	12.1	18.9	16.7	30.1	26.3	30.3	23.9
M3 growth (% p.a.)	22.2	23.4	8.3	8.7	16.4	17.4	31.1	25.0	31.7	25.9
CIC/M2A (%)	27.3	26.4	27.5	28.0	29.0	28.8	27.6	25.3	22.5	23.9
M2A Velocity	13.7	14.1	13.8	13.5	14.1	14.1	15.9	16.3	18.4	20.5
M3 Velocity	17.7	19.2	18.5	17.5	18.0	18.1	20.6	20.9	23.8	26.9
Private Sector Credit (shs. billion)	661.7	848.6	986.0	1,130.1	1,454.7	1,792.5	2,714.8	3,587.7	4,484.6	6,476.2
Lending ratio (Loans/Deposits)	30.5	39.6	40.5	43.5	52.7	56.6	65.4	68.7	61.3	70.9
External Sector										
Exports, US$ millions	470.0	506.3	670.9	886.3	1,041.2	1,473.8	2,073.0	2,216.4	2,317.3	2,307.2
o/w Coffee	85.3	105.5	114.1	144.5	173.4	228.5	348.6	336.7	262.1	371.0
Imports (goods), US$ millions	-1,004.3	-1,126.6	-1,269.8	-1,584.6	-1,969.0	-2,495.2	-3,510.4	-4,062.2	-4,014.9	-4,591.9
Current account balance (US$ million)	-282.9	-264.8	118.8	60.4	-314.5	-342.0	-902.7	-1,258.1	-1,532.7	-1,808.4
Current account balance (excluding grants, US$ million)	-768.5	-776.1	-576.0	-726.0	-775.0	-881.6	-1,329.3	-1,661.2	-1,963.7	-2,638.5
Overall Balance, US$ million	135.0	36.6	520.8	555.7	198.2	703.8	563.0	-45.7	210.9	-581.4
Debt Service ratio, incl IMF as a percentage of exports of exports of goods & services	16.8	18.1	16.1	14.0	17.5	4.5	3.9	2.9	2.7	2.6
Total External Reserves (US $ million)	872.9	964.2	1,133.4	1,325.6	1,406.5	2,159.9	2,684.5	2,442.1	2,489.8	2,219.5
Reserve cover (months of future imports of goods & services)	6.4	6.9	6.4	6.0	6.3	7.8	7.0	5.4	5.2	4.0
Macro-economic Linkages										
M1/GDP (%)	9.4	9.5	9.5	9.1	9.4	9.4	10.2	9.9	10.9	12.2
M2A/GDP (%)	13.7	14.1	13.8	13.5	14.1	14.1	15.9	16.3	18.4	20.5
Private sector credit/GDP (%)	6.1	6.8	7.1	7.1	8.0	8.5	11.1	11.9	12.9	16.7
Exports to GDP (%)	7.6	7.7	9.3	9.6	10.5	12.4	14.4	14.2	15.3	14.0
Imports to GDP (%)	-16.2	-17.1	-17.6	-17.2	-19.8	-21.0	-24.3	-26.0	-26.5	-27.9
Current A/C balance as a percentage of GDP	-4.6	-4.0	1.6	0.7	-3.2	-2.9	-6.3	-8.1	-10.1	-11.0
Current A/C balance (excluding grants) as a percentage of GDP	-12.4	-11.7	-8.0	-7.9	-7.8	-7.4	-9.2	-10.7	-13.0	-16.0
Fiscal Deficit (Excluding Grants) to GDP (%)	7.4	7.0	-10.4	-8.7	-6.8	-7.0	-4.9	-4.6	-7.2	-10.5

Source: Bank of Uganda

Appendix 2 Gross Domestic Product by economic activity at current prices

Industry	ISIC3	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Agriculture, Forestry and fishing	**A,B**	**2,540**	**3,050**	**3,329**	**4,025**	**4,377**	**4,720**	**5,239**	**6,968**	**8,269**	**8,742**
Cash crops	AA	196	264	296	283	348	399	557	524	530	349
Food crops	AB	1,475	1,860	1,968	2,479	2,628	2,666	2,747	4,011	4,987	5,042
Livestock	AC	203	222	247	282	293	323	393	580	585	677
Forestry	AD	397	432	499	553	611	735	882	1,098	1,270	1,473
Fishing	B	269	272	319	427	497	597	659	755	897	1,201
Industry	**C-F**	**2,485**	**2,822**	**3,205**	**3,774**	**4,146**	**5,337**	**6,312**	**7,431**	**8,675**	**9,860**
Mining & quarrying	**C**	32	37	39	52	47	65	73	81	106	130
Manufacturing	**D**	797	878	978	1,125	1,291	1,510	1,790	2,374	2,675	3,323
Formal	DA	558	614	698	819	945	1,098	1,323	1,798	2,004	2,530
Informal	DB	239	264	279	306	346	411	467	576	671	793
Electricity supply	**EA**	153	169	195	225	264	248	492	545	486	568
Water supply	**EB**	263	285	314	352	424	728	624	728	982	776
Construction	**F**	1,240	1,453	1,679	2,020	2,119	2,786	3,333	3,703	4,427	5,062
Services	**G-P**	**5,175**	**5,791**	**6,626**	**7,273**	**8,580**	**9,961**	**11,489**	**13,973**	**15,766**	**17,935**
Wholesale & Retail Trade; repairs	**G**	1,151	1,317	1,475	1,662	2,010	2,411	2,772	3,925	4,231	5,360
Hotels & Restaurants	H	506	527	593	663	757	887	1,040	1,239	1,494	1,628
Transport/communication	**I**	528	615	739	832	1,047	1,316	1,663	1,926	2,240	1,948
Road, rail & water transport	IA	326	347	385	415	484	539	687	797	889	905
Air transport & Support. Services	IB	61	66	79	98	117	140	196	205	207	228
Posts & telecommunications	IC	141	202	275	319	447	637	780	924	1,144	815
Financial services	J	250	292	415	409	475	581	794	976	1,112	1,253
Real estate activities	KA	873	972	1,065	1,170	1,289	1,438	1,636	1,853	2,108	2,380
Other business services	KB	168	187	209	238	283	337	413	472	580	645
Public administration & defence	L	500	531	600	595	725	707	818	920	1,054	1,251
Education	M	814	901	1,028	1,133	1,315	1,507	1,491	1,686	1,797	2,098
Health	N	194	231	241	259	301	317	306	305	360	443
Other personal & community services	O,P	192	216	261	313	378	461	557	673	789	929
Adjustments		**706**	**776**	**812**	**954**	**1,070**	**1,194**	**1,458**	**1,729**	**2,100**	**2,260**
FISM		-148	-175	-260	-254	-301	-362	-453	-597	-699	-858
Taxes on products		854	951	1,072	1,209	1,371	1,555	1,911	2,326	2,799	3,119
Total GDP at market Prices		**10,907**	**12,438**	**13,972**	**16,026**	**18,172**	**2,121**	**24,497**	**30,101**	**34,811**	**38,798**
Percapita GDP (Shs.)		**453,151**	**500,516**	**540,314**	**599,279**	**657,708**	**742,159**	**827,823**	**981,725**	**1,095,209**	**1,177,835**

Source: Uganda Bureau of Statistics

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

Industry	ISIC3	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Agriculture, Forestry and fishing	**A,B**	**2,652**	**2,709**	**2,752**	**2,808**	**2,821**	**2,824**	**2,862**	**2,945**	**3,015**	**3,040**
Cash crops	AA	235	242	260	246	220	232	253	277	274	231
Food crops	AB	1,539	1,573	1,550	1,547	1,545	1,531	1,567	1,608	1,650	1,695
Livestock	AC	209	217	227	234	237	244	252	259	267	275
Forestry	AD	390	411	423	451	469	478	492	523	538	553
Fishing	B	278	266	292	331	350	339	299	278	285	286
Industry	**C-F**	**2,524**	**2,763**	**2,984**	**3,329**	**3,820**	**4,186**	**4,555**	**4,819**	**5,130**	**5,513**
Mining & quarrying	**C**	32	36	37	46	49	59	61	63	73	85
Manufacturing	**D**	818	855	909	994	1,067	1,127	1,209	1,330	1,418	1,510
Formal	DA	571	598	647	724	780	817	893	1,000	1,061	1,138
Informal	DB	247	257	261	271	287	310	316	330	357	372
Electricity supply	**EA**	157	163	175	179	167	161	169	187	214	242
Water supply	**EB**	270	281	293	304	311	322	335	354	369	384
Construction	**F**	1,246	1,428	1,571	1,805	2,225	2,517	2,782	2,884	3,055	3,291
Services	**G-P**	**5,544**	**5,952**	**6,419**	**6,815**	**7,644**	**8,253**	**9,057**	**9,857**	**10,590**	**11,440**
Wholesale & Retail Trade; repairs	**G**	1,472	1,547	1,645	1,762	1,978	2,183	2,504	2,748	2,768	2,853
Hotels & Restaurants	H	492	532	582	620	675	751	831	868	908	945
Transport/communication	**I**	525	604	700	768	900	1,059	1,285	1,469	1,726	1,965
Road, rail & water transport	IA	325	343	374	399	450	493	595	672	767	826
Air transport & Support. Services	IB	61	64	73	87	93	106	125	120	121	124
Posts & telecommunications	IC	140	197	253	283	357	461	565	676	837	1,015
Financial services	J	224	254	254	287	378	333	389	488	664	733
Real estate activities	KA	937	988	1,043	1,100	1,161	1,227	1,296	1,369	1,447	1,530
Other business services	KB	170	183	196	214	241	261	289	324	373	402
Public administration & defence	L	503	521	561	531	615	577	646	682	728	816
Education	M	826	886	966	1,009	1,104	1,220	1,141	1,190	1,173	1,298
Health	N	198	225	227	240	271	278	264	256	287	323
Other personal & community services	O,P	195	211	245	282	322	365	412	462	517	576
Adjustments		**757**	**814**	**915**	**946**	**1,112**	**1,422**	**1,670**	**1,840**	**1,790**	**1,832**
FISM		-123	-137	-93	-129	-173	-150	-173	-220	-373	-473
Taxes on products		879	951	1,008	1,075	1,285	1,571	1,843	2,060	2,162	2,305
Total GDP at market Prices		**11,476**	**12,237**	**13,070**	**13,897**	**15,396**	**16,685**	**18,145**	**19,461**	**20,525**	**21,825**
Percapita GDP (Shs.)		**477,499**	**492,412**	**505,411**	**519,699**	**557,235**	**583,780**	**613,162**	**634,701**	**645,754**	**662,582**

Source: Uganda Bureau of Statistics

Appendix 4 Balance of Payments (million US$)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
A: Current Account Balance (A1+A2+A3)	**-282.85**	**-264.79**	**118.84**	**60.35**	**-314.53**	**-342.01**	**-902.65**	**-1,258.09**	**-1,532.72**	**-1,808.36**
A1. Goods Account(Trade Balance)	-534.22	-620.31	-598.84	-698.28	-927.72	-1,021.33	-1,437.41	-1,845.82	-1,697.63	-2,284.70
a) Total Exports (fob)	470.04	506.34	670.92	886.34	1,041.24	1,473.82	2,072.95	2,216.40	2,317.30	2,307.17
Coffee	85.25	105.47	114.13	144.53	173.37	228.52	348.63	336.65	262.13	371.04
b) Total Imports (fob)	-1,004.27	-1,126.65	-1,269.77	-1,584.62	-1,968.97	-2,495.16	-3,510.37	-4,062.22	-4,014.92	-4,591.87
Government Imports	-135.45	-139.99	-1,269.77	-1,584.62	-119.53	-93.88	-176.56	-308.59	-420.06	-542.98
Project imports	-110.84	-105.36	-121.90	-116.33	-67.31	-42.28	-95.20	-189.54	-170.60	-167.77
Non-Project imports	-24.62	-34.62	-38.92	-41.51	-52.21	-51.61	-81.37	-119.04	-249.47	-375.22
Private Sector Imports	-753.57	-906.91	-1,088.17	-1,385.97	-1,772.90	-2,339.23	-3,280.40	-3,688.71	-3,513.56	-3,990.53
Oil imports	-123.23	-134.41	-139.16	-157.59	-290.43	-403.04	-543.08	-537.43	-486.01	-655.93
Other Imports	-115.25	-79.75	-20.77	-40.81	-1,482.47	-1,936.19	-2,737.32	-3,151.28	-3,027.54	-3,334.60
A2. Services and Income	**-432.40**	**-414.74**	**-275.13**	**-377.76**	**-424.10**	**-499.17**	**-739.57**	**-747.12**	**-909.09**	**-1,060.79**
Services Account (net)	-298.40	-277.61	-60.41	-105.93	-175.36	-270.59	-477.45	-439.68	-526.90	-696.68
Inflows	218.81	240.22	337.53	432.71	523.37	556.44	644.74	884.35	1,210.74	1,406.96
Outflows	-517.21	-517.83	-397.94	-538.63	-698.74	-827.03	-1,122.20	-1,324.03	-1,737.64	-2,103.64
Income Account (net)	-134.00	-137.13	-214.71	-271.83	-248.73	-228.57	-262.11	-307.44	-382.19	-364.11
Inflows	29.47	20.26	40.04	42.01	53.48	87.93	115.70	92.95	23.87	17.74
Outflows	-163.47	-157.39	-254.76	-313.84	-302.22	-316.50	-377.81	-400.38	-406.06	-381.84
A3. Current Transfers	**683.78**	**770.26**	**992.81**	**1,136.39**	**1,037.29**	**1,178.49**	**1,274.33**	**1,334.84**	**1,073.99**	**1,537.12**
Inflows	1,077.92	970.10	1,126.50	1,279.61	1,236.33	1,324.79	1,520.19	1,754.00	1,552.00	2,037.55
Government Inflows	485.67	511.27	694.81	786.38	460.46	539.63	426.60	403.06	431.01	830.15
Grant Disbursements	425.94	447.90	633.19	721.71	402.05	462.38	379.01	359.10	385.14	332.22
BOP Support	147.63	180.85	358.97	402.31	219.07	359.02	232.19	224.39	187.97	172.05
Project Aid	278.31	267.05	274.23	319.40	182.99	103.35	146.81	134.71	197.16	160.18
HIPC Assistance	59.73	63.37	61.62	64.67	58.40	77.25	47.59	43.96	45.87	48.50
Private Transfers	592.25	458.83	431.69	493.23	775.87	785.17	1,093.59	1,350.94	1,120.99	1,207.40
Remittances	438.26	309.71	289.35	316.44	441.08	325.11	546.36	897.30	851.35	972.10
Other (BOU)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other (NGOs, IAAs, Insurance, etc)	153.98	149.12	142.34	176.78	334.79	460.05	547.23	453.64	269.64	235.30
Outflows	-394.14	-199.84	-133.69	-143.22	-199.03	-146.30	-245.86	-419.15	-478.01	-500.42
B. Capital and Financial Account Balance (B1+B2)	**417.82**	**301.36**	**401.97**	**495.33**	**879.01**	**1,060.58**	**1,185.74**	**1,254.35**	**1,659.10**	**1,070.06**
B1. Capital Account (Transfers)	0.00	0.00	0.00	0.00	126.81	3,428.10	0.00	0.00	0.00	0.00
B2. Financial Account; excluding financing items	417.82	301.36	401.97	495.33	752.20	-2,367.53	1,185.74	1,254.35	1,659.10	1,070.06
Direct Investment	190.13	185.60	248.80	337.61	512.04	718.28	760.58	785.22	837.85	913.26
Portfolio Investment	0.75	-0.22	7.76	11.46	-5.58	77.58	66.30	-34.70	-31.26	-4.76
Financial Derivatives	0.00	0.00	0.00	0.00	0.00	0.51	-0.12	6.35	-5.34	1.30
Other Investments	226.95	115.98	145.41	146.25	245.74	-3,163.91	358.97	497.49	857.85	160.27
Assets	-10.14	-152.30	-44.60	5.42	107.53	-156.01	75.52	-78.72	-24.62	-280.50
Liabilities	237.09	268.28	190.01	140.84	138.22	-3,007.90	283.45	576.21	882.47	440.77
C. Errors and Omissions	**-28.71**	**15.76**	**-337.83**	**-326.26**	**-366.25**	**-14.72**	**279.91**	**-41.96**	**84.51**	**156.94**
D. Overall Balance (A+B+C)	**134.97**	**36.57**	**520.81**	**555.68**	**198.23**	**703.85**	**562.99**	**-45.70**	**210.89**	**-581.36**
E. Reserves and related Items	**-134.97**	**-36.57**	**-520.81**	**-555.68**	**-198.23**	**-703.85**	**-562.99**	**45.70**	**-210.89**	**581.36**
Reserve Assets[1]	-98.11	-30.92	-143.37	-182.18	-24.14	-682.48	-538.93	61.27	-198.27	584.46
Use of IMF Credit(Net)	-32.94	-41.76	-48.85	-51.68	-138.80	0.00	0.00	0.00	0.00	0.00
Purchases	0.00	1.98	5.77	2.92	5.82	0.00	0.00	0.00	0.00	0.00
Repurchases	32.94	43.74	54.63	54.60	144.62	0.00	0.00	0.00	0.00	0.00
Exceptional Financing	24.78	20.36	9.24	4.44	-35.30	-21.37	-24.07	-15.56	-12.61	-3.10
Current maturities	2.63	2.56	5.01	2.80	-32.19	-23.31	-13.98	-15.56	-12.61	-3.10
Rescheduling	2.75	3.32	3.39	2.80	-24.37	-23.05	-15.38	-15.10	-12.61	-3.10
Cancellation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulation of Arreas[2]	-0.12	-0.77	1.62	0.00	-7.82	-0.26	1.40	-0.47	0.00	0.00
Old Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears settlement[3]	-7.41	-5.62	-7.86	-0.29	-5.02	0.00	-11.80	0.00	0.00	0.00
Other (Deferred Debt Payment to countires not accepted HIPC terms)	29.56	23.41	12.09	1.93	1.91	1.94	1.72	0.00	0.00	0.00
Memorandum items:										
Exchange Rate (shs per US$, end of period)	1,797.2	2,002.8	1,788.8	1,740.3	1,862.3	1,590.1	1,619.5	2,064.1	2,283.3	2,623.2
Average exchange rate (UShs per 1 US$)	1,754.6	1,882.9	1,934.9	1,739.2	1,824.9	1,780.0	1,696.5	1,930.0	2,028.9	2,323.3
Total Goods and Non-Factor Service exports	688.8	746.6	1,008.5	1,319.0	1,564.6	2,030.3	2,717.7	3,100.7	3,528.0	3,714.1
Nominal GDP at Market prices (Ug.Shs billion))	10,906.8	12,438.2	13,972.3	16,025.5	18,172.3	21,187.0	24,497.0	30,101.0	34,530.2	38,281.0
GDP at Market prices (US $ Million)	6,216.3	6,606.0	7,221.4	9,214.2	9,958.0	11,902.8	14,440.1	15,596.1	15,122.7	16,469.9
Exports as a % of GDP	7.6	7.7	9.3	9.6	10.5	12.4	14.4	14.2	15.3	14.0
Imports as a % of GDP	-16.2	-17.1	-17.6	-17.2	-19.8	-21.0	-24.3	-26.0	-26.5	-27.9
Current Account Balance (Excluding Grants)	-768.5	-776.1	-576.0	-726.0	-775.0	-881.6	-1,329.3	-1,661.2	-1,963.7	-2,638.5
Current Account Balance as a percentage of GDP	-4.6	-4.0	1.6	0.7	-3.2	-2.9	-6.3	-8.1	-10.1	-11.0
Current Account Balance (Excl. Grants) as a %age of GDP	-12.4	-11.7	-8.0	-7.9	-7.8	-7.4	-9.2	-10.7	-13.0	-16.0
BOP overall balance as a percentage of GDP	2.2	0.6	7.2	6.0	2.0	5.9	3.9	-0.3	1.4	-3.5
Total external Debt Stock (end of period)	3,825.2	4,215.5	4,464.9	4,416.3	4,464.4	1,466.8	1,687.0	2,046.4	2,343.4	2,904.9
o/w External arrears	333.86	321.76	342.8	206.7	99.6	101.8	88.7	88.0	82.1	0.0
Total Debt Stock (end of period) as a %age of GDP	61.5	63.8	61.8	47.9	44.8	12.3	11.7	13.1	15.5	0.0
Debt Service (maturities excl. IMF) as a %age of exports	17.3	17.8	15.8	14.5	12.3	6.2	5.1	4.1	4.1	4.2
Debt Service (maturities excl. IMF) as a %age of export of Goods and Services.	11.79	12.03	10.5	9.7	8.2	4.5	3.9	2.9	2.7	2.6
Debt Service (maturities excl. IMF) as a percentage of GDP	1.31	1.36	1.5	1.4	1.3	0.8	0.7	0.6	0.6	0.0
Debt Service (maturities incl. IMF) as a %age of exports	24.6	26.7	24.1	20.8	26.3	6.2	5.1	4.1	4.1	4.2
Debt Service (maturities incl. IMF) as a %age of export of Goods and Services.	16.8	18.1	16.1	14.0	17.5	4.5	3.9	2.9	2.7	2.6
Debt Service (maturities incl. IMF) as a percentage of GDP	1.86	2.04	2.2	2.0	2.7	0.8	0.7	0.6	0.6	0.6
Total External Reserves (US$ million, end of period)	872.9	964.2	1,133.4	1,325.6	8.6	13.2	16.4	14.9	7.4	5.8
Total external reserves (end of period) in months of imports of goods & services	6.4	6.9	6.4	6.0	6.3	7.8	7.0	5.4	5.2	4.0
Debt Stock to Exports ratio (%)	813.8	832.5	665.5	498.3	428.8	99.5	81.4	92.3	101.1	125.9
Total Aid to GDP (%)	11.5	11.3	11.4	9.7	5.5	7.8	3.5	3.6	4.3	3.5
Total external Reserves (end of period) in future months of imports of goods and servic	-199.0	-246.6	-140.9	-70.3	5.1	5.2	7.0	5.4	5.2	0.0

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

End of period (million US$)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assets	**1,070.11**	**1,230.06**	**1,171.14**	**1,839.71**	**2,069.17**	**2,013.62**	**2,617.04**	**3,400.63**	**3,090.84**	**3,891.60**	**3,710.93**
Other investment	265.60	248.60	240.08	764.24	761.74	669.42	806.13	969.77	874.00	1,122.35	1,111.80
Loans	0.00	0.00	0.00	0.00	0.98	9.97	5.99	6.78	1.28	0.53	0.37
Currency and deposits	265.60	248.60	240.08	764.24	759.69	658.38	799.07	962.99	872.72	1,121.82	1,111.43
Other assets	0.00	0.00	0.00	0.00	1.07	1.07	1.07	0.00	0.00	0.00	0.00
Reserve assets	804.52	981.46	931.06	1,075.47	1,307.43	1,344.20	1,810.91	2,430.86	2,216.84	2,769.25	2,599.09
Liabilities	**4,394.31**	**4,783.55**	**5,314.15**	**6,103.76**	**6,900.41**	**6,856.26**	**4,755.87**	**5,758.70**	**6,803.50**	**8,590.39**	**10,060.70**
Direct investment in reporting economy	807.10	962.30	1,146.95	1,349.14	1,644.56	2,024.37	2,668.63	3,460.93	4,189.79	5,031.37	5,907.08
Equity capital and reinvested earnings	539.90	700.30	842.05	996.04	1,301.89	1,683.12	2,322.88	3,065.02	3,642.66	4,413.23	5,209.53
Other capital	267.20	262.00	304.90	353.10	342.66	341.24	345.74	395.91	547.13	618.13	697.55
Portfolio investment	0.25	0.25	0.66	16.86	29.07	32.77	51.61	148.29	128.90	194.91	119.59
Equity securities	0.25	0.25	0.66	0.66	24.64	24.64	43.77	69.98	37.58	153.09	103.34
Debt securities	0.00	0.00	0.00	16.19	4.43	8.12	7.84	78.32	91.32	41.82	16.25
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.18	39.21	34.09	12.24
Money-market instruments	0.00	0.00	0.00	16.19	4.43	8.12	7.84	53.14	52.11	7.73	4.01
Other investment	3,586.96	3,821.00	4,166.53	4,737.77	5,226.78	4,799.13	2,035.63	2,149.47	2,484.80	3,364.11	4,033.48
Loans	3,528.50	3,769.28	4,105.84	4,672.89	5,157.41	4,725.59	1,918.78	1,947.39	2,233.96	2,840.58	3,499.52
Currency and deposits	51.08	47.40	54.96	47.27	65.07	49.39	78.96	148.08	161.71	166.87	206.95
Other liabilities	7.39	4.32	5.74	17.60	4.31	24.15	37.89	54.01	89.13	356.66	327.00
International Investment Position, net	**-3,324.19**	**-3,553.49**	**-4,143.01**	**-4,264.06**	**-4,831.24**	**-4,842.64**	**-2,138.83**	**-2,358.07**	**-3,712.65**	**-4,698.79**	**-6,349.77**

Source: Bank of Uganda

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

		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
1. Coffee	**Value**	**85.254**	**105.473**	**114.129**	**144.527**	**173.373**	**228.518**	**348.629**	**336.653**	**262.131**	**371.044**
	Volume, 60-Kg bags	3.156	2.993	2.552	2.520	2.102	2.536	3.028	3.198	2.744	2.779
	Unit Value	0.450	0.587	0.745	0.956	1.375	1.502	1.919	1.751	1.599	2.210
2. Non-Coffee	**Value**	**384.788**	**394.502**	**519.239**	**608.475**	**666.122**	**972.780**	**1,101.331**	**1,229.031**	**1,350.034**	**1,521.136**
Electricity	Value	13.940	15.473	12.639	8.252	4.684	6.312	11.190	11.108	14.384	13.928
Gold	Value	56.668	48.184	58.487	71.326	101.554	116.142	44.852	27.836	38.476	6.848
Cotton	Value	18.000	16.880	42.836	41.343	12.857	19.673	19.904	20.110	17.034	82.952
Tea	Value	26.851	29.455	39.250	33.130	25.605	45.944	46.757	50.165	70.932	63.599
Tobacco	Value	32.270	39.891	36.160	36.205	30.632	46.737	64.488	62.635	76.615	58.120
Fish & its Products	Value	80.848	83.783	88.815	121.220	147.043	140.667	126.589	111.467	130.563	144.452
Hides & Skins	Value	19.649	4.182	5.860	6.377	7.333	14.694	13.829	8.372	11.279	25.796
Simsim	Value	0.468	1.550	3.382	3.067	5.515	3.950	13.869	13.242	9.621	17.724
Maize	Value	13.068	8.163	18.759	13.293	23.728	27.938	17.961	27.513	27.815	25.594
Beans	Value	1.449	5.491	4.866	4.327	8.280	5.778	5.709	13.775	9.596	11.136
Flowers	Value	15.907	17.040	27.157	31.705	32.668	32.609	38.983	48.537	49.180	47.838
Oil re-exports	Value	7.251	11.690	34.317	33.051	29.613	40.966	23.697	81.984	103.072	95.532
Cobalt	Value	10.945	1.916	2.686	13.703	19.423	16.575	18.944	17.029	16.539	17.151
Others Exports	Value	87.474	110.804	144.024	191.476	217.187	454.795	654.559	735.258	774.928	910.467
3. ICBT Exports	**Value**	**0.000**	**6.364**	**37.556**	**133.336**	**201.747**	**269.225**	**585.196**	**650.713**	**705.133**	**414.993**
Total Value Exports		**470.042**	**506.339**	**670.923**	**886.339**	**1,041.242**	**1,470.523**	**2,035.155**	**2,216.397**	**2,317.298**	**2,307.172**

Source: Bank of Uganda

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

	2004/05		2005/06		2006/07		2007/08		2008/09		2009/10	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
First Quarter	**606,220**	**28,912,780**	**484,093**	**38,601,230**	**655,008**	**58,525,330**	**643,959**	**68,134,931**	**745,264**	**77,842,118**	**706,961**	**66,506,535**
Oct	185,933	8,241,652	121,696	9,279,495	155,571	13,357,091	172,576	17,649,992	179,564	21,003,596	199,011	18,644,339
Nov	182,881	8,301,451	182,053	14,472,486	250,728	22,960,240	198,864	21,000,153	266,722	27,598,387	235,171	22,097,487
Dec	237,406	12,369,677	180,344	14,849,249	248,709	22,207,999	272,519	29,484,786	298,978	29,240,135	272,779	25,764,709
Second Quarter	**625,258**	**37,756,877**	**550,436**	**50,423,763**	**803,626**	**72,735,896**	**958,469**	**113,049,853**	**907,145**	**85,611,665**	**748,675**	**73,715,391**
Jan	214,723	11,455,547	228,714	19,679,281	316,128	28,367,743	360,875	39,727,037	329,211	30,469,346	264,314	25,351,000
Feb	215,118	12,390,484	165,762	16,113,588	222,099	20,145,787	318,346	37,024,608	321,355	31,204,062	264,373	26,399,000
Mar	195,417	13,910,846	155,960	14,630,894	265,399	24,222,366	279,248	36,298,208	256,579	23,938,257	219,988	21,965,391
Third Quarter	**660,664**	**50,211,106**	**457,061**	**39,261,991**	**566,505**	**55,181,243**	**746,775**	**96,846,371**	**680,371**	**62,559,330**	**564,976**	**56,810,316**
Apr	211,388	15,347,589	146,642	13,744,275	137,156	12,955,518	237,226	31,755,492	205,725	19,084,254	152,640	15,546,559
May	220,025	16,777,749	123,321	10,967,328	184,560	17,906,947	231,442	29,486,780	220,620	20,264,161	177,380	18,233,343
Jun	229,251	18,085,768	187,098	14,550,388	244,789	24,318,778	278,107	35,604,099	254,026	23,210,915	234,956	23,021,102
Fourth Quarter	**612,748**	**45,265,472**	**510,384**	**42,075,091**	**658,261**	**66,260,281**	**861,207**	**110,381,390**	**725,190**	**65,272,204**		
Jul	251,013	18,690,961	176,310	13,711,673	268,864	28,339,099	325,080	42,017,500	265,927	23,395,338	265,567	23,364,386
Aug	219,447	16,541,894	175,526	14,393,571	230,849	23,921,182	324,127	41,571,890	260,275	23,576,802		
Sep	142,288	10,032,617	158,548	13,969,847	158,548	14,000,000	212,000	26,792,000	198,988	18,300,064		
Total for Crop year	**2,504,890**	**162,146,235**	**2,001,974**	**170,362,075**	**2,683,400**	**252,702,750**	**3,210,410**	**388,412,545**	**3,057,970**	**291,285,317**		

Source: Uganda Coffee Development Authority

Appendix 8 Composition of Imports (million US$)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Animal & Animal Products	40.222	9.555	9.077	10.008	8.374	11.673	15.591	16.966	16.615	21.589
Vegetable Products, Animal, Beverages, Fats & Oil	179.850	147.135	181.353	238.629	256.369	299.296	370.821	379.930	381.411	423.261
Prepared Foodstuff, Beverages & Tobacco	39.829	33.078	44.589	51.131	67.215	111.340	142.353	182.437	181.772	192.575
Mineral Products (excluding Petroleum products)	40.836	64.560	71.742	94.866	144.433	177.962	245.095	345.709	347.939	383.659
Petroleum Products	146.092	160.966	166.661	190.867	347.822	482.687	650.397	643.629	631.184	854.699
Chemical & Related Products	114.180	135.487	165.930	186.357	240.208	289.199	355.205	445.016	397.843	468.395
Plastics, Rubber & Related Products	54.687	59.307	76.177	106.989	117.051	151.879	191.699	191.437	203.823	242.637
Wood & Wood Products	51.144	52.644	66.422	94.735	96.654	92.739	126.544	163.447	173.182	161.289
Textile & Textile Products	67.828	69.845	76.794	89.653	96.878	130.258	142.437	142.734	139.283	157.136
Miscelanneous Manufactured Articles	46.511	61.087	80.442	89.158	102.102	142.442	172.702	183.858	177.205	198.506
Base Metals and their Products	81.081	96.956	110.468	166.976	178.271	213.201	339.222	429.587	379.245	388.332
Machinery Equipments, Vehicles & Accessories	288.388	326.702	383.005	478.199	528.234	718.378	1,137.014	1,216.463	1,317.232	1,496.814
Arms, Ammunitions & Accessories	0.447	0.078	0.285	0.043	0.074	0.138	0.057	0.091	0.261	10.005
Electricity	0.000	0.000	0.000	0.607	3.232	18.108	15.079	7.569	6.314	6.767
Total	**1,151.095**	**1,217.400**	**1,432.945**	**1,798.218**	**2,186.917**	**2,839.301**	**3,904.216**	**4,348.873**	**4,353.309**	**4,999.411**

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$)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
European Union	**192.587**	**183.849**	**218.198**	**294.390**	**314.939**	**363.389**	**480.181**	**471.231**	**398.266**	**494.796**
Austria	0.124	0.341	0.865	0.337	0.163	0.044	0.027	0.064	0.240	0.525
Belgium	29.068	11.292	16.346	32.494	37.842	34.992	39.926	32.619	22.532	30.650
Denmark	0.747	1.229	0.310	0.730	0.501	0.338	1.729	3.434	7.356	3.367
France	4.920	2.967	11.302	30.417	40.850	30.824	29.061	24.460	17.098	8.866
Germany	12.635	7.844	6.642	16.070	18.029	20.258	14.547	6.798	13.476	12.585
Italy	5.922	5.131	2.847	1.788	4.791	4.734	3.832	5.232	9.531	15.940
Netherlands	50.107	43.540	43.703	58.095	56.280	63.638	72.900	79.815	84.719	87.780
Portugal	0.474	1.307	1.481	0.871	2.673	4.042	2.706	1.836	7.065	7.299
Spain	9.663	6.160	3.571	8.984	5.738	9.292	4.287	4.283	17.190	11.408
Sweden	0.134	0.447	0.410	0.093	0.406	0.073	0.158	0.098	0.170	0.099
United Kingdom	20.852	9.656	22.064	18.505	22.976	12.922	38.689	45.285	36.797	51.926
Others	57.941	93.935	108.657	126.006	124.690	182.232	272.319	267.307	182.092	264.350
Rest of Europe	**38.567**	**36.869**	**47.036**	**68.521**	**16.122**	**18.245**	**20.324**	**27.598**	**32.741**	**44.889**
Bulgaria	0.000	0.000	0.053	0.074	0.000	0.020	0.000	0.000	0.052	0.092
Norway	1.181	0.594	0.221	0.141	0.459	0.450	1.051	0.938	0.405	0.439
Switzerland	34.969	30.578	36.840	64.766	11.366	16.127	16.571	17.503	20.256	32.690
Turkey	0.000	0.000	0.000	0.370	0.843	0.839	2.274	1.668	5.072	4.279
Poland	0.518	3.359	2.061	0.024	0.000	0.000	0.000	0.828	4.993	4.865
Other	1.899	2.338	7.861	3.146	3.454	0.809	0.428	6.661	1.963	2.523
The Americas	**14.332**	**29.044**	**39.291**	**45.364**	**27.698**	**16.491**	**20.078**	**18.814**	**32.231**	**40.886**
USA	6.854	9.343	16.581	15.737	17.487	12.516	12.222	17.462	29.568	21.967
Canada	1.251	0.961	3.199	1.797	2.525	2.250	2.112	0.818	2.034	2.665
Mexico	0.000	0.000	0.000	0.003	0.006	0.004	0.001	0.000	0.032	0.597
Brazil	0.000	0.028	0.050	0.063	0.000	0.251	1.536	0.124	0.085	0.459
Argentina	0.002	0.000	0.006	0.000	0.011	0.010	0.016	0.000	0.000	0.003
Other	6.225	18.712	19.455	27.764	7.669	1.460	4.191	0.410	0.512	15.195
Middle East	**9.250**	**15.327**	**24.225**	**53.359**	**148.746**	**224.740**	**163.039**	**112.736**	**126.592**	**120.141**
Bahrain	0.015	0.000	0.000	0.000	0.000	0.002	0.000	0.082	0.607	0.159
Israel	2.433	4.116	2.454	1.731	5.927	10.571	7.547	7.807	7.114	8.692
Saudi Arabia	0.043	0.358	0.060	4.762	0.007	0.022	2.329	0.107	0.175	0.228
United Arab Emirates	5.535	10.281	18.313	46.084	141.598	211.793	149.542	102.294	115.382	107.944
Jordan	0.548	0.000	0.000	0.064	0.367	0.691	0.738	0.553	1.094	1.229
Other	0.676	0.572	3.398	0.718	0.847	1.661	2.883	1.893	2.220	1.890
Asia	**36.143**	**27.884**	**36.259**	**41.400**	**37.885**	**57.747**	**68.835**	**72.254**	**90.127**	**158.663**
India	0.216	0.861	0.553	1.130	1.734	1.495	7.761	12.355	16.975	18.730
Japan	10.439	12.852	6.696	4.988	3.732	5.194	4.203	4.449	2.041	2.973
Malaysia	0.730	0.444	1.510	0.372	0.165	0.552	0.530	1.258	1.356	1.023
China	1.145	0.174	2.375	3.397	5.399	11.136	11.896	12.312	19.538	24.882
Thailand	0.061	0.015	0.005	0.124	0.003	0.104	0.080	0.015	0.009	1.095
Singapore	1.582	4.254	8.843	12.497	8.557	16.953	16.631	18.229	15.983	47.305
Pakistan	1.803	0.253	0.250	0.555	0.546	1.304	3.611	0.221	1.167	0.491
Korea (Rep)	0.209	0.561	0.835	0.563	0.416	1.281	1.358	1.033	3.355	6.746
Indonesia	0.002	0.002	0.000	0.072	0.050	1.028	0.114	0.455	1.241	0.372
Vietnam	0.000	0.014	0.072	0.119	1.881	4.957	6.391	6.057	8.412	12.364
Taiwan	0.153	0.215	0.484	0.081	0.078	0.155	0.085	0.042	0.047	0.127
Hongkong	19.752	8.017	11.721	13.841	12.035	10.762	13.701	12.242	14.162	31.114
Other	0.051	0.222	2.915	3.661	3.289	2.826	2.474	3.586	5.841	11.440
Comesa	**93.169**	**119.582**	**168.484**	**203.834**	**229.599**	**429.132**	**624.573**	**747.339**	**796.880**	**928.609**
Ethiopia	0.066	0.293	0.407	0.335	0.248	0.099	0.195	1.360	3.059	3.285
Kenya	43.880	69.383	71.825	65.638	58.279	95.687	127.850	153.552	179.752	214.798
Malawi	0.018	0.326	0.134	0.261	0.064	0.084	0.118	0.282	0.102	0.073
Namibia	0.007	0.008	0.000	0.008	0.002	0.009	0.000	0.030	0.003	0.013
Mauritius	0.054	0.770	0.859	0.924	0.359	1.498	0.373	0.269	0.481	2.664
Zambia	2.396	0.992	0.073	0.127	0.318	0.054	0.106	0.111	0.599	0.094
Swaziland	0.172	0.055	0.684	0.038	0.022	0.018	0.085	0.017	0.140	0.622
Burundi	6.598	6.193	12.135	20.230	19.043	34.264	38.786	57.565	56.013	39.687
Rwanda	11.461	15.615	20.932	29.123	23.917	59.254	100.149	145.982	142.796	181.475
Madagascar	0.000	0.000	0.000	0.002	0.007	0.000	0.012	0.000	0.003	0.241
Tanzania	6.283	5.714	8.580	9.413	6.454	1.057	3.552	27.022	39.976	38.349
Sudan	6.040	6.119	15.980	20.670	53.881	135.689	205.268	223.275	191.270	265.887
Egypt	2.937	1.811	1.674	3.222	4.408	3.474	1.858	2.607	0.814	3.756
Congo (D.R.)	12.268	10.602	20.020	43.902	45.563	78.656	116.256	135.101	179.309	176.476
Other	0.989	1.701	15.181	9.941	17.034	19.289	29.965	0.166	2.563	1.200
Rest of Africa	**42.952**	**45.251**	**65.304**	**18.926**	**24.846**	**40.455**	**55.500**	**34.225**	**31.499**	**19.248**
South Africa	38.890	31.747	39.033	5.663	15.833	11.163	11.513	13.259	19.008	6.367
Nigeria	0.171	0.082	0.083	0.218	0.109	0.104	0.113	0.623	0.492	0.210
Other	3.891	13.422	26.188	13.045	8.904	29.188	43.874	20.343	11.999	12.670
Unclassified	**43.042**	**42.169**	**34.571**	**27.209**	**39.660**	**51.099**	**17.430**	**2.918**	**4.718**	**26.082**
Australia	4.402	7.063	5.067	2.540	5.470	5.270	2.591	1.919	3.205	1.589
Iceland	0.000	0.000	0.101	0.000	0.293	0.159	3.078	0.030	0.000	0.000
Other	38.640	35.106	29.403	24.669	33.897	45.670	11.761	0.969	1.513	24.493
Total	**470.042**	**499.975**	**633.368**	**753.003**	**839.495**	**1,201.298**	**1,449.960**	**1,486.786**	**1,510.998**	**1,833.314**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

Appendix 10 Direction of Formal Trade (Imports, million US$)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
European Union	**220.996**	**241.071**	**230.388**	**296.489**	**351.829**	**461.128**	**595.654**	**873.373**	**815.963**	**731.157**	**755.995**
Germany	30.459	32.023	40.190	36.009	43.730	60.732	75.090	85.749	88.408	122.661	131.131
United Kingdom	94.632	72.895	74.827	94.195	99.595	100.343	121.328	133.590	140.900	148.387	140.932
Ireland	3.073	1.447	2.037	6.845	5.169	5.299	6.849	9.656	18.184	28.907	16.256
Belgium	20.421	18.732	26.216	24.718	38.952	36.903	36.227	54.527	49.300	34.027	35.060
France	19.486	17.163	12.415	23.743	31.408	62.944	60.802	141.757	179.816	132.767	70.404
Italy	15.034	38.759	23.806	19.188	28.117	48.639	31.520	83.186	72.361	61.623	57.064
Portugal	0.000	0.323	0.088	0.187	0.066	1.120	0.466	1.238	0.372	0.133	0.444
Spain	3.301	5.690	9.870	13.106	6.862	5.010	12.710	16.455	14.128	16.872	12.007
Sweden	7.377	18.333	10.909	29.133	23.488	25.656	57.417	110.628	70.124	31.638	75.474
Netherlands	12.314	21.477	18.454	29.806	45.556	57.923	64.753	71.343	84.315	78.180	155.767
Denmark	9.408	8.153	7.354	11.932	12.748	21.070	21.769	50.619	41.761	28.702	25.469
Austria	2.711	4.311	0.993	1.779	1.294	1.988	7.719	6.015	7.491	4.598	8.822
Other	2.780	1.765	3.229	5.848	14.839	33.501	99.004	108.610	48.803	42.662	27.164
Rest of Europe	**12.415**	**17.910**	**11.294**	**15.377**	**23.734**	**54.894**	**69.939**	**137.269**	**128.639**	**145.804**	**87.161**
Romania	0.612	0.677	0.065	0.455	0.078	1.584	0.343	0.031	0.028	0.397	3.626
Norway	3.830	4.939	0.882	3.006	2.436	1.571	1.352	57.459	4.832	3.603	2.151
Poland	0.000	0.127	0.080	0.960	0.000	0.344	0.000	0.000	3.207	35.873	5.829
Switzerland	7.902	9.808	8.307	6.484	12.113	22.026	29.910	26.166	18.828	20.379	21.066
Other	0.071	2.359	1.960	4.472	9.107	29.369	38.334	53.613	101.744	85.552	54.488
The Americas	**46.918**	**48.727**	**60.300**	**111.847**	**163.642**	**126.541**	**139.938**	**193.534**	**204.794**	**183.135**	**266.227**
Argentina	1.312	0.091	1.869	6.551	31.877	8.736	17.451	28.124	44.808	1.419	13.004
USA	29.156	38.384	47.007	85.581	95.148	98.403	92.361	123.063	111.157	102.986	177.696
Canada	7.379	7.820	7.213	11.915	30.120	9.920	13.196	32.919	31.259	19.770	23.890
Mexico	0.398	0.162	0.030	0.165	0.073	0.140	0.025	0.002	0.083	0.179	1.139
Brazil	5.057	1.246	1.833	7.280	5.390	8.254	10.226	5.800	16.937	58.498	49.917
Other	3.616	1.024	2.348	0.355	1.034	1.088	6.679	3.626	0.550	0.283	0.581
Middle East	**64.896**	**78.895**	**89.867**	**106.004**	**148.790**	**334.926**	**558.382**	**667.456**	**748.739**	**753.569**	**693.591**
Bahrain	3.186	0.011	0.063	0.196	0.889	56.320	79.832	52.736	36.847	14.055	36.118
Israel	2.460	2.842	1.566	7.111	12.187	14.622	11.174	11.855	10.674	12.609	8.326
Saudi Arabia	7.400	9.160	10.475	16.967	18.536	33.700	56.976	71.176	137.177	237.068	173.680
United Arab Emirates	49.884	63.425	73.138	68.716	105.788	216.948	384.168	486.164	505.280	410.892	362.919
Jordan	0.093	0.026	0.087	0.225	0.248	0.630	1.171	0.898	1.209	0.821	1.445
Other	1.873	3.431	4.538	12.789	11.142	12.706	25.061	44.627	57.552	78.124	111.104
Asia	**241.742**	**282.216**	**358.079**	**418.230**	**532.526**	**624.735**	**918.356**	**1,423.317**	**1,618.499**	**1,834.522**	**2,203.927**
Hongkong	14.926	19.897	19.301	11.405	15.744	15.153	31.862	44.810	42.257	37.607	41.399
Korea (Rep)	4.834	5.224	6.126	8.253	14.283	20.829	26.349	38.189	62.656	97.426	100.940
Singapore	5.014	4.407	8.974	12.643	11.125	18.597	51.597	72.527	101.268	72.574	140.310
Malaysia	21.956	26.270	35.446	48.564	60.924	45.985	51.785	104.773	115.132	87.391	70.098
Indonesia	4.185	3.722	2.970	5.521	8.642	15.120	10.765	23.964	30.183	87.197	154.620
India	57.299	64.600	86.734	109.779	124.144	151.433	252.206	454.860	471.029	661.546	772.825
Pakistan	5.249	7.139	16.357	15.128	11.438	8.170	18.477	17.225	21.479	28.302	36.659
Japan	74.173	94.997	104.789	100.413	139.947	157.796	201.234	260.939	298.374	261.265	335.678
Thailand	8.638	7.766	7.080	12.983	15.165	14.655	24.569	29.508	36.557	47.066	34.491
Taiwan	1.930	2.661	2.845	1.928	3.804	2.609	9.274	12.714	8.901	7.814	14.316
China	31.838	36.586	57.529	81.060	109.376	125.618	180.625	326.722	388.931	391.943	460.640
Bangladesh	0.834	1.052	0.837	0.845	1.854	1.213	1.486	2.006	2.201	1.771	1.959
Vietnam	10.865	7.810	5.383	6.794	15.245	9.054	9.306	6.614	13.817	22.263	5.039
Other	0.001	0.085	3.708	2.914	0.835	38.503	48.821	28.466	25.714	30.357	34.954
Comesa	**307.673**	**411.605**	**371.182**	**410.080**	**499.126**	**526.608**	**518.589**	**618.047**	**648.537**	**632.239**	**714.814**
Ethiopia	0.426	0.014	0.239	0.128	0.347	0.083	0.247	0.237	1.025	1.045	0.675
Kenya	282.622	385.910	341.520	361.906	440.357	452.214	432.283	489.653	525.657	495.290	578.828
Zimbabwe	1.403	1.272	0.535	1.114	0.955	0.418	0.798	0.400	1.164	0.393	0.210
Swaziland	5.817	6.949	8.220	13.007	16.918	20.917	27.729	27.322	20.396	17.948	18.213
Burundi	0.000	0.640	0.575	0.044	0.192	0.024	0.575	0.919	0.442	0.569	1.415
Rwanda	0.649	2.349	1.136	0.602	0.562	0.599	0.726	2.985	2.629	5.553	6.659
Madagascar	0.000	0.148	0.039	0.002	0.003	0.000	0.001	0.026	0.534	1.004	0.166
Tanzania	10.442	5.837	10.629	15.799	11.597	18.555	0.000	0.000	34.661	58.273	35.086
Zambia	0.848	1.399	0.455	0.345	0.642	0.948	1.537	0.735	0.831	1.039	1.706
Egypt	3.931	4.211	4.612	9.079	12.494	14.502	20.742	31.680	42.336	36.837	48.060
Congo (D.R.C)	0.009	1.874	0.910	2.086	2.708	2.412	0.160	0.456	2.622	6.198	7.342
Sudan	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.166	0.798	4.110
Other	1.526	1.002	2.312	5.968	12.351	15.936	31.289	63.634	16.074	7.292	12.343
Rest of Africa	**72.807**	**91.927**	**96.587**	**128.366**	**151.289**	**158.101**	**184.978**	**266.934**	**317.220**	**235.736**	**283.750**
South Africa	71.847	84.263	92.081	124.161	148.732	153.605	181.044	261.412	302.682	229.153	266.615
Nigeria	0.879	0.710	0.890	2.736	0.407	0.505	0.446	1.627	0.990	0.480	0.727
Other	0.081	6.954	3.616	1.469	2.150	3.991	3.488	3.895	13.548	6.103	16.408
Unclassified	**23.452**	**29.066**	**34.430**	**33.079**	**19.387**	**30.009**	**5.310**	**5.707**	**37.542**	**42.886**	**41.350**
Australia	20.365	22.764	30.017	28.785	18.688	29.539	4.651	5.233	6.752	4.364	15.333
USSR	0.268	1.369	1.694	0.511	0.000	0.000	0.000	0.000	0.099	16.077	2.014
Other	2.819	4.933	2.719	3.783	0.699	0.470	0.659	0.474	30.691	22.445	24.003
Total	**990.899**	**1,201.417**	**1,252.127**	**1,519.472**	**1,890.323**	**2,316.942**	**2,991.146**	**4,185.637**	**4,519.933**	**4,559.048**	**5,046.815**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

Appendix 11 Domestic Public Debt (million Shs, end period)

	Jun03	Jun04	Jun05	Jun06	Jun07	Jun08	Jun09	Jun10	Jun11
A: Bank of Uganda									
Ways & Means Advances1	(191,589.3)	(489,592.6)	(833,409.7)	(991,248.9)	(1,712,650.5)	(2,296,642.4)	(2,077,278.7)	(1,651,021.3)	(1,650,575.0)
Treasury Bills2	154,304.7	215,810.3	220,615.3	350,465.6	109,735.8	310,512.1	281,622.8	241,093.7	341,157.6
Treasury Bonds		0.0	0.0	27,371.4	31,609.3	33,435.2	40,966.9	65,771.1	171,560.1
Sub - Total	**(37,284.6)**	**(273,782.3)**	**(612,794.4)**	**(613,411.9)**	**(1,571,305.4)**	**(1,952,695.1)**	**(1,754,689.0)**	**(1,344,156.5)**	**(1,137,857.3)**
B: Commercial Banks									
Treasury Bills	880,804.7	819,036.8	707,979.3	615,133.1	828,311.7	700,828.4	922,715.6	1,051,035.5	1,131,745.1
Treasury Bonds		85,388.1	307,711.2	389,791.3	451,277.0	837,317.1	883,827.6	1,089,407.4	1,338,912.6
Less Government Deposits3	173,974.7	319,004.0	315,406.2	140,881.9	109,987.2	118,413.1	139,378.1	293,567.4	196,161.2
Sub - Total	**706,830.0**	**585,420.9**	**700,284.3**	**864,042.5**	**1,169,601.5**	**1,419,732.4**	**1,667,165.1**	**1,846,875.5**	**2,274,496.5**
Total Net Claims on Govt. (A+B)	**669,545.3**	**311,638.6**	**87,489.9**	**250,630.6**	**(401,703.9)**	**(532,962.7)**	**(87,524.0)**	**502,719.0**	**1,136,639.2**
C: Non - Banking System									
Treasury Bills	167,487.6	213,116.9	211,925.9	195,478.8	402,302.7	506,967.4	240,103.3	122,272.6	223,239.0
Treasury Bonds		43,150.7	134,046.1	317,684.4	470,196.2	613,682.7	436,791.7	408,690.2	813,907.3
Sub - Total	**167,487.6**	**256,267.6**	**345,972.0**	**513,163.2**	**872,498.9**	**1,120,650.1**	**676,895.0**	**530,962.8**	**1,037,146.3**
Grand Total (A+B+C)	**837,032.9**	**567,906.1**	**433,461.9**	**763,793.8**	**(422,587.3)**	**587,687.4**	**589,371.0**	**1,033,681.8**	**2,173,785.5**

Note:
1Data for Ways & Means in brackets implies a credit balance with Bank of Uganda as at end of month.
2Includes own investments and/or rediscounts.
3Government Deposits include only Central Govt. Deposits, project accounts and URA collections.

Source: Bank of Uganda

Appendix 12 Government Securities Outstanding by Holder (million Shs, at end of period)

	Jun-07	Sep-07	Dec07	Mar-08	Jun-08	Sep-08	Dec08	Mar-09
Government Stocks	**953,082.5**	**1,123,082.5**	**1,256,678.3**	**1,276,678.4**	**1,484,435.0**	**1,256,678.3**	**1,365,235.4**	**1,231,225.1**
Bank of Uganda	31,609.3	23,507.5	29,840.5	26,298.9	33,435.2	42,087.4	42,087.4	33,570.5
Commercial Banks	451,277.0	600,565.3	759,613.4	720,176.2	837,317.1	904,111.7	851,292.1	753,675.9
Insurance Companies[1]	147,073.0	230,751.4	343,312.0	387,856.6	476,917.5	274,540.2	327,459.8	188,055.8
Others[2]	323,123.2	268,258.3	123,912.4	142,346.7	136,765.2	144,496.1	144,396.1	255,922.9
Treasury Bills	**1,340,350.2**	**1,412,398.2**	**1,528,456.3**	**1,707,944.6**	**1,518,307.9**	**1,528,456.3**	**1,367,946.6**	**1,325,924.7**
Bank of Uganda	109,735.8	184,048.3	254,707.2	359,544.1	310,512.1	279,644.0	283,884.5	254,017.5
Commercial Banks	828,311.7	778,814.6	729,503.3	834,349.3	700,828.4	764,026.9	756,284.1	846,498.7
Insurance Companies[1]	240,815.1	325,187.4	397,940.5	361,772.7	354,408.5	174,011.3	177,179.5	113,988.5
Others[2]	161,487.6	124,347.9	146,305.3	152,278.5	152,558.9	142,996.5	150,598.5	111,420.0
Total	**2,293,432.7**	**2,535,480.7**	**2,785,134.6**	**2,984,623.0**	**3,002,742.9**	**2,785,134.6**	**2,733,182.0**	**2,557,149.8**
Banks	1,420,933.8	1,586,935.7	1,773,664.4	1,940,368.5	1,882,092.8	1,773,664.4	1,933,548.1	1,887,762.6
Non-Banks	872,498.9	948,545.0	1,011,470.2	1,044,254.5	1,120,650.1	1,011,470.2	799,633.9	669,387.2

	Jun09	Sep09	Dec09	Mar10	Jun10	Sep10	Dec10	Mar11	Jun11
Government Stocks	**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**	**2,124,419.1**	**2,324,380.0**
Bank of Uganda	40,966.9	70,978.4	47,015.4	46,082.4	65,771.1	65,943.2	142,593.2	81,885.2	171,560.1
Commercial Banks	883,827.6	901,253.5	912,515.3	1,014,700.2	1,089,407.4	1,250,663.1	1,257,306.1	1,393,927.2	1,338,912.6
Insurance Companies[1]	175,164.9	154,808.8	140,058.2	122,276.6	117,435.8	128,198.2	143,050.4	181,332.5	295,413.6
Others[2]	261,626.8	279,545.5	306,997.3	323,527.0	291,254.4	347,064.2	417,329.0	467,274.2	518,493.7
Treasury Bills	**1,444,441.7**	**1,469,242.4**	**1,385,997.7**	**1,397,959.5**	**1,414,401.8**	**1,579,675.6**	**1,656,725.6**	**1,638,873.7**	**1,696,141.7**
Bank of Uganda	281,622.8	299,312.4	236,052.5	227,049.2	241,093.7	274,178.3	264,398.8	267,278.7	341,157.6
Commercial Banks	922,715.6	922,576.6	989,217.2	1,013,936.3	1,051,035.5	1,167,202.6	1,203,088.3	1,141,119.8	1,131,745.1
Insurance Companies[1]	90,045.6	112,754.3	84,580.3	63,049.3	56,524.9	40,706.5	67,135.5	77,666.3	125,488.4
Others[2]	150,057.7	134,599.1	76,147.7	93,924.7	65,747.7	97,588.2	122,103.0	152,808.9	97,750.6
Total	**2,806,027.9**	**2,875,828.6**	**2,792,583.9**	**2,904,545.7**	**2,978,270.5**	**3,371,544.3**	**3,617,004.3**	**3,763,292.8**	**4,020,521.7**
Banks	2,129,132.9	2,194,120.9	2,184,800.4	2,301,768.1	2,447,307.7	2,757,987.2	2,867,386.4	2,884,210.9	2,983,375.4
Non-Banks	676,895.0	681,707.7	607,783.5	602,777.6	530,962.8	613,557.1	749,617.9	879,081.9	1,037,146.3

[1]Includes Credit Institutions.
[2]Includes Social Security Fund, Government creditors & others.

Source: Bank of Uganda

Appendix 13 Monetary Survey (billion Shs.)

	Jun-00	Jun-01	Jun-02	Sep-02	Dec-02	Mar-03	Jun-03	Sep-03	Dec-03	Mar-04
Net Foreign Assets	**906.29**	**1,210.95**	**1,562.73**	**1,562.28**	**1,594.20**	**1,614.63**	**2,116.36**	**2,080.69**	**2,255.32**	**2,256.89**
Monetary Authority (net)	614.79	792.31	1,090.59	1,128.66	1,261.87	1,140.32	1,500.50	1,512.04	1,679.83	1,629.38
Foreign Reserves	1,130.70	1,273.47	1,568.78	1,602.72	1,724.84	1,628.00	1,931.07	1,947.05	2,081.37	2,037.55
Commercial Bank (net)	291.49	418.65	472.14	433.62	332.33	474.31	600.79	568.64	575.49	627.50
Domestic Credit	**1,012.39**	**1,109.18**	**1,151.38**	**1,213.34**	**1,366.59**	**1,551.39**	**1,249.35**	**1,425.90**	**1,285.55**	**1,358.29**
Claims on Central Government (net)	414.59	460.63	482.04	529.57	587.81	709.86	393.59	534.88	320.48	351.88
Claims on Parastatals (crop fin, barter)	16.37	10.28	6.90	6.80	5.78	8.96	6.58	8.06	8.32	14.58
Claims on Local Government	1.02	0.98	0.79	0.61	0.88	1.03	0.59	0.78	0.87	0.57
Claims on the Private Sector	580.41	634.93	661.66	676.37	772.12	831.54	848.60	882.18	955.88	991.26
Crop Finance	0.00	0.00	0.00	...	...	0.00	0.00	0.00	0.00	0.00
Other Loans/shgs loans to resident private sector	493.20	517.28	506.83	521.81	579.66	612.61	658.80	679.53	744.99	765.79
Forex loans to residents	87.22	117.65	154.83	154.57	192.47	218.93	189.80	202.65	210.90	225.47
Other Items (net)	-571.55	-736.46	-778.65	-828.41	-905.75	-962.07	-977.27	-1,138.70	-1,133.90	-1,108.01
Revaluation	-47.29	-98.09	-162.27	-188.97	-236.87	-291.60	-331.54	-333.16	-344.07	-342.41
Other (net)	-614.41	-675.23	-662.83	-677.37	-725.64	-773.89	-795.84	-873.09	-862.43	-849.18
Reporting Error	90.15	37.35	46.46	37.92	56.76	103.42	150.11	67.55	72.60	83.58
NDA (NET OF REVALUATION)	**488.07**	**470.74**	**535.01**	**573.90**	**697.72**	**883.68**	**603.62**	**620.36**	**495.71**	**592.69**
Broad Money - M3	1,347.17	1,583.68	1,935.49	1,947.22	2,055.05	2,203.96	2,388.44	2,367.90	2,406.98	2,507.18
Foreign Exchange Accounts	310.84	390.24	434.81	425.28	424.88	521.51	639.26	582.70	587.28	623.12
Broad Money - M2 A	1,036.33	1,193.44	1,490.59	1,521.94	1,630.17	1,682.45	1,749.19	1,785.20	1,819.70	1,884.06
Certificates of Deposit	10.82	7.87	5.82	5.82	5.82	5.82	4.00	4.00	3.85	3.85
Broad Money - M2	1,025.51	1,185.57	1,484.77	1,516.12	1,624.34	1,676.62	1,745.19	1,781.20	1,815.85	1,880.21
Currency In Circulation	306.67	350.16	407.22	411.90	466.61	443.89	558.67	473.47	546.23	521.79
Private Demand Deposits	413.05	482.88	617.49	629.97	640.04	724.76	725.14	741.33	692.21	756.53
Private Time and Savings Deposits	305.80	352.53	460.06	474.24	517.70	507.98	558.67	566.40	577.41	601.89
Total private deposits (incl CDs)	1,040.51	1,233.52	1,528.27	1,110.04	1,163.56	1,238.56	1,927.07	1,311.72	1,273.47	1,362.27
Memorandum Items										
Change Relative to Jun (%)										
M3	16.08	17.56	22.21	1.13	6.73	14.47	23.40	-0.23	-1.99	1.71
M2A	8.78	15.16	24.90	2.10	9.36	12.87	17.35	-0.23	1.42	5.64
M2	8.91	15.61	25.24	2.11	9.40	12.92	17.54	2.06	4.03	7.71

	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Net Foreign Assets	**2,370.54**	**2,358.83**	**2,559.00**	**2,547.74**	**2,648.01**	**2,632.67**	**2,730.42**	**3,065.86**	**3,073.61**	**3,808.66**	**5,086.81**	**5,711.48**	**6,383.86**	**7,368.72**
Monetary Authority (net)	1,680.47	1,696.03	1,960.59	1,977.17	2,050.84	2,055.60	2,218.79	2,619.98	2,613.98	3,330.93	4,351.02	5,119.50	5,740.87	6,874.21
Foreign Reserves	2,029.39	2,044.52	2,273.09	2,285.27	2,306.78	2,328.37	2,440.14	2,617.09	2,594.73	3,324.67	4,347.33	5,040.52	5,704.22	5,717.89
Commercial Bank (net)	690.07	662.79	598.41	570.57	597.17	577.07	511.63	445.89	459.63	477.73	735.79	591.98	642.99	494.51
Domestic Credit	**1,092.16**	**1,136.88**	**1,103.52**	**1,265.81**	**982.04**	**1,279.62**	**1,251.36**	**1,227.26**	**1,382.28**	**1,116.36**	**1,836.11**	**3,122.79**	**4,815.19**	**7,226.24**
Claims on Central Government (net)	68.23	106.47	-12.84	110.43	-176.31	18.01	-47.09	-99.15	-112.74	-731.55	-929.74	-512.15	251.66	673.80
Claims on Parastatals (crop fin, barter)	13.59	11.16	10.59	8.63	8.09	1.89	15.17	14.10	19.45	34.64	29.63	35.41	52.57	38.81
Claims on Local Government	0.36	0.25	0.58	0.04	0.03	0.00	0.39	0.25	0.10	0.35	0.09	0.04	0.87	0.91
Claims on the Private Sector	1,009.98	1,019.00	1,105.19	1,146.71	1,150.23	1,259.72	1,282.88	1,312.05	1,475.47	1,812.93	2,736.13	3,599.49	4,502.29	6,512.73
Crop Finance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Loans/shgs loans to resident private sector	795.10	802.91	840.91	870.46	849.68	890.58	917.74	922.19	1,038.62	1,356.34	2,036.92	2,774.43	3,404.85	4,648.25
Forex loans to residents	214.88	216.09	264.28	276.24	300.55	369.14	365.14	389.86	436.85	456.59	699.21	825.06	1,097.45	1,864.47
Other Items (net)	-875.44	-913.05	-1,015.84	-1,010.66	-818.93	-1,006.84	-880.32	-1,199.24	-1,184.29	-1,083.00	-1,885.08	-2,536.67	-2,905.97	-4,157.17
Revaluation	-444.20	-493.92	-499.33	-462.46	-526.20	-624.87	-555.07	-579.31	-633.89	-484.15	-486.64	-334.39	87.27	118.82
Other (net)	-472.20	-465.84	-532.27	-582.19	-340.44	-446.57	-403.10	-685.22	-641.93	-710.60	-1,464.32	-2,258.29	-3,054.04	-4,323.98
Reporting Error	40.52	46.71	15.76	33.98	47.71	64.61	77.85	65.29	91.53	111.37	94.79	56.00	60.80	47.99
NDA (NET OF REVALUATION)	**660.92**	**717.75**	**587.01**	**717.60**	**689.31**	**897.66**	**926.10**	**607.33**	**831.89**	**817.51**	**437.68**	**920.51**	**1,821.95**	**2,950.25**
Broad Money - M3	2,587.26	2,582.66	2,646.68	2,802.88	2,811.11	2,905.45	3,101.45	3,093.88	3,271.60	3,842.02	5,037.85	6,297.59	8,293.16	10,437.79
Foreign Exchange Accounts	662.38	653.97	646.15	633.40	653.25	679.32	665.80	679.07	706.64	848.07	1,142.49	1,376.91	1,881.42	2,492.03
Broad Money - M2 A	1,924.88	1,928.68	2,000.53	2,169.48	2,157.86	2,226.14	2,435.65	2,414.81	2,564.96	2,993.95	3,895.35	4,920.68	6,411.74	7,945.76
Certificates of Deposit	2.02	2.02	2.02	1.98	1.98	1.98	1.98	1.98	1.23	0.05	0.00	0.00	0.00	0.00
Broad Money - M2	1,922.85	1,926.66	1,998.51	2,167.51	2,155.89	2,224.16	2,433.67	2,412.84	2,563.74	2,993.90	3,895.35	4,920.68	6,411.74	7,945.76
Currency In Circulation	529.29	542.36	588.61	591.19	605.06	618.47	710.22	707.02	744.89	863.62	1,074.48	1,245.44	1,443.28	1,899.64
Private Demand Deposits	803.98	765.14	739.41	940.61	860.15	863.91	896.33	918.73	961.53	1,127.96	1,426.26	1,732.74	2,345.67	2,825.31
Private Time and Savings Deposits	589.59	619.15	670.49	635.71	690.68	741.78	827.12	787.09	857.31	1,002.33	1,394.61	1,942.51	2,622.78	3,220.81
Total private deposits (incl CDs)	2,057.97	1,412.78	1,395.59	1,578.29	2,206.05	1,607.67	1,725.43	1,707.79	2,526.71	2,978.40	3,963.36	5,052.16	6,849.88	8,538.15
Memorandum Items														
Change Relative to Jun (%)														
M3	8.32	3.16	2.30	8.33	8.65	3.36	10.33	10.06	16.38	17.44	31.12	25.01	31.69	25.86
M2A	10.04	-0.18	3.93	12.09	12.10	3.16	12.87	11.91	18.87	16.72	30.11	26.32	30.30	23.93
M2	10.18	0.20	3.93	12.71	12.12	3.17	12.89	11.92	18.92	16.78	30.11	26.32	30.30	23.93

Source: Bank of Uganda

Appendix 14 Monetary Authority Balance Sheet (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
Net Foreign Assets	**614.79**	**792.31**	**1,090.59**	**1,500.50**	**1,680.47**	**2,050.84**	**2,613.98**	**3,330.93**	**4,351.02**	**5,119.50**	**5,740.87**	**6,874.21**
External Assets	1,147.42	1,299.89	1,581.15	1,990.41	2,049.14	2,324.35	2,633.58	3,347.73	4,369.24	5,142.07	5,761.17	6,896.97
o/w Foreign Reserves	1,130.70	1,273.47	1,568.78	1,931.07	2,029.39	2,306.78	2,594.73	3,324.67	4,347.33	5,040.52	5,704.22	5,717.89
Foreign Liabilities	532.62	507.58	490.57	489.91	368.67	273.52	19.60	16.80	18.22	22.57	20.30	22.76
o/w Use of Fund Resources	528.50	503.46	486.44	484.99	364.74	270.44	16.53	14.46	15.87	20.23	20.21	22.67
Net Domestic Assets	**-206.19**	**-294.81**	**-489.26**	**-903.16**	**-899.22**	**-1,209.24**	**-1,648.38**	**-2,084.22**	**-2,836.56**	**-3,256.17**	**-3,200.50**	**-3,981.35**
Net Domestic Credit	**249.21**	**209.59**	**16.70**	**-187.56**	**-463.75**	**-811.98**	**-969.58**	**-1,687.97**	**-2,271.25**	**-2,065.08**	**-1,625.14**	**-1,531.11**
Claims on Government (net)	245.23	205.33	12.67	-191.59	-489.59	-833.41	-991.25	-1,712.65	-2,296.64	-2,077.28	-1,651.02	-1,567.97
Government Advances (adjusted)	1,114.99	1,697.20	1,312.54	1,543.38	1,220.62	1,070.91	1,360.59	1,481.53	1,829.78	2,574.96	3,188.02	5,150.50
Investment, Government Securities	70.22	64.59	124.71	130.40	200.00	200.49	232.60	200.00	275.25	238.77	200.00	200.00
Government Administered Fund Accounts	70.22	0.00	0.00	0.00	140.57	159.08	215.66	167.90	185.82	0.00	163.52	153.45
Government Deposits	939.98	1,556.46	1,424.58	1,865.37	1,769.64	1,945.73	2,368.77	3,226.28	4,245.13	4,724.96	5,039.04	6,918.47
Claims on parastatals(barter, crop finance etc)	3.98	4.26	4.04	4.03	1.89	1.32	0.89	4.21	4.10	0.36	0.36	0.36
Claims on Private Sector (net)	0.00	0.00	0.00	0.00	23.94	20.11	20.78	20.46	21.29	11.84	25.52	36.50
o/w Development Finance Funds	-0.17	-0.17	-0.50	-0.23	10.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Claims on Commercial Banks	65.93	62.11	60.32	98.79	85.84	86.73	95.51	113.42	100.02	87.03	43.60	144.61
Other Items, Net	**-455.40**	**-504.40**	**-505.96**	**-715.60**	**-435.47**	**-397.26**	**-678.80**	**-396.25**	**-565.31**	**-1,191.09**	**-1,575.36**	**-2,450.24**
Other Assets	94.00	96.26	123.84	124.66	171.49	139.80	175.76	281.26	340.35	373.27	374.82	472.88
Other Liabilities	500.49	600.64	629.78	840.25	606.86	537.06	854.56	677.51	905.66	1,564.36	1,950.18	2,923.12
o/w Revaluation	86.57	91.91	188.16	338.79	444.01	519.06	640.50	447.52	432.83	499.03	213.19	442.27
o/w Currency Revaluation IMF	-47.76	2.88	-26.96	0.34	-3.69	0.48	-0.15	1.36	17.14	-0.92	-0.03	0.25
o/w MDRI Funds									96.64	68.19	21.07	10.10
Base Money + DMB's Investments in BOU Instruments	523.45	559.61	661.64	696.13	867.09	928.33	1,061.11	1,360.13	1,614.49	1,950.36	2,584.27	3,037.47
Base Money = CIC+Transactions bal of operating banks	442.35	549.61	630.04	630.64	809.94	928.33	1,046.11	1,242.53	1,614.49	1,950.36	2,434.27	2,967.94
Currency Outside BoU	335.49	386.73	447.94	520.25	605.29	698.58	837.73	981.10	1,230.02	1,468.72	1,739.06	2,189.82
Commercial Bank Deposits	141.52	210.41	235.06	162.69	264.92	295.59	278.16	330.60	457.08	506.24	863.60	867.98
Transaction bal of operating banks	106.86	162.88	182.11	110.38	204.64	229.75	208.38	261.42	384.47	481.64	695.21	778.12
Commercial Banks Investment in BoU Instruments	0.00	10.00	31.60	65.50	57.15	0.00	15.00	117.60	0.00	0.00	150.00	69.53
Liabilities to Commercial banks (PNs)	32.18	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Memorandum Items												
Change Relative to Jun (%)												
Base Money	2.29	24.25	14.63	0.09	28.43	14.62	12.69	18.78	29.94	20.80	24.81	21.93
Transaction balances of operating banks	-7.29	52.42	*11.80*	*-39.39*	85.40	12.27	-9.30	25.46	47.07	25.27	44.34	11.93

Source: Bank of Uganda

Appendix 15 Commercial Bank Balance Sheet (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
Net Foreign Assets	**291.49**	**418.65**	**472.14**	**615.86**	**690.07**	**597.17**	**459.63**	**477.73**	**735.79**	**591.98**	**642.99**	**494.51**
External 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	117.88
Foreign Liabilities	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19	244.58	549.66	692.73	680.37
o/w External Accounts	10.98	16.69	19.08	35.32	37.09	51.98	64.09	53.69	52.60	16.11	176.82	115.67
o/w Shillings deposits of non-residents	2.72	2.23	5.25	6.15	16.86	15.59	42.88	28.11	33.68	33.65	29.95	134.16
Net Domestic Assets	**792.01**	**936.15**	**1,175.40**	**1,495.79**	**1,631.92**	**1,887.54**	**2,444.70**	**2,921.83**	**4,262.89**	**5,411.15**	**6,736.11**	**9,047.53**
Claims on Central Government (net)	169.36	257.66	469.37	585.18	557.82	657.10	878.51	981.10	1,366.90	1,565.13	1,902.68	2,241.77
Advances	0.02	0.00	0.54	4.70	0.00	0.00	0.00	0.15	16.06	0.00	0.01	0.01
Government Securities	320.27	479.79	720.76	754.46	876.82	972.51	1,019.39	1,090.94	1,469.25	1,704.50	2,196.24	2,498.20
Government Deposits	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99	118.41	139.38	293.57	256.43
Claims on Parastatals	12.39	6.02	2.86	2.55	11.69	6.77	18.56	30.43	25.52	35.05	52.21	38.45
Claims on Local Government	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35	0.09	0.04	0.87	0.91
Claims on Private Sector	580.41	634.93	661.66	848.60	986.03	1,130.12	1,454.69	1,792.47	2,714.84	3,587.65	4,484.58	6,476.23
Crop Finance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Loans/shgs loans to resident private sector	493.20	517.28	506.83	658.80	771.16	829.57	1,017.84	1,335.87	2,015.63	2,762.60	3,387.13	4,611.75
Forex lending to resident private sector	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59	699.21	825.06	1,097.45	1,864.47
Cash in Vaults	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49	155.53	223.28	295.78	290.18
Net Claims on Bank of Uganda	163.31	148.12	199.84	227.20	216.48	190.72	219.40	376.97	379.24	450.61	862.19	751.03
Balances with Bank of Uganda	112.38	159.91	188.54	182.00	269.65	294.05	297.95	348.88	412.05	487.91	767.62	759.08
Borrowing at Bank of Uganda	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91	1.50	0.48	0.43	14.03
BOU Administered Funds	0.00	0.00	0.00	0.00	70.21	67.57	51.63	50.60	31.31	36.81	55.01	52.56
Investment in Bank of Uganda Instruments (REPO)	32.23	10.00	31.60	65.50	57.15	0.00	15.00	117.60	0.00	0.00	150.00	58.52
BOU PNs to Standard, UCB &CERUDEB	43.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Items, Net	**-206.30**	**-269.40**	**-319.12**	**-411.78**	**-480.49**	**-469.38**	**-597.02**	**-798.12**	**-1,414.56**	**-1,401.58**	**-1,391.41**	**-1,754.92**
Other Assets	242.95	268.36	320.35	314.00	247.89	341.31	375.37	495.17	544.16	793.92	996.47	1,246.26
Other Liabilities	449.25	537.76	639.46	725.78	728.39	810.69	972.38	1,293.29	1,958.72	2,195.50	2,387.88	3,000.68
o/w Interbank Claims (net)	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44	258.05	134.16	-69.37	-13.60
o/w Revaluation	8.42	3.25	1.06	-8.03	3.45	6.22	-6.89	34.90	36.31	-163.80	-353.23	-561.34
Residual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
Net Domestic Assets, NDA (net of revaluation)	**783.58**	**932.91**	**1,174.33**	**1,503.82**	**1,628.47**	**1,881.32**	**2,451.59**	**2,886.93**	**4,226.59**	**5,574.95**	**7,089.34**	**9,608.87**
Deposit Liabilities to the Non-Bank Public	**1,040.51**	**1,233.52**	**1,528.27**	**1,927.07**	**2,057.97**	**2,206.05**	**2,526.71**	**2,978.40**	**3,963.36**	**5,052.16**	**6,849.88**	**8,538.15**
Foreign Exchange Accounts	310.84	390.24	444.90	639.26	662.38	653.25	706.64	848.07	1,142.49	1,376.91	1,881.42	2,492.03
Shilling deposits	729.67	843.28	1,083.37	1,287.81	1,395.59	1,552.80	1,820.07	2,130.33	2,820.87	3,675.25	4,968.45	6,046.12
Demand Deposits	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26	1,732.74	2,345.67	2,825.31
Time and Savings Deposits	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61	1,942.51	2,622.78	3,220.81
Certificates of Deposits	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05	0.00	0.00	0.00	0.00
Memorandum Item												
NPA/Total Credit to Private Sector	0.12	0.08	0.04	0.08	1.02	0.03	0.03	0.03	0.04	0.04	0.03	0.00
Lending ratio: shgs since June 1999 (PSC/shgs dep)	0.56	0.51	0.39	0.46	0.47	0.47	0.52	0.59	0.68	0.72	0.65	0.72
Lending ratio: forex (PSC/forex deposits)	0.25	0.25	0.30	0.27	0.27	0.36	0.55	0.50	0.58	0.59	0.53	0.60

Source: Bank of Uganda

Appendix 16 : Foreign Assets and Liabilities (million US$).

	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Monetary Authority												
External Assets	730.07	754.07	879.81	993.81	1,145.56	1,335.64	1,414.16	2,105.32	2,697.93	2,491.22	2,551.53	2,629.26
o/w Foreign Reserves	719.44	738.74	872.93	964.18	1,134.52	1,325.55	1,393.30	2,090.82	2,684.4	2,442.02	2,523.45	2,179.77
Foreign Liabilities	338.89	294.45	272.97	244.61	206.10	157.17	10.53	10.57	11.2	10.94	9.28	8.68
o/w Use of Fund Resources	336.27	292.06	270.68	242.15	203.91	155.41	8.88	9.09	9.8	9.80	8.85	8.64
Commercial Banks												
Foreign Assets	232.04	289.12	306.65	350.61	441.51	413.36	339.53	430.73	605.36	553.10	584.98	447.89
Foreign Liabilities	46.57	46.26	49.55	50.63	55.73	70.20	92.73	130.30	151.03	266.30	303.38	259.37
o/w External Accounts	6.99	9.68	10.62	17.64	20.74	29.87	34.42	33.77	32.48	7.80	77.44	44.10
o/w Non-resident sh deposits	3.64	1.29	2.92	3.07	9.42	8.96	23.02	17.68	20.80	16.31	13.27	51.15
Domestic (Forex) Liabilities	213.19	262.69	270.25	329.22	420.36	447.60	385.44	537.13	705.92	667.29	828.49	956.59
Foreign Exchange Accounts	197.78	226.38	241.94	311.66	370.30	375.38	379.45	533.34	705.47	667.08	823.98	950.01
Project Accounts	15.41	36.31	28.31	17.56	50.06	72.22	6.00	3.80	0.46	0.21	4.52	6.58
Domestic (Forex) Assets - lending to private sector	55.49	68.25	86.15	94.77	120.13	172.71	234.58	287.14	431.75	399.72	480.63	710.77
Memo Items												
DMB - Foreign Currency Accounts	220.18	272.37	280.87	346.86	441.10	477.47	419.86	570.90	738.41	675.09	916.33	1,000.69
DMB - Net Assets subject to Revaluation	-27.72	-19.83	-13.15	-29.25	-34.58	-104.45	-138.64	-236.70	-251.59	-380.49	-553.17	-768.08
Use of Fund Resources (SDR m)	251.46	234.46	203.45	172.86	139.07	106.69	6.00	6.00	6.00	6.00	6.00	5.40
Change in DMBs' forex holdings	6.68	18.65	26.21	13.86	12.48	-0.63	0.00	-86.05	-40.09	0.00	-12.07	0.00
Exchange Rate - Sh/$ (end of period)	1,571.65	1,723.84	1,797.15	2,002.81	1,788.76	1,740.25	1,862.30	1,590.13	1,619.5	2,064.08	2,283.34	2,623.17
Exchange Rate - Sh/SDR	2,101.74	2,147.30	2,391.04	2,805.66	2,622.72	2,534.87	2,755.02	2,409.95	2,645.6	3,371.92	3,368.25	4,198.24

Source: Bank of Uganda

Appendix 17 Monetary Survey Key Ratios and Growth Rates

	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Foreign Exchange Accounts/M3	0.23	0.25	0.23	0.27	0.26	0.23	0.22	0.22	0.23	0.22	0.23	0.24
CIC/M3	0.23	0.22	0.21	0.19	0.20	0.22	0.23	0.22	0.21	0.20	0.17	0.18
Demand Deposits/M3	0.31	0.30	0.32	0.30	0.31	0.31	0.29	0.29	0.28	0.28	0.28	0.27
Time and Savings Deposits/M3	0.24	0.23	0.24	0.24	0.23	0.25	0.26	0.26	0.28	0.31	0.32	0.31
Money Multiplier (M3/Base Money)	3.05	2.88	3.07	3.79	3.19	3.03	3.13	3.09	3.12	3.23	3.41	3.52
Money Multiplier (M2/Base Money)	2.32	2.16	2.36	2.77	2.37	2.32	2.45	2.41	2.41	2.52	2.63	2.68
Money Multiplier (M2A/Base Money)	2.34	2.17	2.37	2.77	2.38	2.32	2.45	2.41	2.41	2.52	2.63	2.68
CIC/M2	0.30	0.30	0.27	0.26	0.28	0.28	0.29	0.29	0.28	0.25	0.23	0.24
CIC/M2A	0.30	0.29	0.27	0.26	0.27	0.28	0.29	0.29	0.28	0.25	0.23	0.24
Demand Deposits/M2	0.40	0.41	0.42	0.42	0.42	0.40	0.38	0.38	0.37	0.35	0.37	0.36
Demand Deposits/M2A	0.40	0.40	0.41	0.41	0.42	0.40	0.37	0.38	0.37	0.35	0.37	0.36
Time and Savings Deposits/M2	0.30	0.30	0.31	0.32	0.31	0.32	0.33	0.33	0.36	0.39	0.41	0.41
Time and Savings Deposits/M2A	0.31	0.30	0.31	0.32	0.31	0.32	0.33	0.33	0.36	0.39	0.41	0.41
M2/M3	0.76	0.75	0.77	0.73	0.74	0.77	0.78	0.78	0.77	0.78	0.77	0.76
M2A/M3	0.77	0.75	0.77	0.73	0.74	0.77	0.78	0.78	0.77	0.78	0.77	0.76
Time and Savings Deposits/Total Deposits (%)	42.54	42.20	42.69	43.52	42.31	44.54	47.13	47.05	49.44	52.85	52.79	53.27
Demand Deposits/Total Deposits (%)	40.11	39.40	40.56	37.71	39.11	39.03	38.07	37.87	35.99	34.30	34.24	33.09
Forex deposits/M3	0.23	0.25	0.23	0.27	0.26	0.23	0.22	0.22	0.23	0.22	0.23	0.24
Vulnerability, M3/Reserves	1.19	1.24	1.23	1.24	1.27	1.22	1.26	1.16	1.16	1.25	1.45	1.83
Vulnerability, M2/Reserves	0.92	0.94	0.95	0.91	0.95	0.94	0.99	0.90	0.90	0.98	1.12	1.39
Claims on Government (billion shs, net); change relative to June	542.49	46.05	21.41	-91.68	-322.14	-244.54	63.57	-618.82	-227.46	314.61	427.88	
Share of Government in Domestic Credit (%)	40.95	41.74	41.87	31.50	6.25	-17.95	-8.16	-65.53	-50.64	-16.40	5.23	9.32
Share of Private sector in Domestic Credit (%)	57.33	57.24	57.49	67.92	92.48	117.13	106.74	162.40	149.02	115.27	93.66	90.13
Share of credit to other public institutions (%)	1.72	1.01	0.67	0.57	1.28	0.83	1.41	3.13	1.62	1.14	1.11	0.55
Year on Year growth in M3	16.08	17.56	22.21	23.40	8.32	8.65	16.38	17.44	31.12	25.01	31.69	30.19
Year on Year growth in M2	8.91	15.61	25.24	17.54	10.18	12.12	18.92	16.78	30.11	26.32	30.30	28.75
Year on Year growth in M2A	8.78	15.16	24.90	17.35	10.04	12.10	18.87	16.72	30.11	26.32	30.30	28.75
Year on Year Growth in Base Money	2.29	24.25	14.63	0.09	28.43	14.62	12.69	18.78	29.94	20.80	24.81	26.38
Year on Year Growth in private sector credit (DMB level)	6.24	9.39	4.21	28.25	16.20	14.61	20.99	23.22	51.46	32.15	25.00	40.84
Year on Year Growth in private sector credit (Monetary Survey)	6.24	9.39	4.21	28.25	19.02	13.89	20.69	22.89	50.92	31.55	25.45	41.09

Source: Bank of Uganda

Appendix 18 Commercial Bank's Shilling Denominated Loans and Advances to the Private Sector

	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Agriculture	**60,886**	**71,255**	**64,701**	**75,284**	**47,352**	**34,499**	**37,169**	**53,876**	**70,590**	**57,151**	**63,583**	**69,676**	**90,419**	**117,274**	**177,709**	**242,315**
Production	3,782	4,525	9,314	9,558	8,433	10,268	12,259	20,659	22,207	50,104	24,395	33,807	47,824	55,018	102,573	118,454
Crop Finance	57,103	66,730	55,387	65,727	38,919	24,231	24,910	33,216	48,384	7,047	39,188	35,868	42,595	62,256	75,136	123,861
Manufacturing	**104,031**	**78,017**	**94,657**	**153,126**	**156,918**	**180,716**	**175,179**	**166,480**	**168,444**	**168,065**	**135,746**	**194,799**	**190,624**	**342,374**	**405,307**	**521,954**
Foods, Beverages,Tobacco	37,135	50,411	61,071	102,581	107,955	123,494	116,767	104,927	105,993	99,885	76,883	80,462	76,481	169,210	205,114	272,904
Textiles, Apparel and Leather	1,696	2,023	2,323	4,119	3,341	5,917	2,100	2,182	5,319	9,671	2,654	15,169	7,702	6,623	17,622	18,793
Wood, Wood Products & Furniture	4,090	3,705	5,617	9,202	2,451	5,278	3,688	664	2,593	4,559	9,534	8,159	5,050	4,892	3,999	3,643
Paper, Paper Products, Printing & Publishing															16,545	17,235
Chemicals, Pharmaceuticals, Plastic and Rubber Products	2,472	3,748	4,654	6,486	13,933	17,833	12,625	13,520	12,020	15,108	11,712	12,135	5,934	21,144	14,362	35,526
Basic and Fabricated Non-Metal and Metal Products	5,795	4,533	8,027	4,522	5,387	4,368	5,459	2,282	10,970	9,931	7,287	13,111	7,406	36,244	43,781	52,913
Building & Construction Materials.	10,940	2,931	5,169	10,128	10,269	11,309	18,342	28,986	17,797	14,491	12,744	31,189	29,948	29,764	52,926	73,482
Other Manufacturing Industries	41,902	10,666	7,796	16,089	13,581	12,516	16,199	13,920	13,752	14,420	14,933	34,574	58,103	74,497	50,958	47,458
Trade & Other Services	**133,172**	**163,895**	**195,084**	**229,694**	**238,845**	**241,772**	**246,603**	**369,396**	**444,239**	**525,726**	**705,422**	**208,596**	**237,859**	**575,776**	**632,130**	**927,346**
Wholesale	66,638	75,054	91,122	82,468	94,094	89,066	77,589	95,831	95,379	58,108	42,171	52,146	73,699	184,747	266,252	371,057
Retail	24,769	28,163	32,957	41,146	33,978	31,044	32,458	37,104	37,818	46,135	119,930	156,450	164,160	391,029	365,878	556,289
Transport	**10,764**	**9,866**	**11,569**	**18,260**	**27,062**	**31,401**	**23,130**	**47,692**	**70,926**	**49,465**	**63,223**	**93,808**	**150,819**	**184,701**	**264,169**	**322,636**
Electricity & Water	**507**	**431**	**596**	**469**	**169**	**33**	**4**	**473**	**151**	**247**	**1,070**	**4,037**	**510**	**26,057**	**33,605**	**30,649**
Building and Construction	**19,115**	**15,076**	**19,462**	**25,560**	**23,243**	**20,528**	**16,993**	**23,050**	**27,519**	**29,347**	**66,382**	**152,955**	**346,156**	**464,415**	**650,616**	**996,647**
Mining and Quarrying	**276**	**309**	**890**	**59**	**189**	**873**	**402**	**474**	**96**	**126**	**730**	**17,266**	**5,899**	**8,717**	**9,667**	**12,644**
Personal Loans												**306,349**	**394,647**	**704,779**	**871,865**	**999,623**
Other Services												**314,826**	**609,795**	**458,656**	**383,194**	**579,029**
Total	328,751	338,848	386,959	502,452	493,777	509,821	499,480	661,441	781,965	830,126	1,036,155	1,362,311	2,026,727	2,882,749	3,428,261	4,632,843

Source: Bank of Uganda

Appendix 19 Commercial Banks' Forex Denominated Loans and Advances to the Private Sector

	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Agriculture	**16,568**	**15,349**	**19,274**	**35,701**	**28,734**	**40,020**	**56,900**	**72,012**	**52,135**	**75,155**	**60,876**	**114,888**	**181,127**
Production	3,430	3,471	6,279	6,816	6,384	20,189	19,236	29,872	14,229	14,928	12,045	55,297	104,376
Crop Finance	13,138	11,878	12,995	28,885	22,350	19,831	37,664	42,141	37,906	60,227	48,831	59,591	76,751
Manufacturing	**14,979**	**26,053**	**43,816**	**10,649**	**35,362**	**37,850**	**60,505**	**104,579**	**62,606**	**149,086**	**207,627**	**213,150**	**398,161**
Foods, Beverages,Tobacco	855	9,390	21,779	3,286	9,010	5,222	28,454	50,385	26,890	40,701	72,254	88,114	150,565
Textiles, Apparel and Leather	1,240	120	12,275	100	2,467	6,052	4,666	7,537	0	1,599	3,314	7,400	10,172
Wood, Wood Products & Furniture	3,498	15	0	277	16	151	805	1,901	1,184	1,494	166	7,854	15,034
Paper, Paper Products, Printing & Publishing						0	0	0	0	0	0	15,685	38,540
Chemicals, Pharmaceuticals, Plastic and Rubber Products	8,983	14,711	9,297	1,265	8,791	13,996	2,121	1,020	5,593	841	44,913	28,209	44,819
Basic and Fabricated Non-Metal and Metal Products	387	437	154	450	0	235	1,288	405	262	9,747	8,341	23,361	24,398
Building & Construction Materials.	0	165	312	3,471	1,255	394	3,385	21,832	13,135	17,071	4,494	6,527	74,307
Other Manufacturing Industries	17	1,214	0	1,800	13,823	11,799	19,786	21,499	15,542	77,634	74,144	35,999	40,326
Trade & Other Services	**9,389**	**20,947**	**20,073**	**63,013**	**78,271**	**43,281**	**55,121**	**76,073**	**75,905**	**98,310**	**205,370**	**237,827**	**470,779**
Wholesale	7,045	20,356	18,988	58,704	74,188	37,174	45,882	46,378	51,242	37,463	55,767	148,963	124,448
Retail	2,344	591	1,085	4,309	4,082	6,107	9,238	29,696	24,663	60,847	149,603	88,864	346,331
Transport	**8,216**	**9,018**	**2,645**	**6,626**	**5,843**	**9,689**	**16,269**	**29,649**	**18,326**	**37,787**	**39,854**	**89,533**	**183,819**
Electricity & Water							**1,849**	**500**	**2,538**	**22,921**	**2,092**	**18,884**	**30,261**
Building and Construction	**3,791**	**5,074**	**3,775**	**6,156**	**2,831**	**5,412**	**9,356**	**16,649**	**51,374**	**68,909**	**131,159**	**194,667**	**339,937**
Mining and Quarrying	**1,478**	**1,940**	**1,683**	**2,896**	**1,458**	**820**	**537**	**20**	**26,742**	**3,798**	**2,094**	**27,866**	**6,703**
Personal Loans						0	0	0	**19,895**	**28,156**	**95,180**	**90,013**	**32,750**
Other Services						0	0	0	**155,251**	**235,351**	**82,693**	**123,880**	**239,843**
Total	**54,421**	**78,381**	**91,266**	**125,041**	**152,499**	**137,072**	**200,537**	**299,483**	**464,772**	**719,474**	**826,944**	**1,110,708**	**1,883,380**

Source: Bank of Uganda

Appendix 20 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
Liabilities												
Total Deposits	1,153.95	1,385.40	1,754.61	2,057.96	2,368.25	2,568.04	2,722.84	3,217.78	4,339.83	5,325.70	7,074.08	8,780.98
Private Demand Deposits	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26	1,732.74	2,345.67	2,825.31
Private Time & Savings Deposits	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61	1,942.51	2,622.78	3,220.81
Foreign Exchange deposits	310.84	390.24	444.90	639.26	662.38	653.25	706.64	848.07	1,142.49	1,376.91	1,881.42	2,492.03
Government Deposits	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99	118.41	139.38	293.57	256.43
Inter bank deposits (excluding own)	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44	258.05	134.16	-69.37	-13.60
Foreign Liabilities	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19	244.58	549.66	692.73	680.37
Borrowing at Bank of Uganda	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91	1.50	0.48	0.43	14.02
Items in Transit	79.22	91.65	40.12	25.78	5.98	4.29	3.17	0.39	0.09	0.03	0.92	0.39
Capital and Reserves	87.28	163.75	230.08	238.51	229.87	199.56	300.46	447.17	752.20	1,096.82	1,261.57	1,463.77
Other Liabilities	383.31	466.70	471.99	601.12	652.18	745.81	761.44	908.11	1,165.40	1,300.54	1,413.24	587.61
Total Liabilities	**1,801.51**	**2,209.04**	**2,596.05**	**3,030.01**	**3,396.09**	**3,675.64**	**4,002.52**	**4,819.55**	**6,503.59**	**8,273.23**	**10,442.96**	**11,527.14**
Assets												
Cash held	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49	155.53	223.28	295.78	
Balances with Bank of Uganda	108.53	155.57	188.48	181.94	269.65	294.05	297.85	348.88	412.05	570.36	917.62	
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	
Government Securities	320.27	479.79	720.76	754.46	876.82	972.51	1,019.39	1,090.94	1,469.25	1,704.50	2,196.24	
Advances and Discounts	592.82	640.95	665.06	855.84	997.73	1,136.89	1,473.25	1,823.04	2,756.43	3,622.70	4,536.80	
Investments in Stocks and Shares	8.75	8.87	10.86	7.47	10.99	4.84	5.35	46.47	11.23	10.77	38.64	
Other Assets	377.64	388.90	419.07	469.23	376.12	454.48	481.53	707.81	718.74	999.98	1,122.17	
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**	**10,442.96**	

Source: Bank of Uganda

Appendix 21 Structure of Interest Rates (annual percentage)

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep06	Dec06	Mar-07	Jun-07	Sep07	Dec07	Mar08	Jun-08	Sep08	Dec08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Bank of Uganda																									
Ways and Means	8.87	7.93	7.56	7.43	6.95	8.78	9.34	9.27	9.43	7.63	7.31	7.92	8.17	8.07	11.39	7.05	5.99	7.78	5.46	3.70	4.28	4.98	7.59	8.58	12.10
Rediscount rate	14.77	13.93	13.37	13.27	12.76	14.45	15.30	15.45	15.60	13.76	13.39	13.99	15.24	15.18	11.71	11.71	9.59	10.87	8.65	6.83	7.31	8.09	10.97	12.32	15.68
Bank rate to Commercial Banks	15.77	14.93	14.37	14.27	13.76	15.45	16.30	16.45	16.60	14.76	14.39	14.99	16.24	16.18	12.71	12.71	10.59	11.87	9.65	7.83	8.31	9.09	11.97	13.32	16.68
Treasury Bills																									
91 Days	8.87	7.93	7.56	7.43	6.95	8.78	9.34	9.27	9.43	7.63	7.31	7.92	8.17	8.07	11.39	7.05	5.99	7.78	5.46	3.70	4.28	4.98	7.59	8.58	12.10
182 Days	10.16	9.32	8.55	8.39	7.45	10.35	10.34	10.92	12.41	9.60	10.28	11.39	13.03	12.34	14.20	10.30	10.01	10.27	7.82	4.37	5.49	5.47	8.54	9.25	12.41
273 Days	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
364 Days	11.91	10.10	9.66	9.25	8.78	11.24	10.92	10.87	11.99	10.47	10.34	11.72	12.75	12.77	15.08	10.92	12.27	10.86	8.04	5.56	6.88	6.17	9.10	9.10	12.55
Commercial Banks (Weighted Average)																									
Local Currency																									
Deposit Rates	2.40	2.55	2.66	2.58	2.55	2.79	2.74	2.54	2.79	1.53	1.73	2.42	2.72	1.92	2.47	2.21	2.39	2.03	2.00	2.05	2.72	2.09	2.02	2.09	2.57
Demand deposits	1.08	1.21	1.18	1.08	1.11	1.14	1.14	1.17	1.20	1.29	1.31	1.40	1.29	1.26	1.45	1.30	1.26	1.23	1.28	1.26	1.29	1.36	1.28	1.18	1.13
Savings deposits	1.77	1.97	1.92	2.00	2.02	2.12	2.02	2.08	2.79	2.60	2.70	2.59	2.10	2.06	2.19	2.39	2.36	2.36	2.25	2.31	2.10	2.39	2.37	2.38	2.30
Time Deposits	10.17	10.03	7.85	8.43	7.57	9.98	9.12	9.26	9.80	9.00	10.08	9.98	10.85	9.08	11.62	8.97	10.72	8.49	9.23	7.70	10.85	5.43	9.78	9.68	11.01
Lending Rates	18.07	19.18	19.37	18.86	18.60	19.18	18.91	19.17	19.38	18.98	18.20	20.08	20.18	21.23	19.00	20.97	21.80	20.69	20.01	21.13	20.18	18.82	19.71	19.97	19.94
Foreign Currency																									
Deposit Rates	1.03	1.28	1.18	1.30	1.25	1.42	1.46	1.47	1.61	1.85	1.79	1.63	1.36	1.23	1.32	1.44	1.17	1.20	1.24	1.63	1.36	1.09	1.25	1.30	1.33
Demand deposits	0.98	1.03	1.03	1.16	1.17	1.27	1.16	1.21	1.21	1.42	1.31	1.14	0.99	1.19	1.05	1.05	1.01	1.00	1.04	1.14	0.99	0.96	0.96	1.08	1.09
Savings deposits	1.45	1.45	1.45	1.45	1.45	1.53	1.53	1.49	1.48	0.98	0.99	1.49	1.49	1.51	1.38	1.59	1.51	1.50	1.48	1.49	1.49	1.51	2.65	1.49	1.49
Time Deposits	3.00	5.34	3.51	4.35	2.86	4.71	5.25	4.97	6.22	3.98	3.74	3.92	4.31	3.84	3.72	2.10	3.93	4.79	5.09	3.92	4.31	3.52	3.87	3.22	2.40
Lending Rates	8.46	7.80	7.15	9.98	9.92	9.47	9.23	9.72	9.19	10.88	10.02	9.68	9.56	9.38	8.49	10.69	15.14	10.41	10.07	10.33	9.56	10.01	8.57	10.14	9.43

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 22 Foreign exchange rates (Shs. per US$)

Year/Month	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)
Fiscal Year Average						
2005/06	1,817.64	1,824.82	1,821.23	1,825.15	100.00	100.00
2006/07	1,768.52	1,776.95	1,772.74	1,780.00	99.65	97.32
2007/08	1,687.54	1,696.47	1,692.00	1,696.45	101.40	99.47
2008/09	1,916.98	1,925.35	1,921.16	1,930.03	106.27	95.89
2009/10	2,020.54	2,030.43	2,025.44	2,028.88	114.17	95.11
2010/11	2,320.43	2,313.09	2,316.76	2,323.43	132.40	108.70
Monthly Average						
2008 Jan	1,699.76	1,709.77	1,704.77	1,710.59	102.61	100.83
Feb	1,699.98	1,703.70	1,701.84	1,707.83	101.34	99.68
Mar	1,676.51	1,683.76	1,680.14	1,684.26	102.53	101.07
Apr	1,678.32	1,687.00	1,682.66	1,686.68	103.85	101.36
May	1,644.50	1,654.83	1,649.67	1,647.68	100.48	97.84
Jun	1,596.67	1,603.31	1,599.99	1,600.74	96.56	95.01
Jul	1,625.63	1,633.80	1,629.72	1,633.94	98.76	97.31
Aug	1,616.72	1,621.89	1,619.31	1,623.62	96.06	93.34
Sep	1,637.45	1,639.59	1,638.52	1,645.01	94.32	90.65
Oct	1,795.09	1,810.90	1,803.00	1,838.66	100.02	94.31
Nov	1,883.83	1,903.74	1,893.79	1,910.13	101.76	93.32
Dec	1,940.63	1,950.49	1,945.56	1,956.19	106.41	95.76
2009 Jan	1,962.09	1,970.00	1,966.05	1,975.97	106.55	94.43
Feb	1,958.22	1,963.84	1,961.03	1,964.83	104.39	91.33
Mar	2,048.28	2,049.00	2,048.64	2,051.55	107.64	93.95
Apr	2,162.18	2,169.25	2,165.72	2,175.61	116.81	100.28
May	2,240.60	2,248.30	2,244.45	2,247.68	123.56	104.96
Jun	2,133.07	2,143.34	2,138.21	2,137.18	118.95	101.09
Jul	2,094.48	2,112.55	2,103.52	2,110.77	117.85	99.89
Aug	2,065.97	2,074.53	2,070.25	2,071.67	116.17	97.01
Sep	1,962.69	1,970.01	1,966.35	1,961.90	111.26	90.62
Oct	1,895.15	1,903.53	1,899.34	1,898.28	108.73	88.91
Nov	1,852.08	1,869.36	1,860.72	1,873.78	107.81	88.57
Dec	1,891.55	1,897.82	1,894.69	1,894.54	108.43	87.68
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	110.24	92.11
Feb	1,989.75	1,988.74	1,988.74	1,996.54	112.15	93.48
Mar	2,078.14	2,078.95	2,078.55	2,086.37	117.43	98.51
Apr	2,079.85	2,100.12	2,089.99	2,083.00	117.25	98.75
May	2,164.33	2,170.20	2,167.27	2,174.57	119.71	101.54
Jun	2,243.60	2,253.67	2,248.64	2,257.44	123.05	104.29
Jul	2,249.12	2,264.98	2,257.05	2,255.85	124.77	106.37
Aug	2,222.09	2,227.85	2,224.97	2,230.94	124.52	105.89
Sep	2,246.66	2,253.74	2,250.20	2,251.30	126.57	106.57
Oct	2,258.01	2,263.37	2,260.69	2,264.82	130.16	110.52
Nov	2,284.59	2,287.46	2,286.03	2,289.31	130.57	110.01
Dec	2,297.87	2,318.52	2,308.20	2,303.93	131.06	109.66
2011 Jan	2,323.64	2,330.42	2,327.03	2,332.47	132.88	110.85
Feb	2,328.38	2,333.10	2,330.74	2,341.93	133.67	110.24
Mar	2,383.02	2,403.94	2,393.48	2,393.31	137.38	109.49
Apr	2,362.46	2,367.13	2,364.80	2,367.59	137.30	107.38
May	2,381.39	2,392.35	2,386.87	2,387.68	138.03	106.98
Jun	2,453.60	2,456.56	2,455.08	2,461.04	141.86	110.51

Source: Bank of Uganda

Appendix 23 Bureaux and Inter-bank Transactions

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
1997/98	318.42	358.13	1,426.32	1,403.18
1998/99	298.92	320.47	1,526.52	1,558.51
1999/00	404.20	402.11	1,486.73	1,605.82
2000/01	515.90	505.10	1,526.84	1,685.37
2001/02	679.08	671.15	1,762.17	1,950.16
2002/03	718.27	709.15	1,780.00	2,013.72
2003/04	605.73	698.05	2,009.16	2,143.83
2004/05	725.67	858.04	2,809.26	2,881.91
2005/06	1,045.43	1,139.62	3,380.99	3,529.50
2006/07	1,245.97	1,238.78	5,353.47	5,253.82
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	7,668.53	7,656.74
2010/11	1,871.85	1,735.10	9,176.50	9,282.64
2007 Jan	101.78	97.70	571.69	569.10
Feb	91.55	93.77	391.59	394.19
Mar	101.55	100.93	444.82	447.07
Apr	99.34	92.84	383.27	416.05
May	113.71	107.89	566.64	540.00
Jun	110.97	118.83	860.99	774.85
Jul	108.98	103.23	673.53	593.15
Aug	130.55	135.09	715.60	726.92
Sep	114.10	109.61	496.66	501.89
Oct	121.11	126.43	850.70	851.24
Nov	115.16	130.01	810.07	817.39
Dec	118.55	142.93	735.46	697.31
Total	**1,327.33**	**1,359.27**	**7,501.02**	**7,329.16**
2008 Jan	139.08	126.33	584.82	582.10
Feb	122.80	128.90	557.37	569.55
Mar	124.54	127.50	743.50	703.64
Apr	134.89	139.25	543.60	549.79
May	133.93	148.43	595.33	591.72
Jun	138.42	146.23	733.74	735.62
Jul	160.33	157.33	695.62	682.07
Aug	151.50	153.24	610.74	609.23
Sep	160.69	154.22	629.26	690.50
Oct	140.81	144.36	893.99	984.76
Nov	154.41	119.18	531.60	503.30
Dec	154.23	131.54	503.30	503.60
Total	**1,715.62**	**1,676.51**	**7,622.87**	**7,705.88**
2009 Jan	151.45	128.59	540.50	529.90
Feb	144.27	120.48	465.20	475.40
Mar	145.65	121.41	624.50	633.80
Apr	144.22	112.74	436.80	445.20
May	143.11	112.14	541.80	571.60
Jun	147.66	129.01	548.30	554.00
Jul	164.46	146.28	512.50	525.20
Aug	161.07	141.67	503.40	513.80
Sep	146.38	134.76	586.50	594.80
Oct	146.17	141.10	584.50	581.50
Nov	144.56	131.51	496.10	485.90
Dec	164.73	149.62	659.70	629.30
Total	**1,803.72**	**1,569.30**	**6,499.80**	**6,540.40**
2010 Jan	152.72	133.57	578.17	577.72
Feb	155.26	127.68	696.57	687.02
Mar	144.27	120.48	741.82	777.99
Apr	151.36	137.18	669.73	630.01
May	176.54	138.32	798.65	813.38
Jun	149.71	133.91	840.89	840.12
Jul	150.24	144.99	729.92	701.37
Aug	159.42	135.93	804.41	827.29
Sep	155.93	150.27	640.85	633.35
Oct	146.96	133.85	655.53	636.88
Nov	153.68	133.98	731.12	762.14
Dec	171.25	168.18	881.86	838.75
Total	**1,867.34**	**1,658.33**	**8,769.52**	**8,726.00**
2011 Jan	148.75	140.34	853.47	962.89
Feb	131.13	119.63	656.27	648.92
Mar	162.13	152.09	857.86	854.03
Apr	139.80	131.33	731.54	739.11
May	172.72	164.42	726.75	746.69
Jun	179.83	160.09	906.93	931.23

Source: Bank of Uganda

Appendix 24 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)											
2007	108.2	103.3	107.3	124.1	109.2	111.1	107.1	106.3	**110.2**		6.1
2008	129.6	112.3	116.5	136.5	126.4	122.2	114.3	114.6	**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	139.5	153.1	147.6	123.3	131.3	142.2	**145.2**		4.0
Fiscal Year (Average)											
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	107.1	112.1	129.8	117.8	117.5	110.6	109.6	**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	127.0	148.5	143.0	126.0	127.7	136.0	**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
Monthly											
2009 Jan	146.2	124.6	121.9	144.6	132.2	125.5	117.9	121.3	**132.3**	1.3	14.5
Feb	147.3	123.2	122.9	147.0	133.7	125.3	121.5	122.2	**133.7**	1.1	14.9
Mar	148.4	124.7	122.6	144.7	134.9	124.9	121.4	124.0	**134.0**	0.2	14.1
Apr	155.0	124.3	124.0	143.7	135.8	124.0	121.5	127.3	**136.4**	1.8	13.4
May	158.1	125.7	125.6	142.8	137.8	124.0	122.1	129.1	**137.9**	1.1	12.4
Jun	157.0	124.8	125.2	144.0	138.8	124.7	124.5	130.2	**138.4**	0.4	12.3
Jul	157.0	127.2	126.2	147.3	139.5	125.2	124.6	130.9	**139.2**	0.6	11.7
Aug	166.7	126.3	127.3	147.5	140.5	125.0	124.8	131.9	**142.1**	2.0	12.5
Sep	179.4	127.3	127.5	146.6	141.6	124.9	125.1	133.6	**145.6**	2.4	14.5
Oct	177.4	127.3	127.3	146.4	141.6	125.6	125.1	134.3	**145.3**	-0.2	13.4
Nov	176.5	127.6	128.8	147.3	141.8	125.2	125.2	135.0	**145.3**	0.0	11.9
Dec	175.7	127.2	130.9	144.6	143.4	126.4	125.2	135.5	**144.9**	-0.3	10.9
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	156.9	**165.0**	2.9	14.1
May	218.9	143.8	152.5	165.4	175.9	109.8	138.8	159.8	**166.8**	1.1	16.0
Jun	213.4	143.8	156.2	167.0	179.0	112.6	142.3	160.7	**167.0**	0.1	15.7

Source: Uganda Bureau of Statistics

Appendix 25 Composite CPI for Uganda: Breakdown by major groups.

	Food Crops	Elec, Fuel & Utilites (EFU)	Core	All Items Index	Annual Percentage Changes Food Crops	Elec, Fuel & Utilites (EFU)	Core	All Items
Weights		**4.9**	**81.6**	**100.0**				
Calender Year (Average)								
2007	100.7	137.5	110.1	**110.2**	-3.8	21.7	6.6	**6.1**
2008	116.6	150.0	122.7	**123.5**	15.8	9.1	11.5	**12.1**
2009	154.1	149.3	136.3	**139.6**	32.2	-0.5	11.1	**13.0**
2010	156.4	151.1	142.8	**145.2**	1.5	1.2	4.8	**4.0**
Fiscal Year (Average)								
2005/06	100.0	100.0	100.0	**100.0**				
2006/07	103.1	128.9	106.8	**107.4**	3.1	28.9	6.8	**7.4**
2007/08	103.5	144.0	115.4	**115.3**	0.4	11.6	8.0	**7.3**
2008/09	131.6	150.7	130.1	**131.6**	27.1	4.7	12.7	**14.1**
2009/10	163.8	149.2	140.2	**144.0**	24.5	-1.0	7.8	**9.4**
2010/11	176.9	158.1	149.0	**153.4**	8.0	6.0	6.3	**6.5**
Monthly								
2008 Jan	103.8	146.3	115.5	**115.5**	-0.5	10.0	7.4	**6.5**
Feb	102.8	147.0	116.6	**116.4**	4.8	10.6	7.9	**7.8**
Mar	103.5	146.0	117.9	**117.5**	5.0	9.7	9.0	**8.6**
Apr	110.5	145.8	120.2	**120.3**	1.7	8.9	10.5	**9.4**
May	115.6	146.4	122.1	**122.6**	7.3	8.7	11.8	**11.2**
Jun	115.7	148.7	122.7	**123.2**	15.4	10.1	12.1	**12.6**
Jul	116.4	153.7	124.0	**124.6**	20.5	9.8	13.1	**14.0**
Aug	121.4	154.4	125.0	**126.3**	33.7	10.6	13.6	**15.9**
Sep	123.5	153.8	125.7	**127.1**	29.0	9.6	13.5	**15.3**
Oct	127.5	152.3	126.5	**128.1**	26.9	7.6	12.8	**14.3**
Nov	129.7	152.9	127.4	**129.8**	24.9	7.5	12.9	**14.7**
Dec	128.6	152.3	128.8	**130.6**	24.7	6.2	12.7	**14.3**
2009 Jan	131.1	154.1	131.0	**132.3**	26.4	5.3	13.4	**14.5**
Feb	133.7	150.9	132.5	**133.7**	30.1	2.7	13.6	**14.9**
Mar	134.7	148.5	132.8	**134.0**	30.1	1.7	12.5	**14.1**
Apr	144.4	145.6	134.2	**136.4**	30.7	-0.1	11.7	**13.4**
May	147.0	144.8	135.6	**137.9**	27.1	-1.1	11.0	**12.4**
Jun	141.2	145.3	137.1	**138.4**	22.0	-2.3	11.7	**12.3**
Jul	142.6	150.5	137.6	**139.2**	22.5	-2.1	10.9	**11.7**
Aug	158.9	150.4	138.3	**142.1**	30.8	-2.6	10.6	**12.5**
Sep	183.1	150.6	138.8	**145.6**	48.3	-2.1	10.4	**14.5**
Oct	178.8	151.0	139.0	**145.3**	40.3	-0.8	9.9	**13.4**
Nov	177.7	150.2	139.3	**145.3**	37.0	-1.8	9.4	**11.9**
Dec	176.0	150.0	139.2	**144.9**	36.9	-1.5	8.0	**10.9**
2010 Jan	170.5	144.1	139.4	**144.0**	30.0	-6.5	6.4	**8.9**
Feb	162.4	144.7	141.6	**144.6**	21.5	-4.2	6.9	**8.1**
Mar	157.9	146.5	141.7	**144.2**	17.2	-1.4	6.7	**7.6**
Apr	158.9	150.4	141.9	**144.6**	10.0	3.3	5.7	**6.0**
May	152.7	150.8	141.8	**143.8**	3.9	4.1	4.6	**4.3**
Jun	146.1	150.9	143.4	**144.2**	3.5	3.9	4.6	**4.2**
Jul	139.0	152.4	143.9	**143.8**	-2.5	1.3	4.6	**3.3**
Aug	144.2	153.1	143.8	**144.5**	-9.2	1.8	4.0	**1.7**
Sep	150.9	153.7	144.5	**146.1**	-17.6	2.1	4.2	**0.3**
Oct	158.5	156.8	142.5	**145.5**	-11.4	3.9	2.5	**0.2**
Nov	168.0	155.1	143.4	**147.4**	-5.5	3.3	2.9	**1.4**
Dec	167.9	154.8	145.9	**149.4**	-4.6	3.2	4.8	**3.1**
2011 Jan	172.9	156.5	147.2	**151.2**	1.5	8.6	5.6	**5.0**
Feb	173.6	158.7	150.1	**153.8**	6.9	9.7	6.0	**6.4**
Mar	203.9	161.7	152.7	**160.3**	29.1	10.4	7.8	**11.2**
Apr	221.3	163.8	155.5	**165.0**	39.3	8.9	9.6	**14.1**
May	220.2	164.5	157.8	**166.8**	44.2	9.1	11.3	**16.0**
Jun	203.0	166.3	160.8	**167.0**	39.0	10.3	12.2	**15.7**

Source: Uganda Bureau of Statistics

Appendix 26 Index of Production (Manufacturing), Formal Sector, Uganda (2002 = 100)

	Food Process-ing	Beverages and Tobacco	Textiles, Clothing & Footwear	Sawmilling Paper & Printing	Chemicals, Paint, Soap & Foam Pr	Bricks and Cement	Metal Products	Miscell-aneous	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	235.5	209.3	139.1	157.6	**179.9**	
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	237.0	187.8	125.6	150.4	**175.3**	
2010/11	158.1	235.6	213.7	229.9	224.2	232.0	151.5	158.6	**190.0**	
Monthly										
2008 Jan	143.3	186.6	139.0	170.5	138.5	162.0	151.5	124.0	**153.2**	145.8
Feb	137.9	176.5	160.1	163.9	133.9	171.3	150.2	154.1	**151.7**	146.9
Mar	133.0	215.2	181.5	161.8	119.4	171.3	139.1	162.1	**156.6**	147.9
Apr	125.7	161.3	121.8	144.7	122.6	159.0	143.7	149.5	**138.6**	148.5
May	132.4	163.8	158.3	183.8	124.2	159.2	135.1	142.7	**143.8**	148.6
Jun	133.1	183.2	137.3	158.2	180.7	154.1	120.6	173.7	**152.1**	149.6
Jul	149.1	179.0	118.7	160.1	203.5	187.0	134.6	176.8	**162.9**	151.3
Aug	147.9	186.5	66.1	166.3	201.3	183.6	120.6	142.9	**158.1**	151.9
Sep	137.2	202.6	99.1	156.9	188.6	174.2	119.9	136.0	**155.7**	152.6
Oct	141.4	193.5	159.8	197.9	205.6	180.9	133.9	159.5	**164.4**	154.2
Nov	138.4	184.7	136.9	158.0	188.7	181.2	104.4	157.1	**154.8**	154.9
Dec	152.6	280.9	221.3	192.7	193.5	193.6	104.6	141.5	**185.1**	156.4
2009 Jan	153.6	190.7	148.6	188.5	223.1	196.3	130.1	162.4	**170.6**	157.9
Feb	163.6	177.1	311.7	195.6	212.0	163.1	119.2	203.8	**177.4**	160.0
Mar	182.3	197.6	280.7	200.2	198.8	150.1	153.3	185.2	**187.2**	162.6
Apr	149.2	186.0	206.4	177.9	208.3	133.2	147.9	176.2	**166.2**	164.9
May	146.3	156.8	142.2	204.5	215.1	143.6	140.5	139.8	**155.8**	165.9
Jun	191.3	170.9	141.9	334.7	228.9	142.5	135.2	147.3	**182.6**	168.4
Jul	178.8	197.5	186.9	210.9	242.2	172.7	130.6	141.2	**183.2**	170.1
Aug	151.8	202.0	182.8	196.5	239.1	187.5	132.0	147.7	**174.0**	171.4
Sep	161.9	206.0	154.9	224.4	239.6	164.5	108.1	125.0	**173.5**	172.9
Oct	141.6	200.5	143.9	178.7	240.6	180.6	118.0	121.2	**164.1**	172.9
Nov	148.6	194.4	132.7	180.3	225.5	181.5	108.0	143.2	**164.5**	173.7
Dec	167.3	278.6	214.0	201.9	236.1	208.4	118.6	173.8	**199.1**	174.8
2010 Jan	159.5	204.8	197.3	194.3	235.7	206.1	126.5	117.7	**176.8**	175.4
Feb	156.3	182.0	224.1	185.7	237.0	178.0	123.1	202.1	**175.1**	175.2
Mar	166.0	213.3	244.6	192.9	239.7	185.7	130.6	173.4	**186.0**	175.1
Apr	148.9	178.9	178.7	270.7	234.7	189.5	129.2	132.4	**169.1**	175.3
May	128.9	178.3	172.3	212.9	247.4	194.3	134.9	174.1	**163.5**	175.9
Jun	155.4	196.6	148.2	190.0	226.8	204.6	147.0	153.1	**174.3**	175.3
Jul	146.4	196.5	150.5	198.4	260.8	223.9	152.6	170.5	**177.5**	174.8
Aug	140.2	206.8	139.1	214.3	233.4	220.2	160.7	139.9	**172.9**	174.7
Sep	145.2	222.8	171.8	207.2	224.5	212.4	136.4	143.5	**176.0**	174.9
Oct	154.6	218.8	186.1	213.7	213.5	229.6	148.6	144.4	**181.1**	176.3
Nov	164.3	221.1	160.8	238.6	254.2	221.3	146.6	188.9	**191.3**	178.6
Dec	176.2	321.1	218.1	275.2	217.9	246.3	133.1	150.8	**214.7**	179.9
2011 Jan	158.7	237.3	306.4	197.4	232.0	259.0	150.1	152.7	**195.7**	181.4
Feb	151.0	224.7	325.0	248.2	180.7	217.1	127.9	136.7	**181.6**	182.0
Mar	182.1	256.0	328.5	310.6	218.6	245.8	171.7	181.5	**215.1**	184.4
Apr	178.4	241.4	237.4	185.9	187.9	244.4	164.8	150.2	**196.8**	186.7
May	156.2	233.5	197.6	240.0	235.5	190.6	172.3	178.4	**189.5**	188.8
Jun	144.7	246.3	147.4	220.0	228.8	278.0	159.4	173.2	**189.2**	190.0

Source: Uganda Bureau of Statistics

Appendix 27 Pump Prices for Petroleum Products (Kampala pump prices, UShs per litre).

Year and Effective Month of Increase	Motor Spirit Premium (PMS)	Diesel (AGO)	Kerosene (BIK)	Exchange Rate (shs per US$)
2005 Jan	1,720	1,484	1,400	1,732
Feb	1,720	1,467	1,400	1,711
Mar	1,730	1,488	1,410	1,711
Apr	1,883	1,642	1,588	1,778
May	1,953	1,710	1,632	1,776
Jun	1,975	1,673	1,500	1,738
Jul	2,061	1,762	1,550	1,752
Aug	2,100	1,845	1,550	1,815
Sep	2,200	1,890	1,650	1,848
Oct	2,185	1,881	1,669	1,857
Nov	2,175	1,875	1,675	1,835
Dec	2,175	1,875	1,675	1,816
2006 Jan	2,175	1,875	1,675	1,819
Feb	2,175	1,875	1,675	1,816
Mar	2,175	1,875	1,675	1,821
Apr	2,193	1,911	1,705	1,827
May	2,231	1,949	1,786	1,836
Jun	2,290	1,975	1,798	1,860
Jul	2,303	2,002	1,810	1,858
Aug	2,295	1,975	1,794	1,848
Sep	2,251	1,903	1,818	1,855
Oct	2,150	1,850	1,690	1,843
Nov	2,095	1,750	1,650	1,819
Dec	1,878	1,661	1,600	1,775
2007 Jan	1,926	1,682	1,600	1,792
Feb	1,951	1,718	1,615	1,752
Mar	1,988	1,737	1,625	1,751
Apr	2,048	1,958	1,626	1,729
May	2,139	1,950	1,606	1,695
Jun	2,153	1,875	1,625	1,644
Jul	2,224	1,853	1,625	1,653
Aug	2,217	1,906	1,696	1,737
Sep	2,320	1,970	1,670	1,763
Oct	2,330	2,013	1,717	1,747
Nov	2,387	2,090	1,717	1,708
Dec	2,443	2,150	1,717	1,712
2008 Jan	2,775	2,370	1,950	1,711
Feb	2,717	2,188	1,950	1,708
Mar	2,575	2,188	2,154	1,684
Apr	2,597	2,317	2,099	1,687
May	2,591	2,583	2,112	1,648
Jun	2,665	2,583	2,254	1,601
Jul	2,715	2,638	2,353	1,634
Aug	2,754	2,665	2,409	1,624
Sep	2,738	2,503	2,387	1,645
Oct	2,646	2,370	2,330	1,839
Nov	2,646	2,458	2,360	1,910
Dec	2,783	2,456	2,313	1,956
2009 Jan	2,896	2,408	2,227	1,976
Feb	2,668	1,975	2,124	1,965
Mar	2,563	1,755	1,962	2,052
Apr	2,418	1,725	1,817	2,176
May	2,353	1,831	1,787	2,248
Jun	2,358	1,938	1,797	2,137
Jul	2,428	1,967	1,819	2,111
Aug	2,423	1,973	1,818	2,072
Sep	2,442	2,007	1,829	1,962
Oct	2,521	2,028	1,822	1,898
Nov	2,457	1,997	1,794	1,874
Dec	2,434	2,028	1,784	1,897
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	3,110	2,530	2,186	2,332
Feb	3,170	2,702	2,365	2,342
Mar	3,382	2,923	2,549	2,393
Apr	3,484	3,007	2,598	2,368
May	3,495	3,196	2,682	2,388
Jun	3,576	3,262	2,779	2,461

Source: Bank of Uganda

Appendix 28 UETCL Energy purchases (GWh)

	2004	2005	2006	2007	2008	2009	2010
Hydro electricity	**1,887.69**	**1,721.72**	**1,190.48**	**1,293.93**	**1,404.40**	**1,264.62**	**1,281.53**
Eskom	1,872.33	1,698.54	1,160.46	1,263.54	1,373.44	1,234.97	1,255.80
Kilembe mines	11.47	20.81	28.40	29.64	29.80	28.34	22.31
Kasese Cobalt	3.89	2.37	1.62	0.74	1.15	1.30	3.42
Thermal Electricity	-	**140.77**	**689.45**	**811.81**	**687.55**	**534.73**	**1,020.28**
Aggreko 1 (Lugogo)	-	140.77	319.95	272.80	141.39	-	-
Aggreko 2 (Kiira)	-	-	369.50	539.01	311.25	126.37	147.36
Aggreko 3 (Mutundwe)	-	-	-	-	117.70	408.09	417.78
Jacobsen (Namanve)	-	-	-	-	117.21	-	372.58
Electro-maxx	-	-	-	-	-	0.28	82.56
Others	-	**28.19**	**68.89**	**71.72**	**173.89**	**392.13**	**182.93**
Back flows to UETCL (At 33kv)	-	3.72	19.98	11.63	130.68	346.10	-
Electrogaz	-	1.32	2.18	1.84	2.29	2.33	-
Kinyara	-	-	-	-	-	2.45	4.80
Electromax	-	-	-	-	-	0.28	82.56
Bugoye	-	-	-	-	-	15.91	66.36
KPCL (import)	-	23.15	46.73	58.25	40.92	25.06	29.21
Total	**1,887.69**	**1,890.68**	**1,948.82**	**2,177.46**	**2,265.84**	**2,191.48**	**2,484.74**

Source: Uganda Electricity Transmission Company Limited (UETCL)