BANK OF UGANDA

Annual Report

2011/2012

CORPORATE SCORECARD

Our Mission
To foster price stability and a sound financial system

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

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

STRATEGIC THEMES / PILLARS OF EXCELLENCE

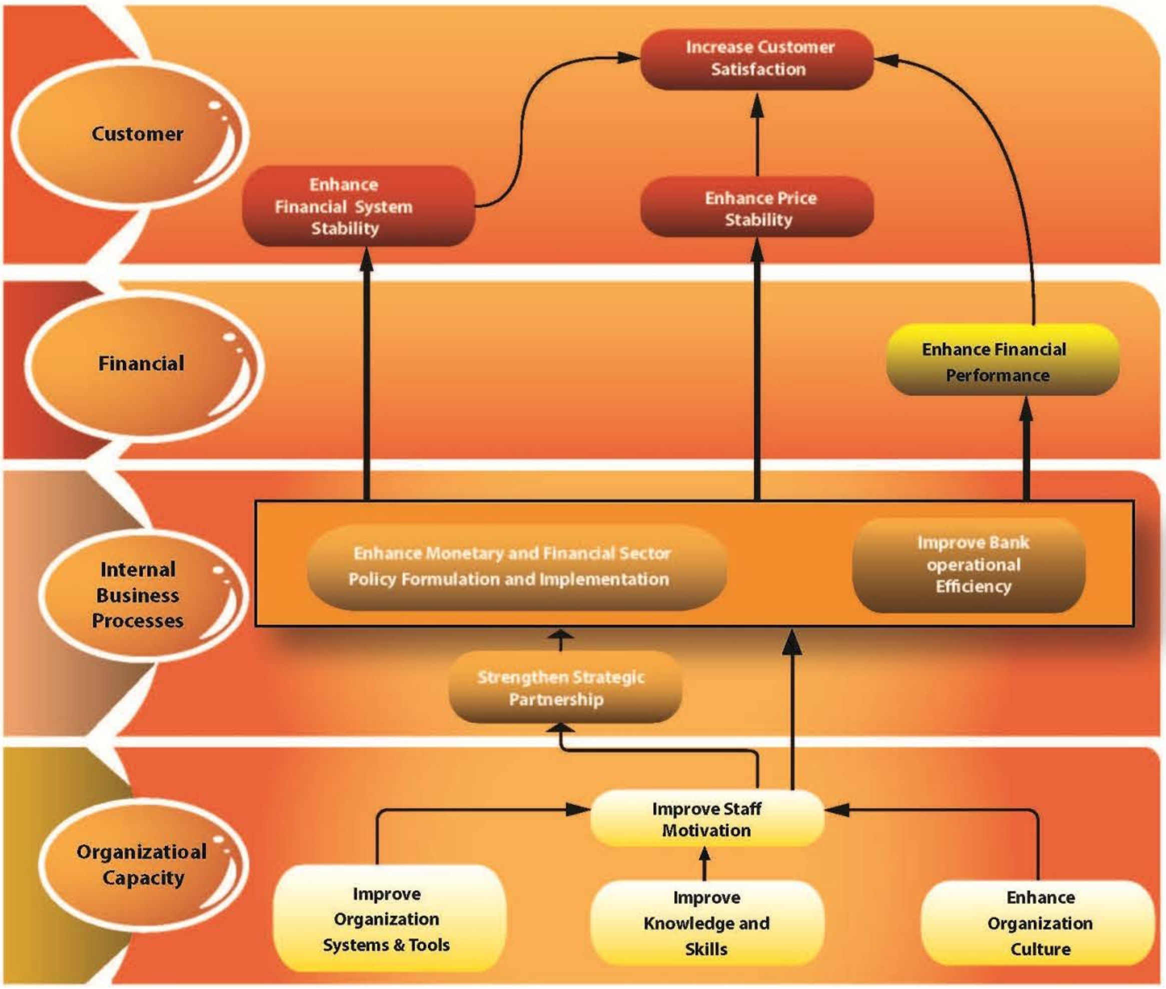
OPERATIONAL EXCELLENCE
Strategic Result :
Quality operations that provide value for money to all stake holders

CUSTOMER FOCUS
Strategic Result: Delighted customers with confidence in the bank and easily access both financial and advisory service

STRATEGIC PARTNERSHIPS
Strategic Result: Collaboration and harmonised policies, standards and practices that increases the efficiency of ourfinancial system and enhance price stability for economic growth

LEADERSHIP
Strategic Result:
A conducive working environment that encourages excellent performance and innovation.

STRATEGY MAP



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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
PD	Primary Dealers
PSI	Policy Support Instrument
PSIS	Private Sector Investment Survey
PSPC	Payment System Policy Committee
RBS	Retirement Benefits Scheme
REER	Real Effective Exchange Rate
Repo	Repurchase Order Agreement
RTGS	Real Time Gross Settlement System
SDR	Special Drawing Rights
SPF	Special Provident Fund
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
UBOS	Uganda Bureau of Statistics
UCF	Uganda Consolidated Fund
UIA	Uganda Investment Authority
UNIS	Uganda National Inter-bank Settlement System
USE	Uganda Securities Exchange
WEO	World Economic Outlook

REGISTERED ADDRESS

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

Regional Branches

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

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

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

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

Auditors

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

Delegated Auditors

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

Currency Centres

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

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

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

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

1 GOVERNOR

Prof. Emmanuel Tumusiime-Mutebile

2 GOVERNOR'S FOREWORD

The past year has been very challenging for the Bank of Uganda. Inflation was driven up by a combination of drought, sharp increases in global commodity prices and exchange rate depreciation. Headline and core inflation rose from 15.7 percent and 12.1 percent respectively in June 2011 to peaks of 30.5 percent and 30.8 percent in October 2011. Although inflation was primarily the result of supply shocks, Bank of Uganda had to tighten monetary policy, raising the Central Bank Rate (CBR) from 13 percent in July 2011 to 23 percent in November. The CBR was gradually reduced, beginning in February 2012, once inflationary pressures were clearly abating.

The objective of raising the CBR was to curb the second round effects on inflation of the supply price shocks and to signal to the public the Banks' determination to bring inflation down to the policy target over the medium term. The higher interest rates also provided support to the exchange rate, which strengthened disinflationary pressures. The Bank's monetary policy brought about a sustained fall in inflation, beginning in the second quarter of 2011/12. Headline and core inflation fell back to 18 percent and 19.5 percent respectively in June 2012. However, the measures taken to bringing down inflation contributed to slower growth in economic activity

In July 2011, Bank of Uganda modernised its monetary policy framework, replacing the monetary targeting framework with an inflation targeting lite (ITL) framework. The ITL framework employs a policy interest rate – the CBR – which is set and publicly announced every month. The introduction of ITL is intended to enhance the effectiveness and transparency of monetary policy. This framework is forward looking, with the CBR set on the basis of a forecast for inflation. Under this framework, the BOU aims to influence inflation expectations through the communication of the monetary policy stance and its forecasts for inflation. The experience of implementing the ITL framework in 2011/12 indicates that it will enhance the Bank's capacity to implement macroeconomic management effectively.

Prof Emmanuel Tumusiime-Mutebile

Governor

3 BOARD OF DIRECTORS

Prof. Emmanuel Tumusiime-Mutebile

Governor, Chairman of the Board of Directors

Louis Kasekende (PhD)

Deputy Governor, alternate chairman of the Board, chairman of HRCCB, Member of CPCB and FCB

Mr. C. Manyindo Kassami - Term expired on 4 June 2012

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 - Term expired on 4 June 2012

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 & Remuneration Committee of the Board

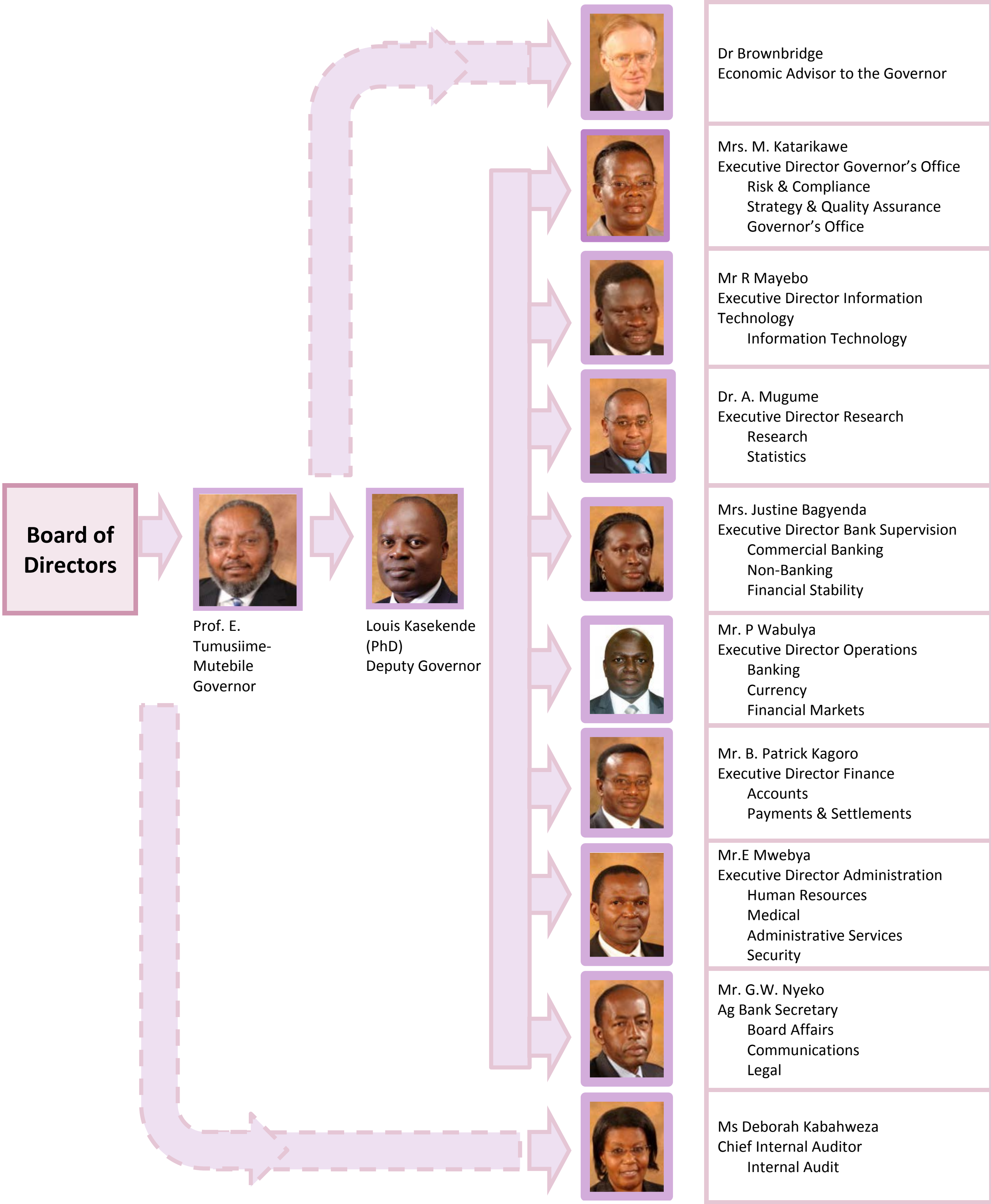
Hon. Manzi Tumubweinee - Term expired on 4 June 2012

Chairman of the Finance Committee of the Board
Member of : Capital Projects Committee, Audit and Governance Committee and Human Resources & Remuneration Committee of the Board

Mrs. Benigna Mukiibi - Term expired on 4 June 2012

Chairperson Capital Projects Committee
Member of : Finance Committee, Human Resources & Remuneration Committee and Audit and Governance Committee of the Board

4 MANAGEMENT STRUCTURE AND FUNCTIONS



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. Elliot Mwebya	Administration
Mr. George W. Nyeko	Bank Secretary (Ag.)
Ms Deborah Kabahweza	Chief Internal Auditor
Mr. Patrick Kagoro	Finance
Mrs Mary Katarikawe	Governor's Office
Mr. Richard Mayebo	Information Technology
Mr. Phillip Wabulya	Operations
Dr. Adam Mugume	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
Mr. David L Kalyango	Chief Accountant
Mr. Ben Sekabira	Commercial Banking
Dr Jan Tibamwenda	Communications
Mr. Henry Tamale	Currency
Mr. Paddy Turyamwijuka	Financial Markets (Ag.)
Dr. Charles Abuka	Financial Stability
Mr Stephen Ssendikadiwa	Risk and Compliance Management
Mr. Solomon Oketcho	Human Resources
Ms. Lornah Nzaro	Information Technology
Mr. Charles Owiny Okello	Internal Audit
Mrs. Margaret Kaggwa Kasule	Legal Counsel
Dr. Tendo Nsereko	Medical
Ms Olive Kamuli	Non-Banking Financial Institutions
Mr. Richard Byarugaba	Payments and Settlements
Dr. Jacob Opolot	Research
Mr. Kihika V. T. Zulu	Security
Mr. Kenneth Egesa	Statistics (Ag.)
Mrs Agnes Kijjambu	Strategy and Quality Assurance

6 STRATEGY AND QUALITY ASSURANCE

6.1 STATEMENT OF MISSION, VISION AND VALUES

6.1.1 MISSION

The mission of Bank of Uganda is to "foster Price Stability and a Sound Financial System".

6.1.2 VISION

The BoU Vision is "to be a centre of excellence in upholding Macro-economic Stability".

6.1.3 VALUES

The Core Values of the Bank are:

- Accountability;
- Commitment;
- Excellence;
- Ethical behaviour,
- Transparency; and
- Teamwork.

6.1.4 ACCOUNTABILITY

Our accountability begins with each one of us demonstrating trustworthiness and honesty. We are answerable to our customers and stakeholders and we maintain a prudent approach in safeguarding the monetary and financial stability of our country. We also take ownership of our responsibilities which we carry out diligently and in adherence to the applicable laws and regulations.

6.1.5 TRANSPARENCY

We value transparency. We strive to have honest communication with appropriate candid disclosure. We share information with a sense of openness and responsibility.

6.1.6 COMMITMENT

We passionately strive to deliver quality services in a timely and cost effective manner. We are dedicated to continuously fulfill our responsibilities. We follow through our obligations and at all times perform in a manner that makes us responsible to our customers, stakeholders and to each other.

6.1.7 EXCELLENCE

We continuously seek improvement by encouraging new ideas and welcome feedback that adds value to our customers.

6.1.8 ETHICAL BEHAVIOUR

We value integrity and endeavour to do the right thing even in the face of extreme discomfort. We strive for alignment in what we say and do.

6.1.9 TEAMWORK

We are driven by the desire to ensure fulfillment that comes from working within a caring and sharing organization. We foster inclusiveness and respect diversity. We are supportive of one another and enthusiastic about serving our customers.

6.2 BANK OF UGANDA'S STRATEGIC MANAGEMENT FRAMEWORK.

6.2.1 BACKGROUND

During the Financial Year 2011/12, the Bank embarked on a comprehensive review of its Strategic Management framework with the objective of developing a five (5) Year Strategic Plan (2012-2017).

The Bank adopted the award winning Balanced Scorecard (BSC) Integrated Strategic Planning and Management Nine Steps to Success Framework to develop the Strategic Plan (2012-2017) code-named "Project Excel Bee".

BoU's strategic management framework was developed through a consultative process involving senior leadership and all employees of the Bank. The Strategic Management Team led the process by articulating organizational policy guidance, defining strategic elements, committing resources, establishing schedules, approving all scorecard work and developing the corporate scorecard, performance measures and strategic initiatives. Critical and valuable lessons were observed in the previous Strategic Plan 2008-2013 and these informed the Strategic Plan 2012-17.

The organizational strategic assessment was the first step in the strategy formulation process. This entailed the validation of BoU mission, vision and core values. Key customers and stakeholders were also identified and their needs analysed, which resulted into the development of the customer value proposition. In addition, the enablers and challenges emanating from the internal and external environment were analysed in order to adopt forward looking and proactive strategic priorities for the next five years.

The strategic assessment phase formed the foundation for the development of other strategic elements of the BoU strategic management framework.

6.2.2 BOU CORPORATE STRATEGY

The performance dimensions (perspectives) that BoU will use to evaluate its strategic results were determined during the strategic review. These are Customer, Financial, Internal Business Processes and Organisational Capacity. These appropriate perspectives were determined by the BOU's value creating model, the customer value proposition, mission and vision that were developed during the strategic assessment.

The Bank's strategic priorities have been clustered into four strategic themes of Operational Excellence, Customer Focus, Strategic Partnerships and Leadership. The desired Strategic results (goals) were identified for each of the strategic themes. The Bank will commit resources and efforts towards these important focus areas or pillars of excellence which if successfully executed should provide a basis for creating value to our customers and stakeholders.

The Strategic Plan 2012-17 entails eleven (11) Corporate Strategic Objectives which are continuous improvement activities that must be performed under each of the above strategic themes and perspectives to achieve the desired strategic results. The cause-effect relationships among the Strategic Objectives are depicted on the BoU Corporate Strategy Map. The strategy map shows all the components of BoU corporate strategy. The following are the strategic objectives for the next five years:

i) **Increase Customer Satisfaction.**

This strategic objective refers to the value that customers derive from our services in terms of price stability, financial system stability, clean currency and timely advisory services. The anticipated outcomes of this objective are confidence in the economy and a sound financial system which would ultimately result into a positive corporate image for the Bank.

ii) **Enhance Financial System Stability.**

The strategic objective entails the sustenance of a safe, sound and efficient financial system. It involves ensuring that the economy has well-functioning financial institutions, payment systems, and financial markets. The anticipated outcomes are the protection of bank deposits, well-functioning financial markets, a safe and efficient financial infrastructure, reduced vulnerability to systemic shocks and increased confidence in the financial sector.

iii) **Enhance Price Stability.**

The objective implies that the general price level of goods and services are stable and competitive. The desired result would be low and stable inflation as well as a competitive exchange rate regime.

iv) **Enhance Financial Performance.**

The objective covers all aspects of financial management of the Bank including ways to improve income sources and the budgeting process, optimizing utilization of resources and avoiding wastage. The anticipated outcomes are value for money in all of the Bank's operations and projects, a reasonable return on investments and an accountable institution that is financially sound.

v) **Enhance Monetary and Financial Sector Policy Formulation and implementation.**

The strategic objective includes the processes that are undertaken to develop, analyze and determine monetary and financial sector stability policies. The anticipated outcomes are having effective monetary policy instruments, micro and macro prudential policy instruments, improved risk assessment and timely and reliable policy advice.

vi) **Improve Bank Operational Efficiency.**

The objective refers to the efficient provision of payment systems, reserve management operations, financial system oversight, banking services, monetary policy frameworks, currency operations and support services. It includes optimal utilization of internal IT systems and efficient supply chain management, facilities/fixed assets management, HR processes and risk & compliance management. It also includes upholding the integrity of the currency and improving banking and payment services. The anticipated outcomes are higher quality and more reliable outputs, shorter turnaround time and enhanced value for money.

vii) Strengthen Strategic Partnerships.

This means actively engaging with national, regional and international strategic partners to leverage the benefits of interdependence and participatory decision making. The anticipated outcomes are improved internal technical capacity and skills, access to resources, lower transaction and finance costs due to regional integration, uniform standards and practices and collective ownership of decisions and obligations.

viii) Improve Staff Motivation.

The objective means having staff that are engaged, enthusiastic and committed to achieving the BoU Mission and Vision. It includes job enrichment, providing competitive rewards and benefits, a conducive working environment (safe and healthy) and a participatory approach to work. The anticipated outcome is a highly productive workforce.

ix) Enhance Organisational Culture.

Organizational culture is the set of values, beliefs and practices that bind the Bank together and influence behavior. This objective includes improving team work, decision making process, ability to harness the potential of staff and creating an environment of mutual respect. The anticipated outcomes are an empowered staff with a strong sense of belonging and the highest level of integrity and honesty.

x) Improve Knowledge and Skills.

The objective means that BoU is a learning organization where employees have the requisite competencies and expertise, and can adapt to change. It includes identifying the skills gaps, talent sourcing, training and development, and knowledge acquisition, retention, and transfer within the organization. The desired outcome is competent and productive human resources.

xi) Improve Organisational Systems and Tools.

The objective means the provision of a conducive work environment with appropriate tools and systems to enable staff deliver quality services. The anticipated outcomes are a healthy and productive staff, improved security and safety and more effective use of resources.

At the core of the BoU Strategic Management framework is the need to monitor progress towards achieving desired results or goals. For this reason, performance measures and targets have been developed for each of the strategic objectives to monitor progress towards accomplishing the objective. They will enable the Bank to determine whether or not it is creating value for its customers and stakeholders.

To achieve set targets, the consultative process also identified Strategic Initiatives for each of the strategic objectives. The implementation of the Strategy will be through the resourcing and execution of the following fifteen (15) Strategic Initiatives over the next five years:

i) **Optimize IT Systems:**

This will involve rationalizing and integrating IT systems by analyzing current system integration status, application functionality, and addressing identified issues / gaps as well as acquiring and/or upgrading of software. The Initiative will impact on the strategic Objectives of Improve Organisational Systems and Tools; Enhance Financial Performance and Enhance Financial Performance.

ii) **Review & redesign the working environment:**

This includes completion of construction works, upgrade, modernization, and installation of equipment; improvement of the general work environment; and renovation of selected Bank buildings. The successful execution of this strategic initiative will have an impact on the achievement of Improve Organisational Systems and Tools Strategic Objective.

iii) **Develop and implement a Customer Relationship Management Framework:**

This will involve identifying customers' needs and expectations, setting service standards, measuring performance and taking corrective action. The initiative will also involve using technology to organize, automate, and synchronize customer-facing business processes, and establishing a customer care centre. The Strategic Objective that will be impacted most is Increase Customer Satisfaction.

iv) **Strengthen strategic partnership programs:**

This will involve strengthening coordination with other Central Banks & MOFPED, creating a role to manage strategic partnership issues, identifying common opportunities and lobbying for them, as well as expediting the standardization process. The initiative will mostly impact on the objective of Strengthen Strategic Partnerships, Enhance Price Stability, Enhance monetary and financial sector policy formulation and implementation and Improve Bank Operational Efficiency.

v) **Strengthen foreign reserves management:**

This will involve diversifying the investment portfolio and revamping the RAMP - World Bank Project which will have a positive impact on the strategic objective of Enhance Financial Performance.

vi) **Strengthen financial reporting:**

This will involve enhancing financial reporting in accordance with IAS/IFRS and strengthening of the budgeting process as well as management reporting. The execution of this strategic initiative will lead to the achievement of the strategic objective of Enhance Financial Performance.

vii) **Strengthen monetary policy formulation:**
This strategic initiative will involve the building of capacity in economic modeling, developing and implementing early warning systems and enhancing the collection of high frequency data. The Strategic Objective impacted most by the initiative is Enhance monetary and financial sector policy formulation and implementation.

viii) **Strengthen financial stability policy formulation:**
The Strategic Initiative will involve opening up the CRB market to other providers and users, undertaking effective risk assessment, modeling and stress testing and enhancing oversight (regulatory & policy) of payment systems. The execution of these activities will lead to the achievement of desired outcomes in the Strategic Objectives of Enhance monetary and financial sector policy formulation and implementation and Enhance financial system stability.

ix) **Strengthen regional programs:**
The execution of this Strategic Initiative will involve expediting the adoption of the regional single currency, setting up the EA Central Bank and strengthening the single payments platform. The impact will be on the strategic objective of Strengthen Strategic Partnerships.

x) **Review & strengthen staff development programs:**
This will involve developing a skills gap management framework, building staff capacity to fill up the skills gaps (IT, Sovereign wealth fund, economic modeling, reviewing the knowledge management framework, reviewing the performance management tool and implementing health and safety awareness programs. The Strategic objectives most impacted by this initiative are Improve staff motivation, Enhance financial performance, Improve knowledge and skills and Improve organizational systems and tools.

xi) **Strengthen financial inclusion programmes:**
This will involve creating awareness to the consumers and potential consumers of financial services of their rights and obligations, strengthening literacy programs, enhancing agency banking, point-of-sale services, and mobile money services. These efforts will lead to the achievement of anticipated outcomes of the Enhance Financial System Stability Strategic Objective.

xii) **Strengthen staff motivation programmes:**

The execution of this initiative will involve reviewing of the reward system, staff wellness and engagement programs, subscribing to the Federation of Uganda Employers' Award, implementing staff satisfaction survey mechanism and establishing an annual staff culture survey. These will have impact on the strategic objectives of Improve staff motivation and Enhance organizational culture.

xiii) **Strengthen information gathering and dissemination systems:**

The strategic initiative will involve broadening the scope of surveys to include customer perception surveys, survey of real estate indicators and construction of the composite survey index of economic activity to enhance monetary policy process. The strategic objectives most impacted by this initiative are Improve Customer Satisfaction and Enhance monetary and financial sector policy formulation and implementation.

xiv) **Process improvement programmes:**

This will involve improving assurance engagements (Internal Audit, Quality assurance, Risk Management, Compliance, reviewing business continuity, developing SLAs/OLAs, implementing the Prince 2 methodology, Business process re-engineering, and establishing a think tank / innovation hub. The strategic objectives most impacted by this strategic initiative are Enhance financial system stability, Improve bank operational efficiency, Enhance organizational culture and Enhance financial performance

xv) **Develop and implement a robust communications strategy:**

This will involve review of the communications strategy to strengthen internal and external communications. This will also include improving monetary policy communication. The strategic objectives most impacted by this strategic initiative are Improve Customer Satisfaction, Enhance financial system stability, Enhance price stability, and Enhance organizational culture.

6.3 STRATEGY IMPLEMENTATION AND PERFORMANCE MONITORING

For the financial year 2012/2013, a number of projects and activities described under each of the above strategic initiatives have been funded. These will have a direct bearing on the realization of the strategic objectives, hence the theme “Financial Management in Pursuit of Strategic Excellence” for the 2012/13 budget.

Each of the Strategic Objectives has been assigned an Objective Owner at the rank of an Executive Director, whose responsibilities are to provide oversight and accountability, strategic thinking and analysis and reporting on the objective. The Initiative Manager responsibility for monitoring implementation and reporting on each of the Strategic initiatives has also been created. At the Function, Departmental and Division levels, respective heads will regularly monitor and review performance of their respective deliverables.

In addition, the BoU corporate strategic objectives have been cascaded down to each Function, Department, Division and Individuals making clear the roles and responsibilities at all levels. This strategic orientation will align and focus the work of each individual to the achievement of the strategic objectives of the Bank.

The BoU strategic management framework whose major output is the Strategic Plan 2012-17 gives the Bank focus, alignment and clarity of purpose and will be executed on the foundation of strong leadership, effective communication and organizational values. The new Strategic Plan will further direct the Bank in enhancing existing value, creating and capturing future value and consolidating its effectiveness both nationally, regionally and internationally.

7 CORPORATE GOVERNANCE

7.1 REGULATORY FRAMEWORK

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

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 its customers and 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 accountability, commitment, ethical behavior, excellence, transparency and teamwork.

Bank of Uganda 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 Alternate 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 (5)years but are eligible for re-appointment. All the Directors possess a wide range of skills, qualifications and experiences and are persons of integrity. They are:-

- Prof. Emmanuel Tumusiime-Mutebile – Governor and Chairman of the following;
  - Board of Directors
  - Executive Committee
  - Payment System Policy Committee
  - Monetary Policy Committee
  - Financial Stability Committee
  - Board of Trustees of BOU Retirement Benefits Scheme
  - Foreign Exchange Reserve Management Policy Committee
- Louis Kasekende (PhD) - Deputy Governor and Alternate Chairman of the Board, 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.
- Hon. Manzi Tumubweinee - Chairman of the Finance Committee of the Board
  - Member of :
  - Capital Projects Committee
  - Audit and Governance Committee and
  - Human Resources & Remuneration 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
  - Human Resources & Remuneration Committee of the Board
- Mrs. Benigna Mukiibi - Chairperson Capital Projects Committee of the Board
  - Member of :
  - Finance Committee,
  - Human Resources & Remuneration Committee and
  - Audit and Governance Committee of the Board

During the period under review, the Board of Directors had a vacant position, following the passing on of Prof. Mathew Okai in 2008.

7.3.1 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.

7.3.2 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:-

a) is responsible for the general management of the affairs of the Bank;

b) ensures the functioning of the Bank and the implementation of its functions;

c) formulates the policies of the Bank;

d) does anything required to be done by the Bank under the BoU Act and;

e) does anything that is within, or incidental to the functions of the Bank.

7.3.3 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 meet 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 seven (27) and the attendance was as indicated below:

Table 1 Attendance of Board and Board Committee

	Board Member	BOARD	FCB	AGCB	HRRCB	CPCB
1.	Prof. Emmanuel Tumusiime-Mutebile	6	N/A	N/A	N/A	N/A
2.	Dr. Louis Kasekende	6	5	N/A	6	6
3.	Prof. Waswa Balunywa	4	2	4	4	3
4.	Mr. Chris M Kassami	3	1	N/A	N/A	N/A
5.	Mr. Manzi Tumubweinee	6	5	3	6	6
6.	Mrs. Benigna Mukiibi	6	5	4	6	5

Source: Bank of Uganda
N/A: Not Applicable

7.3.4 MEETINGS OF THE BOARD, JULY 2011-JUNE 2012

During the year under review, the Board held six (6) Board meetings and twenty one (21) Board Committee meetings.

7.4 BOARD COMMITTEES

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

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

The HRRCB 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 Board for ratification. HRRCB meetings are held quarterly and ad hoc or special meetings may be convened as and when required. The Committee reports to, and makes recommendations to the Board. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.4.2 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. 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. The committee also reviews quarterly budget performance reports 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.

7.4.3 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, Information Technology and Finance attend the meetings as Ex-officios. Any other senior and technical staff or consultants may attend the meetings on invitation. The meetings are held on a quarterly basis. Special meetings may be convened depending on the Committee's work programme. The terms of reference of the Committee are to oversee and monitor capital projects, including IT, plants, machinery, constructions; major maintenance works, property acquisition and disposal, and makes recommendations to the Board. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.4.4 AUDIT AND GOVERNANCE COMMITTEE (AGCB)

The AGCB is composed of only Non-Executive Directors. The Bank Secretary is secretary to the Committee. The Chief Internal Auditor and the Executive Director Finance attend the meetings as Ex-officios and a representative of the External Auditors may also attend the meetings on invitation. Meetings are held on a quarterly basis. Special meetings may be convened whenever necessary. The terms of reference of the Committee are to assist the

Board to fulfil its fiduciary responsibilities by providing assurance to the efficiency and effectiveness in utilizing Bank resources; setting an appropriate control culture, ensuring adequacy of internal control systems; monitoring compliance with laws and regulations and follow-up on non-compliance and overall effectiveness of internal controls and risk management framework. The Committee reviews significant accounting and reporting issues and their impact on the financial reports and ensures that financial risk areas are managed properly; reviews External Auditors' proposed audit scope and approach; the audit conduct and audit deliverables; obtains satisfactory assurance that the audit is conducted in accordance with International Standards on Auditing, and ensures that findings and recommendations made by the External Auditors are appropriately acted upon. The Committee reviews the activities of the Internal Audit Function and its effectiveness and ensures that the Internal Audit Function has an appropriate standing and independence within the Bank. It also ensures that the internal audit plan addresses key areas of risks, and that recommendations made by Internal Auditors are appropriately acted upon.

7.5 REMUNERATION OF NON-EXECUTIVE DIRECTORS

During the period July 2011 to June 2012, the Non-Executive Directors were each paid UShs 1,000,000 (One Million Shillings), net of tax per month as retainer fees and UShs 650,000 (Six Hundred and Fifty Thousand Shillings) net of tax per meeting as sitting allowance.

7.6 ASSESSMENT OF BOARD PERFORMANCE

The Board, and the Audit and Governance Committee conducted an evaluation of their performance for the period under review. The purpose of the assessment was to enhance the effectiveness of the Directors, identify areas for improvement, discuss and agree on priorities for change which could be addressed in the short and long-term; and agree on an action plan. The assessment is conducted annually by each member of the Board, and the Audit and Governance Committee of the Board (AGCB) is responsible to oversee the implementation and preparation of the final report, with recommendations to the Board. The assessment criterion is useful in determining how effective the Director's performance results in, among others, understanding Bank of Uganda's mandate, achievement of strategic objectives and strategic plan, assessment of policies and procedures, conducting effective meetings, identifying, monitoring and mitigating significant corporate risks, regular monitoring of performance against projections, directing, monitoring and evaluating Management, review of Management's succession plan and accountability.

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

7.7 THE BOARD'S ACHIEVEMENTS:

The following were some of the Board's achievements during the year under review:

i. In fulfilling the BoU's value of continuous learning and improvement, the Board members attended a number of training workshops to enhance their skills in the stewardship of the Bank.

ii. Approved training for staff to improve knowledge and skills.

iii. Reviewed, up dated and passed various policies in accordance with the laws and best practices for purposes of improving Bank of Uganda operations.

iv. Restructured the Bank, which resulted into increased efficiency, effectiveness and cost cutting.

v. Approved the Bank of Uganda Strategic Plan 2012-2017.

vi. Provided oversight of the construction of the new Kabale Currency Centre building and approved other projects of a capital nature.

7.8 BANK MANAGEMENT COMMITTEES

It is a strategic objective of Bank of Uganda 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 in pursuit of 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:-

i. Executive Committee (EXCOM)

ii. Strategy and Finance Committee (SFC)

iii. Human Resources Management Committee (HRMC)

iv. Procurement and Disposal Committee (PDC)

v. Monetary Policy Committee (MPC)

vi. Foreign Exchange Reserve Management Policy Committee (FERMPC)

vii. Payment Systems Policy Committee (PSPC)

viii. Effective Information Management Committee (EIMC)

ix. Risk Management Committee (RMC)

x. Financial Stability Committee (FSC)

xi. Management Committee

7.9 THE MEDICAL BOARD

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

7.10 CORPORATE SOCIAL RESPONSIBILITY

As part of its Corporate Social Responsibility, Bank of Uganda has enthusiastically and continuously supported activities, aimed at deepening the financial sector and adding value to the economy. In its commitment to deepening and strengthening the financial sector, Bank of Uganda made various subscriptions, donations and contributions during the FY2011/2012. 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 and Institutions of learning, such as Kabale University, Makerere University, Uganda Christian University, Bishop Stuart University, Busoga University, Nkumba University and Trinity College Nabbingo. The Bank has continued to subscribe to corporations such as ESAAMLG, AFRACA, COMESA Monetary Institute, MEFMI and to Professional Associations such as ICPAU.

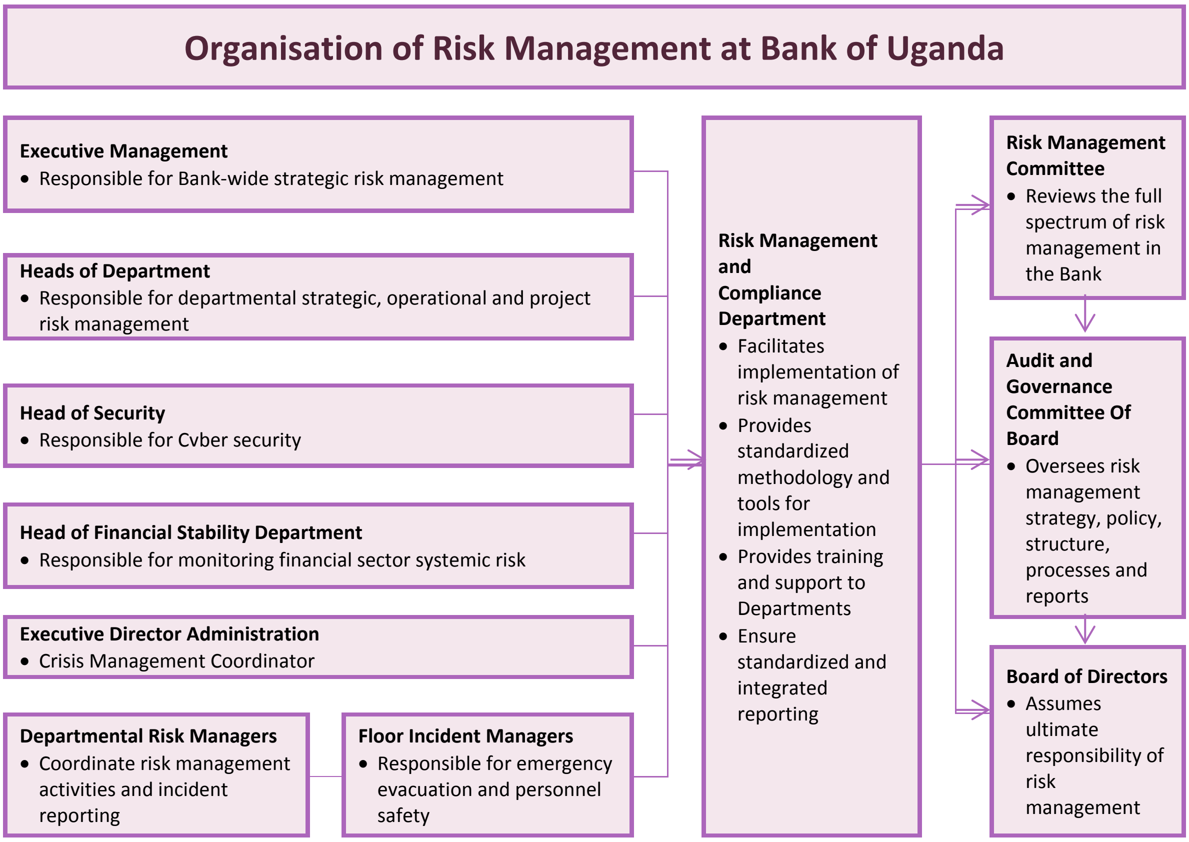
The Bank sponsored a number of public awareness workshops, intended to sensitise the public, in order for the public to be able to engage the financial sector better, and specifically to understand the roles and mandate of BoU, so that policy implementation is not only appreciated but also the public is able to take appropriate action in regard to BoU policies.

Bank of Uganda also made donations to some social and religious organizations, charities, and contributed towards the health sector by donating a substantial amount of money to the Rotary Cancer Project, Rotary Club of Kampala North for the Cardiac Surgery, contributed to the medical treatment for some individuals and made donations towards other noble causes such as Makerere University Gender Mainstreaming Directorate and many others.

8 RISK MANAGEMENT FRAMEWORK

8.1 MANAGEMENT OF RISK

Risk Management at the Bank is ultimately the responsibility of the Board. The Board delegates this responsibility to the Audit and Governance Committee of the Board which provides oversight to the Risk Management Committee (RMC). The Risk Management Committee is chaired by the Deputy Governor and is mandated among other things to develop risk management strategies and submit the risk profile of the Bank to the AGCB on the basis of the risk assessments submitted by the Heads of Function (Executive Directors). Management has implemented the Risk Management Policy using the Risk Management Framework that spells out the roles, responsibilities and technical aspects of risk management. Further the Bank maintains a system of internal controls. The schematic diagram below shows the various entities and their responsibilities in risk management at Bank of Uganda.



The Bank's business environment presents a number of risk exposures as described below.

8.1.1 REPUTATIONAL RISK

Bank of Uganda considers reputational risk not as a risk on its own but a consequential risk arising from operational and other failures. The reputation of the Bank is a very important aspect of its operations as it underpins the level of confidence of its customers and stakeholders and the financial system as a whole. Reputational risk arises from the failure of the Bank to meet the expectations of its customers, stakeholders and the general public. To this end Management meets the expectations through an elaborate Risk management Framework.

8.1.2 OPERATIONAL RISK

Bank of Uganda defines operational risk according to the Basel definition. In that sense, operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Operational risk is often present with other risk types e.g. credit risk and market risk in Financial Markets Operations. The definition of operational risk and the categorization of operational risk types and events are based on the Basel II standard issued by the Bank for International Settlements (BIS).

For Operational Risk Management, Bank of Uganda adopted the Risk Control Self-Assessment (RCSA) methodology for assessment of operational risk in the Bank. The RCSA is applied to meet the requirements of the Australian/New Zealand Standard ANZ4360 on risk management.

To ensure continuity of services BOU has established an infrastructure for business resilience. To assess the level of maturity of contingency arrangements, the Bank conducted a benchmarking exercise. The results are shown in the figure below indicating a satisfactory emergency readiness. In order to consolidate these results, the Bank is conducting an assessment of its time critical operations and the minimum resources that would be required for their continued execution in case of an emergency. This will enable the Bank make additional provisions at the Business Resumption Site.

8.1.3 FINANCIAL RISK

In fulfilling its roles of managing the country's foreign exchange reserves, national debt and stabilization of the exchange rate, Bank of Uganda (BOU) invests the nation's reserves. Reserves management is based on the principle of capital preservation, maintaining adequate liquidity and a reasonable consistent return. BOU takes a highly risk averse approach to financial risks and subordinates the return objective to the liquidity and capital preservation objectives.

The investments are placed in foreign currency denominated assets which expose BOU to financial risks including credit, market and liquidity risks. As at end of 2011/2012, the Bank held foreign assets in US dollars, British pounds, Euro, and Australian Dollar AUD in proportions of 57 percent, 30 percent, 11 percent and 2 percent, respectively, which were in line with the benchmark.

Financial risk management strategy in the Bank is a top down approach, involving the

Board, Foreign Exchange Reserve Management Policy Committee (FERMPC), Investment Committee (IC) and the Investment Sub Committees (ISC). Investment policies are approved by the Board and the Bank's management determines the tactical investment strategies. This sub section explains financial risks to which BOU is exposed are:

8.1.4 CREDIT RISK

In the context of BOU, credit risk refers to the risk that a counterparty fails to meet its obligations in accordance with the terms of the contract. The Board approves a list of counterparties that would meet the Bank's investment objectives and the investment guidelines to facilitate placements of funds. Credit risk exposure is regularly monitored and evaluated to check compliance with predetermined benchmarks and to assess the implications of the global macroeconomic and financial market developments on Uganda's foreign reserve portfolio.

During 2011/2012, there were adverse developments in the global financial markets especially in the Euro zone area, the UK and USA. These included the downgrade of counterparties and sovereigns.

8.1.5 MARKET RISK

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

8.1.5.1 Foreign exchange risk

In the context of BOU foreign exchange risk is the risk of fluctuation in fair value and or cash flows of foreign currency denominated assets and liabilities due to changes in exchange rates. The Bank minimizes losses arising from adverse exchange rate movements through maintenance of appropriate currency exposure limits.

8.1.5.2 Interest rate risk

Interest rate risk refers to the likelihood that portfolio return may be adversely affected by interest rates changes. Interest risk exposures arise from the Bank's investment in money market and fixed income instruments. The extent of the change in portfolio value depends on positioning of the portfolio. The longer the term to maturity of an instrument the higher the changes in market values associated with changes in interest rates and the reverse is true. BOU manages interest rate risk by adhering to the interest risk tolerance level in terms of duration and parameters/deviation approved by Management.

8.1.6 LIQUIDITY RISK

As a central Bank BOU's exposure to liquidity risk is very minimal. This is because liquidity planning is critical to the Bank's operations. In the context of BOU foreign exchange reserves management, liquidity refers to availability of cash and near cash instruments available to meet external debt servicing, government imports and intervention in the foreign exchange market. Liquidity risk in this case refers to the unavailability of cash and cash equivalents to meet these foreign exchange requirements.

BOU liquidity risk is managed at 2 levels, strategic and tactical day-to-day management. Strategic management is long term and Tactical liquidity management on the other hand, involves monthly and more short-term liquidity planning and cash flow management. The cost of sufficient liquidity is foregone return and the Bank's preference is subordination of the return objective to the liquidity objective. During the year, BOU largely maintained the liquidity composition approved by the Board.

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 ECONOMIC DEVELOPMENTS AND PROSPECTS

The global economy slowed down in 2011 and the outlook remains for further slowdown in 2012. In 2011, the sovereign euro debt crisis intensified affecting emerging and developing economies, creating instability in the global financial markets. While the first quarter of 2012 generated some positive sentiments regarding the Euro area, the second quarter saw a resurgence of financial stability concerns and clouded the prospects of global economic recovery for 2012. Global trade slowed in 2011 and a further slowdown is expected in 2012 due to expectations of a weak global economy. During 2011/12, commodity price increases were significantly lower than in 2010/11, despite rising in the opening months of 2012, while forecasts point to lower prices in the second half of 2012 on average, on account of slow consumption growth coupled with improvements in supplies. Aid to developing countries from the major donors decreased by 3 percent in 2011 on account of tighter controls imposed on fiscal spending following the euro debt crisis. The economic recession and tighter austerity measures that have been implemented by most of the members of the Development Assistance Committee (DAC) have raised expectations of further constraint of aid flows to developing countries.

10.1 ECONOMIC ACTIVITY

Global economic recovery was weak in 2011 and the outlook for 2012 remains dire. In its July 2012 update of the World Economic Outlook (WEO), the IMF projected world output to grow by 3.5 percent in 2012, a 0.1 percentage point downward revision from the April 2012 forecast. The downward revision was mainly attributed to slower growth in emerging market countries, resurgence of Euro area financial stress concerns, weak activity in the periphery economies of the Euro area, and soft economic data for the US.

The IMF’s revised forecasts are premised on the assumption that recent policy easing in emerging economies, will gain traction and that lower oil prices will boost output in net fuel-importing countries. Sufficient policy action to stabilize financial conditions in the Euro area is also expected to support growth in the near term. The June 2012 Euro Area Summit meetings produced an agreement on more coordinated banking policies and a more accommodative use of the region’s bailout fund. The forecasts also assume that the US will promptly raise the debt ceiling and avoid the fiscal cliff.

World growth is expected to rebound to 3.9 percent in 2013, mainly supported by emerging and developing economies, which are projected to grow by 5.9 percent, while advanced economies are forecast to grow at

Table 2 Revised Economic Growth Forecasts

	April 2012 Forecasts		July 2012 Forecasts	
	2012	2013	2012	2013
World	3.7	4.1	3.5	3.9
Advanced Economies	1.6	2.2	1.4	1.9
US	2.0	2.6	2.0	2.3
Euro Area	-0.2	1.4	-0.3	0.7
Emerging Economies	6.3	6.4	5.6	5.9
China	8.4	8.4	8.0	8.5
India	6.9	7.2	6.1	6.5
Brazil	4.7	3.4	2.5	4.6

Source: International Monetary Fund, World Economic Outlook Update, July 2012

1.9 percent during the same period. Table 2 below shows the revised growth forecasts.

In Sub-Saharan Africa, economic growth is expected to pick up slightly in 2012 from 5.2 to 5.4 percent. This reflects the region's resilience in face of shocks and contagion from advanced economies and a reduction in the regions trade exposure to Europe. However, this outlook is subject to substantial downside risks should the crises in the Euro area deepen. Estimates by the IMF show that a shock to global risk aversion and credit conditions similar to the one observed during the Lehman banking crises, would result in a contraction of economic activity in the region. While the most of that effect would be felt in South Africa it would also cause a substantial downturn in Sub-Saharan frontier markets including Kenya and Uganda.

10.2 GLOBAL TRADE

According to the Netherland's Bureau for Economic Policy Analysis – World Trade Monitor - world trade grew by an average of 3.4 percent during 2011/12, compared to 10.3 percent recorded in 2010/11. While developed countries' trade grew at an average rate of 1.4 percent in 2011/12 from 10.2 percent recorded in 2010/11, emerging economies' trade grew at an average of 5.1 percent, a notable decline from the average of 12 percent registered in 2010/11.

The decline in world trade in 2011/12 was attributed to subdued global economic activity, occasioned by natural disasters such as the flooding in Thailand in the closing months of 2011, which reduced the supply of key parts and distorted global production networks. The resurgence of Euro area financial stability concerns and the protracted civil war in Libya, which reduced oil supplies, also led to lower growth in world trade. Further, 2011/12 saw a slowdown in economic activity in the dynamic economies of China, India and Brazil, where tight monetary policies implemented to bring down inflation also negatively impacted growth and trade.

For 2012, the World Trade Organization (WTO) forecasts that world trade growth might remain weak with increased downside

Table 3 World Merchandise Trade and GDP (Annual percent Change)

	2008	2009	2010	2011	2012	2013
Volume of world merchandise trade	2.3	-12.0	13.8	5.0	3.7	5.6
Exports						
Developed economies	0.9	-15.1	13.0	4.7	2.0	4.1
Developing economies and CIS	4.2	-7.5	14.9	5.4	5.6	7.2
Imports						
Developed economies	-1.1	-14.4	10.9	2.8	1.9	3.9
Developing economies and CIS	8.6	-10.5	18.1	7.9	6.2	7.8
Real GDP at market exchange rates (2005)	1.3	-2.6	3.8	2.4	2.1	2.7
Developed economies	0.0	-4.0	2.8	1.5	1.1	1.8
Developing economies and CIS	5.6	2.2	7.2	5.7	5.0	5.4

Source: World Trade Organization Press Release 2012

risks. World trade growth is expected to slow further to 3.7 percent in 2012, from 5 percent and 13.8 percent recorded in 2011 and 2010, respectively, before rebounding to 5.6 percent in 2013. These projections are on the assumption that global growth might remain constrained until full resolution of the euro debt crisis. The downside risks to this outlook are a deeper recession in the euro zone and a rise of commodity prices. On the upside, continued declining pressures in the financial markets might contribute to further stabilisation of the global economy and thus boost global trade. Also, continued recovery of the US economy is expected to improve global import demand. Table 3 below highlights developments in world merchandise trade.

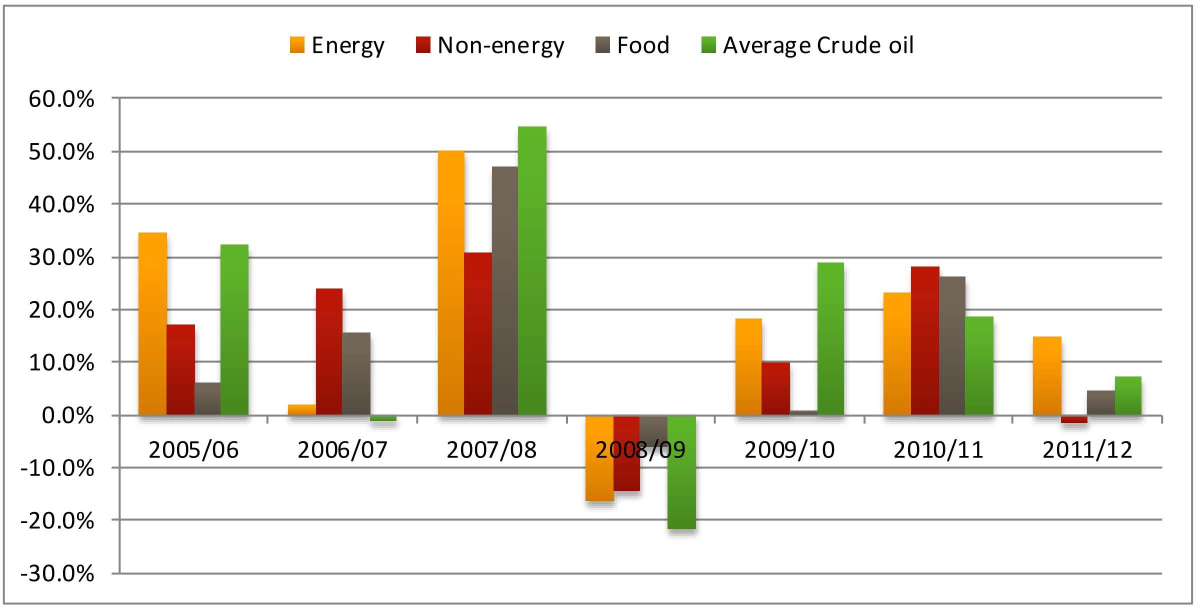
10.3 WORLD COMMODITY PRICES

During 2011/12, commodity price increases were significantly lower than those experienced in 2010/11. Specifically, energy prices rose by 12.6 percent in 2011/12, compared to 23.7 percent recorded in 2010/11. Food prices rose by 0.1 percent in 2011/12 compared to 28.2 percent registered in 2010/11. The moderation in commodity prices during the second half of 2011, on account of weak global demand and a poor outlook on global economic recovery, contributed to the low global commodity prices experienced in 2011/12.

In the opening months of 2012, commodity prices rebounded slightly, mainly driven by supply disruptions in Yemen, South Sudan and Syria, coupled with rising tensions between Iran and the West. However starting mid March 2012, commodity prices resumed their downward trend, reflecting the resurfacing of concerns about the Euro area's financial stability, mixed data releases for the US and signs of economic slowdown in China, Brazil and India.

Going forward, economic forecasts point to lower prices in 2012, on account of slow consumption growth coupled with improvement in supplies of some commodities. Developments in commodity prices are shown in Figure **1** below.

Figure 1 Average percentage changes in World Commodity Prices



Source: World Bank

10.4 GLOBAL INFLATION

The increases in commodity prices in 2010 held up headline inflation in most advanced economies during much of 2011. However, the second round effects of these increases on core inflation have only been low, due to low demand and high unemployment resulting in only very moderate wage gains. As labour markets improve only very gradually and commodity prices appear to stagnate in 2012, inflation is thus likely to fall across industrialised nations.

For emerging and developing countries, while headline inflation is expected to decline in many parts of Asia, inflationary pressures in Sub-Saharan Africa are expected to remain high. It should be noted that inflation in most Sub-Saharan African countries has been highly responsive to world commodity price increases and also reflected a combination of structural factors such as lower degrees of self-sufficiency in food and higher associated transportation costs in landlocked countries. The high dependence on commodities prompted authorities in these countries to severely tighten monetary policy, which is expected to negatively impact economic growth.

Global consumer price inflation is projected to ease in 2012 due to continued lower global demand and high expectations that commodity prices will trend lower in 2012. According to the IMF, inflationary pressures are expected to remain anchored amongst the advanced economies, declining to about 2 percent during 2012, down from the peak of 2.7 percent in 2011. In both the emerging and developing countries, inflationary pressures are expected to decline as the tight monetary policies implemented in 2011 and first half of

Table 4 Consumer Prices (Year over Year Percentage Change)

	Projections from 2012-13			
Region	2010	2011	2012	2013
Advanced economies	1.5	2.7	2.0	1.6
Emerging and developing economies	6.1	7.2	6.3	5.6

Source: International Monetary Fund, World Economic Outlook Update, July 2012

2012 gain traction, supported by lower food inflation and a slow global economy. These developments are shown in Table 4 below.

10.5 IMPLICATIONS FOR THE UGANDAN ECONOMY

Global developments and outlook have implications for domestic developments and policy directions in small open economies like Uganda often through trade and financial links. The turbulence in the world economy and financial markets is very challenging for Uganda. Sovereign risks in advanced economies 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 result might be a reduction of bilateral development assistance flows to developing countries, with serious implications for growth and poverty reduction.

Indeed, net ODA flows to Africa remained robust during the financial crisis of 2008/2009, rising by about 63 percent. This was because aid disbursements from the Development Assistance Committee (DAC) were largely supported by interventions from development financial institutions such as the African Development Bank. Divergently, there was a decline in donor aid in 2011. According to the Organisation of Economic Cooperation and Development (OECD), aid to developing countries from the major donors decreased by 3 percent in 2011 on account of tighter controls imposed on fiscal spending following the euro debt crisis.

The economic recession and tighter austerity measures that have been implemented by most of the members of the DAC have raised expectations of further constraint of aid flows to developing countries. On the other hand, Country Programmable Aid (CPA) which is transmitted through international organizations is expected to remain relatively stable in Africa with a possibility of readjustments for regions in conflict such as North Africa.

11 DOMESTIC ECONOMIC DEVELOPMENTS AND POLICIES

11.1 MONETARY POLICY OBJECTIVES

The financial year 2011/12 was extremely challenging for macroeconomic management because the economy was hit by major exogenous shocks which depressed real growth and drove up inflation. During the first half quarter of the financial year, a sharp depreciation of the exchange rate added to inflationary pressures. Headline inflation rose rapidly from 5 percent at the beginning of 2011 to a peak of 30.5 percent in October 2011, the highest level recorded since the early 1990s, while core inflation rose from 5.6 percent at the start of 2011 to a peak of 30.8 percent in October 2011. The priority of the BOU was therefore to bring down inflation. However monthly inflation began to decline in the second quarter of 2011/12 and abated further in the second half of the financial year, as a result of which annual headline and core inflation rates fell back to 18.0 percent and 19.6 percent respectively by June 2012.

The BOU introduced a new monetary policy framework at the start of the financial year. The new framework is an inflation targeting lite (ITL) framework. It replaced the monetary targeting framework which had been employed since the early 1990s. The operating target of the ITL framework is a

policy interest rate, called the Central Bank Rate (CBR), which is set at the start of every month and publicly announced by the Governor at a press briefing.

To curb inflation, the BOU aggressively tightened monetary policy by raising the CBR. The CBR was increased from 13 percent in July 2011, when it was first introduced, to 23 percent in October, and remained at 23 percent until February 2012. The increase in the CBR was quickly passed on to interbank rates and other market interest rates. The average interbank rate increased from 10 percent in June 2011 to 27 percent in December 2011. Commercial banks' lending interest rates increased from 21 percent to 27 percent; and yields on treasury bills and bonds also increased.

The Ugandan economy had grown strongly in 2010/11, by 6.7 percent, but growth decelerated in 2011/12 as a consequence of declining global demand and the impact of the tight monetary policy stance on domestic demand. Bank lending to the private sector which had grown very rapidly in the 12 months up to September 2011, experienced virtually no increase in the second, third and fourth quarters of the financial year.

Real GDP is provisionally estimated to have increased by 3.2 percent in 2011/12, although this may be revised upward when final estimates become available in October/November 2012. The economy is estimated to have operated at below potential output in 2011/12, which was one of the reasons why inflationary pressures abated in the second half of the financial year.

The weakening of inflationary pressures, the slowdown in real GDP growth and the strengthening of the nominal exchange rate prompted the BOU to begin easing monetary policy in the second half of the financial year. Between February and June 2012, BOU reduced the CBR by 300 basis points. The reduction in the policy rate was intended to stimulate a resumption of the growth of commercial bank lending to the private sector and in turn support a recovery of aggregate demand.

11.2 MONETARY POLICY OBJECTIVES AND FRAMEWORK

The primary objective of the Bank of Uganda's monetary policy is to keep inflation low, stable and predictable. The BOU has a medium term target of 5 percent for annual core inflation.

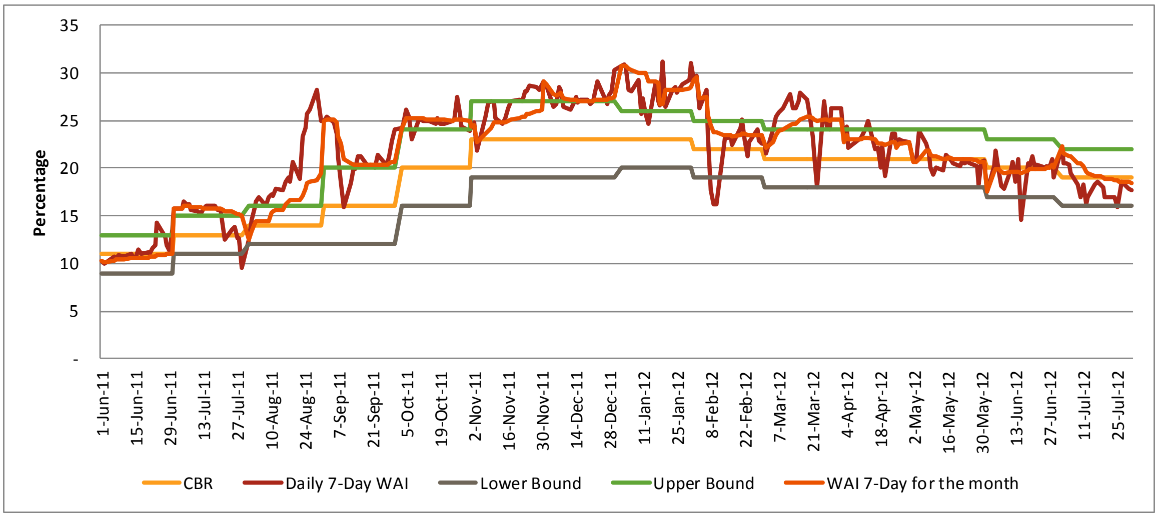
Between 1993 and 2011, the BOU employed a monetary targeting framework in which broad money was the intermediate target and reserve money the operating target. Although this framework worked well in the 1990s, in the recent years it has become less effective in guiding monetary policy. The main reason for this is the instability and thus unpredictability in the relationship between monetary aggregates on the one hand and output and inflation on the other. To a lesser extent the lack of stable money multiplier also impeded the efficacy of the monetary targeting framework. The ability of the central bank to signal the stance of monetary policy plays a crucial role in influencing expectations about inflation. Signally the stance of monetary policy is very difficult in a monetary targeting framework compared to a framework in which a publicly announced policy interest rate plays a central role.

Furthermore, a monetary targeting framework is rigid and offers little scope for short term discretionary adjustments to monetary policy. Finally, under monetary targeting, the base money which was the operating target of BOU was difficult to control because of the dominant role and unpredictable behaviour of currency demand.

Because of the drawbacks with monetary targeting, the BOU introduced a new monetary policy framework in July 2012; inflation targeting lite (ITL). The groundwork for the introduction of ITL had been laid during 2009/10 and 2010/11, with reforms to liquidity management and strengthening of the technical capacity of the BOU for macroeconomic analysis.

The ITL monetary policy framework employs a short term interest rate as the operating target of monetary policy. The BOU sets a Central Bank Rate (CBR) every month, which is intended to guide 7 day interbank rates. Figure **2** depicts the evolution of the CBR and interbank rates during 2011/12. In turn, changes in interbank interest rates are

Figure 2 The CBR and Interbank Rate



Source: Bank of Uganda

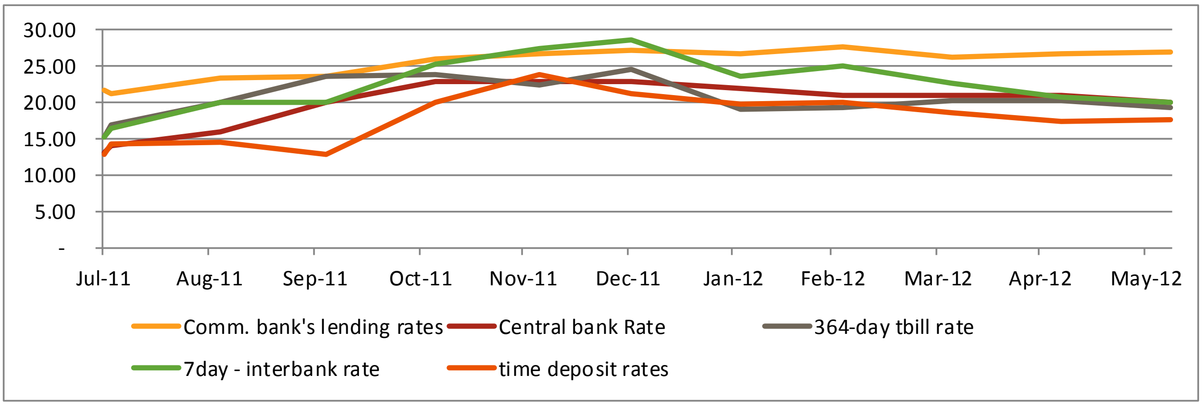
expected to feed through into changes in other interest rates in the economy, such as commercial bank deposit and lending rates.

The CBR, which is publicly announced by the Governor at a press briefing, also serves to signal the stance of monetary policy to the public and to the markets. The setting of the CBR is guided by a forecast for inflation, which serves as an intermediate variable, along with estimates of the output gap and other macroeconomic data.

The instruments of monetary policy in the ITL framework are secondary market operations. The BOU intervenes in the money market using Repos and reverse repos to contract or inject liquidity and thus move the interbank rate towards the CBR. The use of secondary market operations as the instruments of monetary policy also marks a fundamental difference with the monetary targeting framework under which the instruments of monetary policy were primary securities auctions of government securities.

The ITL framework is forward looking in that the monetary policy stance is determined in relation to an inflation forecast. This is

Figure 3: The Relationship between the CBR and Other Interest Rates



Source: Bank of Uganda

appropriate because monetary policy operates with lags: changes in the interest rate have their maximum effect up to two years ahead. The ITL framework also helps the central bank to manage inflation expectations through communication of the monetary policy stance.

11.3 MONETARY POLICY CHALLENGES

Supply side shocks and turbulence on global financial markets were the main challenges to monetary policy during 2011/12. Supply side shocks to food and oil prices caused annual headline inflation, which had been only 5 percent in January 2011, to rise very rapidly to a peak of 30.5 percent in October 2011. Other sources of domestic inflation were high global inflation, especially during the first half of the year, a bout of exchange rate depreciation in mid 2011 and very rapid bank credit growth.

The Uganda shilling depreciated by 14 percent in the first quarter of 2011/12.

During the final quarter of 2010/11 and the first quarter of 2011/12 a combination of domestic political uncertainty, heightened by post-election protests against rises in the cost of living and turbulence on global financial markets boosted demand within Uganda for foreign currency, causing the exchange rate to depreciate. The global financial turbulence, which led offshore investors to flee what they perceived were risky assets currencies, also led to a weakening of the exchange rates of many developing countries and emerging markets, including the Indian rupee, South African rand, Kenyan shilling and Brazilian real.

11.4 MACROECONOMIC PERFORMANCE AND POLICIES

11.4.1 GDP PERFORMANCE

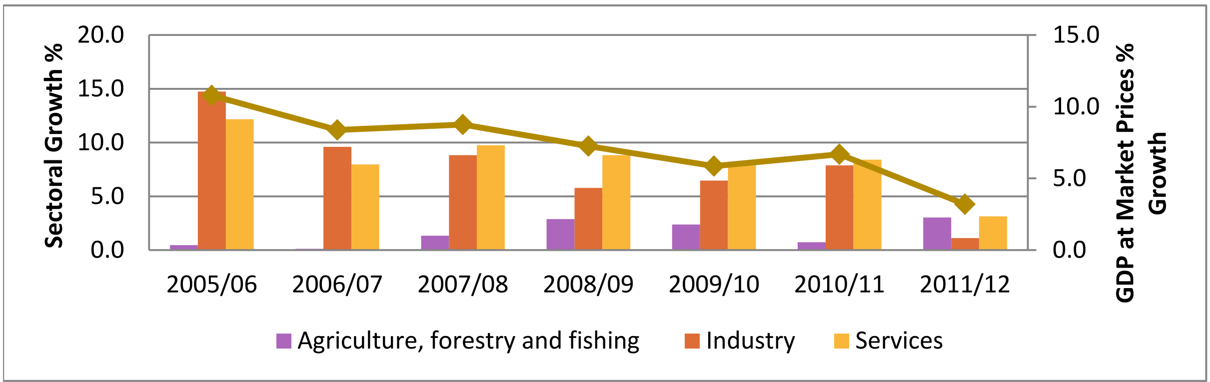
Real GDP is provisionally estimated to have grown by 3.2 percent in 2011/12 compared to 6.7 percent in the 2010/11 financial year, although this may be revised upward when a final estimate is made. As shown in Table 5, economic growth was supported by household final consumption, while other forms of expenditure declined. Investment expenditure fell by 0.4 percent in 2011/12 compared to a rise of 10.3 percent in the previous year on account of the tight monetary policy stance implemented by the BOU. Net exports also fell by 3.4 percent from an increase of 28.2 percent in the previous year, reflecting in part the low external

Table 5 Expenditure on GDP at Constant 2002 prices (Percent Change, Fiscal Year)

	2007/8	2008/9	2009/10	2010/11	2011/12
Total GDP at market prices	8.7	7.3	5.9	6.7	3.2
Final consumption expenditure	0.8	12.2	10	9.1	3
Household final consumption expenditure	1.2	13.6	11	9.4	5
Government final consumption expenditure	-1.3	3.7	3.7	7.4	-10.8
Gross capital formation	6	6.8	9.9	10.3	-0.4
Net exports	-47.6	66.3	50.2	28.2	-3.4

Source: Uganda Bureau of Statistics

Figure 4 Real GDP Growth Rates by Sector



Source: Uganda Bureau of Statistics

demand.

In terms of sectoral growth, the slowdown in real GDP was driven by the industrial and services sectors, while the agricultural sector rebounded from the disappointing performance of 2010/11 as shown in Figure 4. In particular, growth in the agriculture sector was mostly from the cash crop subsector although all other subsectors posted better data than in the previous year. In the industrial sector, there were sharp decelerations in the construction subsector and formal manufacturing. In the services sector, hotels and restaurants recorded strong recovery, while declines were registered in wholesale and retail trade, financial services, education and health.

Given the subdued domestic demand, the abatement of inflationary pressures, the persistently negative output gap, and the strengthening of the exchange rate, adverse spill overs from deteriorating global economic growth, BoU started cautiously easing monetary policy to support the domestic economy but without undermining the Bank's primary objective of price stability.

11.4.2 ECONOMIC GROWTH OUTLOOK

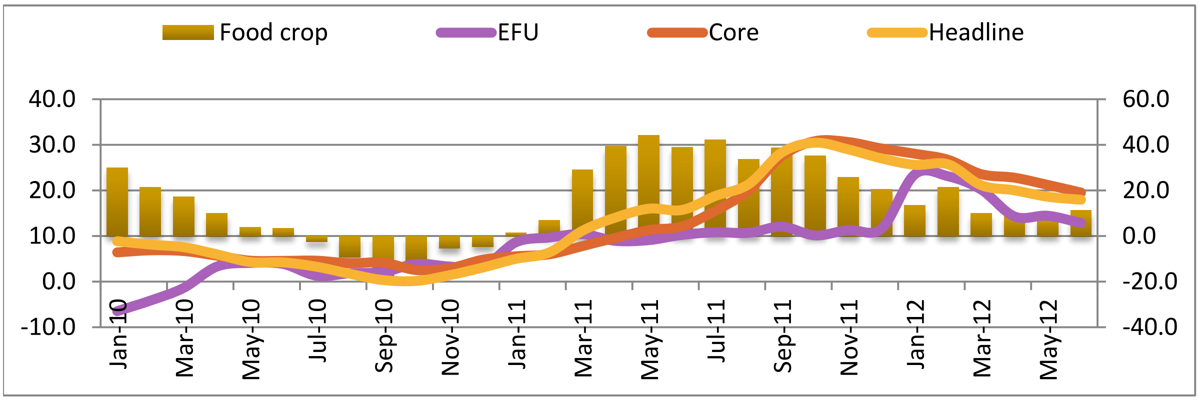
Real GDP is forecast to grow at 4.5 percent in 2012/13, which is below potential. Demand is likely to remain relatively weak because of the problems in the global economy and the rise in cost of capital due to monetary policy tightening in 2011/12. While the prospects for crop harvests look encouraging with the normal rains having occurred since the beginning of the year, industrial sector growth is likely to continue to struggle due to high costs of inputs and credit.

11.4.3 INFLATION

During the past year, BOU was faced with the challenge of dealing with increased inflation pressures in a subdued domestic economic growth environment. The high and persistent inflation over the last financial year has brought to the fore the limitation in arresting inflation in the absence of adequate supply response. As shown in Figure 5, inflation drastically shot up in the first half of the financial year, with headline inflation rising from 15.7 percent in June 2011, peaked at

30.5 percent in October and declined to 27 percent by December 2011. Core inflation rose from 12.1 percent, peaked at 30.8 percent and declined to 29.2 percent in the same period. Inflation was mainly driven by exogenous factors, mainly sharp run-ups in the prices of food and energy, which also had a dampening effect on household spending, amidst fast depreciation pressures that resulted in significant cost-push pressures.

Figure 5 Annual Developments in CPI Inflation



Source: Uganda Bureau of Statistics

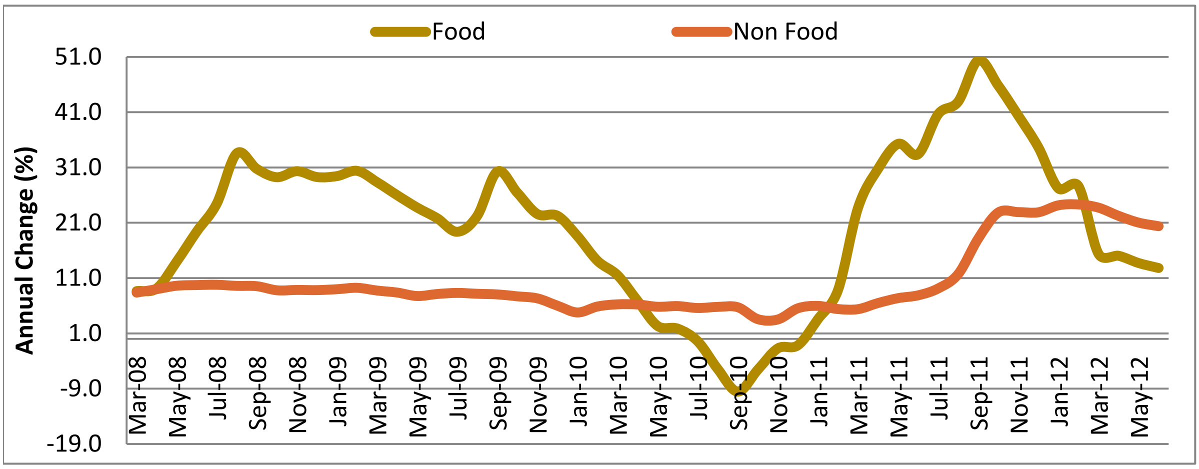
The drivers of inflation changed during 2011/12. The prices of food products were the main drivers of price rise during June-September 2011, accounting for about 60 percent of the increase in CPI. Food accounts for 27.2 percent of the overall Ugandan consumer basket of goods and services. Increases in food prices were due to supply side shocks to food production, notably drought, in both Uganda and some of our neighbours in East Africa, and high international commodity prices. Annual food price inflation continued on the rising trend from the previous financial year, increasing from 33.4 percent in June 2011 to a peak of 50.5 percent in October 2011 before falling steadily to 12.8 percent in June 2012 as suitable weather conditions supported food production and harvest.

Inflation of the non-food items, which account for 73.8 percent of the consumer basket, was relatively more moderate, rising from 7.9 percent in June 2011 and peaking at 24.3 percent in February 2012, before declining to 20.4 percent in June 2012 as shown in Figure 6. The non-food prices of household goods and clothing and footwear experienced higher annual inflation rates, mainly because most of these items are imported and their domestic prices were affected by the exchange rate depreciation.

The share of food inflation in overall inflation declined since October 2011 and its average contribution was 23 percent for the period January – June 2012. Prices of non-food products turned out to be the main drivers of inflation and in the first quarter of 2012, they contributed two-thirds of the CPI increase.

New unforeseen price pressures emerged during the first half of 2011/12 in form of

Figure 6 Annual Food and Non-food Inflation.



Source: Uganda Bureau of Statistics

power tariffs increase, persistent international oil price increases and structural factors. Inflation spilled over to the manufactured non-food products. The producer price index for manufactured products increased by 35 percent in the last quarter of 2011 and declined to 18 percent in the first quarter of 2012. Since producers were able to pass on a large share of the input cost pressures to consumers, inflation trends also reflected strong demand in last second of 2012.

As inflation became generalised and domestic demand indicators such as credit expansion, monetary aggregates, and private sector non-oil imports, also showed robust growth in domestic demand, monetary policy was aggressively tightened in the second quarter of 2011/12. The annual average private sector credit, M3, M2 and private sector non-oil imports grew by 44 percent, 27 percent, 23 percent and 26 percent, respectively in the first quarter of 2011/12, which indicated strong growth in domestic demand. Therefore, monetary policy was tightened further in the face of persistent high inflationary pressures and buoyant domestic demand.

In addition, monetary policy effectiveness was constrained by the large liquidity that had been injected to stimulate the economy in the wake of the global financial crisis. The BOU had to first siphon out the large surplus liquidity before rate hikes could begin to gain traction. Indeed, both the rate and quantum channels of monetary transmission were weak in the first quarter of 2011/12 but begun to be effective in the second and third quarters of 2011/12 as banks started responding to monetary signals by aggressively raising deposit and lending rates, helping restrain inflationary pressures from spiralling up further.

Since November 2011, inflation has been on a declining trend. The easing of international food prices has been partly reflected in a moderation of food price inflation. Other factors attributed to the inflation decline include, declining global commodity prices, especially international oil prices; waning impact of drought on food crops; the exchange rate stability; tight policy stance and improving inflation expectation. By the close of the financial year, annual headline and core inflation had fallen from 30.5 percent and 30.8 percent in October 2011 to 18.0 percent and 19.6 percent, respectively. Annual food crops inflation also fell from 35.3 percent to 11.3 percent.

The three main upside risks to inflation relate to the possibility of another round of food crop price increases, weaker shilling, stronger momentum in domestic demand and economic activity, and higher international commodity prices, especially oil. Indeed, the transmission of international commodity price increases to domestic inflation was an important element in keeping inflation high in 2011/12. Since July 2012 international food and oil prices have been rising again. In particular, international commodity prices remain a potential threat, as global liquidity is still far too large due to monetary policy accommodation by advanced countries. Brent crude oil spot prices surged up sharply, increasing by 20 percent from USD 90 per barrel at the end of July 2012 to about USD 108 as of the first week of August 2012. This sharp rise could likely reduce the pace of disinflation in coming months.

Global food prices sharply rebounded in July 2012 due to wild swings in weather conditions. According to the Food and Agriculture Organization (FAO), rains in Brazil, drought in the US and production difficulties in Russia ultimately drove the rally. Food prices jumped 6 percent in July 2012 from June after falling three months in a row. Cereal prices surged 17 percent, while sugar leapt 12 percent to new highs after rains hampered sugarcane harvesting in Brazil, the world's largest producer in the same period. Delayed monsoons in India and poor rains in Australia also contributed to higher prices. The severe deterioration of maize crop prospects in the US following extensive drought damage pushed up maize prices by almost 33 percent in July. Since the beginning of the year, rising food prices and drought has caused a food crisis in the Sahel sub-region of West and Central Africa, affecting more than 18 million people.

Overall, the risks to the inflation outlook indicate a persistent decline although it will remain volatile. Domestic demand is expected to remain subdued and consequently, with the fading out of the effect of the drought and exchange rate depreciation, inflation is forecast to be below 10 percent by end of 2012 and may be close to the target by mid-2013.

11.4.4 EXCHANGE RATE

In 2011/12, the Uganda shilling depreciated by 10.1 percent against the US dollar to an annual average exchange rate of UShs 2,557.2/USD from UShs 2,323.5/USD recorded in 2010/11. The beginning of the financial year was marked by sharp depreciations, with the Uganda shilling weakening to a peak of UShs 2,814.02/ USD in September 2011 (Figure 8). The depreciation of the currency was mainly on account of persistent current account deficits, global strengthening of the US dollar, and speculative attacks. From October 2011 to June 2012, the shilling made gains against the Us Dollar, appreciating by 11.4 percent from UShs 2,805.4/USD to UShs 2,485.0/USD, although this occurred with occasional depreciations towards the end of the financial year. The appreciation was mainly due to large net inflows of portfolio investments that were attracted by the relatively higher domestic interest rates. During 2011/12, Uganda's current account deficit widened, largely due to persistently high import bills that more than offset export earnings, low income earnings due to abnormally low interest rates in major international markets and declining private and government transfers. Besides the weak current account balance, the shilling depreciation in the early part of the financial year was driven by a strong US dollar against most international currencies such as the Euro, on account of policies implemented in the US to support aggregate demand as well as financial strains in the Euro area.

The BOU continued to pursue a flexible exchange rate policy regime in 2011/12, but occasionally intervened in the Interbank Foreign Exchange Market (IFEM) in order to dampen short-term volatility in the exchange rates. In the year, BOU intervention in the IFEM to dampen exchange rate volatility resulted in a net sale of USD 92.3 million. The BOU also conducted targeted interventions and made regular purchases of foreign exchange from the IFEM for reserve build up, amounting to net purchases of USD 115.9 million and USD 318.5 million, respectively during the year. Overall, BOU's net actions in the IFEM during 2011/12 was a net purchase of USD 342.05 million compared to a net sale of USD 128.16 million in 2010/11.

During 2011/12, the Nominal Effective Exchange Rate (NEER), which measures the relative value of the shilling against a weighted basket of currencies of its major trading partners depreciated by 6.8 percent compared to a depreciation of 13.9 percent in 2010/11. On a bilateral basis, the shilling depreciated against the Euro by 8 percent, Japanese Yen by 16 percent, Pound Sterling by 9.7 percent, Chinese Yuan by 14.9 percent, Swiss Franc by 16.9 percent, Singapore dollar by 12.9 percent and Korean Won by 10 percent. To the extent that Uganda is a net importer from these countries, the depreciation of the NEER implies high import costs for Uganda's traders and the economy as a whole. In contrast, the Real Effective Exchange Rate (REER), which measures the competitiveness of Uganda's domestic traded goods relative to those of its trading partners, appreciated by 7.1 percent in 2011/12 compared to the depreciation of 13.9 percent registered in 2010/11. The appreciation of the REER was driven by the higher domestic inflation that prevailed during most of 2011/12 compared to low foreign inflation. The evolution of the nominal and effective exchange rates is shown in Figure 8 below.

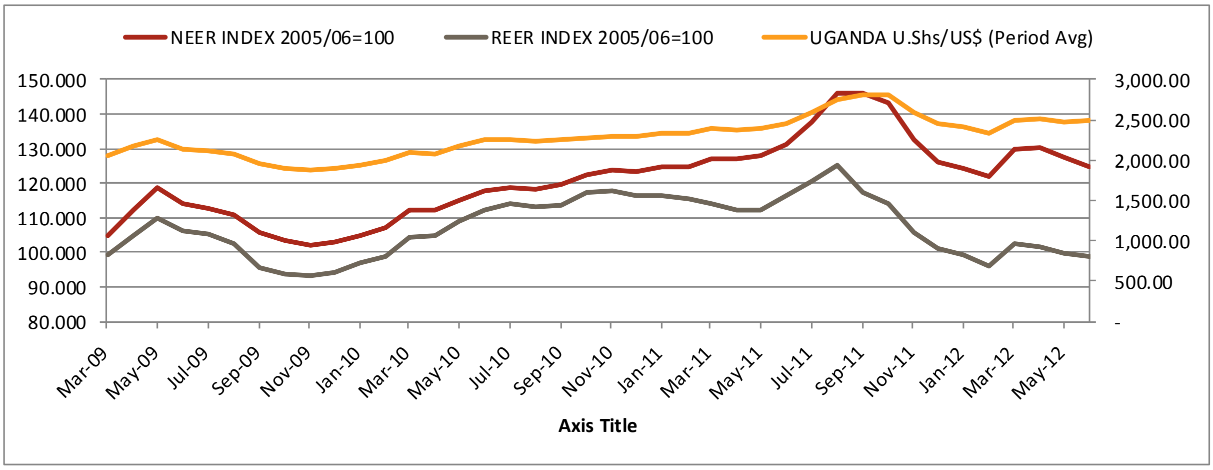
11.4.5 EXTERNAL SECTOR

The lagged impact of the 2008/09 global financial and economic crisis and the on-going global uncertainties arising from the euro zone crisis have negatively affected Uganda's balance of payments. In the last five years, the Ugandan economy has persistently registered current account deficits. Particularly in 2011/12, the current account deficit worsened by 14.7 per cent to USD 1,932 million from USD 1,684 million in the preceding year, largely driven by persistently high import bills that more than offset export earnings, low income earnings due to low interest rates in major international markets and declining government transfers from donors.

During 2011/12, the trade deficit widened by 10 per cent to USD 2,611.9 million compared to a deficit of USD 2,373.4 million recorded in 2010/11. Whereas export earnings improved during the year, the growth in the import bill outstripped exports. Similarly, during 2011/12, the income account deficit grew by 16.9 per cent, driven mainly by large outflows of portfolio investment income. In addition, the current account recorded a deficit, driven mainly by declines in both private and government current transfers, arising mainly from the slow pace of economic recovery in Uganda's main sources of grants such as the USA and European Union.

The capital and financial account of the balance of payments recorded a surplus of USD 2,204.9 million during 2011/12, representing an improvement of USD 1,095.1 million from USD 1,109.8 million registered in 2010/11. The improvement of the capital and financial account was on account of large

Figure 7 Nominal and Real Effective Exchange Rates



Source: Bank of Uganda

portfolio investment inflows due to relatively higher domestic interest rates following the tightening of monetary policy. In addition, there were higher inflows of direct investment during the year. As a result of developments of both current and capital and financial accounts, Uganda's overall balance of payments improved to a surplus of USD 723 million in 2011/12 from a deficit position of USD 581.2 million in 2010/11. Foreign exchange reserves increased from USD 2 billion at end of 2010/11 to USD 2.6 billion at end of 2011/12 in part due to the net foreign exchange purchases by the Bank of Uganda from the interbank foreign exchange market. This is equivalent to about 15 per cent of GDP. As a result, the external reserves position improved to cover 4.3 months of future imports of goods and services during 2011/12, up from 3.2 months in 2010/11.

Developments in the Balance of Payments are summarised in Table 7 on page 44.

11.4.6 PUBLIC FINANCE AND FISCAL POLICY

11.4.7 Fiscal stance

During 2011/12, fiscal strategy focused at supporting economic growth, job creation and improving productivity and efficiency in public service delivery. Fiscal policy was also supportive of the tight monetary policy stance pursued by BOU during most of 2011/12. Nonetheless, fiscal policy management in 2011/12 was conducted in an environment faced with macroeconomic instability arising from both domestic and external shocks. The demand management policies pursued by monetary authority and the slow pace of recovery of the global economy affected the domestic economy negatively, translating into a slowdown in real economic activity in the year, which in turn affected domestic revenue performance. The fiscal space was further constrained by the high interest cost associated with servicing of government securities arising from the tight monetary policy stance adopted by BOU. To accommodate these challenges, fiscal policy was contractionary during the 2011/12 financial year compared to the previous year.

Other factors which affected fiscal operations during the year arose from Delayed start of the Karuma Power project and lower than programmed disbursements for donor funded projects, which translated into lower development project expenditures. Indicators of fiscal operations are shown in Table 6 below.

11.4.8 Revenue and expenditure

The net URA revenue outturn for 2011/12 was UShs 6,019.4 billion compared to the target of UShs 6,169.2 billion, representing a shortfall of UShs 149.7 billion. This revenue outturn stood at 12.3 percent of GDP compared to the 13.1 percent in 2010/11. The decrease in revenue effort is mainly due to low real growth in sectors such as manufacturing and services, which are important sources of domestic tax revenue. Tax revenue performance in 2011/12 was also affected by low voluntary compliance, low sales of taxable goods resulting from increased prices, low import volumes resulting from delays in clearance of goods at Mombasa port, an increase in non-dutiable imports especially from the EAC region, and the tight monetary policy implemented by BOU. In the medium term, the Government is committed to maintaining macroeconomic stability and improving tax administration, which is expected to improve tax revenue collections.

Direct domestic taxes performed below their target by UShs 87.9 billion on account of lower-than-expected performance of the PAYE, withholding tax on bank interest, and withholding tax on supply of goods and services. However, indirect domestic taxes registered a surplus of UShs 17.2 billion, due to the UShs 27.5 billion surplus from VAT which more than offset the provisional shortfall from domestic excise of Shs10.30 billion. Sales of malt beer, sugar, cement, and spirits decreased by 11, 45.4, 22.5 and 6.6 percent respectively compared to 2010/11 on account of low demand, which more than offset the expected gains in tax collection arising from higher prices. International trade taxes were UShs 2,899.5 billion against the target of UShs 2,946.1 billion, reflecting a shortfall of UShs 46.6 billion. This was mainly as a result a shortfall in import duty, excise duty and VAT on imports of UShs 46.9 billion, UShs 15 billion and UShs 36.1 billion respectively. These shortfalls were as a result of lower-than-anticipated import volumes, delays in clearance of goods at Mombasa port, changes in the structure of imports, which saw the growth of imports from EAC Partner States increase and unstable exchange rates.

Table 6 Indicators of Government Operations (% of GDP, unless otherwise stated)

	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012
Revenue and grants	16.3	15.5	14.8	18.7	15.9
Domestic Revenue (incl. oil)	13.3	12.6	12.4	16.4	13.3
Domestic Revenue (excl. oil)	13.3	12.6	12.4	13.3	12.5
Tax revenue	12.9	12.2	12.0	13.1	12.3
Total expenditure excl. domestic arrears repayment	17.6	16.4	19.4	22.6	19.2
Total expenditure incl. domestic arrears repayment	18.8	17.4	19.7	23.1	19.8
Gross operating balance	0.9	1.7	-1.5	-0.3	1.4
Primary balance	-0.6	-0.5	-3.6	-3.2	-2.7
Budget deficit excl. grants & oil	-4.9	-4.6	-7.2	-6.6	-6.5
Budget deficit incl. grants & oil	-1.9	-1.7	-4.7	-4.3	-3.9
Donor assistance/total budget	26.2	30.8	26.1	19.7	28.9
Donor assistance	4.9	5.3	5.1	4.5	5.7
External borrowing	-1.4	-1.9	-2.2	-1.9	-2.7
Ratio of external borrowing to budget deficit (incl. grants & oil)	39.3	51.0	36.6	34.2	48.0
Ratio of external borrowing to budget deficit (excl. grants & oil)	103.3	140.5	55.7	52.3	79.7
Capital formation/total budget	12.1	14.8	15.9	15.6	23.2
Expenses/total budget	81.7	79.8	82.9	82.3	73.8
Consumption/total budget	33.4	37.3	40.7	43.9	36.1

Source: Ministry of Finance, Planning and Economic Development; Background to the budget 2012/13 FY

Table **7** The Balance of Payments (million USD)

	2007/08	2008/09	2009/10	2010/11	2011/12
A. Current Account Balance (A1+A2+A3+A4)	-902.65	-1,258.57	-1,434.98	-1,681.92	-1,928.0
A1. Goods Account (Trade Balance)	-1,437.41	-1,845.82	-1,799.54	-2,373.35	-2,611.94
a) Total Exports (fob)	2,072.95	2,216.40	2,317.30	2,297.77	2,679.51
b) Total Imports (fob)	-3,510.37	-4,062.22	-4,116.84	-4,671.12	-5,291.45
Services and Income	-739.57	-747.60	-753.01	-976.18	-851.32
A2. Services Account (net)	-477.45	-440.16	-415.34	-654.81	-474.96
a) Inflows(credit)	644.74	891.61	1216.90	1,490.84	1,800.41
b) Outflows(debit)	-1,122.20	-1,331.77	-1,632.24	-2,145.65	-2,275.37
A3. Income Account (net)	-262.11	-307.44	-337.67	-321.37	-376.36
a) Inflows(credit)	115.70	92.95	23.87	21.18	33.11
b) Outflows(debit)	-377.81	-400.38	-361.54	-342.55	-409.47
A4. Current Transfers (net)	1,274.33	1,334.84	1,117.57	1,667.61	1,535.23
a) Inflows (Credit)	1,520.19	1,754.00	1,478.12	1,910.16	1,698.81
b) Outflows (Debits)	-245.86	-419.15	-360.54	-242.55	-163.58
B. Capital & Financial Account Balance (B1+B2)	1,185.30	1,245.48	1,563.72	1,109.82	2,204.90
B1. Capital Account	0.00	0.00	0.00	0.00	13.03
a) Capital Transfers inflows (credit)	0.00	0.00	0.00	0.00	13.03
b) Capital Transfers, outflows (debit)	0.00	0.00	0.00	0.00	0.00
c) Non produced nonfinancial assets, credit	0.00	0.00	0.00	0.00	0.00
d) Non produced nonfinancial assets, debit	0.00	0.00	0.00	0.00	0.00
B2. Financial Account; excl. financing items	1,185.30	1,245.48	1,563.72	1,109.82	2,191.87
a) Direct Investment	760.58	785.22	694.78	757.13	858.34
i) Direct investment abroad	0.00	0.00	2.06	2.06	0.00
ii) Direct investment in Uganda	760.58	785.22	692.72	755.07	858.34
b) Portfolio Investment	66.30	-34.70	-31.26	2.10	248.42
Assets	-12.06	-0.01	0.00	-0.06	0.00
Liabilities	78.36	-34.69	-31.26	2.15	248.42
c) Financial derivatives, net	-0.12	6.35	-5.34	-2.74	10.97
Monetary authorities	0.00	0.00	0.00	0.00	0.00
General government	0.00	0.00	0.00	0.00	0.00
Banks	-0.12	6.35	-5.34	-2.74	10.97
Other sectors	0.00	0.00	0.00	0.00	0.00
d) Other Investment	358.53	488.62	905.54	353.33	1,074.14
Assets	74.64	-97.49	-32.77	-244.89	204.50
Liabilities	283.89	586.11	938.30	598.23	869.64
C. Errors and Omissions	280.35	-32.61	82.15	-9.12	446.09
D. Overall balance (A+B+C)	562.99	-45.70	210.89	-581.22	722.95
E. Reserves and related items	-562.99	45.70	-210.89	581.22	-722.95
a) Reserve assets	-538.93	61.27	-198.27	584.82	-720.34
b) Use of Fund credit and loans	0.00	0.00	0.00	0.00	-1.58
c) Exceptional Financing	-24.07	-15.56	-12.61	-3.60	-1.03

Source: Bank of Uganda

11.4.9 Budget deficit and its financing

The fiscal stance during the year resulted in a fiscal deficit (excluding grants and oil) estimated at 6.5 percent of GDP compared to the budget target of 6.6 percent in 2009/10 as shown in Table 6. Including grants and oil, the deficit is estimated at 3.9 percent of GDP, which is less than the 5 percent medium term target for fiscal prudence.

12 FINANCIAL SECTOR DEVELOPMENTS

12.1 FINANCIAL DEPTH AND INTERMEDIATION

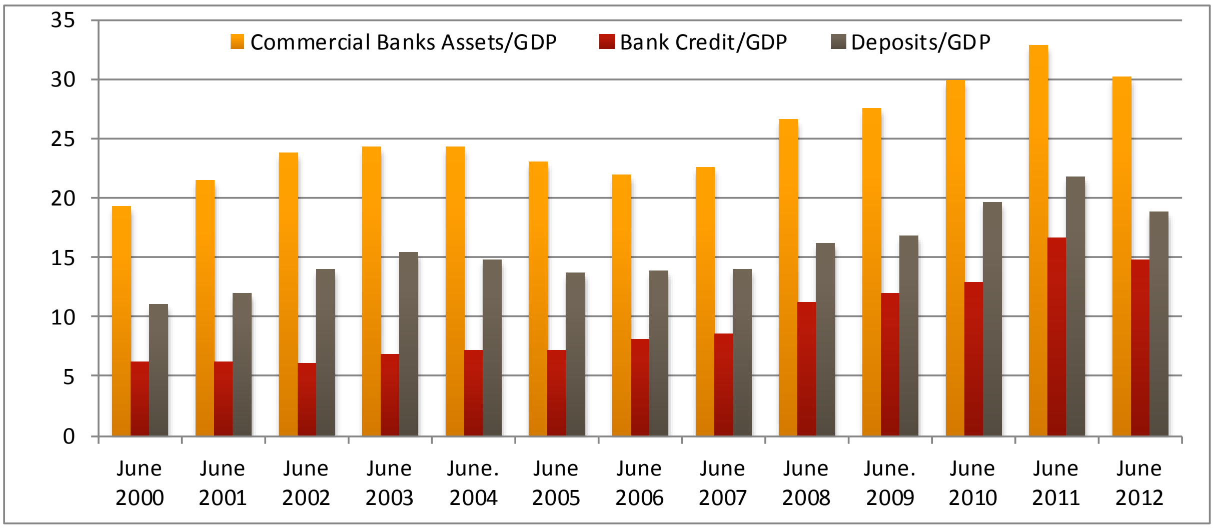
In the year to June 2012, vibrancy in Uganda's financial sector continued, as evidenced by the increase in the ratio of deposits to GDP, from 22 percent in 20110/11 to 24 percent in 2011/12 as shown in Figure **8**. However, the ratio of commercial banks' total assets to GDP declined from 32.9 percent in 2010/11 to 29 percent in 2011/12 largely reflective of the impact of tight monetary policy which is expected to be short lived, given the ease in monetary policy since February 2012. The improvement in the financial deepening indicators has impact on the effectiveness of monetary policy. When the formal financial sector is small, the linkage with the real sector is limited. Consequently, any effects of monetary policy on the formal financial sector variables tend to have weaker effects on aggregate demand.

The ratio of private sector credit to GDP declined slightly from 16.6 percent to 15.5 percent, reflecting the pro-cyclical nature of commercial bank lending. As a share of broad money, private sector credit was 65 percent as of June 2012, compared to 62 percent in June 2011.

12.2 COMMERCIAL BANKS' ACTIVITIES

During the year ended June 2012, the banking sector registered positive growth despite the high inflationary environment. Bank of Uganda licensed two new banks, namely Bank of India (U) Limited and NC Bank from Kenya, thereby bringing the total number of operating commercial banks to twenty-five (25). There are over 455 commercial bank branches across the country. The sector remained financially sound during the year

Figure 8 Indicators of financial sector development.



Source: Bank of Uganda

and all banks were adequately capitalized with both the core and total capital to risk weighted assets ratios well above the statutory minimum.

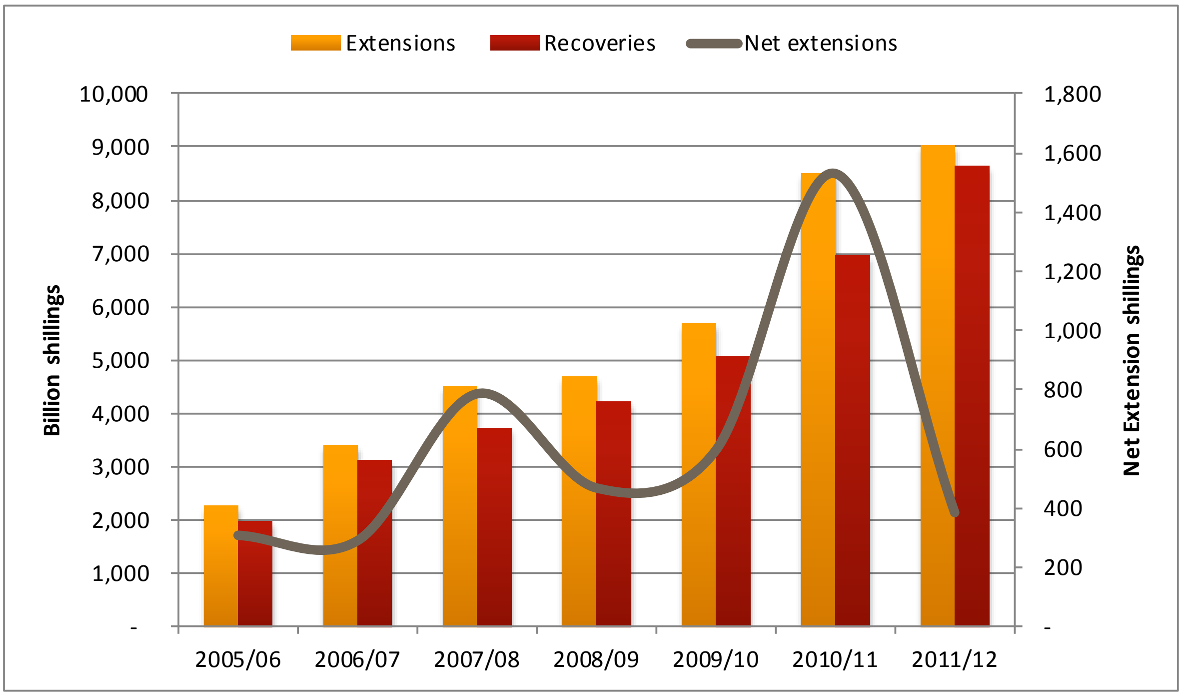
12.2.1 ASSETS OF COMMERCIAL BANKS

Commercial banks' total assets of the banking sector grew by 15.1 percent in the financial year 2011/12 mainly driven by growth in foreign assets, which partly reflect the effect of exchange rate depreciation during the year. On a net basis however, domestic assets of commercial banks grew by a paltry 6.6 percent in the year to June 2012, much lower than the growth of 34.3 percent registered in the previous year mainly on account of increases in interest rates, which affected lending to the private sector following the Central Bank's tight monetary policy stance. Similarly, commercial banks' holdings of government securities grew by a miserable 3.2 percent compared to the growth of 13.7 percent registered at the end of June 2011.

12.2.2 LOANS AND ADVANCES TO THE PRIVATE SECTOR

Commercial banks' loan and advances to the private sector continued to grow, but at a much slower pace than in 2010/11 financial year mainly because of increases in interest rates following the tight monetary policy stance during the year. Indeed, the stock of commercial banks' outstanding credit to the private sector increased by 10.8 percent compared to the 44.4 percent growth registered in the previous year. Net extensions of credit (Figure 9) on the other hand significantly declined to UShs 688.8 billion in 2011/12 from UShs 1,958.7 billion in 2010/11 after accounting for capitalized interest and revaluation gains and losses. Capitalized interest increased to UShs 788.5

Figure 9 Credit Extensions and Recoveries



Source: Bank of Uganda

billion during 2011/12 from UShs 670.2 billion in the previous year implying increased difficulty to service loans by the existing borrowers during the year. Indeed the stock of non-performing loans (NPLs) more than doubled in June 2012 with the NPA ratio standing at 3.4 percent compared to 1.6 percent in June 2011.

The building and construction sector constituted the largest share of total credit, dominating at 23.3 percent. The share of the trade and commerce sector to total lending, which in the previous year constituted the largest share at 21.5 percent, increased slightly to 21.7 percent. The personal & household loans and manufacturing sectors' shares stood at 15.4 percent and 13.9 percent respectively, lower than 15.8 percent and 14.1 percent registered in the previous year. The Mining & quarrying and electricity & water sectors accounted for the lowest share of total credit over the year with shares of 0.4 and 1.0 percent, respectively. Table 8 shows the outstanding loans and advances, and percentage shares by sectors.

Table 8 Outstanding Loans and Advances by Sector

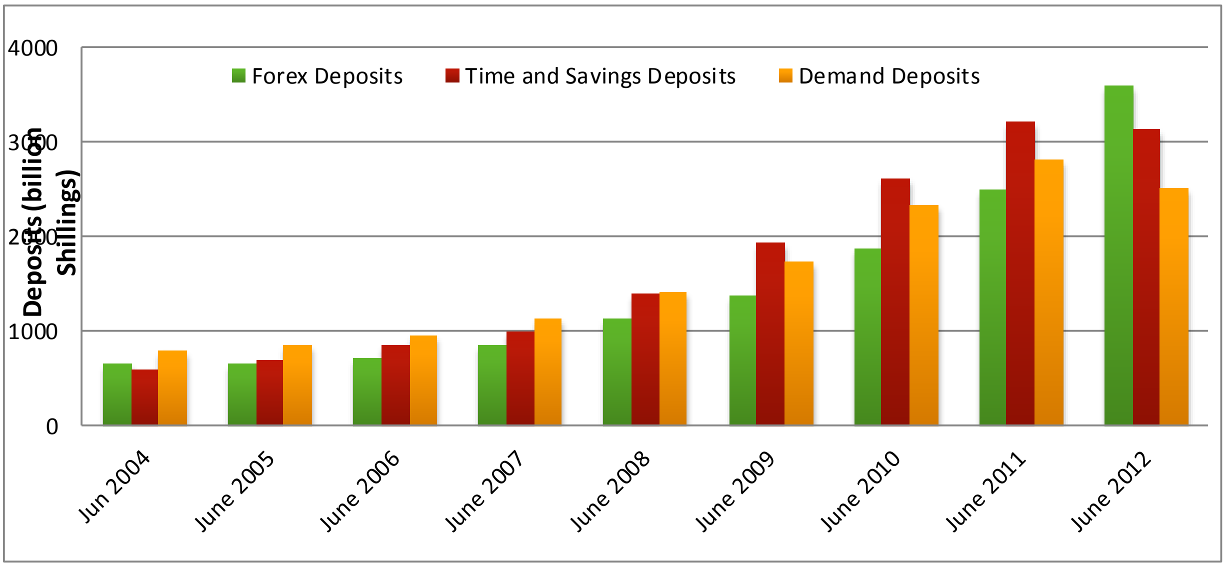
	Jun-09	Jun-10	Jun-11	Jun-12	Jun-09	Jun-10	Jun-11	Jun-12
	Private Sector Credit by Sector				Percent share			
Agriculture	163,112	292,597	423,442	437,083	4.5	6.4	6.5	6.1
Mining & Quarrying	10,703	37,533	19,347	31,089	0.3	0.8	0.3	0.4
Manufacturing	549,298	618,457	920,116	1,002,988	15.2	13.6	14.1	13.9
Trade	746,645	869,957	1,398,174	1,565,827	20.6	19.2	21.5	21.7
Transport	210,496	353,702	506,455	474,396	5.8	7.8	7.8	6.6
Electricity and Water	22,787	52,488	60,910	74,378	0.6	1.2	0.9	1.0
Building &Construction	595,399	845,284	1,336,584	1,681,507	16.4	18.6	20.5	23.3
Personal& Household Loans	794,239	961,878	1,032,373	1,111,995	21.9	21.2	15.8	15.4
Total	3,621,693	4,538,969	6,516,223	7,208,523	100.0	100.0	100.0	100.0

Source: Bank of Uganda

12.2.3 LIABILITIES OF COMMERCIAL BANKS

During 2011/12, the growth in commercial banks deposits was much lower than that recorded in 2010/11 largely because of the tight monetary policy stance implemented by the BOU during the year. Indeed, private sector deposits grew at an annual rate of 8.4 percent relative to the 24.6 percent growth in 2010/11. Foreign currency deposits however grew by 44.7 percent compared to the 32.5 percent growth in the previous year mainly due to the effect of exchange rate depreciation. Demand and time deposits on the other hand fell by 11.0 and 2.6 percent respectively, contrary to the growth rates of 20.4 and 22.8 percent during the previous year. Developments in deposits of banks are shown in Figure 10 below:

Figure 10 Commercial Bank Deposits



Source: Bank of Uganda

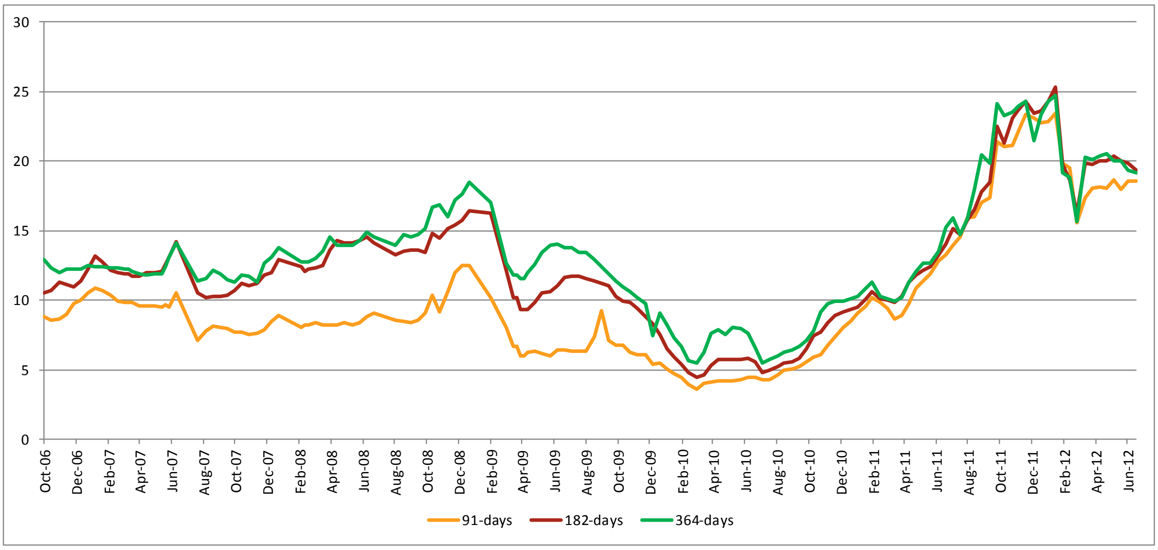
12.2.4 COMMERCIAL BANKS' RATES

Consistent with the tight monetary policy stance, commercial banks' lending rates increased during 2011/12 albeit with a lag. At the end of the 2011/12, the weighted average lending rate on shilling loans stood at 27.0 percent, 708 basis points higher than what it was at the end of the previous year. On the other hand, the weighted average interest rate on foreign denominated loans was relatively stable, falling by 100 basis points from June 2011 to June 2012. Owing to the high cost of shillings loans and supported by the relatively stable exchange rate during the period, borrowers shifted their preference to foreign currency loans especially in the second half of 2011/12. Developments in commercial banks' interest rates are shown in Table 9.

12.2.5 THE DOMESTIC SECURITIES MARKET

The BOU conducted regular auctions of

Figure 11 Treasury Bill Effective Yield Rates



Source: Bank of Uganda

treasury bills and bonds in the period under review. Interest rates in both primary and secondary markets for treasury bills increased reflecting the tight monetary policy stance during the first half of 2011/12. In the second half of 2011/12 however, yields on treasury bills and bonds began to gradually fall reflecting the markets' expectation of declining inflation expectations. Treasury bill yields across all tenors declined steadily towards the end of the financial year, as the economy experienced a much faster decline in inflation than earlier projected while economic growth remained subdued. Despite the decline in yields in the second half of 2011/12, the average annual yields-to-maturity for the 91-day, 182-day and 364 day tenors stood at 19.1 percent, 20.1 percent and 20.4 percent respectively, by June 2012, which were much higher than annual average yields of 8.2 percent, 9.0 percent and 9.6 percent in June 2011.

The average annual yields-to-maturity on the 2-year, 3-year, 5-year and 10-year bonds rose in 2011/12 to 17.3, 17.6, 16.5 and 15.3 percent respectively, from 11.2, 11.3, 11.4 and 12.0 percent recorded in each of the respective tenors in the previous year. Figure **11** depicts the evolution of the effective yield rates on treasury bills.

12.3 MONETARY AGGREGATES

12.3.1 BASE MONEY

By end June 2012, base money, which is composed of commercial banks' deposits at the central bank plus currency issued, grew by only 1.4 percent on an annual basis compared to an increase of 21.9 percent in 2010/11. The lower growth in base money reflects the tight monetary policy stance pursued by BOU in the year. Currency in circulation grew by 0.7 percent while deposits of commercial banks declined by 1.5 percent respectively compared to growths of 25.9 percent and 0.6

Table 9 Commercial Banks' Weighted Interest Rates (% p.a)

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12
	Weighted Average Interest Rate on Shilling Loans							
Lending	18.1	18.6	19.4	20.2	21.8	20.1	19.9	27.0
Demand deposits	1.1	1.1	1.2	1.3	1.3	1.2	1.1	1.3
Saving deposits	1.8	2.0	2.8	2.1	2.4	2.4	2.3	3.4
Time deposits	10.2	7.6	9.8	10.9	10.7	7.3	11.0	17.7
Spread	7.9	11.0	9.6	9.3	11.1	12.8	8.9	9.3
	Weighted Average Interest Rate on Foreign Currency Loans							
Lending	8.5	9.9	9.2	9.6	10.4	10.8	9.4	8.4
Demand deposits	1.0	1.2	1.2	1.0	1.0	1.0	1.1	1.0
Saving deposits	1.5	1.5	1.5	1.5	1.5	1.7	1.5	1.6
Time deposits	3.0	2.9	6.2	4.3	3.9	3.2	2.4	6.7
Spread	5.5	7.1	3.0	5.3	6.4	7.6	7.0	1.8

Source: Bank of Uganda

percent. The slowdown of growth in monetary aggregates reflects the effects of the tight monetary stance implemented by the BOU. Figure **12** shows the annual growth in base money and currency in circulation from June 2001 to June 2012.

12.3.2 NET FOREIGN ASSETS

The net foreign assets (NFA) of the banking system increased by 17.0 percent from UShs 7,368.7 billion in June 2011 to UShs 8,620.0 billion in June 2012. This was in line with the 15.4 percent growth observed the previous year. The increase in NFA in the banking system was mainly on account of an increase in the NFA of commercial banks as they increased their holdings of foreign currency denominated assets. The NFA of the central bank also registered a growth of 7.4 percent in the year to June 2012 mainly on account of growth in foreign reserves by 20.3 percent from UShs 5,361.7 billion at end June 2011 to UShs 6,450.5 billion at end June 2012. The increase in foreign reserves of the central bank was largely due to the increase in purchases of foreign currencies for reserve build up amounting to USD 325.6 million in 2011/12 compared to USD 325.6 million in 2010/11. Figure **13** summarizes developments in the monetary aggregates of the banking system over the period June 2001 to June 2012.

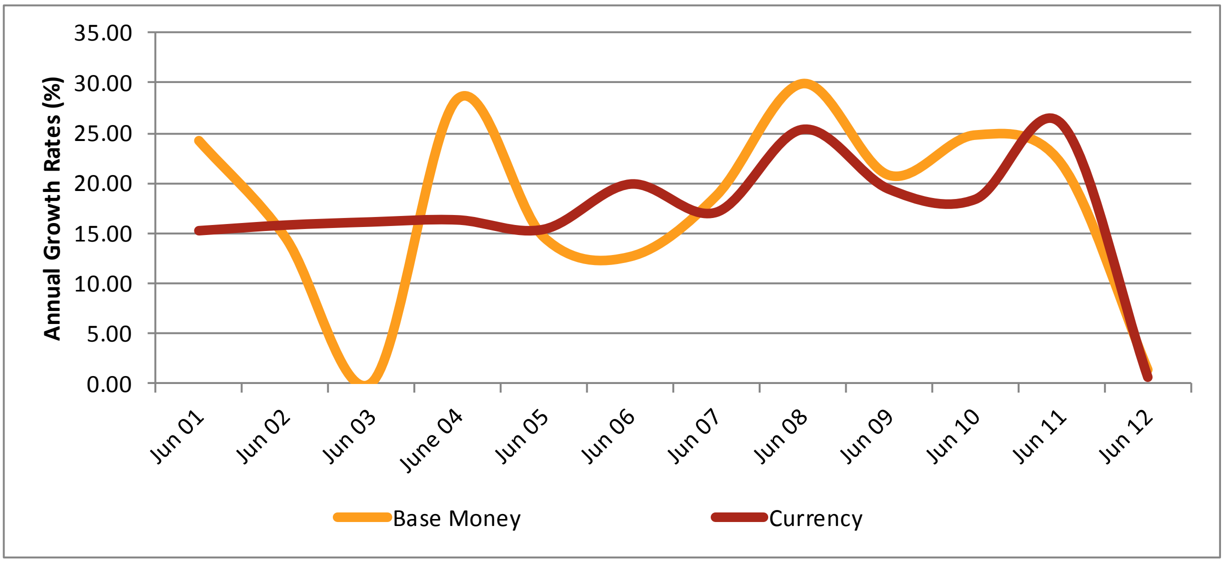
12.3.3 NET DOMESTIC ASSETS

The net domestic assets (NDA) of the banking system, excluding revaluation, declined by 33.9 percent in the year to June 2012 from UShs 2,949.1 billion to UShs 1,948.3 billion, in contrast to the 61.9 percent increase in the previous year. The decline in NDA was driven by a fall in net credit to -government as BOU reduced its' holdings of government securities by 57.0 percent and government deposits in commercial banks increased by 55.9 percent.

12.4 CREDIT INSTITUTIONS

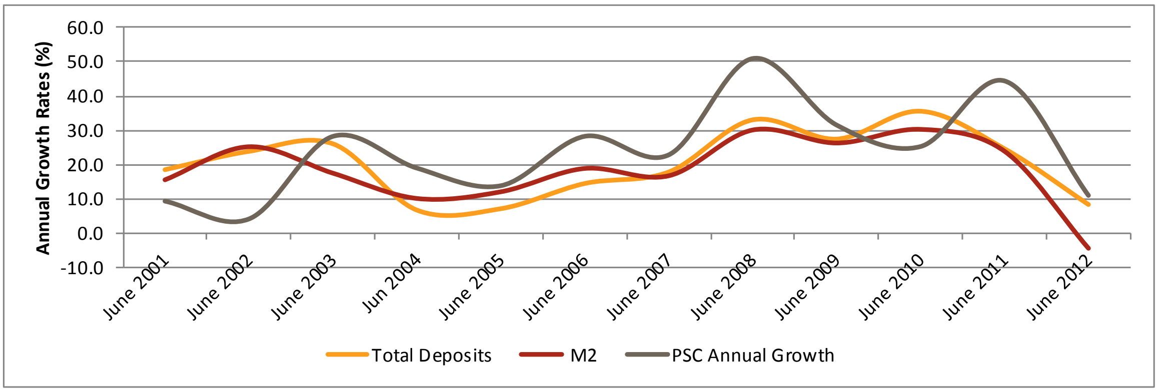
During the year to June 2012, all the credit

Figure 12 Base Money and Currency Annual Growth Rates



Source: Bank of Uganda

Figure 13 Monetary Aggregates and Private Sector Credit (annual % growth)



Source: Bank of Uganda

institutions maintained core capital levels above the statutory minimum capital requirement. Core capital and total capital to risk weighted assets ratios exceeded the statutory requirements. Overall, there was an increase in the activities of the credit institutions in the period under review as depicted by developments in assets and liabilities.

12.4.1 ASSETS OF CREDIT INSTITUTIONS

During the year to June 2012, all the credit institutions maintained their respective core capital levels above the statutory minimum capital requirements. Credit institutions continued to register robust growth despite the high inflationary environment. The total assets of credit institutions grew by 10.2 percent in 2011/12 from UShs 183.9 billion to UShs 202.6 billion albeit lower than the 39.5 percent growth registered in the previous year mainly due to monetary policy tightening. Credit institutions holdings of government securities grew by 60.0 percent. Figure **14** shows developments in the assets of credit institutions.

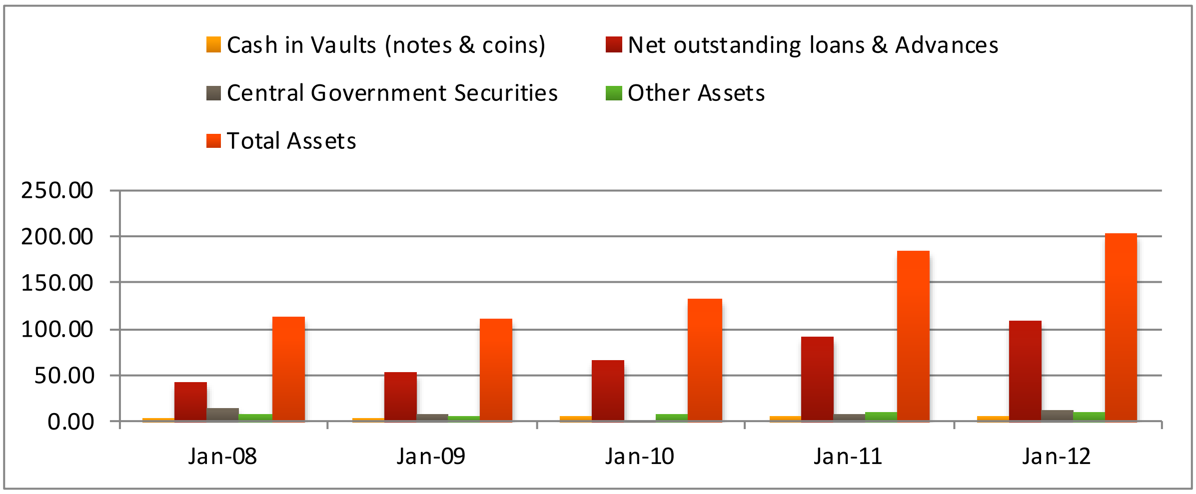
12.4.2 LOANS AND ADVANCES TO THE PRIVATE SECTOR

Credit institutions' stock of outstanding loans and advances to the private sector also grew by 18.3 percent during the period under review. The trade and commerce sector continued to hold the biggest share of loans offered by credit institutions, equivalent to 29.5 percent of total loans relative to a share of 33.4 percent in the previous year. The personal and household loans sector followed closely with a share of 28.9 percent relative to 31.0 percent in the previous year. The Building & construction and agriculture sectors constituted 13.6 percent and 7.7 percent respectively while the rest of the sectors held less than 6.0 percent each. Figure 15 shows developments in the loans and advances of credit institutions.

12.4.3 DEPOSIT LIABILITIES

During 2011/12, total deposits with the credit institutions grew by 5.5 percent, lower than the 33.8 percent growth recorded the previous year. Although time deposits rose significantly by 118.8 percent during the year, the slow growth in total deposits relative to

Figure 14 Credit Institutions' Assets (UShs Billion)



Source: Bank of Uganda

2010/12 was mainly a reflection of the tight monetary policy stance implemented by Bank of Uganda. Saving deposits declined marginally by 0.3 percent contrary to a growth rate of 38.6 percent in the previous year. Figure **16** shows developments in the deposits of credit institutions.

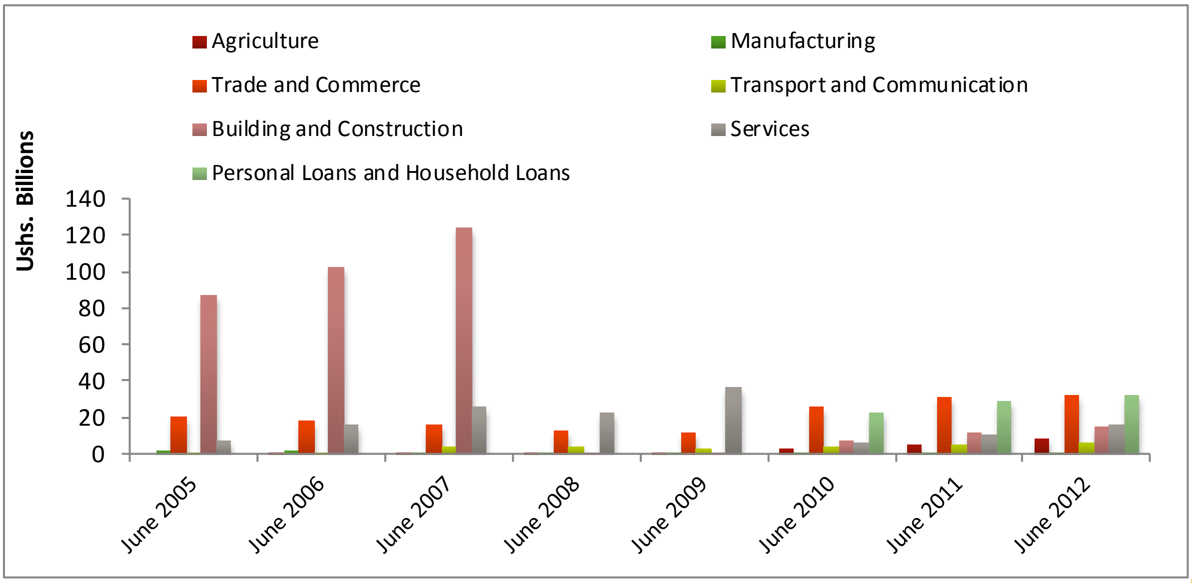
12.5 MICRO FINANCE DEPOSIT-TAKING INSTITUTIONS

During the year ended June 2012, 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. In September 2011, UGAFODE Microfinance Limited was licensed as a Microfinance Deposit-taking Institution (MDI), bringing the total number of MDIs regulated by Bank of Uganda to 4 institutions during the year ended June 2012. All the MDIs complied with the minimum capital requirements.

12.5.1 ASSETS

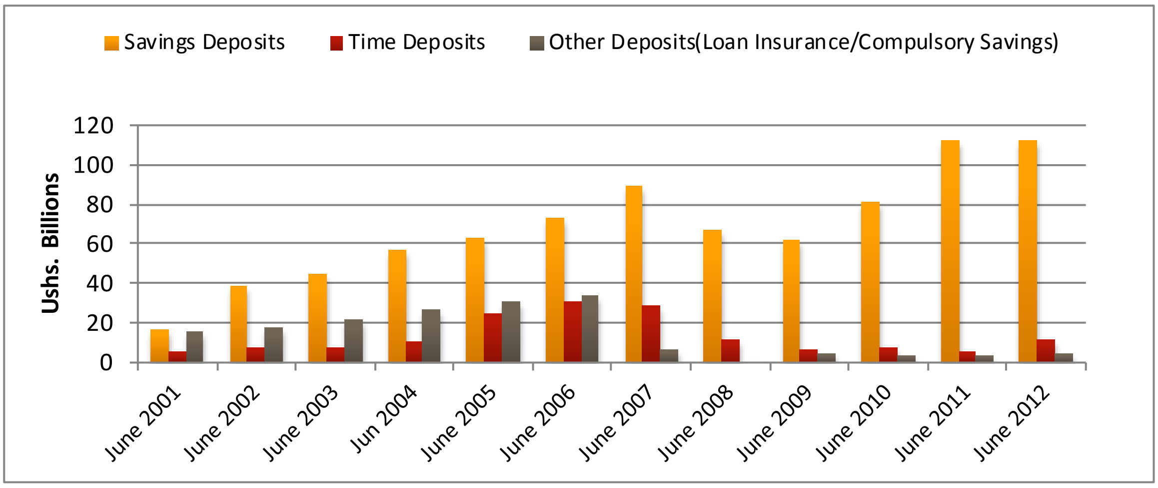
Total assets of MDIs continued to grow by 32.0 percent in 2011/12, which compares with the 31.5 growth recorded in 2010/11. The increase in total assets was mainly due to

Figure 15 Outstanding Loans and Advances of Credit Institutions



Source: Bank of Uganda

Figure 16 Total Deposit Liabilities of Credit Institutions



Source: Bank of Uganda

a 68.2 percent increase in MDIs' deposits in commercial banks. MDIs' loans to the private sector also recorded an increase of 31.2 percent in the same period.

12.5.2 LOANS AND ADVANCES TO THE PRIVATE SECTOR

MDIs' credit to the private sector is geared towards the trading and agricultural economic activities. The trade and commerce sector accounted for the biggest share of MDIs' credit at 55.4 percent of total outstanding loans by end-June 2012, followed by the agriculture sector with a 20.6 percent share of total credit. The rest of the sectors shared the remaining 24 percent of total credit. Figure 17 shows the evolution of MDIs' credit to the various sectors.

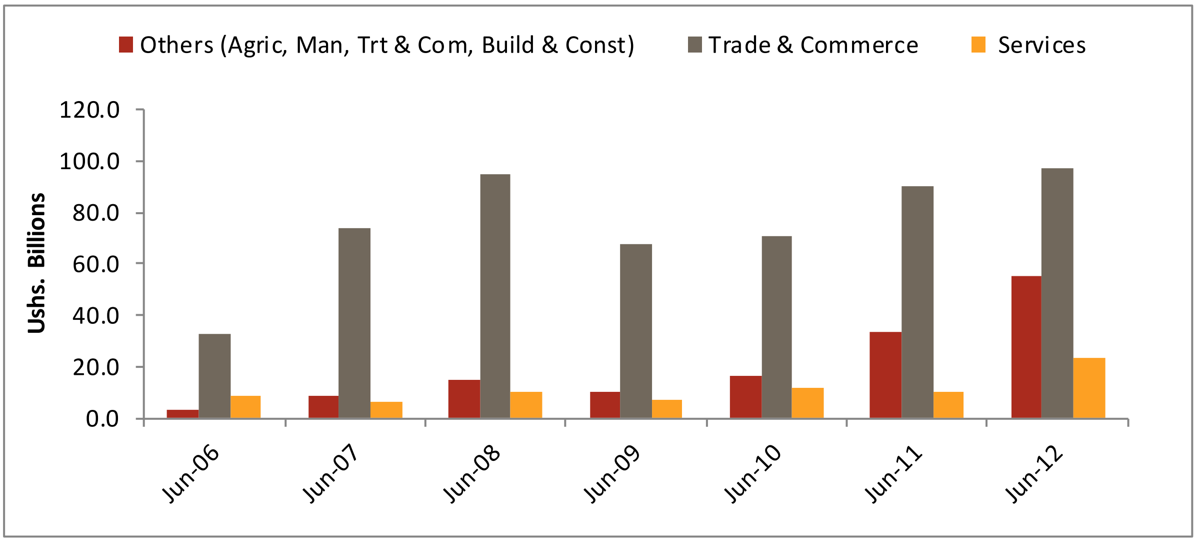
12.5.3 LIABILITIES

In the year 2011/12, total deposits with MDIs grew by 16.2 percent, much lower than the 47.1 percent growth recorded in the previous year. The slow growth in MDIs' deposits during the year was driven by the tight monetary policy stance implemented by the BOU.

12.6 ACTIVITIES AT THE UGANDA SECURITIES EXCHANGE

The Uganda Securities Exchange (USE) market

Figure 17 Evolution of MDI's Credit to Sectors (UShs Billion)



Source: Bank of Uganda

was faced with mixed fortunes during the year, mainly affected by domestic economic conditions. The All Share Index (ALSI) which measures the average price of shares traded at the Uganda Securities Exchange declined by 20.3 percent from an average of 1,156.5 in 2010/11 to 921.8 in 2011/12. The decline in the ALSI can in part be attributed to the tight monetary policy stance that BOU adopted throughout the year that constrained credit conditions in the economy, leading to a decline in demand for these securities. In the third quarter of the year however, the ALSI begun to rebound, peaking in April 2012. Table **10** shows the developments at the Uganda Securities Exchange.

Total turnover also fell by 50.5 percent to UShs 23.2 billion in the year ended June 2012, from 46.8 billion in the previous year. On the other hand, market capitalization increased by 23.9 percent to UShs 208.2 trillion from UShs 168 trillion at end of 2010/11.

12.7 MACROPRUDENTIAL ASSESSMENT

Uganda's banking system remained largely stable and resilient despite the challenging macroeconomic environment. Banks maintained well capitalized positions boosted by the high profitability recorded in 2011. However, there are some risks that have implications for the stability of the financial system. These include the recorded increase in non-performing loans, growth in foreign currency lending and reliance on short term offshore flows.

During the year to June 2012, the ratio of non-performing loans to total loans increased from 1.6 percent as at June 2011 to 3.9 percent as at June 2012, mainly due to a rise in interest rates on new loans plus the ability of banks to re-price already existing loans at higher interest rates. This made it difficult for borrowers to repay their loans and reduced the asset quality of banks. Some sectors of the economy including building, construction and trade registered an increase in non - performing loans over the year to June 2012. The increase in nonperforming assets if sustained could affect the profitability of the banking system. Shilling loan growth decreased from 35.1 percent in June 2011 to 1.0 percent in June 2012.

The rise in foreign currency loans during 2011/2012 outstripped that of shilling loans. Foreign currency loans grew by 34.9 percent in the year to June 2012 compared to shilling

Table 10 Trading at the Uganda Securities Exchange

	2008/09	2009/10	2010/11	2011/12
Volume of shares traded (Million UShs)	169.9	186.9	186.6	167.3
Turnover (Million UShs)	47,907.0	31,821.0	46,825.0	23,178.7
Market capitalization (Billion UShs)	67,913.0	97,042.0	168,035.2	208,185.7
All Share Index	779.9	829.5	1,156.5	921.8

Source: Uganda Securities Exchange

loan growth of 1.0 percent during the same period. This shift in currency lending was driven by the lower interest rates that were charged on foreign currency denominated loans and the increase in foreign currency deposits in commercial banks. However, a depreciation of the Uganda shilling against major foreign currencies could hurt borrowers in foreign currency and may lead to a further build-up of non-performing loans. The decline in shilling loans is also likely to affect private sector funding and productivity.

During 2011/2012, tight liquidity conditions were recorded by banks driven by the slowdown in deposit expansion and the rise in interbank rates. Deposit mobilization which provides core funding to banks was subdued with an annual growth of 6.7 percent in June 2012 compared to 24.2 percent in June 2011. Given the prevailing liquidity conditions, some banks relied on short term funding from abroad. This was shown by the growth in swap market activity during the period from June 2011 to December 2011. Amounts payable to non-residents in Uganda shillings arising from swap transactions rose from UShs186.6 billion as at end of June 2011 to UShs194.6 billion as at end of December 2012 after reaching a peak of UShs358 billion in November 2011. The majority of these swap transactions had a tenor of seven days and below. Banks ought to increase the amount of core funding relative to total funding available to them if they are to reduce the risks of dependency on short term flows.

Bank of Uganda has taken several steps to address these potential sources of risk to financial system stability. There is increased surveillance of commercial banks through on-site supervision to ensure that loan quality improves going forward. The Central Bank is also in the process of boosting its macroprudential toolkit in order to tackle potential risks arising from the funding structure of the banking system. The toolkit will include the introduction of the Liquidity Coverage Ratio which was proposed under Basel III and will supplement the already exiting microprudential measures.

13 REGIONAL INTEGRATION

13.1 OVERVIEW

During 2011/12, BOU continued to participate in various regional integration programmes, including negotiations of the East African Monetary Union Protocol. Specifically, BOU together with other central banks expedited a wide range of initiatives aimed at enhancing currency convertibility, coordinating and harmonizing monetary and exchange rate policies, integrating payments systems and financial markets, building technical capacity in monetary policy formulation and implementation and harmonizing legal and regulatory frameworks in the region. During 2011/2012, the EAC region experienced bouts of high inflation and exchange rate volatility arising from supply side and other exogenous shocks. However, due to a coordinated policy formulation and implementation in these countries, inflation has since declined towards single digit levels in most countries and restored general stability in the foreign exchange markets across the region.

13.2 MONETARY POLICY COORDINATION AND HARMONIZATION

The Monetary Affairs Committee of the East African Community (MAC) has made progress towards the achievement of harmonized exchange rate and monetary policy frameworks, harmonized statistics, macroeconomic convergence and currency convertibility within the region, all of which are integral components in the transition to a monetary union. In particular, at the 15th Meeting of MAC held in Kampala in May 2012, the Governors of the Partner States Central Banks adopted the report of the Study on Exchange Rate Arrangements in the EAC and took note of the progress on the Study on Harmonization of Monetary Policy Frameworks in the EAC. These two reports will form a critical input in the negotiation process of the East African Monetary Union (EAMU) Protocol. .

On the realization that the region was facing high inflationary pressures, mainly high food and fuel prices as well as exchange rate volatility arising from the Euro sovereign debt crisis and currency speculation, the Governors of the EAC Central Banks agreed to coordinate monetary policies in addition to taking actions aimed at stemming volatility in the foreign exchange markets. The coordinated monetary and exchange rate policies were effective given that inflation has since declined towards single digit levels in most countries, while there was a stability in the foreign exchange markets across the region. In Uganda, Kenya and Rwanda, inflation has since declined from 30.4 percent, 18.9 percent and 7.8 percent in October 2011 to 18.0 percent, 10.1 percent and 5.9 percent in June 2012 respectively. Similarly, inflation in Tanzania eased to 17.4

percent in June 2012 from a peak of 19.8 percent in December 2011. Correspondingly, most of the EAC currencies strengthened against the US dollar during October 2011 – June 2012. The Kenya shilling appreciated by 16.1 percent, Uganda shilling by 11.4 percent and Tanzanian shilling by 6.0 percent between October 2011 and June 2012. The Rwandan Franc remained stable, depreciating by 1.4 percent while the Burundi Franc depreciated by 14.0 percent over the same period.

13.3 PAYMENTS SYSTEMS

During 2011/12, the EAC Central Banks continued to enhance the integration of payments systems across the region. In order to facilitate the clearing of cross border payment instruments, the Monetary Affairs Committee rolled out the East African Payments Systems (EAPS) technical specifications which are intended to enhance the current Real Time Gross Settlement (RTGS) systems that will accommodate the cross-border payments in the various currencies of the EAC partner states. As a prerequisite to EAPS, Partner States upgraded their RTGS systems so as to support all currencies and additional cross border functionality.

In May 2012, the Ugandan RTGS code named the "Uganda National Interbank Settlement (UNIS) System" was upgraded to a multicurrency version. The system can now process transactions denominated in regional currencies other than the Uganda shilling. It can also process multiple customer credit transfers and carry out automatic reversals of failed cross-border transactions. In addition, Uganda, Kenya and Tanzania are currently conducting user acceptance testing of the EAPS system in preparation for full implementation of the system later in 2012. Rwanda and Burundi are expected to join at a later date. Furthermore, the East African Payment Systems Harmonization Committee (EAPSHC) adopted guidelines for the joint regional payments systems oversight framework, which is to be implemented by Partner States Central Banks by December 2012.

13.4 FINANCIAL SECTOR SUPERVISION AND SURVEILLANCE

Strong legal and regulatory frameworks are critical elements for the success of financial integration. The EAC Central Banks thus continued to implement measures so as to harmonize national prudential supervisory rules and practices, financial stability assessment frameworks, establishment of credit reference bureaus, compliance with International Financial Reporting Standards (IFRS), development of a framework for regulating Islamic Banking and the adoption of Basel Core Principles for effective bank supervision, among others.

During 2011/12, all Partner States Central Banks carried out assessments of compliance with the Basel Core Principles for effective bank supervision. The IMF together with the World Bank carried out an assessment of Uganda's compliance with the Basel Core Principles for effective bank supervision as part of the Financial Sector Assessment program (FSAP) in April 2012. The results of this assessment showed that Uganda was fully compliant with three (3), largely compliant with nineteen (19), non-compliant with one (1) and materially non-compliant with seven (7) of the 30 core principles of bank supervision and regulation.

13.5 MONETARY UNION INITIATIVES

Following the establishment of the EAC Customs Union in 2005 and the signing of the EAC Common Market Protocol in November 2009 that entered into force on July 1, 2010, the next most important stage in the East African integration process is the Monetary Union. By embracing a single currency, EAC Partner States would remove the costs of having to transact in different currencies and the risk of adverse exchange rate movements for traders within the region.

The authorities in the EAC countries envisage 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 in the region. The EAC monetary union protocol negotiation process is at an advanced stage and is being conducted through sector specific working groups. The Macroeconomic Policy Working Group, reviews fiscal, monetary and exchange rate policies; the Statistics Working Group reviews macroeconomic, social and other statistics; the Financial Sector Working Group reviews financial markets, capital markets, insurance, pensions, microfinance, bank and non-bank regulation and supervision; and the Payment and Settlement Working Group handles matters of payments and settlement systems.

A High Level Task Force (HLTF) comprising senior officials from the Partner States' Ministries of Finance, Planning and Economic Development, East African Community Affairs, as well as Central Banks, Capital Markets Authorities, Insurance and Pensions Regulatory Agencies, and National Statistics Offices is charged with considering the provisions of the draft Protocol in four working groups namely: Macroeconomics; Statistics; Financial Sector; and Payment and Settlement System. The HLTF has so far negotiated more than half of the 86 articles in the Monetary Union Protocol, which include articles on the monetary union, macroeconomic policy framework, exchange rate mechanism as well as harmonization and coordination of fiscal policies, taxation and national budget formulation among others. The HLTF aims at concluding its negotiations by December 2012.

In order to inform the negotiation process, the EAC commissioned various studies which were undertaken with support from the International Monetary Fund (IMF) and the International Growth Centre (IGC). These studies, which are at various stages of completion include a review of the EAC macroeconomic convergence criteria, harmonization of EAC monetary policy frameworks, establishment of a common exchange rate mechanism and assessing the level of currency convertibility. The study on a common exchange rate mechanism undertaken jointly with IGC has since been considered and adopted by the Sectoral Council on Finance and Economic Affairs (SCFEA) and was forwarded to the HLTF as one of the inputs for the negotiation process.

The draft final reports of the study on the review of the EAC macroeconomic convergence criteria and the study on a harmonized monetary policy framework for the region done jointly with the IMF will be reviewed by the SCFEA in September 2012.

Uganda's team in the HLTF is committed to continually seeking the participation of other key stakeholders like the private sector in order to generate positions that are representative of all shades and sectors of society. BOU is committed to pursuing the full range of benefits from 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 completion of negotiating the EAC Monetary Union Protocol.

14 RESERVES MANAGEMENT

14.1 INTRODUCTION

During the period under review, the euro zone crisis continued to dominate the policy debate around the globe. In light of the euro zone crisis and the slowing global growth, major central banks held their policy rates at record lows. The Bank of England held its policy rate at 0.50 percent, the Federal Reserve Bank and the Bank of Japan held their rates at target ranges of 0.0 – 0.25 percent and 0.0 – 0.10 percent, respectively, while the European Central Bank (ECB) lowered its policy rate to 0.75 percent and the cash deposit facility to zero to boost the euro zone. In addition, the ECB provided liquidity through the Long Term Refinancing Operations (LTRO). Other G7 governments maintained the monetary, and some, quantitative easing to support their respective economies through the asset purchase programmes.

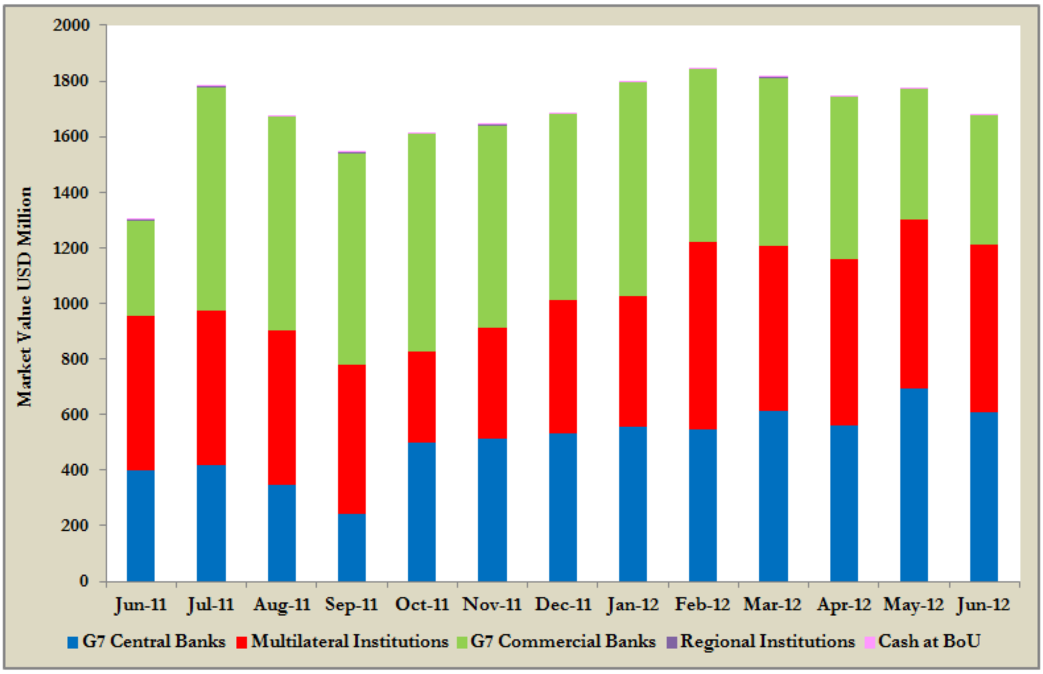
14.2 DEVELOPMENTS IN THE BOU RESERVE PORTFOLIO

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. The reserve portfolio is divided into two portions: the internally managed and externally managed portfolios. The internally managed portfolio is composed of two sub-portfolios – the money market portfolio and the fixed income portfolio. The fixed income portfolio was specifically designed to enhance the skills of the BoU staff involved in fixed income trading operations under the guidance of the World Bank Treasury.

The internally managed portfolio market value increased by 26.8 percent from USD 1,402.9 million at the beginning of July 2011 to USD 1,779.5 million at the end of June 2012 as shown in Figure 18 below. The increase was partly attributed to the capital gains tax revenue funds of USD 449.4 million that were transferred to reserves on July 20, 2011 and the Bank's regular purchases of foreign exchange from the interbank foreign exchange market for the reserve build-up.

The bulk of Bank of Uganda's internally managed portfolio was invested in highly liquid money market instruments. As at end-June 2012, USD 170.9 million was held in the liquidity tranche in the form of repurchase agreements, overnight deposits and current account balances, USD 50 million was held in the emergency tranche, in form of deposits and treasury bills of up to 3 months. The investment tranche had USD 1,575.7 million held in bank deposits, Treasury bills, the World Bank Central Bank Facility (CBF), Equity at Afrexim Bank and US treasury bonds under the RAMP programme.

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



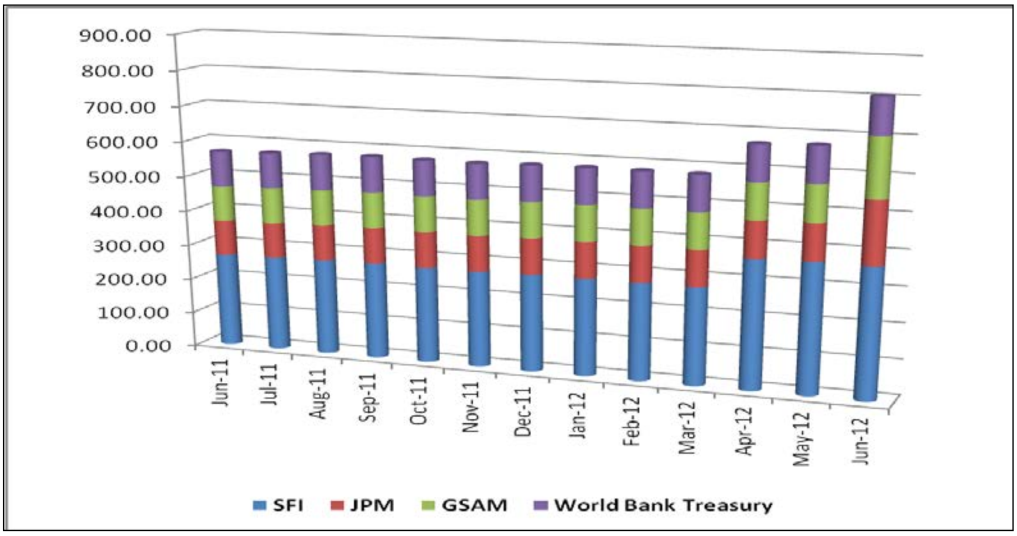
Source: Bank of Uganda

On 31st May 2012, the Bank of Uganda completed one year on the World Bank Reserves Advisory Management Programme (RAMP), a three-year cost recovery capacity building programme aimed at training staff in bond trading and fixed income analytics. At inception, USD 100 million was availed from the internally managed bond portfolio with the objective of matching the risk-return profile of the Bank of America Merrill Lynch 0-1 year US treasuries. By the end of June 2012, the portfolio had grown to USD 100.2 million with a credit profile which was compliant with the policy parameters and specifications set out in BOU's reserve management guidelines.

During the last quarter of the financial year, the Bank allocated an additional USD 220 million to three of the fund managers – Strategic Fixed Income LLC (SFI), JP Morgan Asset Management (JPMAM) and Goldman Sachs Asset Management (GSAM) which contributed to raising the externally managed portfolio. As a result, the externally managed fund accounted for approximately 27.2 percent of the Bank's total foreign reserves from about 24 percent at the end of the previous financial year. The market value of the externally managed fund moved from USD 569.3 million at the beginning of July 2011 to USD 805.9 million at the end of June 2012, of which, 45.6 percent was managed by Strategic Fixed Income LLC. The trend of the externally managed fund market value is shown in Figure 19 below:

In terms of market exposure, the fund was mainly concentrated in the US, the core Euro zone markets and other G10 government bond markets with zero exposure to the

Figure 19 The Trend of the Market Value of the Externally Managed Portfolio (Million USD)



Source: Bank of Uganda

troubled peripheral euro zone markets, which are facing the sovereign debt crisis and banking sector problems.

14.3 POLICY ACTIONS

The Bank continued to place investable funds in only highly rated commercial banks and multilateral institutions such as the Bank for International Settlements (BIS), World Bank and the International Monetary Fund to ensure safety of the reserves. During the period under review, the strategy of the Bank's regular purchases of the foreign exchange from the IFEM for reserve build-up was maintained during the year. The Board also approved allocation of additional funds to external fund managers with the aim of enhancing return in light of the ultra-low returns from the money markets. Furthermore, the Bank approved the proposal to invest in Australian money market deposits to enhance diversification and return of the reserve portfolio and also increased the unhedged currency exposure for the externally managed portfolio from 10 percent to 20 percent. All the necessary amendments in the investment guidelines have been incorporated to facilitate the implementation process.

14.4 OUTLOOK

Although European markets remain volatile, economic growth is forecast to rebound over the remainder of 2012 largely supported by the liquidity injections from the Central Banks as well as the extension of the asset purchase programmes. Some recovery in the advanced economies is anticipated, which might bring these countries back to the pre-recession growth trend of a little more than 2 percent. However, the greatest challenge for the global economy in this slow growth environment is the low global demand in the face of rising concerns over the unresolved Euro zone debt crisis.

15 DOMESTIC FINANCIAL MARKETS DEVELOPMENTS

15.1 OVERVIEW

During the year to June 2012, the Bank's monetary and financial policies continued to support the development of financial and money markets, particularly Government securities. Bank of Uganda conducted Open Market Operations using T-Bills of 91-, 182-, and 364-days, T-Bonds of 2, 3, 5, and 10 years, and the Repo and reverse Repo of up to 14 days. The T-bonds have since 2004 been efficient liquidity management tools in the sterilization of structural net liquidity injected into the economy by the fiscal operations of the Government. The primary dealer system has continued to underpin the increase in the depth and access to liquidity in the Government securities market through the primary auctions, Repo and secondary market operations.

The actual issuance of treasury securities has been dependant on the periodic evolution of liquidity versus the forecast and on the chosen mix of policy instruments. Management of rollover risk has been tied to the maturity profile of treasury bonds. The Bank of Uganda has continued the practice of re-opening treasury bonds to create benchmark bonds with greater liquidity and facilitate the development of the secondary market.

15.2 TREASURY BILLS AND BONDS

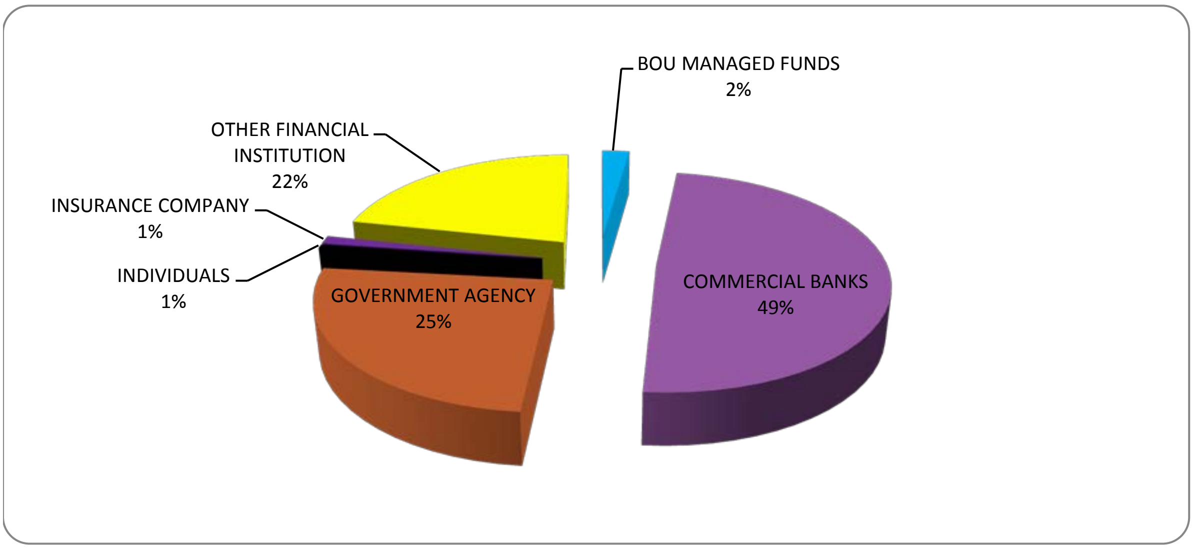
During 2011/12, the Bank of Uganda issued Treasury bills and bonds in different tenures for monetary policy implementation. During the year to 30 June 2012, a total of UShs 4,576.1 billion worth of new securities was issued of which UShs 3,241.2 billion were Treasury bills and UShs 1,336.0 billion were Treasury bonds. Government securities redemptions in the period amounted to UShs 2,518.7 billion. As at end June 2012, the outstanding stock of Treasury bills stood at UShs 2,478.1 billion while that of Treasury bond stood at UShs 3,199.8 billion.

As at end June 2012, commercial banks held the largest portfolio of government securities at 49 percent of the total outstanding stock, followed by the National Social Security Fund and related institutions with 25 percent, and the non-banking financial institutions with 22 percent. The Offshore investors held 16 percent of outstanding stock of government securities.

15.3 SECURITIES RATES

The Bank pursued a tight monetary policy stance throughout the year in order to tame inflationary pressures spurred mainly by adverse weather and exogenous factors. In line with the rising inflation, interest rates increased on both the short- and the long-ends of the market. By end-June 2012, the effective yields on the 91-, 182-, and 364-day

Figure 20 Treasury Securities Outstanding Stock by Holder Category as at June 30, 2012



Source: Bank of Uganda

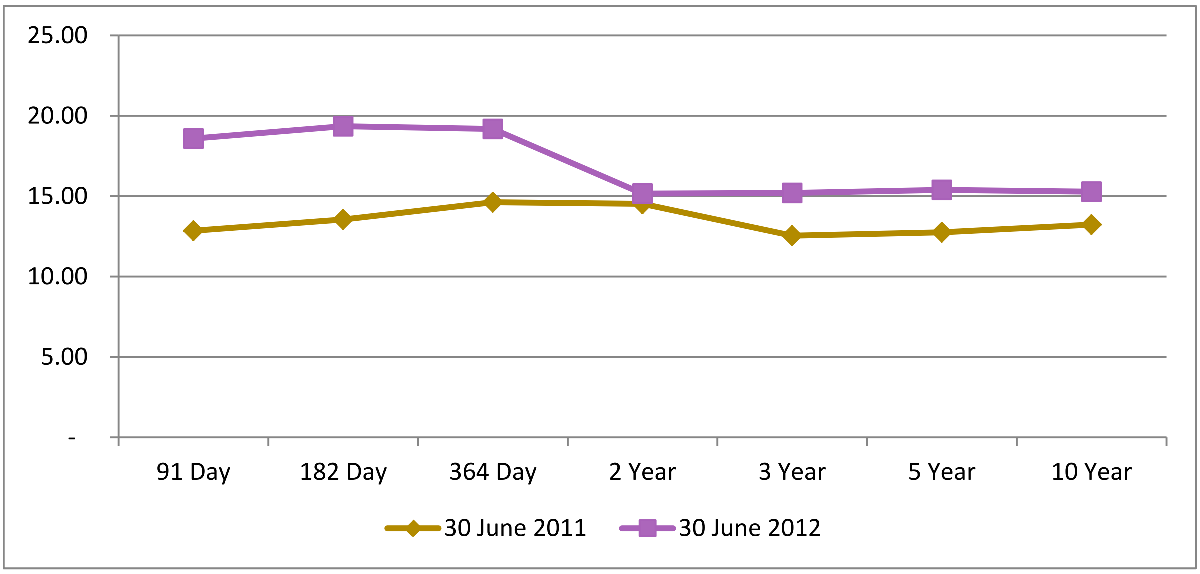
Treasury bills stood at 18.6, 19.2 and 19.1 percent, respectively, which was a significant rise compared to the corresponding rates of 13.3, 14 and 15.2 percent by end-June 2011.

The average yields to maturity on all the Treasury bonds also increased due to the tight monetary policy stance. The increase was in spite of excess demand for government securities as evidenced by large oversubscriptions in the primary market auctions throughout the year.

15.4 THE REPURCHASE AGREEMENT (REPO) MARKET

The Repo market between the Bank and the primary dealers used for the day-to-day short-term liquidity management registered total sales of UShs 10,791.6 billion, offered in tenures ranging from overnight to 14 days. The repo sales fell to UShs 1,899.3 billion from UShs 4,481.7 billion of 2010/11. While the

Figure 21 Government Securities Yield Curve Comparisons: June 2011 vs June 2012



Source: Bank of Uganda

reverse repo transactions increased from 6,485.0 billion at a weighted average rate (WAR) of 6.5 percent to UShs 8,897.3 billion at a WAR of 21.4 percent. The increased activity of the Repo market was due to Bank of Uganda's robust use of the flexible daily liquidity management in line with the Inflation Targeting Lite (ITL) framework. The short term Repo market interest rates edged up due to the tighter liquidity conditions coupled with inflationary pressures throughout the period.

15.5 SECONDARY MARKET DEVELOPMENTS

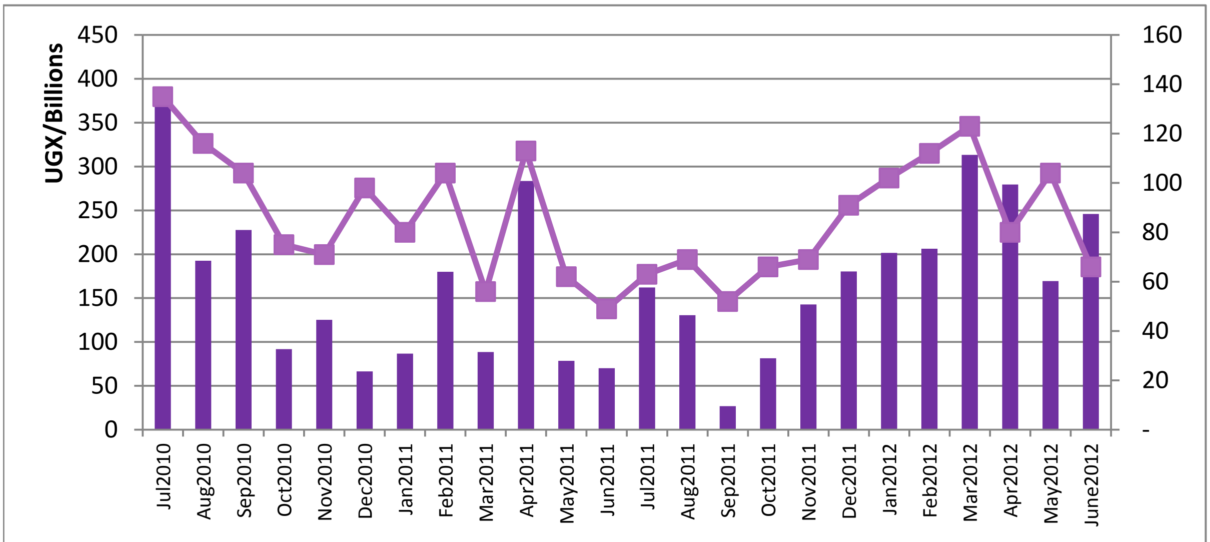
During the period under review, trading in the secondary market for Treasury securities marginally increased by 58 percent from UShs 1,874.4 billion in the year to June 2011 to UShs 2,956.2 billion in the year to June 2012. The monthly out-turn in the secondary market is shown in Figure 22 below.

This increased value of the transactions was largely on account of the rising interest rates and large over subscriptions in the primary auctions that gave investors profit-making opportunities through sales in the secondary market. The number of secondary market transactions in 2011/2012 however declined marginally to 997 compared to 1,063 transactions in 2010/2011.

15.6 PRIMARY DEALER SYSTEM REFORMS

The Primary Dealer System that was introduced in February 2003, comprises of the two components namely, incentives to motivate the Primary Dealers to achieve policy objectives and obligations that have to be performed by the Primary Dealers. In January 2005, the Bank of Uganda launched the Monthly Award for the Best Primary dealer in Government Securities. The results of the monthly awards are used to determine the winner of the Award for the Primary dealer of Government Securities for the year. These two awards have promoted public

Figure 22 Secondary Market Trades of Government Securities Jul-2010 to Jun-2012



Source: Bank of Uganda

Table 11 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
Year 2011	Stanbic Bank

Source: Bank of Uganda

awareness of the Primary dealers and the services that they provide to investors in Government securities. The PDs have included performance in the Primary Dealer awards as part of their overall corporate performance objectives. This explains the excellent performance and high competition among the PDs since the inception of the award system in 2005.

The PD system has resulted in remarkable improvements in market performance as reflected in substantial growth in auction oversubscriptions for Treasury bills, bonds and REPOs as well as increased secondary market activity over the years. There are more PD reforms envisaged to be implemented in 2012/2013 including the introduction of non-bank dealers, underwriting of Government securities by PDs, daily updated secondary market yield curve availed to the public, setting bond coupons during auctions and movement to yield-basis from price-basis bidding in primary auctions.

15.7 UPGRADE OF CENTRAL DEPOSITORY SYSTEM (CDS)

In order to keep in line with the increasing and dynamic market for government securities in Uganda, Bank of Uganda embarked on the upgrade of the Central Depository System in a bid to customize, install and implement a tested off-the-shelf CSD that is more operationally sound, secure, robust, reliable and efficient than the current system. The upgraded system that is expected in the early part of the second quarter of 2012/2013, is envisaged to generate among others, the following benefits to the market:

- Electronic submission of bids by primary dealers on behalf of clients and on their own
- Automated secondary market and all REPO operations
- Online access by retail investors to the 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, and with a number of other financial sector reform activities being implemented under the East African Community, the financial sector is expected to develop sound and vibrant financial markets both in Uganda and the region and support efficient mobilization of resources necessary for economic diversification and sustainable growth.

15.8 TRADE REPORTING PROJECT

Bank of Uganda together with the Thomson Reuters embarked on a project of procurement, customization, installation and implementation of an automated trading platform that would provide visibility of real time updates of interbank trades for both the domestic shillings market and foreign exchange market .The Thomson Reuters technical team met with commercial bank representatives and a project implementation brief was discussed. BOU has subsequently advised the commercial banks on the hardware and software requirements needed for installation of the Reuters Dealer Tracker in line with the project plan. Implementation is expected in the late part of the first quarter of 2012/2013. Presently, Thomson Reuters is in constant dialogue with both the BOU team and commercial Bank representatives on user requirements and all necessary project specifications.

15.9 REVIEW OF THE MASTER REPURCHASE AGREEMENT (MRA)

In order to improve efficiency of the activities of the secondary market and specifically the Repurchase Agreement (s) transactions, Bank of Uganda decided that the current Master Repurchase Agreement (MRA) be amended. Commercial Banks were tasked to submit their comments and queries and subsequently discussions were held with members from Commercial Banks in the later part of 2011/12. The issues and suggestions raised were resolved and unanimous consensus was reached to adopt and assimilate these recommendations into a new MRA. The amended MRA is to be circulated to all Commercial Banks early in 2012/13 and thereafter the final copy for signing by all stakeholders.

15.10 OTHER INITIATIVES AIMED AT DEEPENING THE FINANCIAL MARKETS

The BOU in partnership with the Ministry of Foreign Affairs and UNDP are undertaking a feasibility study aimed at establishing an International Diaspora Bond which would tap into the resources from the Ugandans living and working in the Diaspora and channel them into productive sectors of the economy. The BOU in partnership with the IMF and the Central Banks of the Partner States has developed a roadmap for the harmonization of the monetary and foreign exchange operations in the region as a step towards the integration of the East African financial markets.

16 THE DEVELOPMENTS IN THE NATIONAL PAYMENT SYSTEM

The 2011/12 Financial Year registered major developments in the National Payment System. There was a rapid growth of mobile money payments and further developments were noted in the on-going implementation of East African Payment System (EAPS), Central Securities Depository (CSD) System for Government Securities and COMESA Regional Payment and Settlement System (REPSS).

16.1 PAYMENT SYSTEM UPGRADES AND ON-GOING IMPLEMENTATIONS

16.1.1 UNIS/RTGS SYSTEM

During the year, the Real Time Gross Settlement (RTGS) System commonly known as the Uganda National Interbank Settlement System (UNISS) was upgraded to support multicurrency payments and settlements in USD, EUR, and GBP in addition to the East African Community (EAC) currencies of TZS and KES. The system is able to accommodate other currencies as and when required by the participating institutions.

16.1.2 EAST AFRICAN PAYMENT SYSTEM (EAPS)

East African Payment System (EAPS) implementation is still on-going with the functionality testing stage having been concluded successfully in the fourth quarter of 2011/12 by three East African countries namely; Uganda, Kenya and Tanzania. Rwanda and Burundi are yet to commence EAPS implementation. Operationalisation of EAPS is expected to ease regional transaction processing by providing a faster means of transferring funds across borders at cheaper costs.

16.1.3 CENTRAL SECURITIES DEPOSITORY (CSD)

Bank of Uganda is implementing a robust and efficient Central Securities Depository (CSD) System for Government Securities. This will enhance efficiency and strengthen risk management in financial markets activities. Testing of Central Securities Depository (CSD) Systems functionality is going on and it is expected to go live in the second quarter of the FY 2012/13.

16.1.4 COMESA REGIONAL PAYMENT AND SETTLEMENT SYSTEM (REPSS)

The COMESA Regional Payment and Settlement System (REPSS), a regional cross border clearing system is expected to facilitate settlement of trade within the Common Market of Eastern and Southern Africa (COMESA) in US Dollars and Euros. The system is currently undergoing functionality testing.

16.2 PERFORMANCE OF PAYMENT SYSTEM STREAMS AND INSTRUMENTS

During 2011/12, there was a rapid growth in volume and value of mobile money and other electronic payment transactions. The Bank will continue carrying out public awareness (campaign) on payment system streams and instruments.

16.2.1 RTGS/UNIS SYSTEM AND ELECTRONIC CLEARING SYSTEM TRANSACTIONS (IN UG.SHS)

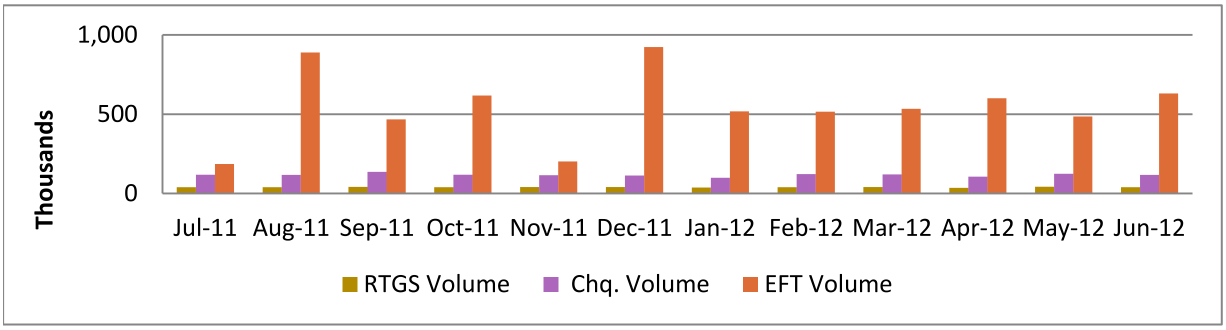
The Real Time Gross Settlement (RTGS) System which transfers large values of money on real time basis. By end of 2011/12, UNISS had 25 participants comprising of 23 commercial banks, 1 Non-Bank Financial Institution (Post Bank Uganda Limited) and Bank of Uganda. The Electronic Clearing System (ECS) facilitates the interbank clearing of low value payments such as cheques and Electronic Funds Transfers (EFTs). By end of 2011/12, the ECS had 24 participants comprising of 23 commercial banks and Bank of Uganda.

In 2011/2012, the overall RTGS transaction volume was over 476,000 with a value of over UShs. 153 trillion settled on UNISS. In the month of June 2011, RTGS transactions totalled 37,532 valued at UShs. 10.8 trillion. This figure has grown by 6.3 percent to 39,879 transactions valued at UShs. 13.1 trillion, an increase of 21 percent in the month of June 2012.

During 2011/2012, over 1.5 million Cheque transactions valued at UShs. 6.6 trillion were cleared in the ECS. In the month of June 2011 the volume of cheque transactions was 126,410 compared to 116,772 in the month of June 2012. Their corresponding values were UShs. 513 billion and UShs 486 billion respectively.

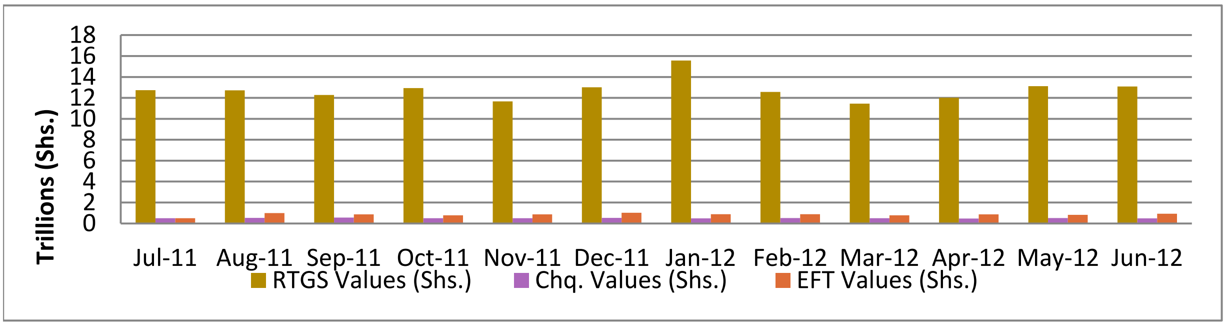
During 2011/2012, the overall EFT transaction volume was over 6.9 million with a value of over UShs. 10.9 trillion. In the month of June

Figure 23 Volume of RTGS and Electronic Clearing System Transactions



Source: Bank of Uganda

Figure 24 Total Value of RTGS and Electronic Clearing System Transactions



Source: Bank of Uganda

2011, over 758,000 EFT transactions valued at UShs. 962 billion were cleared in the ECS. However in June 2012, the figure reduced to 630,989 EFT transactions valued at over UShs. 935.6 billion. The low EFT volumes in both July and November 2011 were due to unprocessed Government EFTs that were later processed in the subsequent months as indicated in Figure 23.

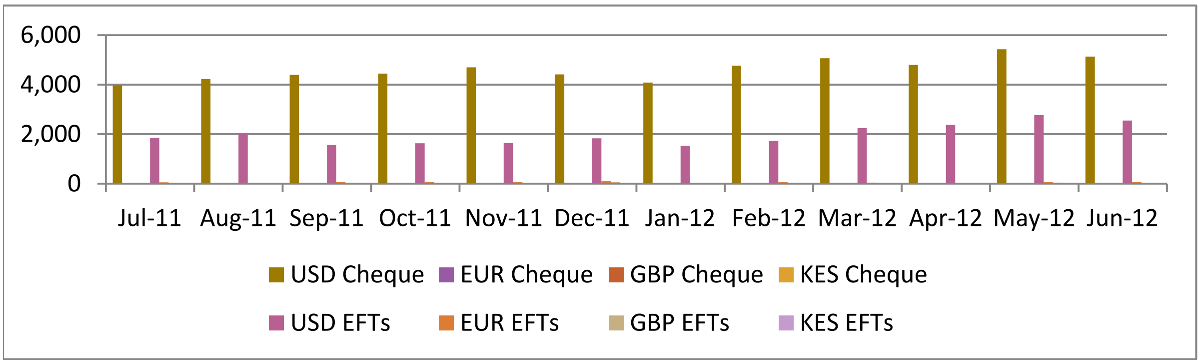
16.2.2 RTGS/UNIS SYSTEM TRANSACTIONS (IN USD, EUR, GBP, KES AND TZS)

RTGS was upgraded in May 2012 to facilitate multicurrency payments and settlements in strong currencies of USD, EUR, and GBP in addition to the East African Community currencies of TZS and KES. Table 12 shows the RTGS transactions in different currencies by volume and value:

Table 12 RTGS transactions in different currencies by volume and value

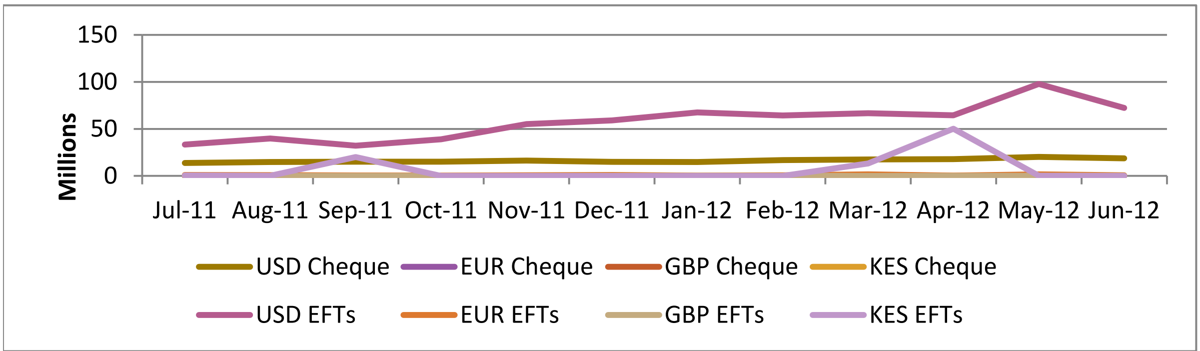
MONTH		RTGS	VOLUME		
	USD	EUR	GBP	KES	TZS
May-12	1,399	111	89	68	0
Jun-12	3,413	73	48	9	0
MONTH		**RTGS**	**VALUE**		
	USD	**EUR**	**GBP**	**KES**	**TZS**
May-12	124,446,891.47	5,942,614.28	1,393,486.59	101,030,550.00	0
Jun-12	217,063,961.59	2,888,150.36	977,738.99	187,058.00	0

Figure 25 Volume of Local Foreign Currency Clearing (LFCC) Transactions



Source: Bank of Uganda

Figure 26 Value of Local Foreign Currency Clearing (LFCC) Transactions



Source: Bank of Uganda

16.2.3 LOCAL FOREIGN CURRENCY CLEARING (LFCC) - (IN USD, EUR, GBPAND KES)

Local Foreign Currency Clearing was introduced in July 2009 to facilitate clearing of cheques and EFTs denominated in US Dollars, Pound Sterling, Euros and Kenya shillings. For the Financial Year 2011/12 the total number of USD Cheque transactions was 55,440 with a value over USD. 196 million and USD EFT transactions was 23,754 with a value of over USD. 691 million.

16.2.4 MOBILE MONEY

Mobile money transfer services have been in operation since March 2009. During the FY, Warid Telecom introduced a new mobile money transfer platform known as Warid Pesa, becoming the fourth mobile money phone operator to offer the service. The Warid Pesa boosted the volume and value of mobile money transactions significantly. In order to facilitate the mobile money services the Mobile Network Operators (MNOs) have opened trust accounts at various commercial banks; Stanbic Bank (MTN Mobile Money), DFCU Bank (UTL's M-Sente), Standard Chartered Bank (Airtel's Zap) and Equity Bank (Warid Pesa).

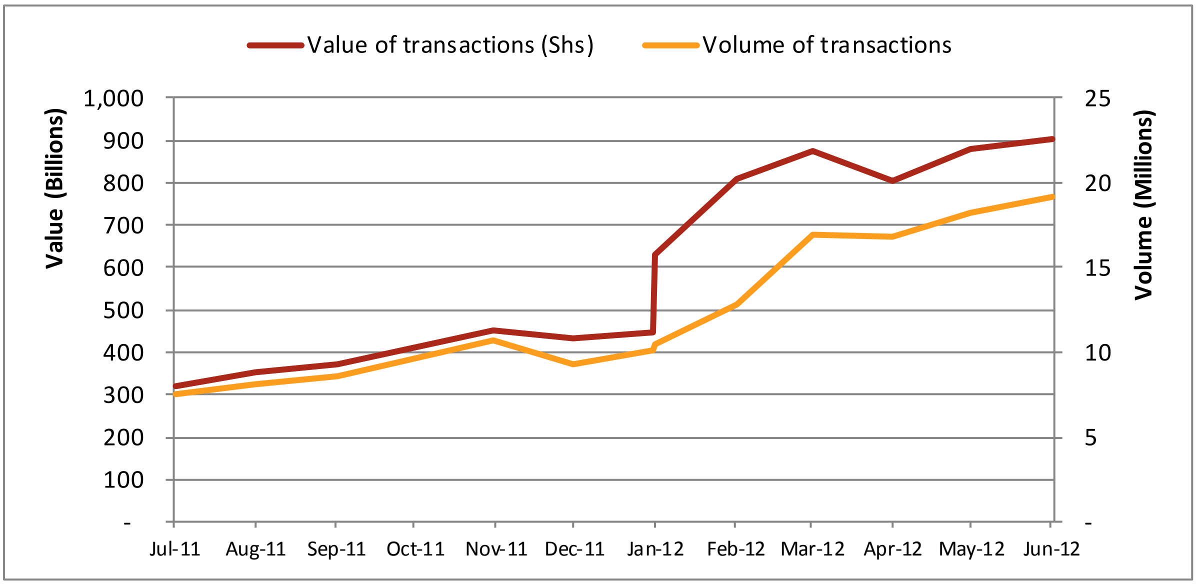
The total number of Mobile Money transactions was 148.9 million with a value over UShs 7.2 trillion in 2011/2012.

The total number of registered mobile money users more than doubled from 2,299,237 in June 2011 to 5,662,871 in June 2012 party due to mobile money service promotion by the (MNOs) conducted during the mandatory SIM cards registration exercise. In addition, most MNOs upgraded their telecommunication infrastructure by mid-FY that resulted into increased reliability/ availability of the mobile money service.

16.2.5 AUTOMATIC TELLER MACHINES (ATMS)

The total number of ATMs operated by commercial banks was 660 at the end of June

Figure 27 Mobile Money Transactions



Source: Bank of Uganda

2012. Stanbic Bank with 181 ATMs, had the highest number of ATMs accounting for 27.4 percent of the total number of ATMs, followed by Centenary with 105 ATMs or 16 percent of the total number.

Citibank does not have an ATM network by virtue of the type of business it carries out. Although Fina Bank and Global Trust Bank do not have their own ATM network, they are connected to the Interswitch with a network of 92 ATMs. Interswitch provides ATM interbank switching services to FINA Bank, Opportunity Bank, United Bank for Africa, Cairo International Bank, DFCU, Finance Trust, Global Trust, Imperial Bank, Orient Bank, FINCA and National Bank of Commerce.

Table 13 Number of Atms per Bank in June 2012

Bank Name	No. of ATMs	Percentage
Bank of Africa	29	4.39%
Barclays Bank	67	10.15%
Bank of Baroda	17	2.58%
Cairo International Bank	4	0.61%
Citibank	0	0.00%
Centenary Bank	105	15.91%
Crane Bank	46	6.97%
DFCU Bank	28	4.24%
Diamond Trust Bank	21	3.18%
ECO Bank	10	1.52%
Equity Bank	35	5.30%
Fina Bank	0	0.00%
Global Trust Bank	0	0.00%
Housing Finance Bank	20	3.03%
National Bank of Commerce	2	0.30%
KCB Bank Uganda	16	2.42%
Orient Bank	21	3.18%
Stanbic Bank	181	27.42%
Standard Chartered Bank	29	4.39%
Tropical Bank	15	2.27%
United Bank for Africa	14	2.12%
Total	**660**	**100.00%**

Source: Bank of Uganda

17 INTERNAL AUDIT FUNCTION

Internal Audit Function work plan for 2011/12 was drawn to cover 15 strategic objectives under the Customer, Financial, Internal processes and Sustainability perspectives of the SP2013. During 2011/12 the Function continued with its mission of providing independent assurance and consulting services to the Board and Management of the Bank.

Operational, financial, system, compliance and investigative audits were executed in Banking, Currency, Commercial Banking, Accounts, Research, Payments & Settlements, Financial Markets, Human Resources, Administrative Services, Communications and Statistics Departments. The risk-based approach was applied in the planning process.

System audits covered evaluation of databases and application controls of the Human Resources Management System (HRMS), Foreign Exchange Reserves Management System (FERMS), the BOU Banking System (BBS), among others. Internal Audit witnessed in the testing of the Real Time Gross Settlement System (RTGS) that went live in May 2012. The CSD Project did not go live in June 2012 as earlier planned and so technical reviews continued during the year. Nevertheless, processes and procedures in the issuance of Government securities under the current Central Depository System (CDS) were reviewed.

Quarterly reviews of the Monetary Authority Balance sheet, external assets, and currency in circulation reconciliation statements were conducted. Follow-up of Management implementation of External and Internal auditors' recommendations was done on quarterly basis. Results showed a marked growth in management implementation of audit recommendations.

Audit findings indicated that on the whole an adequate system of internal controls was in existence and in operation at the Bank for the achievement of its objectives. Where it was necessary to make improvements, action plans were agreed with management and continued to be implemented.

18 INFORMATION TECHNOLOGY DEVELOPMENTS

18.1 BUSINESS AUTOMATION

During the year, the Bank participated in regional activities related to the East African Cross-Border Payments System (EAPS), which will facilitate cross-border payments in East Africa. The system went live in May 2012.

The Bank also successfully implemented upgraded versions of applications including SWIFT, DMFAS (debt management) and E-Learning. The upgraded applications include functionality that is being exploited to improve operations and to reduce costs of operations. The Bank successfully tested the Bank Supervision Application, which is a regional initiative of several East, Central and Southern African Central Banks. The application is scheduled to go live early in 2012/13.

The Bank is testing the off-the-shelf Central Securities Depository (CSD) application supplied by CMA Small Systems AB. The application is expected to go-live in the course of 2012/13. Other initiatives that were embarked upon in 2011/12, and which are expected to complete in 2012/13 include the implementation of a Trade Reporting System, which will enable real-time inter-bank market activity monitoring, the automation of operations under the Reserves Advisory and Management Program (RAMP), which will improve the management of foreign reserves, and the upgrade of the Bank's Enterprise Resource Planning (ERP) application.

18.2 IT INFRASTRUCTURE

The Bank successfully upgraded core components of its network, providing the capability to implement additional network services in line with current technological trends. The Bank continues to effect improvements to other aspects of its IT infrastructure, in response to business requirements, and performance, capacity, security and maintenance imperatives.

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. Steady progress towards the achievement of IT maturity targets was recognized.

As part of its program to improve project management procedures and practices, the Bank arranged for formal training, sensitization and awareness on PRINCE2, the methodology upon which the Bank's IT project management procedures are based. The Bank also established internal Service Level Agreements for two critical IT systems under the effort to institutionalize formal Service Level Management practices. This is part of the wider effort to adopt international best practices in IT systems management.

19 OPERATING RESULTS FOR THE YEAR

The operating results for the year represent an analysis of how the resources of the Bank are managed. For the financial year 2011/2012, Bank of Uganda set out to work towards the achievement of following core objectives;

i. Implementing Monetary Policy,
ii. Supervising and Regulating financial and non-bank financial institutions,
iii. Facilitating efficient and safe payment systems,
iv. Prudently manage external assets reserves,
v. Providing banking and currency services to Government and financial institutions, and
vi. Promoting governance and policy,

Table 14 and Figure 29 show the summary of Actual Expenditure according to the strategic objectives of the Bank.

19.1 IMPLEMENTING MONETARY POLICY

Challenges encountered during the year weighed down the attainment of a single digit rate of Core Inflation, closing the period with an average rate of 20 percent, although the Bank remained focused on its core mandate of maintaining low and stable price levels. The Bank had targeted an average core inflation of not more than 5 percent in the medium to long term.

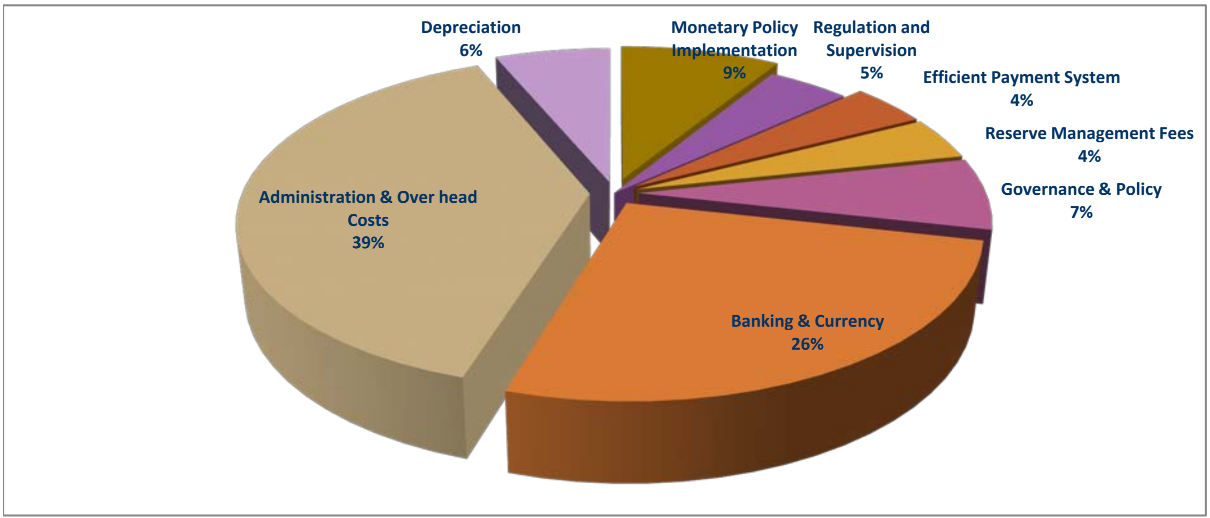
For the financial year ended 30th June 2012, The Bank incurred a cost of UShs 21,513 million *(June 2011 UShs 14,182 millions)* towards the implementation of monetary policy against the allocated budget of UShs 14,878 million representing an adverse variance of 45 percent. The main cause of the variance and the increased cost this financial

Table 14 Actual expenditure according to strategic objectives

Expenditure	Approved Budget 2011/12	Actual To 30 June 12	Actual To 30 June 11	%tage Change
(Shs' Million)	A	C	B	(B-C)/B
Monetary Policy Implementation	14,878	21,513	14,182	-52%
Regulation and Supervision	11,328	11,018	8,562	-29%
Efficient Payment System	11,198	10,317	7,747	-33%
Reserve Management Fees	12,140	10,193	7,689	-33%
Governance & Policy	17,628	17,238	12,569	-37%
Banking & Currency	95,202	64,543	78,692	18%
Cost of Core Mandates before Overheads	**162,374**	**134,822**	**129,441**	**-4%**
Administration & Over head Costs	58,420	95,962	68,598	-40%
Total controllable expenditure	**220,794**	**230,784**	**198,039**	**-17%**
Depreciation	13,000	15,506	15,888	2%
	233,794	**246,290**	**213,927**	**-15%**
Contingency	105	-	-	0%
Add: Provision			-	
Total recurrent expenditure	**233,899**	**246,289**	**213,927**	**-15%**

Source: Bank of Uganda

Figure 28 Distribution of Actual Expenditure for the Year ended 30th June -2012



Source: Bank of Uganda

year is the foreign exchange market operations aimed at stabilising the nominal exchange rate. Figure 30 shows the actual expenditure based on a year on year basis.

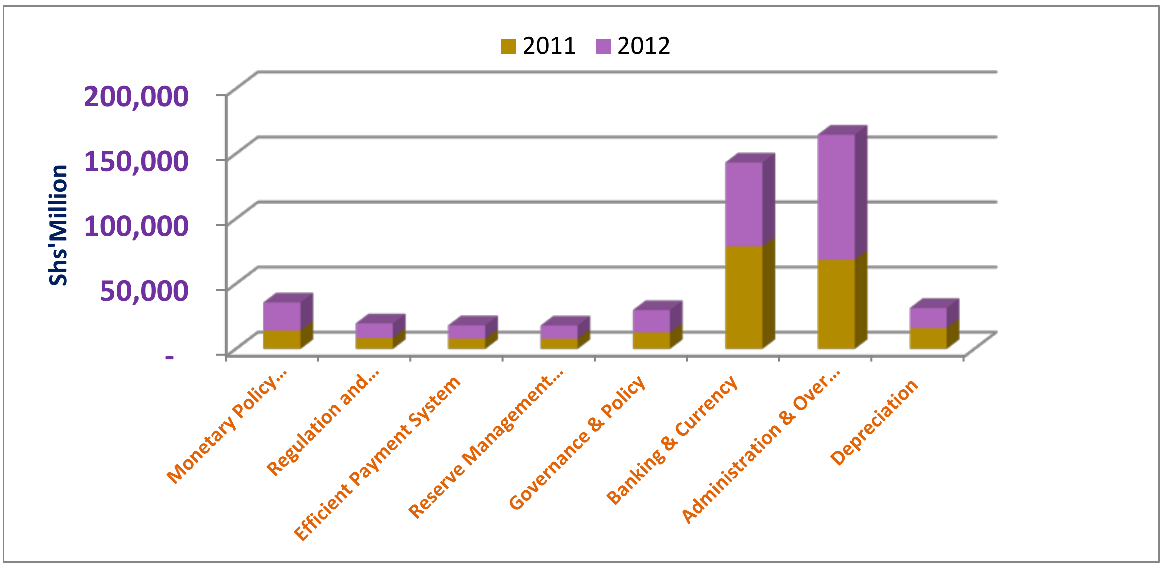
19.2 SUPERVISION AND REGULATION OF FINANCIAL AND NON-BANK FINANCIAL INSTITUTIONS

The Bank has a mandate of supervisory and regulatory oversight over the financial sector to ensure safety of depositors' funds in the supervised financial institutions.

During the year, the banking sector remained financially sound and all the financial institutions supervised by the Bank were adequately capitalized with both core and total capital to risk weighted assets well above the statutory minimum.

UShs 11,328 million was allocated for this objective for the year, of which UShs 11,018 million (June 2011 UShs 8,562 millions) was utilised representing a favourable variance of UShs 310 million (or 3 percent).

Figure 29 Actual expenditure year on year



Source: Bank of Uganda

19.3 FACILITATING EFFICIENT AND SAFE PAYMENT SYSTEMS;

As part of the Bank's strategy, automating all the business processes is being undertaken to ensure efficiency in payment systems. During the year a number of projects on improving payment systems where implemented and these include;

a) Upgrade of the Real Time Gross settlement (RTGS) system to a more stable version to support the East African Currencies and other foreign currencies like USD, Euro and GBP. The East African Countries will have their RTGSs interfaced to facilitate traders to pay for goods and services using their home currencies.

b) Upgrade of the Central Securities Depository

UShs 11,198 million was allocated for this objective and by the end of 30 June 2012, UShs 10,317 million (June 2011 UShs 7,747 millions) had been utilised representing a favourable variance of UShs 881 million (8 percent).

19.4 BANKING & CURRENCY SERVICES;

The Bank continued to ensure availability of clean notes and coins in such amounts, denominations and quality necessary to meet the needs of the public. In addition, banking services were offered to all stakeholders without major interruptions reported.

Towards this objective, the Bank proposed to spend UShs 95,202 million and UShs 64,543 million *(June 2011 UShs 78,692 millions)* had been utilised by year end representing a favourable variance of UShs 30,658 million (or 32 percent). Currency printing and coins minting alone cost the Bank UShs 45,396 million *(June 2011, UShs 61,608 millions)* representing 70 percent of the total banking and Currency costs which was way above the 21 percent in the previous financial year.

19.5 PRUDENT MANAGEMENT OF EXTERNAL ASSETS RESERVE;

The external reserve assets are allocated between the fund managers and the internally managed portfolio in accordance with the approved framework on the Bank's investments policy guidelines.

The Bank still faces a major challenge of low interest rates on investments resulting into low earnings.

For the year ended June 2012, the Bank incurred UShs 10,193 million to manage external reserve assets against a budget of UShs 12,140 million and UShs 7,689 million in the previous financial year. This expenditure includes custodial fund managers' fees.

19.5.1 INCOME

Table 15 and Figure 33 show a breakdown of the income generated from the assets of the Bank for the financial year ended 30 June 2012. During the year, the Bank realised operating income of UShs 142,660 million compared to UShs 138,156 million in 2010/11 and the projection of Shs.72,451 million. Unrealised fair valuations for the year ended June 2012 turned into a loss of UShs 501,966 million compared to a gain of UShs 955,373 million in the previous year to June 2011. This is explained mainly on account of the appreciation of the Shilling against major currencies as compared to 30 June 2011.

As can be deduced from Table 15, Non interest & other operating income contributed 59 percent followed by interest Income at 41 percent, which was offset by the unrealised foreign exchange loss.

19.5.1.1 Interest Income

Interest income earned amounted to UShs 59,161 million which was less than the previous financial year's amount of UShs 126,884 million, but was higher than the projection of UShs 57,562 million.

The performance of the interest income has been affected by the low interest rates trends in the international financial markets.

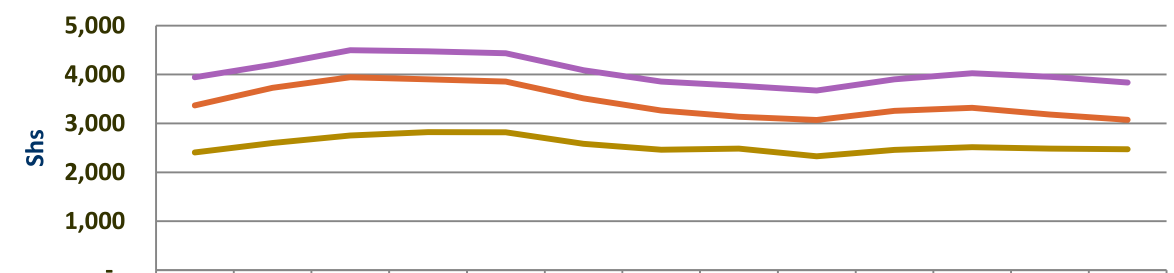
In light of the Euro zone crisis and the slowing global growth, major central banks held their policy rates at record lows. In the US zone, the Federal Reserve Bank rate averaged between 0.0 percent and 0.06 percent. In the UK, the Bank of England rate averaged at 0.67 percent, while the Euro zone stood at 0.93 percent compared to the budgeted interest rates of 0.50 percent, 1.0 percent and 1.25 percent respectively.

Table 15 Income distribution for the year ended 30 June 2012

Source of Income	Approved Budget 2011/2012 Shs'million	Actual Income To 30 June 12 Shs'million	Variance (Prorated compared to Budget) %	Actual Income To 30 June 11 Shs'million	Percentage Contribution 2011/2012
	A	B	(A-B)/B		
Interest Income	57,562	59,161	3%	126,884	41%
Non Interest & Other Operating Income	14,889	83,499	461%	11,272	59%
Total Income	72,451	142,660	97%	138,156	
Unrealised Forex Exchange Gains/(Losses)	-	(501,966)		955,373	
Net operating income	-	(359,306)		1,093,529	

Source: Bank of Uganda

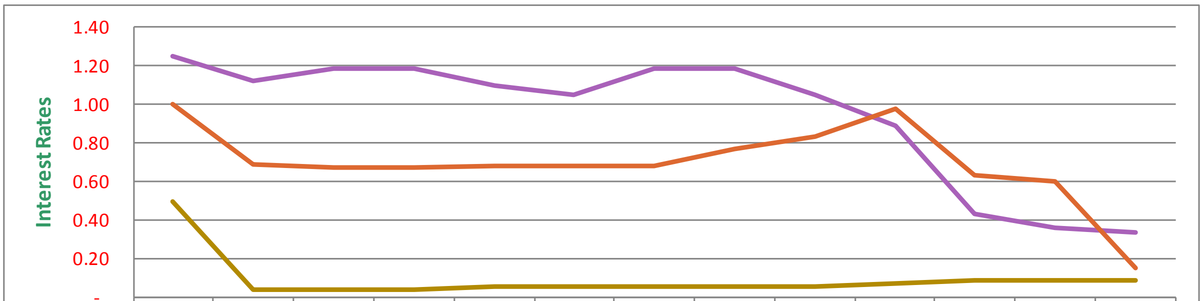
Figure 30 Exchange rate trends for the year ended 30 June 2012



	Budgeted	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
USD	2,405	2,599	2,754	2,820	2,817	2,583	2,463	2,484	2,328	2,457	2,513	2,483	2,473
GBP	3,945	4,199	4,498	4,475	4,434	4,089	3,856	3,772	3,674	3,900	4,026	3,953	3,835
EURO	3,367	3,728	3,944	3,901	3,855	3,512	3,263	3,135	3,070	3,256	3,318	3,181	3,073

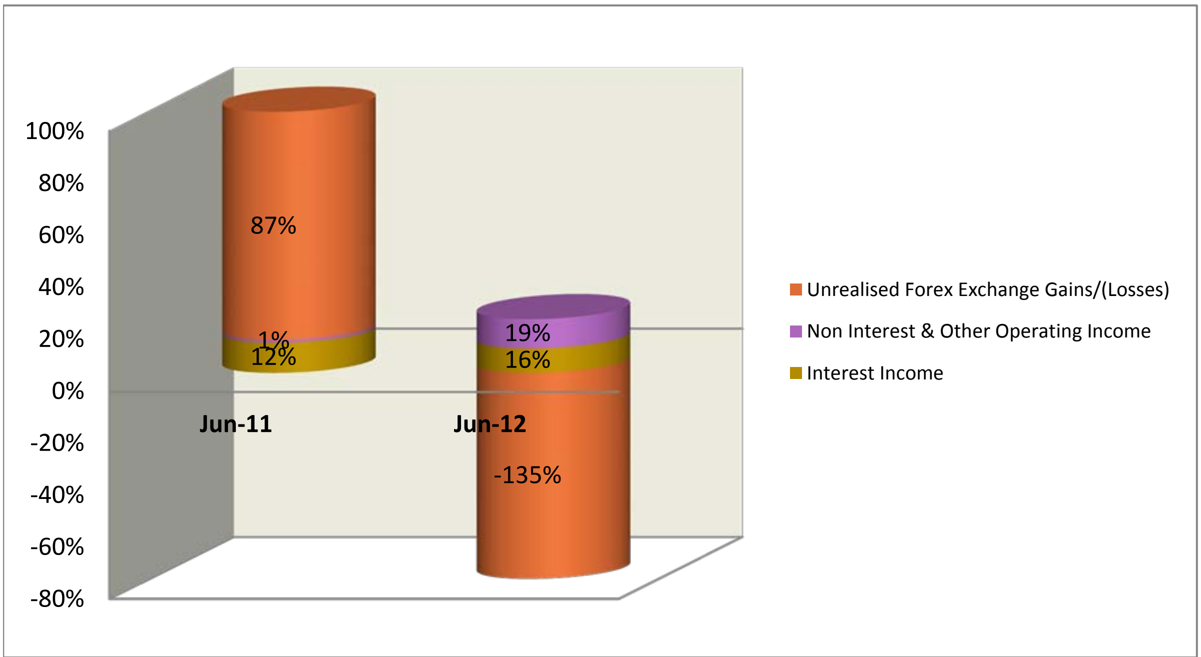
Source: Bank of Uganda

Figure 31 Interest rate trends for the year ended 30 June 2012



	Budgeted	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
USD	0.50	0.04	0.04	0.04	0.06	0.06	0.06	0.06	0.06	0.07	0.09	0.09	0.09
EURO	1.25	1.12	1.19	1.19	1.10	1.05	1.19	1.19	1.05	0.89	0.43	0.36	0.34
GBP	1.00	0.69	0.67	0.67	0.68	0.68	0.68	0.77	0.83	0.98	0.63	0.60	0.15

Figure 32 Income distribution for the year ended 30 June 2011 and 30 June 2012



Source: Bank of Uganda

The Uganda shilling has been volatile against the US Dollar in the financial year averaging UShs 2,566, UShs 3,947 per the GBP and UShs 3,388 per EURO compared to the projected rates of UShs 2,405, UShs 3,945 and UShs.3,367 respectively. Figure 31 & Figure 32 show the monthly trends of interest and exchange rates respectively for the period to 30th June 2012.

19.5.1.2 Non Interest & Other Operating Income

This includes gains and losses on externally managed funds, commissions on development finance loans, RTGS charges and other local incomes.

Earnings from non interest and other operating income for the year ended 30 June 2012 amounted to UShs 83,499 million versus a projection of Shs.14,889 million and a previous year's amount of UShs 11,272 million. The favourable performance is explained by among others, a net extraordinary gain amounting to UShs 55,365 million realised by the Bank during the year. Following the turbulence in the Euro zone, the fund managers were forced to unwind their Euro positions into USD resulting into a gain.

19.6 PROMOTING GOVERNANCE AND POLICY

The Bank has in place a strong Governance framework to ensure that strategic management is steered in accordance with the Mission and Vision. The strategy was reviewed and revised to a 5 year strategic plan (SP 2012-17). In addition, the Board and Management oversight remained strong.

UShs 17,628 million was provided for this objective of which UShs 17,238 million was incurred in the 2011/2012, representing a positive variance of 2 percent.

19.7 OVER HEADS

These costs mainly cover administration and other support services that are not directly attributed to the core mandates of the Bank but give support. Such support services include; construction and other works, plant & equipment maintenance, facilities management, procurement services, inventory/stock management, transport services, fixed assets management, catering services and insurance.

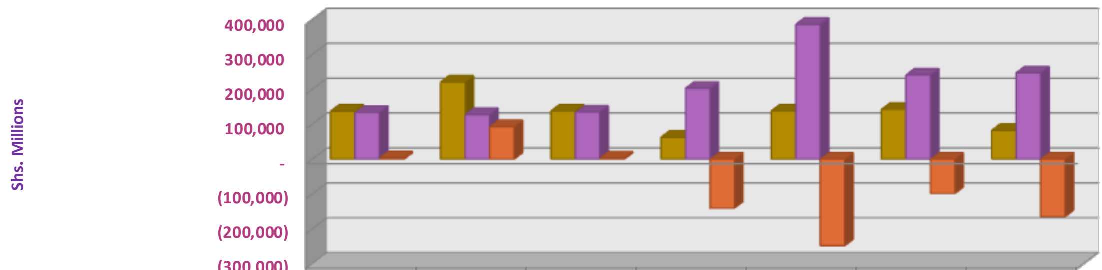
The Bank allocated UShs 58,420 million towards meeting the costs of the overheads; and UShs 95,896 million had been spent by the end of the 2011/2012 representing an adverse variance of UShs 37,476 million. The variance is attributed to provisions from outstanding staff leave, fair valuation of staff loans and net liability in respect of the defined benefit scheme.

The depreciation expense amounted to UShs 15,506 million compared to a budget of UShs 13,000 million resulting in an adverse of UShs 2,506 million (or 19 percent).

19.8 NET OPERATING RESULTS

The actual net operating deficit for the year amounted to UShs 98,459 million after depreciation costs. The outturn was much lower than the previous financial year's deficit

Figure 33 Actual net surplus/(deficit) before exchange gains/(losses)



	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/2010 Actual	2010/2011 Actual	2011/2012 Actual	2012/2013 Budget
Net interest & non interest income	137,268	221,130	137,750	62,773	138,156	142,660	82,348
Operating Expenditure	133,736	127,794	134,865	202,997	386,477	241,119	247,349
Net operating Surplus/(Deficit)	3,532	93,336	2,885	(140,224)	(248,321)	(98,459)	(165,001)

Source: Bank of Uganda

Table 16 Income and expenditure trends for the years 2006/07 to 2011/2012

	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Budget 2012/13
Income							
Interest Income	118,536	195,207	114,804	38,254	129,534	60,773	65,725
Interest Expense (IMF charges)	(3,220)	(2,116)	(1,279)	(1,297)	(2,648)	(1,611)	(1,400)
Net Interest Income	**115,316**	**193,091**	**113,525**	**36,957**	**126,886**	**59,161**	**64,325**
Non interest & Other operating income	23,738	29,237	26,334	27,850	13,740	87,094	25,942
Fees for Reserve Management	(1,786)	(1,198)	(2,109)	(2,034)	(2,470)	(3,595)	(7,919)
Net Non interest income	**21,952**	**28,039**	**24,225**	**25,816**	**11,270**	**83,499**	**18,023**
Net interest & non interest income	137,268	221,130	137,750	62,773	138,156	142,660	82,348
Foreign exchange and fair value (losses)/ gains	(266,789)	99,876	767,335	109,932	955,373	(501,966)	-
Net operating income	**(129,521)**	**321,006**	**905,085**	**172,705**	**1,093,529**	**(359,306)**	**82,348**
Expenses							
General & Administration Costs	(85,445)	(72,407)	(90,763)	(91,825)	(125,313)	(136,932)	(146,767)
Currency costs	(16,168)	(23,212)	(30,967)	(93,597)	(65,484)	(48,767)	(68,318)
Provision for Impairment Costs	(19,276)	(10,836)	(762)	(971)	(153,153)	(152)	-
Financial & Professional Charges	(1,464)	(3,388)	(7,580)	(7,088)	(7,243)	(10,697)	(17,264)
Depreciation	(9,840)	(18,247)	(8,062)	(11,829)	(15,888)	(15,506)	(15,000)
Actuarial gains on defined benefit pension obligations	(1,543)	296	3,269	2,313	(19,396)	(29,066)	-
Total Operating Expenditure	**(133,736)**	**(127,794)**	**(134,865)**	**(202,997)**	**(386,477)**	**(241,120)**	**(247,349)**
Net (Deficit)/Surplus	**(263,257)**	**193,212**	**770,220**	**(30,292)**	**707,052**	**(600,426)**	**(165,001)**
Other Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income for the year	**(263,257)**	**193,212**	**770,220**	**(30,292)**	**707,052**	**(600,426)**	**(165,001)**
Capital Expenditure	10,723	27,522	18,970	26,740	14,354	14,111	31,837

Source: Bank of Uganda

of UShs 248,321 million and the projected deficit of UShs 161,448 million.

This was mainly on account of two factors:

i. The aforementioned extraordinary gain in non-interest income

ii. Cost rationalisation measures were undertaken where some non-core services, including transport and security, were out-sourced.

Overall, the Bank's operational costs remained within the approved budget limits despite the pressures of the Uganda shilling against the other major currencies.

19.9 CAPITAL EXPENDITURE

The Capital expenditure for the year ended 30th June 2012 amounted to UShs 14,111 million compared to the approved budget of UShs 28,581 million and the last financial year's amount of UShs 14,354 million, representing an absorption capacity of 49 percent. Table 17 shows the capital expenditures under the major expenditure heads;

19.10 IT RELATED PROJECTS

UShs 7,544 million was approved for 2011/12, representing 26 percent of the total Budget. Out of this, an amount of UShs 1,441 million was incurred in the year to June 2012. For the IT projects which included the DMFAS

Upgrade at UShs 231 million, Central Securities Depository System UShs 456 million, E. African Cross Boarder Payment System UShs 621 million and SWIFT Net Configuration at UShs 133 million. The amount accounted for 10 percent of total capital expenditure.

19.11 BUILDING WORKS

UShs 11,119 million was allocated for the building works in 2011/12. Of the total budget, almost 70 percent, UShs 7,619 million was incurred to finance a number of buildings projects and repairs.

The projects done included the upgrade of lifts in the new building which cost UShs 416 million, improvement of the vaults at Mbarara Currency Centre at UShs.397 million, the replacement of worn out carpets in the Bank at UShs 521 million and the construction of a new building for the Kabale Currency Centre at UShs 5,200 million. Building works accounted for 54 percent of the capital expenditure.

19.12 OFFICE MACHINES AND EQUIPMENT

The purchases of office machines and equipment had been budgeted at UShs 4,636 million. By the close of the financial year, almost 30 percent of the budget amount, UShs.1,321 million had been spent on this item.

19.13 OFFICE FURNITURE

The Bank purchased and acquired office furniture worth UShs 487 million which was within the budgeted amount for the year.

19.14 MOTOR VEHICLES

Out of UShs 1,100 million budgeted for motor vehicles, UShs 1,257 million has been committed to pay for two Land Rovers. The marginal over expenditure was mainly due to foreign exchange fluctuations.

19.15 PLANT AND EQUIPMENT

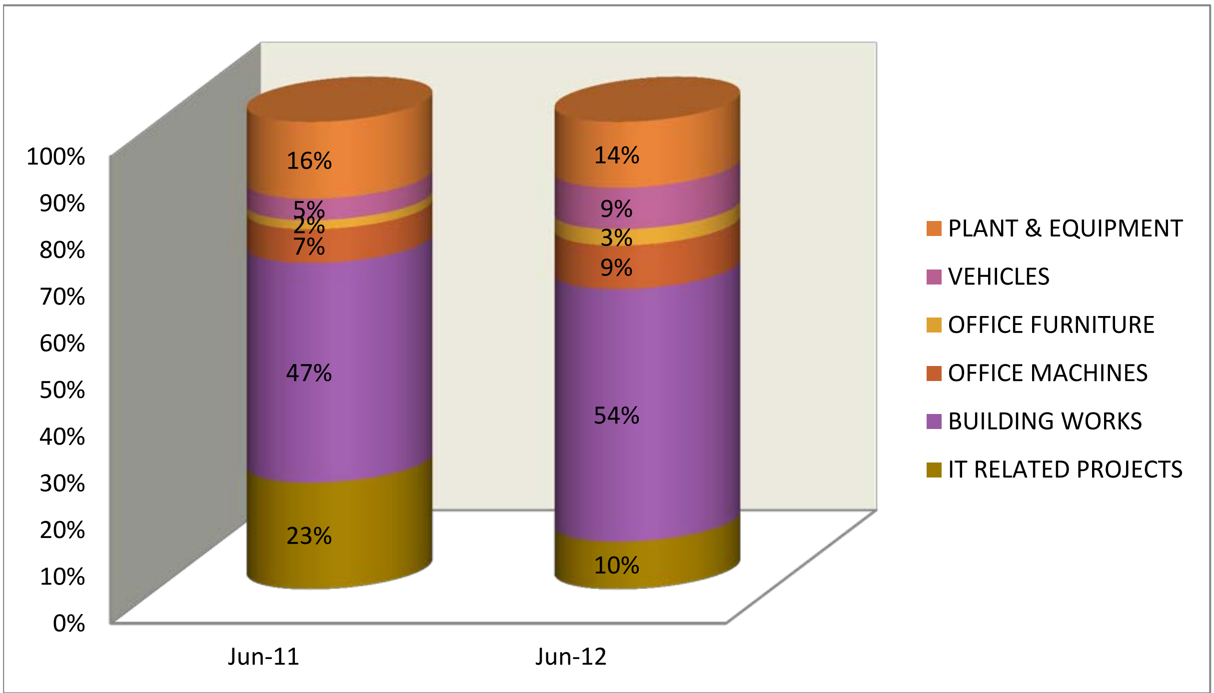
About 13 percent of the total budget, equivalent to UShs 3,681 million was approved to cater for plant and equipment during the financial year. A total of UShs 1,986 million (representing 14 percent of the total

Table 17 Capital expenditure for the year ended 30 June 2012

PARTICULARS	Approved Budget	Actual	Absorption	Actual	Absorption
	2011/12	Jun-12	June-12	Jun-11	June-11
	Shs'm	Shs'm	%		%
IT RELATED PROJECTS	7,544	1,441	19%	3,282	69%
BUILDING WORKS	11,119	7,619	69%	6,734	70%
OFFICE MACHINES	4,636	1,321	28%	1,042	101%
OFFICE FURNITURE	500	487	97%	276	92%
VEHICLES	1,101	1,257	114%	660	92%
PLANT & EQUIPMENT	3,681	1,986	54%	2,360	111%
Total	**28,581**	**14,111**	**49%**	**14,354**	**77%**

Source: Bank of Uganda

Figure 34 Distribution of Capital Expenditure for the periods to 30 June 11 and 30 June 12



Source: Bank of Uganda

capital expenditure) was spent during the year. Amounts of UShs 647 million went towards the purchase of generators; UShs 306 million for CCTV cameras while UShs 608 million was spent on UPS and Stabilizers. The Bank also incurred UShs 151 million towards the upgrade of the Air conditioning system.

19.16 STATEMENT OF FINANCIAL POSITION

This statement shows the level 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.

19.16.1 ASSETS

Total assets increased by 16.3 percent to UShs 14,230,749 million from the previous year's end position of UShs 12,231,829 million. The assets are comprised of foreign assets at 53 percent and domestic assets at 47 percent.

19.16.1.1 Foreign Assets

Foreign assets of the Bank increased by 8.5 percent to UShs 7,482,187 million during the year compared to the level as at June 2011. This was as a result of the two main opposing effects: first the net foreign exchange inflows during the year which included the receipt of stamp duty of USD 171 million, net purchase of foreign exchange through interventions to stabilise the market and reserve build up, and net foreign exchange sales to BoU by government project managers and donor inflows. Second, the Uganda Shillings against the major international currencies by 6.8 percent, 9.8 percent and 19.6 percent against the USD, GBP, and EUR respectively as at year end as compared to end June 2011. The result of the two effects was a 8.5 percent increase of the Bank's foreign assets.

19.16.1.2 Domestic Assets

Domestic assets increased by 26.5 percent to UShs.6,748,562 million as at 30 June 2012 compared to the level as 30 June 2011. The increase was largely attributed to higher drawdowns by government.

19.16.2 LIABILITIES

Total liabilities increased by 25 percent to UShs 13,037,713 million as at 30 June 2012 compared to previous year's closing position. The liabilities are categorized into foreign and domestic.

19.16.2.1 Foreign Liabilities

Foreign liabilities which mainly comprise of SDR allocations of SDRs. 173 million. IMF obligations decreased by 12 percent in Shilling terms to UShs 646,685 million due to the appreciation of the Uganda Shillings against the SDR by 11.9 percent as compared to June 2011.

19.16.2.2 Domestic Liabilities

Domestic liabilities however increased by 27.7 percent to UShs 12,391,028 million as at end June 2012 mainly due to an increase in government deposits of 41 percent that resulted from the net issuance of Treasury bills and bonds to align structural liquidity with the monetary policy, and increased tax and non-tax revenue collections.

19.16.3 SHAREHOLDERS' FUNDS

The Bank's net worth decreased by 33.5 percent to UShs 1,193,036 million as compared to previous year's closing position. This was attributed to foreign exchange and fair value losses of UShs 501,967 million, and a deficit of UShs 98,459 million, recorded during the year ended 30 June 2012.

20 DIRECTORS' REPORT

20.1 INTRODUCTION

The Directors are pleased to present their report for the year ended 30 June 2012. 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 2012 as set out on pages 91 to 148 of this report. The Bank registered total comprehensive deficit of UShs 600,426 million compared to a surplus of UShs 707,052 million in 2010/11. The deficit in 2011/12 is largely attributed to after effects of global economic crisis which has seen interest rates continuing to trend well below pre-crisis levels and the appreciation of the Shilling against major international currencies. The abnormally low interest rates adversely affected the Bank's income given that its major income source continues to be interest earned on foreign reserves investment, and foreign exchange trading. The net interest and non-interest income for the year was UShs 142,660 million, compared to UShs 138,156 million registered in 2010/11.

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 2011/12 was UShs 98,459 million before adjusting for a non cash flow foreign exchange and fair value losses of UShs 501,967 million.

20.4 RECAPITALISATION OF THE BANK

As shown in note 43, the Bank's reserves were UShs 1,193,036 million including revenue reserves deficit of UShs 306,713 million. The Bank has developed a capitalisation plan which has been forwarded to the Ministry of Finance for consideration. Discussions have been made between the Bank and the Ministry of Finance to recapitalise the Bank in accordance with the Bank of Uganda Act.

20.5 DIVIDEND

Due to the slow recovery in the global financial markets and continued uncertainty of the future income, the Directors do not recommend payment of a dividend to government for the year ended 30 June 2012.

20.6 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)	Member

The Non-Executive Directors who held office during the year to 4 June 2012 when their term expired were:

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.

20.7 AUDITORS

In accordance with Section 43 of the Bank of Uganda Act (Cap. 51) Laws of Uganda the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended 30 June 2012, Messrs KPMG, Certified Public Accountants were appointed to act on behalf of the Auditor General.

20.8 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the directors held on 21 September 2012.

George W. Nyeko

Ag. Bank Secretary

21 September 2012

21 STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

According to the Bank of Uganda Act, the Directors are responsible for the general management of the affairs of the Bank, among other duties. They are therefore required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and 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 91 to 148, 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 2012 and of its net deficit for the year then ended. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.

The financial statements were approved at a meeting of the directors held on 21 September 2012.

Louis Kasekende

Prof Emmanuel Tumusiime-Mutebile

Chairman

21 September 2012

Louis Kasekende (PhD)

Director

21 September 2012

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 KPMG Certified Public Accountants to audit the financial statements of the Bank on my behalf and report to me so as to enable me report to Parliament in accordance with Article 163 (4) of the Constitution of the Republic of Uganda.

22.1 REPORT ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA

The financial statements of Bank of Uganda set out on pages 91 to 148 which comprise the statement of financial position as at 30 June 2012 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 controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

22.3 AUDITOR'S RESPONSIBILITY

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

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

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

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 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Bank of Uganda Act.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

21 September 2012

23 FINANCIAL STATEMENTS

23.1 STATEMENT OF COMPREHENSIVE INCOME

Year ended		Note	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Operating income				
	Interest income	3	60,773	129,534
	Interest expense	4	(1,612)	(2,648)
Net interest income			**59,161**	**126,886**
	Non interest income	5	65,769	6,064
	Other operating income	6	21,325	7,676
	Fees for reserve management	7	(3,595)	(2,470)
Net Non interest income			**83,499**	**11,270**
Net interest & non interest income			**142,660**	**138,156**
	Foreign exchange and fair value (losses)/ gains	8	(501,967)	955,373
Net operating income			**(359,307)**	**1,093,529**
Expenses	General & administration costs	9	(136,931)	(125,313)
	Currency costs	11	(48,767)	(65,484)
	Impairment costs	12	(152)	(153,153)
	Financial and professional charges	13	(10,697)	(7,243)
	Depreciation	23	(15,506)	(15,888)
	Actuarial losses on defined benefit plans	31	(29,066)	(19,396)
			(241,119)	**(386,477)**
Net (deficit)/ surplus			**(600,426)**	**707,052**
Other comprehensive income			-	-
Total comprehensive(deficit)/surplus for the year			**(600,426)**	**707,052**

The notes set out on pages 95 to 148 form an integral part of the financial statements.

23.2 STATEMENT OF FINANCIAL POSITION

As at			30-Jun-2012 USh s (m)	30-Jun-2011 UShs (m)
Assets				
Foreign assets	Cash and cash equivalents	15	264,833	171,493
	Investments at fair value through profit or loss	16 (a)	4,693,493	4,607,328
	Investments held-for-trading	16 (b)	1,993,261	1,511,059
	Investments available-for-sale	16 (c)	1,511	1,295
	Assets held with IMF	17	529,089	605,797
Total foreign assets			**7,482,187**	**6,896,972**
Domestic assets	Investments in treasury bills	18	29,880	69,535
	Loans, advances and drawdowns to government	19	6,387,720	4,840,637
	Loans and advances to commercial banks	20	30,160	47,884
	Reverse repos	21	-	100,137
	Staff loans	22	44,944	25,698
	Property, plant and equipment	23	124,412	126,350
	Finance lease on leasehold land	24	17,487	17,637
	Other assets	25	113,959	106,979
Total domestic assets			**6,748,562**	**5,334,857**
Total assets			**14,230,749**	**12,231,829**
Liabilities				
Foreign liabilities	IMF obligations	17	646,591	733,628
	Other foreign liabilities	26	94	94
Total foreign liabilities			**646,685**	**733,722**
Domestic liabilities	Currency in circulation	27	2,204,471	2,189,817
	Government deposits	28	9,133,263	6,479,384
	Commercial banks' deposits	29	828,286	798,447
	Repos	21	29,880	69,535
	International Bank for Reconstruction & Dev't (IBRD)	30	-	206
	Employee benefits	31	29,414	16,348
	Other liabilities	32	165,714	150,768
Total domestic liabilities			**12,391,028**	**9,704,505**
Total liabilities			**13,037,713**	**10,438,227**
Equity	Issued capital	33	20,000	20,000
	Reserves	34	1,168,661	1,769,227
	Earmarked funds	35	4,375	4,375
Total Equity			**1,193,036**	**1,793,602**
Total liabilities & equity			**14,230,749**	**12,231,829**

The notes set out on pages 95 to 148 form an integral part of the financial statements.

The financial statements on pages 91 to 148 were approved by the Directors on 21 September 2012 and were signed on its behalf by:

Louis Kasekende

Prof Emmanuel Tumusiime-Mutebile
Chairman

Louis Kasekende (PhD)
Director

23.3 STATEMENT OF CHANGES IN EQUITY

	Issued capital	Translation Reserve	Asset revaluation reserve	Revenue reserve	General reserve	Earmarked funds	Total
	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)
							-
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 to Sinking Fund	-	-	-	13,652	-	(13,652)	-
Transfer EFF to UDBL	-	-	-	-	-	(3,500)	(3,500)
Interest on building loan	-	-	-	-	-	295	295
At 30 June 2011	**20,000**	**1,909,262**	**48,336**	**(208,546)**	**20,175**	**4,375**	**1,793,602**
							-
At 1 July 2011	**20,000**	**1,909,262**	**48,336**	**(208,546)**	**20,175**	**4,375**	**1,793,602**
Deficit for the year	-	-	-	(600,426)	-	-	(600,426)
Revaluation surplus release	-	-	(292)	292	-	-	-
Asset disposals	-	-	(140)	-	-	-	(140)
Foreign Exchange and fair value losses	-	(501,967)	-	501,967	-	-	-
At 30 June 2012	**20,000**	**1,407,295**	**47,904**	**(306,713)**	**20,175**	**4,375**	**1,193,036**

The notes set out on pages 95 to 148 form an integral part of the financial statements.

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-2012 USh (m)	30-Jun-2011 USh (m)
Cash flows from operating activities			
	Total comprehensive income for the year	(600,426)	707,052
	Depreciation	15,506	15,888
	Profit on sale of fixed Assets	(180)	(476)
	Actuarial losses on employee benefit plan	13,066	19,396
		(572,034)	**741,860**
Foreign Assets	Increase in investments at fair value through profit or loss	(86,165)	(48,038)
	Increase in investments held-for-trading	(482,202)	(903,099)
	Increase in investments available-for-sale	(216)	(215)
	Decrease/(increase) in assets held with IMF	76,708	(123,321)
Increase in total foreign assets		**(491,875)**	**(1,074,673)**
Domestic Assets	Decrease in investments in treasury bills	39,655	80,465
	Increase in loans, advances and drawdowns to government	(1,547,083)	(1,850,076)
	Decrease in loans and advances to commercial banks	17,724	23,545
	Decrease/(increase) in reverse repos	100,137	(100,137)
	Increase in staff loans	(19,246)	(7,659)
	Increase in other assets	(6,980)	(23,406)
Increase in total domestic assets		**(1,415,793)**	**(1,877,267)**
Increase in total assets		**(1,907,668)**	**(2,951,940)**
Foreign liabilities	(Decrease)/increase in IMF obligations	(87,037)	152,221
(Decrease)/increase in total foreign liabilities		**(87,037)**	**152,221**
Domestic Liabilities	Increase in currency in circulation	14,654	450,836
	Increase in government deposits	2,653,879	1,678,157
	Increase in commercial banks' deposits	29,839	85,200
	Decrease in repos	(39,655)	(80,465)
	Decrease in International Bank for Reconstruction & Dev't (IBRD)	(206)	(670)
	Increase in other liabilities	14,946	2,248
Increase in total domestic liabilities		**2,673,457**	**2,135,306**
Increase in total liabilities		**2,586,420**	**2,287,527**
Net Cash from / (used in) Operating Activities		**106,719**	**77,446**
Cash flows from investing activities:			
	Proceeds from sale of property, plant and equipment	190	609
	Acquisition of property, plant and equipment	(13,569)	(13,721)
	Interest on building loan	-	293
Net Cash used in Investing Activities		**(13,379)**	**(12,819)**
Cash flows from financing activities:			
	Transfer of EFF to UDBL	-	(3,500)
Net Cash used in Financing Activities		**-**	**(3,500)**
Increase in cash and cash equivalents		**93,339**	**61,128**
	Add: Cash and Cash Equivalents at the beginning of the year	171,493	110,365
Cash and Cash Equivalents at 30 June		**264,833**	**171,493**

The notes set out on pages 95 to 148 form an integral part of the financial statements.

24 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 REPORTING ENTITY

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

2 PRINCIPAL ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

2.2 STATEMENT OF COMPLIANCE

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

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

In particular information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 45 – Use of estimates and judgements.

2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those used in the previous financial year. Amendments resulting from the following new and revised standards and interpretations and improvements to IFRSs did not have any impact on the accounting policies, financial position or performance of the Bank:

IFRS 1- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)

The standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date are listed below. The Bank intends to adopt those standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Bank's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012. This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

In terms of the amendments, the following key changes will have an impact on the Bank:

- The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled;
- All actuarial gains and losses must be recognised immediately in other comprehensive income;
- The calculations of finance costs has been revised;
- Additional disclosures required for defined benefit plans; and

Possible changes to the timing of the recognition of termination benefits.

This amendment will most significantly impact the Banks recognition of actuarial gains and losses.

IFRS 7 Financial Instruments: Disclosures (Amendment) – Disclosures – Offsetting Financial Assets and Financial Liabilities

This amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The amendment is effective for annual periods beginning on or after 1 January 2013 and the Bank is still in the process of determining how it will impact the disclosures upon adoption. This amendment sets out the additional disclosure requirements resulting from the IAS 32 offsetting amendment. The impact on the financial statements is not expected to be significant.

IAS 32 Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognized amounts". This means that the right of set-off:

- must not be contingent on a future event; and,
- must be legally enforceable in all of the following circumstances:
  - the normal course of business;
  - the event of default; and,
  - the event of insolvency or bankruptcy of the entity and all of the counterparties.

This amendment will be adopted by the Bank, when it is effective for annual periods beginning or after 1 January 2013.

This amendment sets out the additional disclosure requirements resulting from the IAS 32 offsetting amendment. The impact on the financial statements is not expected to be significant.

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 financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. There are also consequential amendments to other standards to delete specific requirements for determining fair value. Clarifications on certain aspects are also provided. The Bank is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

The standards issued, which the Bank does not reasonably expect to be applicable at a future date are listed below.

IAS 12 Income Taxes – Deferred Taxes: Recovery of Underlying Assets (Amendment)

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.This amendment will have no impact on the Bank as the Bank is income tax exempt.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013 and will have no immediate impact on the Bank as it does not have any investments in associates or interests in Joint arrangements

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

This new interpretation provides guidance on how to account for stripping cost in the development phase of a surface mine. This interpretation will become effective on 1 January 2013 and will have no impact, as the Bank is not involved in mining activities.

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 that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require entities to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013 and will have no impact on the Bank as it is not party to any Joint arrangements.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.6 REVENUE RECOGNITION

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

2.6.1 INTEREST

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

2.6.2 NON-INTEREST INCOME

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

2.6.3 OTHER INCOME

Other income comprises 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 entity and a financial liability or equity instrument of another entity.

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

2.7.1 RECOGNITION

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

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

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

2.7.1.1 Financial instruments held-to-maturity

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

2.7.1.2 Held-for-trading Financial Assets

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

2.7.1.3 Available-For-Sale Financial Instruments

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

2.7.1.4 Loans and Receivables

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

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

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

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

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

2.7.1.5 Derivatives and financial instrument through profit or loss

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

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

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

2.7.2 SUBSEQUENT MEASUREMENT

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

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

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

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

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

2.7.3 OFFSETTING

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

2.7.4 DERECOGNITION

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

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

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

2.8 IMPAIRMENT

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

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

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

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

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

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

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

2.8.1 NON-FINANCIAL ASSETS

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

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generated unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

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

2.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

Property that is being constructed or developed for future use to support operations is classified as Work–in–Progress (WIP) and stated at cost until construction or development is complete, at which time the asset is reclassified as property and equipment in use.

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Bank. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognised.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in profit or loss in the year the asset is derecognised

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

2.10 FINANCE LEASE ON LEASEHOLD LAND

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

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

2.11 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 AND MINTING COSTS

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

2.13 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 when the Bank has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability.

2.16 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

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

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

When the Bank mops money from commercial banks, it creates a liability in its financial statements and secures this borrowing (liability) by assigning part of the securitized debt owing from Government to the Bank to the commercial banks it has mopped from. The Bank freezes the money mopped and pays interest at market rates on the money. The money mopped stays until maturity (7 to 14 days).

Similarly the Bank also lends money to commercial banks (reverse repo). In this process, the Bank creates an asset in its financial statements and takes a security from the borrowing bank usually in form of Treasury Bills or Bonds. The Bank earns interest on this lending. The injected money stays with the borrowing bank until maturity (7 to 14 days).

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

Effective 1 July 2012, both REPO and Reverse REPO as instruments of monetary policy will be owned and issued by the bank as opposed to prior years where the Bank issued them as an agent of

Government and both interest expense on REPOs and Interest Income on Reserve REPO will be recognised in the statement of comprehensive income

2.18 DIVIDENDS

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

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

2.19 DEPOSITS

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

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

2.20 FOREIGN CURRENCY TRANSLATION

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

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

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

2.21 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.

2.22 BANK OF UGANDA RETIREMENT BENEFITS SCHEME

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

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using interest rates of government bonds that have terms to maturity approximating to the terms of the related pension liability.

The Bank's net obligation in respect of the plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous report year exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets as at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

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

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

2.22.1 Other employee benefits

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

2.23 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.

2.24 TAXES

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

2.25 COMPARATIVES

Where necessary, comparative figures have been reclassified to conform with the current year's presentation.

3 INTEREST INCOME

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Short term deposits with foreign banks	28,417	26,315
Investments in treasury bills with foreign banks	238	589
Operating income-externally managed funds	22,885	16,781
Short term money market deposits (local)	3,874	939
Government loans *	1,458	83,085
Demand loans & staff advances (local)	3,901	1,825
	60,773	**129,534**

*This relates to interest income earned on the special loan to Government (Presidential Jet) and drawdown on the outstanding balance from the Ministry of Internal Affairs in 2011 (see note 19).

4 INTEREST EXPENSES

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

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Interest paid to IMF (SDR allocation charges)	1,612	2,648
	1,612	**2,648**

5 NON INTEREST INCOME

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Income from foreign currency trade	12,424	7,572
Commissions- foreign currency operations	1,576	3,038
Realised translation & fair value gains/(loses)	51,769	(4,546)
	65,769	**6,064**

6 OTHER OPERATING INCOME

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Disposal of vehicles	130	374
Disposal of property, plant and equipment	50	102
Licence and cheque fees	499	460
Sale of receipt books	466	387
Sale of currency	2	11
Rental income	199	29
Real time gross & national interbank settlement systems	1,231	950
Fines, penalties & hire of bullion vans	654	310
Write back of amounts previously written off/provisions	16,113	4,356
Other income	363	697
Currency processing fees	1,618	-
	21,325	**7,676**

7 FEES FOR RESERVE MANAGEMENT

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Reserve management fees and other charges	3,595	2,470
	3,595	**2,470**

8 FOREIGN EXCHANGE AND FAIR VALUE GAINS/ (LOSSES)

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Unrealised foreign exchange (loss)/gain	(489,053)	966,510
Fair value losses on investments	(12,914)	(11,137)
	(501,967)	**955,373**

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

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

The following exchange rates for major currencies have been used to convert foreign currency financial assets and liabilities to Uganda Shillings for reporting purposes as at year end;

	30-Jun-2012	30-Jun-2011
US Dollars	2,473.24	2,653.86
Euro	3,073.25	3,820.50
GBP	3,835.01	4,252.55
SDR	3,736.08	4,238.98

9 GENERAL & ADMINISTRATION COSTS

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Staff costs (note 10)	104,250	97,371
Communication expenses	3,121	2,676
Water & electricity	2,161	1,680
Ground rates & buildings insurance	1,121	947
Repairs & maintainance.- premises & equip.	4,130	3,376
Motor vehicle expenses	1,871	1,542
Travel costs	3,902	4,204
Corporate contributions	2,617	2,586
Publicity & public awareness costs	2,256	2,041
Printing & stationery	1,624	1,619
Inspection costs	688	700
General & administration costs	38	3
Furniture & equip repairs	947	1,392
Office expenses-uniforms	62	181
J Mubiru memorial lecture	145	95
Intervention costs in forex market	6,963	4,417
Directors' fees and emoluments	1,035	483
	136,931	**125,313**

10 STAFF COSTS

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Salaries,wages & allowances	70,643	52,637
Voluntary termination of service *	1,347	19,057
NSSF- contribution & provision	5,557	3,937
Staff pension fund - contributions	7,888	5,662
Gratuity	2,064	2,481
Death in service insurance	941	652
Staff welfare including medical	5,992	4,876
Training	9,818	8,069
	104,250	**97,371**

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

The average number of persons employed during the year were 977 (2011: 981). The analysis is shown below;

	30-Jun-2012 No of Staff	30-Jun-2011 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	9	9
Directors	21	21
Other	945	949
	977	**981**

11 CURRENCY COSTS

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Notes printing	42,650	57,676
Coins minting	2,746	3,932
Stock movement	280	451
Currency accessories	353	439
Currency machine maintenance	1,999	2,091
Cheque printing	96	15
Bullion van maintenance	309	352
Other currency costs	334	528
	48,767	**65,484**

12 IMPAIRMENT OF LOANS & ADVANCES

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Provision for impairment of loans & advances	152	153,153
	152	**153,153**

13 FINANCIAL AND PROFESSIONAL CHARGES

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Consultancy costs	2,668	1,472
Litigation fees & legal damages	471	128
Staff loans fair valuation	3,479	1,700
RTGS Training Expenses	36	14
Valuers' fees	7	7
Liquidation expenses	16	7
Software license & maintenance	3,820	3,727
Audit fees	110	188
Other proffessional fees	90	-
	10,697	**7,243**

14 NET (DEFICIT)/SURPLUS FOR THE YEAR

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

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Audit and other proffessional fees	200	188
Directors' emoluments	275	412
Directors' fees	759	72
Depreciation	15,506	15,888
Litigation fees & legal damages	471	128
Other income	(363)	(697)

15 CASH AND CASH EQUIVALENTS

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Foreign currency held in banking	4,382	4,566
Cash from foreign financial institutions	260,364	166,927
Credit Cards	87	-
	264,833	**171,493**

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.

16 INVESTMENTS IN SECURITIES

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
(a) At fair value through profit or loss		
Term deposits with external institutions	3,760,012	3,439,442
Treasury bills investments	370,898	602,033
Repurchase agreements	240,646	141,185
Foreign cash collateral	-	26
World bank one year deposit	74,197	79,616
Bank of Uganda managed funds	247,740	345,026
	4,693,493	**4,607,328**
(b) Held-for-trading		
Externally managed funds	1,993,261	1,511,059
	1,993,261	**1,511,059**
(c) Investments available-for-sale		
AFREXIM shares	989	1,062
SWIFT shares	522	233
At 30 June	**1,511**	**1,295**

Investments at fair value through profit and loss and held for trading include fair value losses of UShs 15,679 million (30 June 2011: UShs 11,420 million).

a) At fair value through profit or loss:

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

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

b) Held-for-trading:

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

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

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

Included in the externally managed funds are forward contracts with unrealized gains of USD 3.8 million arising of market movements and futures contracts with unrealized gains of USD 686,610 that have been settled via the cash margin accounts.

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customized contracts transacted over-the-counter market. Futures contracts are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

c) Available-for-sale investment:

i. AFREXIM shares

The investment in African Export Import (Afrexim) Bank is in respect of 100 Class A equity shares at a par value of US $ 400,000. While the investment is classified as available for sale, its fair value is not reliably determinable due to the lack of quoted market prices or other information based on which a fair value estimate can be derived. Accordingly, the investment is stated at cost, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment. The performance trends in Afrexim's financial statements reflect a profitability position and dividends being declared hence in the opinion of the Board there is no indication of impairment. The Board believes that the carrying amounts approximate the fair value as at 30 June 2012.

ii. SWIFT shares

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

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

Assets	30-Jun-2012 UShs (m)	30-Jun-2012 SDR (m)	30-Jun-2011 UShs (m)	30-Jun-2011 SDR (m)
IMF SDR holdings	529,089	142	605,797	144
	529,089	**142**	**605,797**	**144**
Liabilities				
IMF account no. 2	24	1	28	1
IMF SDR allocation	646,567	173	733,600	173
	646,591	**174**	**733,628**	**174**

The IMF SDR Holdings represents Government of Uganda IMF SDR allocation of SDR 144 million. The liabilities relate to loans obtained from International Monetary Fund by Government and managed on behalf of the Government by the Bank at interest rates determined by the Fund as advised from time to time. Interest charged on the IMF holdings is the responsibility of Bank of Uganda. The liabilities and assets are not secured by collateral and the repayment terms are not fixed. The IMF assets and liabilities above are reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are transferred directly to the statement of comprehensive income.

17.1 OTHER IMF ACCOUNTS

Assets	30-Jun-2012 UShs (m)	30-Jun-2012 SDR (m)	30-Jun-2011 UShs (m)	30-Jun-2011 SDR (m)
IMF Quota	677,463	181	766,649	181
	677,463	**181**	**766,649**	**181**
Liabilities				
IMF account no. 1	599,722	160	678,674	160
IMF Securities	77,741	21	87,975	21
	677,463	**181**	**766,649**	**181**

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

18 INVESTMENTS IN TREASURY BILLS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Treasury bills for repos (zero coupon)	29,880	69,535
	29,880	**69,535**

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

Treasury bills for Repos represent collateral amount equal to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (note21).

19 LOANS, ADVANCES AND DRAWDOWNS TO GOVERNMENT

	30-Jun-2012 USh (m)	30-Jun-2011 UShs (m)
Government ministries	-	34
Uganda Consolidated Fund	6,221,574	3,259,054
Letters of comfort*	140,487	82,718
Special loan to government (Gulf Stream)**	29,364	38,575
Other Drawdowns (Classified)	136,782	1,529,037
Development Finance Scheme loans	-	13,937
Provision for impairment losses	(140,487)	(82,718)
Total	**6,387,720**	**4,840,637**
Provision for impairment losses;		
At 1 July	(82,718)	-
Additional provisions	-	(82,718)
Reclassification from other payables	(57,769)	-
At 30 June	**(140,487)**	**(82,718)**

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

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

*** The drawdown relates to the outstanding balances from the Ministry of Defence amounting to UShs 136,781 million.

20 LOANS AND ADVANCES TO COMMERCIAL BANKS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Development finance loans to commercial banks	30,160	47,884
Loans to parastatals	359	359
	30,519	**48,243**
Less: provision for impairment loss	(359)	(359)
Net loans and advances	**30,160**	**47,884**
Provision for impairment loss:		
At 1 July	(359)	(2,214)
Write-back of provision on written off loans	-	1,855
At 30 June	**(359)**	**(359)**

20.1 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 the loans are in terms of promissory notes from participating commercial banks. The Bank has the option to recover the loan by directly charging the account of the respective commercial bank in the event of default. As at 30 June 2012, the loans were performing as per the memorandum of understanding and there were no signs of impairment noted.

21 REPOS

21.1 REVERSE REPOS COLLECTION

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Reverse repo collection	-	100,137
	-	**100,137**

21.2 REPOS COLLECTION

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Repos collection account	29,880	69,535
	29,880	**69,535**

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

A Repo involves the following transactions:

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

ii. Transfer of funds between transacting parties.

a) Vertical REPO

Where a Repo is used as a monetary policy instrument, one of the parties to the agreement is the Central Bank, while a Primary Dealer (PD) constitutes the other party. The Vertical Repo transaction allows the Central Bank to mop up short-term liquidity by selling securities to PDs with an agreement to repurchase them at a specified future date – where the PD receives back full amount of principal and interest.

b) Reverse REPO

The Reverse Repo allows the Central Bank to inject liquidity by purchasing securities with an agreement to sell back at a specified future date.

22 STAFF LOANS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Staff loans, advances and imprest to staff	24,403	9,535
Staff building loans	5,864	6,825
Staff loans, advances at fair value	**30,267**	**16,360**
Deferred staff cost	15,472	10,070
Staff loans, advances at cost	**45,739**	**26,430**
Provision for impairment (see below)	(795)	(732)
	44,944	**25,698**
Provision for impairment:		
At 1 July	(732)	(706)
Additional provision during the year	(104)	(26)
Recoveries/write back of provisions	41	-
At 30 June	**(795)**	**(732)**

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.

23 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 2011	10,993	70,529	81,195	5,986	44,185	11,846	8,147	232,881
Additions	192	268	2,714	1,020	1,595	1,025	6,755	13,569
Reclassification	-	12,437	79	-	-	-	(12,516)	-
Disposals	-	-	-	(7)	-	(510)	-	(517)
As at 30 Jun 2012	**11,185**	**83,234**	**83,988**	**6,999**	**45,780**	**12,361**	**2,386**	**245,933**
Depreciation								
As at 1 July 2011	**-**	**3,960**	**59,352**	**4,989**	**29,228**	**9,002**	**-**	**106,531**
Charge for the year	-	1,388	6,372	410	5,994	1,342	-	15,506
Disposals	-	-	-	(6)	-	(510)	-	(516)
As at 30 Jun 2012	**-**	**5,348**	**65,724**	**5,393**	**35,222**	**9,834**	**-**	**121,521**
Net Carrying Amount								
As at 30 June 2012	**11,185**	**77,886**	**18,264**	**1,606**	**10,558**	**2,527**	**2,386**	**124,412**
As at 30 June 2011	**10,993**	**66,569**	**21,843**	**997**	**14,957**	**2,844**	**8,147**	**126,350**

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.

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

During the year, the Board approved a transfer of land and property at Plot 137 Kabale Road, Kabale Municipality and Plot 30 Republic Street, Mbale Municipality to the Bank of Uganda Staff Retirement Benefits Scheme. The net book values of these properties as at 30th June 2012 were UShs 311 million and UShs 283 million respectively. As at 30 June 2012, the process of transferring the above properties to the scheme had not been completed and as such the risks and rewards were still accruing to the Bank.

24 FINANCE LEASE ON LEASEHOLD LAND

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
At 1 July	**17,637**	**17,637**
Write off	(150)	-
At 30 June	**17,487**	**17,637**

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

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

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

Plot 5 Saddler Lane Naguru was reclaimed by Kampala District Land Board as it had remained undeveloped by the Bank contrary to the covenants of the lease. This has been written off in the financial statements of the Bank.

25 OTHER ASSETS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Consumable store stock	2,588	2,290
Prepayments & accrued income	51	671
Deferred currency costs *	111,070	103,807
Receivable from Government of Uganda	-	3,904
Sundry debtors	296	972
Provisions for impairment losses	(46)	(4,665)
	113,959	**106,979**
Provisions for impairment losses:		
At 1 July	(4,665)	(4,634)
Additional provisions	(46)	(31)
Write offs during the year	4,665	-
At 30 June	**(46)**	**(4,665)**

* Deferred currency costs relate to currency printing and minting costs for notes and coins not yet issued into circulation in accordance with the Bank's accounting policy. The policy of the Bank is to expense currency costs upon issue of the notes and coins into circulation.

26 OTHER FOREIGN LIABILITIES

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Multi-lateral investment guarantee agency	38	38
IDA subscription	56	56
	94	**94**

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

27 CURRENCY IN CIRCULATION

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Notes	1,378,124	1,700,556
Coins	92,394	91,361
Cash held in banking	734,030	397,977
Office imprest	(77)	(77)
	2,204,471	**2,189,817**

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2012 while cash held in Banking relates to cashiers' cash on hand as at year end.

The currency is issued in the following denominations:

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

28 GOVERNMENT DEPOSITS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Government income accounts	124,249	59,148
Oil Tax Fund*	1,585,051	1,192,710
Government deposit letters of credit accounts	64,024	122,768
Government ministries accounts	893,612	147,024
Government projects accounts	1,189,103	1,173,841
Special diversiture revolving fund	18	18
Government of Uganda managed funds through DFS**	112,157	131,897
IMF accounts	15,692	22,890
Government capital accounts	5,117,613	3,628,802
EFT salary suspense accounts	31,744	286
	9,133,263	**6,479,384**

As a banker to Government, BOU maintains government accounts. The accounts maintained relate to government ministries and the government projects. The above deposit balances represent the amounts outstanding on government accounts as at 30 June 2012. The Bank does not pay interest on the accounts. The deposits are payable on demand and therefore the carrying amount approximates their fair value. Included in the Government Capital Accounts are Treasury bills and Treasury Bonds held at the Bank. The securities are re-discountable at the Bank rediscount rate.

* The Oil Tax Revenue Fund of UShs 1,587,051 million relates to an amount of UShs 1,161,737 million received by Government of Uganda from Tullow Oil for the settlement of the tax dispute between government and Heritage Oil & Gas (U) Limited. It also includes stamp duty of USD 171 million (UShs 423,314 million) on sale of Tullow Oil's assets to Total and CNOOC. The funds have been ring fenced for future Government development expenditure.

** The Government of Uganda managed funds through Development Finance Schemes (DFS) includes a net balance of UShs 14,159 million outstanding on the Agricultural Credit Facility (ACF) capital account after offsetting ACF loans disbursed through the respective accredited financial institutions as shown in the table below. The securities held on those loans are in terms of promissory notes from participating commercial banks.

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Agricultural Credit Facility (ACF) Capital	48,064	40,564
Less:		
ACF Loans to commercial banks	(33,905)	(22,378)
Net balance on ACF capital	**14,159**	**18,186**

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

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Government Deposits	9,133,263	6,479,384
Government Loans and Advances (see note 19)	(6,387,720)	(4,840,637)
Net Uganda Consolidated Fund Position	**2,745,543**	**1,638,747**

29 COMMERCIAL BANK DEPOSITS

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Current accounts by commercial banks	808,426	778,120
Cash recovered from closed commercial banks	39	39
Collection from closed banks loans	19,821	20,288
	828,286	**798,447**

Current accounts relate to cash balances held by commercial banks with Bank of Uganda in line with statutory obligations. Cash reserve ratio is a statutory ratio for monetary policy and commercial banks are required to hold at the Central Bank of Uganda a prescribed percentage of their total deposits. The ratio is dependent on a monetary policy stance, revised from time to time and is currently 8 percent. There are currently 25 licenced commercial banks in Uganda. The Bank does not pay interest on these account balances.

30 INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT (IBRD)

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
International Bank for Reconstruction & Dev't (IBRD) at cost	-	206
	-	**206**

The IBRD balance related to notes substituted as Government of Uganda's national currency subscription to IBRD capital stock and held in IBRD's securities custody account with the Bank of Uganda as a depository.

31 RECOGNISED RETIREMENT BENEFITS PLAN

The Bank employees are eligible for retirement benefits under a defined benefit plan provided through a separate funded arrangement. The asset in respect of defined benefit pension plans is the fair value of plan assets at the statement of financial position date minus the present value of the defined benefit obligation, together with adjustments for unrecognised actuarial gains/losses. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method every 3 years. The current actuarial review and valuation was carried out by Actuarial Services (E.A) Limited as at 30 June 2012.

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

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

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Present value of defined benefit obligations	196,714	214,089
Fair value of plan assets	(103,334)	(80,732)
Present value of unfunded benefits obligation	**93,380**	**133,357**
Unrecognised actuarial loss	(63,966)	(63,158)
Unrecognised transitional loss	-	(53,851)
Employee benefits payable	**29,414**	**16,348**

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

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

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Current service cost	4,657	6,655
Interest cost	14,711	9,134
Expected return on plan assets	(6,377)	(5,070)
Net actuarial loses recognised in the year	16,378	5,274
Past service costs	9,301	6,566
Adjustment for prior year values	(2,053)	2,242
Total included in staff costs	**36,617**	**24,801**
Employer contribution	(7,551)	(5,405)
Actuarial loses on defined benefit plans	**29,066**	**19,396**

The recognised actuarial loss in the current year is the previous year's unrecognised loss in excess of 10 percent of the previous year's value of defined benefit obligations, amortised over the expected future working lifetime of the in-service members plus an extra UShs 13.48 billion.

During the year, UShs 16 billion was paid into the Retirement Scheme. The amount is not reflected in the above Disclosure as it has been passed separately through the Balance Sheet.

For the period, there were changes in the past service cost as a result of increasing the normal retirement age from 55 to 60 years and also from adopting a three-year averaging period to the pensionable salary. The result of these changes was to reduce the past service cost. The balance of the past service cost has been fully amortised in the current year.

The principle actuarial assumptions in real terms are as follows:

	30-Jun-2012	30-Jun-2011
Discount rate	15.3%	7.0%
Expected return on plan assets	15.3%	7.0%
Future salary increase	14.3%	6.0%
Future pension increase	13.3%	5.0%

The discount rate has been increased from 7.0 percent as at the last valuation to 15.28 percent p.a. The discount rate is based on the 10-year government bond yield in line with the general requirements of the IFRS. However, the gap between the discount rate and the future salary and pension increases has been kept constant at 1 percent and 2 percent per annum respectively when compared with the 2010/11 assumptions.

32 OTHER LIABILITIES

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Deposits from other institutions	309	551
Uninvested pension fund cash	724	108
Deposit Protection Fund*	59,790	20,414
Accounts payable	83,791	107,943
Other creditors	9,171	6,160
IMF debt relief**	6,168	10,105
UCBL sales proceeds	3,412	3,412
Provision for UCBL excluded liabilities***	1,359	1,359
Provision for NSSF	-	656
Money remittance institutions	990	60
	165,714	**150,768**

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

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

*** 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 1,359 million was set aside to cover other incidentals.

33 AUTHORISED AND ISSUED SHARE CAPITAL

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Authorised		
30,000,000,000 of ushs 1.00 each	30,000	30,000
Issued and fully paid		
20,000,000,000 of ushs 1.00 each	20,000	20,000

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

34 RESERVES

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Asset revaluation reserve	47,904	48,336
Revenue reserve	(306,713)	(208,546)
General reserve	20,175	20,175
Translation reserve	1,407,295	1,909,262
	1,168,661	**1,769,227**

The distributable deficit is arrived at as follows:

	30-Jun-2012 UShs (m)	30-Jun-2011 UShs (m)
Total comprehensive (loss)/surplus for the year	(600,426)	707,052
Unrealised foreign exchange gain	501,967	(955,373)
Deficit sharing with Government	**(98,459)**	**(248,321)**

35 EARMARKED FUNDS

	30-Jun-2012 USh (m)	30-Jun-2011 USh (m)
At 1 July	4,375	7,875
Reflows transferred to UDBL	-	(3,500)
At 30 June	**4,375**	**4,375**

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

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 (2011: 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 2012, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UShs 1,087 million compared to UShs 19,289 million as at 30 June 2011.

36.3 COMMITMENTS ON BEHALF OF TREASURY

The Bank issues treasury bills and bonds on behalf of Treasury. The commitments (interest) unless claimable from Treasury are not included in these financial statements as the Bank is involved in such transactions only as an agent.

36.4 LETTER S OF CREDIT

Letters of credit commit the Bank to make payments on behalf of Government to third parties, and reimbursement by the customer is normally immediate. As at 30 June 2012, the total outstanding letters of credit on behalf of Government amounted to UShs 64,024 million.

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 trade-offs underlying the business strategy and portfolio structure. Specialist staff conduct the Bank's foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined Reserves Management Policy/Framework, including limits and delegated authorities set by the Governor. The policy is subject to regular review by FERMPC.

The majority of the Bank's financial risks arise from the foreign reserves management and financial market operations of the Financial Markets Department. Within this department, a Risk Unit is responsible for maintaining the Bank's financial risk management framework. A separate department of the Bank (Financial Services Group) operates independent risk reporting system that monitor and report compliance with various risk limits and policies.

The Internal Audit function reports to the Governor and the Audit and Governance Committee of the Board of Directors on internal audit and related issues. A risk-based framework, which evaluates key business risks and internal controls, is used to determine the extent and frequency of internal audits conducted. All Bank departments are subject to periodic internal audit review.

The Bank insures all property, plant and equipment. Auditing arrangements are overseen by an Audit and Governance Committee comprising three of the Bank's non-executive directors, which meets regularly to monitor the financial reporting and audit function within the Bank. The Committee reviews the internal audit function and has direct access to the external auditor. The Committee reports to the Board of Directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Banks' risks. The Bank seeks to ensure the risk management framework is consistent with financial market best practice.

The Bank has exposure to the following risks:

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

Below is a summary of information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

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	Government		Commercial Banks		Staff Loans	
In millions of shillings	**30-Jun-2012**	**30-Jun-2011**	**30-Jun-2012**	**30-Jun-2011**	**30-Jun-2012**	**30-Jun-2011**
Carrying Amount	6,387,720	4,840,637	30,160	47,884	44,944	25,698
Individually Impaired:						
Government ministries	140,487	82,718	-	-	-	-
Closed commercial banks	-	-	359	359	-	-
Staff loans	-	-	-	-	795	732
Gross Amount	140,487	82,718	359	359	795	732
Allowance for impairment	(140,487)	(82,718)	(359)	(359)	(795)	(732)
Carrying amount	-	-	-	-	-	-
Collectively impaired:	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-
Allowance for impairment	-	-	-	-		
Carrying amount	-	-	-	-	-	-
Past due but not impaired:						
Low-fair risk	6,250,938	3,311,600	-	-	-	-
Watch list	-	-	-	-	-	-
Carrying amount	**6,250,938**	**3,311,600**	-	-	-	-
Past due comprises:						
30 - 60 days	-	-	-	-	-	-
60 - 90 days	-	-	-	-	-	-
90 - 180 days	-	-	-	-	-	-
180 days+	6,250,938	3,311,600	-	-	-	-
Carrying amount	**6,250,938**	**3,311,600**	-	-	-	-
Neither past due nor impaired:						
Carrying amount	136,782	1,529,037	30,160	47,884	44,944	25,698
Total carrying amount	**6,387,720**	**4,840,637**	**30,160**	**47,884**	**44,944**	**25,698**

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 defined as not having sufficient cash to meet the commitments that are due or being compelled to convert assets into cash at a price lower than their fair value. The choice of the types of instruments to invest the reserves in is part of liquidity risk management. The available instruments are governed Bank of Uganda Act and Investment guidelines, which specifies the eligible instruments in which the Bank can invest its reserves including; gold, demand or time deposits and convertible and marketable securities of or, guaranteed by foreign governments or international financial institutions.

The Bank does face liquidity risk in respect of assets and liabilities as shown in the table below.

Table 19 Liquidity profile 2011/12

		30-Jun-2012 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	264,833	264,833	-	-	-
	Investments at fair value through profit or loss	4,693,493	4,619,296	-	-	74,197
	Investments held-for-trading	1,993,261	1,993,261	-	-	-
	Investments available-for-sale	1,511	-	-	-	1,511
	Assets held with IMF	529,089	-	-	-	529,089
	Total foreign assets	**7,482,187**	**6,877,390**	**-**	**-**	**604,797**
Domestic assets	Investments in treasury bills	29,880	-	-	-	29,880
	Loans, advances and drawdowns to government	6,387,720	6,387,720	-	-	-
	Loans and advances to commercial banks	30,160	-	-	-	30,160
	Staff loans	44,944	-	-	-	44,944
	Employee benefits	-	-	-	-	-
	Property, plant and equipment	124,412	-	-	-	124,412
	Finance lease on leasehold land	17,487	-	-	-	17,487
	Other assets	113,959	113,959	-	-	-
	Total domestic assets	6,748,562	6,501,679	-	-	246,883
Total assets		**14,230,749**	**13,379,069**	**-**	**-**	**851,680**
Foreign liabilities	IMF obligations	646,591	-	-	-	646,591
	Other foreign liabilities	94	-	-	-	94
	Total foreign liabilities	646,685	-	-	-	646,685
Domestic liabilities	Currency in circulation	2,204,471	2,204,471	-	-	-
	Government deposits	9,133,263	9,133,263	-	-	-
	Commercial banks' deposits	828,286	828,286	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	-	-	-	-	-
	Employee benefits	29,414	-	-	-	29,414
	Other liabilities	165,714	165,714	-	-	-
	Total domestic liabilities	**12,361,148**	**12,331,734**	**-**	**-**	**29,414**
	Total liabilities	**12,361,148**	**12,331,734**	**-**	**-**	**676,099**
Equity	Issued capital	20,000	-	-	-	20,000
	Reserves	1,168,661	-	-	-	1,168,661
	Earmarked funds	4,375				4,375
	Total Equity	**1,193,036**	**-**	**-**	**-**	**1,193,036**
	Total liabilities & equity	**14,200,869**	**12,331,734**	**-**	**-**	**1,869,135**
	Net liquidity gap	**30 June 2012**	**1,047,335**	**-**	**-**	**(1,017,455)**
	Net liquidity gap	**30 June 2011**	**1,539,258**	**-**	**-**	**(1,553,512)**

Table 20 Liquidity profile 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)
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	4,840,637	4,840,637	-	-	-
	Loans and advances to commercial banks	47,884	-	-	-	47,884
	Staff loans	25,698	-	-	-	25,698
	Employee benefits	-	-	-	-	-
	Property, plant and equipment	126,350	-	-	-	126,350
	Finance lease on leasehold land	17,637	-	-	-	17,637
	Other assets	106,979	106,979	-	-	-
	Total domestic assets	5,334,857	4,947,616	-	-	287,104
Total assets		**12,231,829**	**11,157,880**	**-**	**-**	**973,812**
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	6,479,384	6,479,384	-	-	-
	Commercial banks' deposits	798,447	798,447	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	206	206	-	-	-
	Employee benefits	-	-	-	-	-
	Other liabilities	150,768	150,768	-	-	-
	Total domestic liabilities	**9,704,505**	**9,618,622**	**-**	**-**	**-**
	Total liabilities	**10,438,227**	**9,618,622**	**-**	**-**	**733,722**
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	**12,231,829**	**9,618,622**	**-**	**-**	**2,527,324**
	Net liquidity gap	**30 June 2011**	**1,539,258**	**-**	**- -**	**1,553,512**
	Net liquidity gap	**30 June 2010**	**608,413**	**-**	**- -**	**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.

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

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 21 Interest risk analysis 2011/12

		30-Jun-2012 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	264,833	264,833	-	-	-	-
	Investments at fair value through profit or loss	4,693,493	4,693,493	-	-	74,197	-
	Investments held-for-trading	1,993,261	1,993,261	-	-	-	-
	Investments available-for-sale	1,511	-	-	-	1,511	-
	Assets held with IMF	529,089	-	-	-	529,089	-
	Total foreign assets	**7,482,187**	**6,951,587**	**-**	**-**	**604,797**	**-**
Domestic assets	Investments in treasury bills	29,880	-	-	-	-	29,880
	Loans, advances and drawdowns to government	6,387,720	-	-	-	-	6,387,720
	Loans and advances to commercial banks	30,160	-	-	-	30,160	-
	Staff loans	44,944	-	-	-	-	44,944
	Employee benefits	-	-	-	-	-	-
	Property, plant and equipment	124,412	-	-	-	-	124,412
	Finance lease on leasehold land	17,487	-	-	-	-	17,487
	Other assets	113,959	-	-	-	-	113,959
	Total domestic assets	**6,748,562**	**-**	**-**	**-**	**30,160**	**6,718,402**
			-	-	-	-	-
	Total assets	**14,230,749**	**6,951,587**	**-**	**-**	**634,957**	**6,718,402**
Foreign liabilities	IMF obligations	646,591	-	-	-	646,591	646,591
	Other foreign liabilities	94	-	-	-	-	94
	Total foreign liabilities	**646,685**	**-**	**-**	**-**	**646,591**	**646,685**
Domestic liabilities	Currency in circulation	2,204,471	-	-	-	-	2,204,471
	Government deposits	9,133,263	-	-	-	-	9,133,263
	Commercial banks' deposits	828,286	-	-	-	-	828,286
	International Bank for Reconstruction & Dev't (IBRD)	-	-	-	-	-	-
	Employee benefits	29,414	-	-	-	-	29,414
	Other liabilities	**165,714**	**-**	**-**	**-**	**-**	**165,714**
	Total domestic liabilities	**12,361,148**	**-**	**-**	**-**	**-**	**12,361,148**
			-	-	-	-	-
	Total liabilities	**13,007,833**	**-**	**-**	**-**	**646,591**	**13,007,833**
Equity	Issued capital	20,000	-	-	-	-	20,000
	Reserves	1,168,661	-	-	-	-	1,168,661
	Earmarked funds	4,375	-	-	-	-	4,375
	Total Equity	**1,193,036**	**-**	**-**	**-**	**-**	**1,193,036**
			-	-	-	-	-
	Total liabilities & Equity	**14,200,869**	**-**	**-**	**-**	**646,591**	**14,200,869**
			-	-	-	-	-
	On balance Sheet interest Sensitivity Gap	**30 June 2012**	**6,951,587**	**-**	**-**	**(11,634)**	**(7,482,467)**
	On balance Sheet interest Sensitivity Gap	**30 June 2011**	**6,210,170**	**-**	**-**	**964**	**(6,241,736)**

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-Interest Bearing UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	171,493	-	-	-	-
	Investments at fair value through profit or loss	4,607,328	4,527,712	-	-	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	4,840,637	-	-	-	-	4,840,637
	Loans and advances to commercial banks	47,884	-	-	-	47,884	-
	Staff loans	25,698	-	-	-	-	25,698
	Employee benefits	-	-	-	-	-	-
	Property, plant and equipment	126,350	-	-	-	-	126,350
	Finance lease on leasehold land	17,637	-	-	-	-	17,637
	Other assets	106,979	-	-	-	-	106,979
	Total domestic assets	**5,234,720**	**-**	**-**	**-**	**47,884**	**5,186,836**
			-	-	-	605,797	-
	Total assets	**12,131,692**	**6,210,264**	**-**	**-**	**734,592**	**5,186,836**
Foreign liabilities	IMF obligations	733,628	-	-	-	733,628	-
	Other foreign liabilities	94	94	-	-	-	-
	Total foreign liabilities	**733,722**	**94**	**-**	**-**	**733,628**	**-**
Domestic liabilities	Currency in circulation	2,189,817	-	-	-	-	2,189,817
	Government deposits	6,479,384	-	-	-	-	6,479,384
	Commercial banks' deposits	798,447	-	-	-	-	798,447
	International Bank for Reconstruction & Dev't (IBRD)	206	-	-	-	-	206
	Employee benefits	16,348	-	-	-	-	16,348
	Other liabilities	150,768	-	-	-	-	150,768
	Total domestic liabilities	**9,634,970**	**-**	**-**	**-**	**-**	**9,634,970**
	Total liabilities	**10,368,692**	**94**	**-**	**-**	**733,628**	**9,634,970**
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	**12,162,294**	**94**	**-**	**-**	**733,628**	**11,428,572**
	On balance Sheet interest Sensitivity Gap	**30 June 2011**	**6,210,170**	**-**	**-**	**964**	**(6,241,736)**
	On balance Sheet interest Sensitivity Gap	**30 June 2010**	**5,080,206**	**-**	**-**	**2,300,187**	**(7,514,954)**

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 percent would be as follows;

Table 23 Interest risk sensitivity analysis FY 2011/12

		30-Jun-2012 CARRYING AMOUNTS UShs (m)	0.5% Increase UShs. (m)	0.5% decrease UShs. (m)
Foreign assets	Cash and cash equivalents	264,833	1,324	(1,324)
	Investments at fair value through profit or loss	4,693,493	23,467	(23,467)
	Investments held-for-trading	1,993,261	9,966	(9,966)
	Investments available-for-sale	1,511	-	-
	Assets held with IMF	529,089	-	-
	Total foreign assets	**7,482,187**	**34,758**	**(34,758)**
Domestic assets	Investments in treasury bills	29,880	-	-
	Loans, advances and drawdowns to government	6,387,720	31,939	(31,939)
	Loans and advances to commercial banks	30,160	-	-
	Staff loans	44,944	225	(225)
	Employee benefits	-	-	-
	Property, plant and equipment	124,412	-	-
	Finance lease on leasehold land	17,487	-	-
	Other assets	113,959	-	-
	Total domestic assets	**6,748,562**	**32,163**	**(32,163)**
	Total assets	**14,230,749**	**66,921**	**(66,921)**
Foreign liabilities	IMF obligations	646,591		
	Other foreign liabilities	94		
	Total foreign liabilities	**646,685**	**-**	**-**
Domestic liabilities	Currency in circulation	2,204,471	-	-
	Government deposits	9,133,263	-	-
	Commercial banks' deposits	828,286	-	-
	International Bank for Reconstruction & Dev't (IBRD)	-	-	-
	Employee benefits	29,414	-	-
	Other liabilities	165,714	-	-
	Total domestic liabilities	**12,361,148**	**-**	**-**
	Total liabilities	**13,007,833**	**-**	**-**
Equity	Issued capital	20,000	-	-
	Reserves	1,168,661	-	-
	Earmarked funds	4,375	-	-
	Total Equity	**1,193,036**	**-**	**-**
	Total liabilities & equity	14,200,869	-	-
	Net interest increase/(decrease)	**30 June 2012**	**66,921**	**(66,921)**
	Impact on profits	**30 June 2012**	**66,921**	**(66,921)**

Table 24 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	4,840,637	24,203	(24,203)
	Loans and advances to commercial banks	47,884	-	-
	Staff loans	25,698	128	(128)
	Employee benefits	-	-	-
	Property, plant and equipment	126,350	-	-
	Finance lease on leasehold land	17,637	-	-
	Other assets	106,979	-	-
	Total domestic assets	**5,234,720**	**24,332**	**(24,332)**
	Total assets	**12,131,692**	**55,781**	**(55,781)**
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	6,479,384	-	-
	Commercial banks' deposits	798,447	-	-
	International Bank for Reconstruction & Dev't (IBRD)	206	-	-
	Employee benefits	16,348	-	-
	Other liabilities	150,768	-	-
	Total domestic liabilities	**9,634,970**	**-**	**-**
	Total liabilities	**10,368,692**	**-**	**-**
Equity	Issued capital	20,000	-	-
	Reserves	1,769,227	-	-
	Dividend payable to Government	-	-	-
	Earmarked funds	4,375	-	-
	Total Equity	**1,793,602**	**-**	**-**
	Total liabilities & equity	**12,162,294**	**-**	**-**
	Net interest increase/(decrease)	**30 June 2011**	**55,781**	**(55,781)**
	Impact on profits	**30 June 2011**	**55,781**	**(55,781)**

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 25 Currency risk profile 2011/12

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	264,833	52,721	74,180	19,936	117,960	36
	Investments at fair value through profit or loss	4,693,493	131,083	1,821,377	1,790,577	950,456	-
	Investments held-for-trading	1,993,261	-	1,993,261	-	-	-
	Investments available-for-sale	1,511	-	1,342	-	169	-
	Assets held with IMF	529,089	-	-	-	-	529,089
	Total foreign assets	**7,482,187**	**183,804**	**3,890,160**	**1,810,513**	**1,068,585**	**529,125**
Domestic assets	Investments in treasury bills	29,880	29,880	-	-	-	-
	Loans, advances and drawdowns to government	6,387,720	6,387,720	-	-	-	-
	Loans and advances to commercial banks	30,160	30,160	-	-	-	-
	Staff loans	44,944	44,944	-	-	-	-
	Employee benefits	-	-	-	-	-	-
	Property, plant and equipment	124,412	124,412	-	-	-	-
	Finance lease on leasehold land	17,487	17,487	-	-	-	-
	Other assets	113,959	113,959	-	-	-	-
	Total domestic assets	**6,748,562**	**6,748,562**	**-**	**-**	**-**	**-**
	Total assets	**14,230,749**	**6,932,366**	**3,890,160**	**1,810,513**	**1,068,585**	**529,125**
Foreign liabilities	IMF obligations	646,591	-	-	-	-	646,591
	Other foreign liabilities	94	94	-	-	-	-
	Total foreign liabilities	**646,685**	**94**	**-**	**-**	**-**	**646,591**
Domestic liabilities	Currency in circulation	2,204,471	2,204,471	-	-	-	-
	Government deposits	9,133,263	7,747,618	1,325,339	503	43,824	15,979
	Commercial banks' deposits	828,286	670,417	131,589	7,351	15,958	2,971
	International Bank for Reconstruction & Dev't (IBRD)	-	-	-	-	-	-
	Employee benefits	29,414	29,414	-	-	-	-
	Other liabilities	165,714	165,714	-	-	-	-
	Total domestic liabilities	**12,361,148**	**10,817,634**	**1,456,928**	**7,854**	**59,782**	**18,950**
	Total liabilities	**13,007,833**	**10,817,728**	**1,456,928**	**7,854**	**59,782**	**665,541**
Equity	Issued capital	20,000	20,000	-	-	-	-
	Reserves	1,168,661	1,168,661	-	-	-	-
	Dividend payable to Government			-	-	-	-
	Earmarked funds	4,375	4,375	-	-	-	-
	Total Equity	**1,193,036**	**1,193,036**	**-**	**-**	**-**	**-**
	Total liabilities & equity	**14,200,869**	**12,010,764**	**1,456,928**	**7,854**	**59,782**	**665,541**
	Net foreign currency position	**30 June 2012**	**(5,078,398)**	**2,433,232**	**1,802,659**	**1,008,803**	**(136,416)**
	Net foreign currency position	**30 June 2011**	**(5,863,844)**	**2,971,188**	**1,895,075**	**1,110,982**	**(127,655)**

Table 26 Currency risk profile 2010/11

		TOTAL UShs (m)	UGX UShs. (m)	USD UShs. (m)	GBP UShs. (m)	EURO UShs. (m)	OTHER UShs. (m)
	Foreign assets						
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	203,841	1,429,919	1,877,755	1,095,813	-
	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**	**313,754**	**2,971,188**	**1,895,075**	**1,110,982**	**605,973**
Domestic assets	Investments in treasury bills	69,535	69,535	-	-	-	-
	Loans, advances and drawdowns to government	4,840,637	4,840,637	-	-	-	-
	Loans and advances to commercial banks	47,884	47,884	-	-	-	-
	Staff loans	25,698	25,698	-	-	-	-
	Property, plant and equipment	126,350	126,350	-	-	-	-
	Finance lease on leasehold land	17,637	17,637	-	-	-	-
	Other assets	106,979	106,979	-	-	-	-
	Total domestic assets	**5,234,720**	**5,234,720**	**-**	**-**	**-**	**-**
	Total assets	**12,131,692**	**5,548,474**	**2,971,188**	**1,895,075**	**1,110,982**	**605,973**
Foreign liabilities	IMF obligations	733,628	-	-	-	-	733,628
	Other foreign liabilities	94	94	-	-	-	-
	Total foreign liabilities	**733,722**	**94**	**-**	**-**	**-**	**733,628**
Domestic liabilities	Currency in circulation	2,189,817	2,189,817	-	-	-	-
	Government deposits	6,479,384	6,479,384	-	-	-	-
	Commercial banks' deposits	798,447	798,447	-	-	-	-
	International Bank for Reconstruction & Dev't (IBRD)	206	206	-	-	-	-
	Employee benefits	-	-	-	-	-	-
	Other liabilities	150,768	150,768	-	-	-	-
	Total domestic liabilities	**9,618,622**	**9,618,622**	**-**	**-**	**-**	**-**
	Total liabilities	**10,352,344**	**9,618,716**	**-**	**-**	**-**	**733,628**
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	**12,145,946**	**11,412,318**	**-**	**-**	**-**	**733,628**
	Net foreign currency position	**30 June 2011**	**(5,863,844)**	**2,971,188**	**1,895,075**	**1,110,982**	**(127,655)**
	Net foreign currency position	**30 June 2010**	**(4,887,662)**	**2,250,151**	**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 percent appreciation or depreciation of the Uganda Shilling would be as follows:

Table 27 Currency Risk Sensitivity analysis FY 2011/12

		CARRYING AMOUNTS	15% DEPRECIATION	15% APPRECIATION	USD	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	264,833	39,725	(39,725)	19,936	117,960	52,670
	Investments at fair value through profit or loss	4,693,493	704,024	(704,024)	1,790,577	709,810	-
	Investments held-for-trading	1,993,261	298,989	(298,989)	-	-	-
	Investments available-for-sale	1,511	227	(227)	-	169	-
	Assets held with IMF	529,089	79,363	(79,363)	-	-	529,089
		7,482,187	**1,122,328**	**(1,122,328)**	**1,810,513**	**827,939**	**581,759**
Foreign liabilities	IMF obligations	(646,591)	(96,989)	96,989	-	-	46
		(646,591)	**(96,989)**	**96,989**	**-**	**-**	**46**
Domestic liabilities	Government deposits	(1,390,646)	(208,597)	208,597	1,325,340	48,823	16,483
	Commercial banks' deposits	(161,494)	(24,224)	24,224	135,137	15,962	10,395
		(1,552,140)	**(232,821)**	**232,821**	**1,460,477**	**64,785**	**26,878**
Total increase/(decrease)		**30 June 2012**	**792,518**	**(792,518)**	**3,270,990**	**892,724**	**608,683**
Impact on profits		**30 June 2012**	**792,518**	**(792,518)**	**3,270,990**	**892,724**	**608,683**

Table 28 Currency Risk Sensitivity analysis FY 2010/11

		CARRYING AMOUNTS	15% DEPRECIATION	15% APPRECIATION	USD	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	171,493	25,724	(25,724)	19,936	117,960	109,949
	Investments at fair value through profit or loss	4,607,328	691,099	(691,099)	1,790,577	709,810	-
	Investments held-for-trading	1,511,059	226,659	(226,659)	-	-	-
	Investments available-for-sale	1,295	194	(194)	-	169	-
	Assets held with IMF	605,797	90,870	(90,870)	-	-	529,089
		6,896,972	**1,034,546**	**(1,034,546)**	**1,810,513**	**827,939**	**639,038**
Foreign liabilities	IMF obligations	(733,628)	(110,044)	110,044			46
		(733,628)	**(110,044)**	**110,044**	**-**	**-**	**46**
Domestic liabilities	Government deposits	(145,374)	(21,806)	21,806	133,403	11,756	215
	Commercial banks' deposits	(34,172)	(5,126)	5,126	-	-	-
		(179,546)	**(26,932)**	**26,932**	**133,403**	**11,756**	**215**
Total increase/(decrease)		**30 June 2011**	**897,570**	**(897,570)**	**1,943,916**	**839,695**	**639,299**
Impact on profits		**30 June 2011**	**897,570**	**(897,570)**	**1,943,916**	**839,695**	**639,299**

At 30 June 2012, if the Shilling had weakened by 15 percent against the major trading currencies with all other variables held constant, profits would have been UShs 792,518 million (2010/11: UShs 897,570 million) lower with other components of equity remaining the same.

Conversely, if the Shilling had strengthened by 15 percent against the major trading currencies with all other variables held constant, profits would have been UShs 792,518 million (2010/11: UShs 897,570 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 2012 and 30 June 2012 were in the following ranges.

		30-Jun-2012	30-Jun-2011
		%	%
Assets	Government securities	0.99	1.00
Deposits	USD	0.14	0.22
	GBP	0.71	0.62
	Euro	0.86	0.74

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 2012, 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-2012 UShs (m)	30-Jun-2011 UShs (m)
Level 1 -	Investments at fair value through profit or loss and held-for-trading	6,686,754	6,118,387
Level 3 -	Investments available-for-sale	1,511	1,295
		6,688,265	**6,119,682**

During the reporting period ending 30 June 2012, 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-2012 UShs (m)	30-Jun-2011 UShs (m)
Issued Capital	20,000	20,000
Asset revaluation reserve	47,904	48,336
Earmarked funds	4,375	4,375
Revenue reserve	(306,713)	(208,546)
General reserve	20,175	20,175
Capital and reserves excluding translations	**(214,259)**	**(115,660)**
Translation reserve	1,407,295	1,909,262
Total Reserves	**1,193,036**	**1,793,602**

As indicated in the table above, the Bank's total capital excluding translation reserves was a net deficit of UShs 214,259 million (2011: UShs 115,660 million). The Bank has developed a capitalisation plan which has been forwarded to the Ministry of Finance for consideration. Discussions have been made between the Bank and the Ministry of Finance to recapitalise the Bank in accordance with the Bank of Uganda Act.

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

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 1,077 million as at 30 June 2012.

44.2 LOANS TO EXECUTIVE MANAGEMENT

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
At 1 July	569	183
Advanced during the year	804	585
Repayments	(366)	(199)
At 30 June	**1,007**	**569**

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-2012 UShs(m)	30-Jun-2011 UShs(m)
Directors' fees and emoluments	1,035	484
Remuneration:		
Governor and Deputy Governor	903	844
	1,938	**1,328**

44.4 COMPENSATION OF EXECUTIVE MANAGEMENT

	30-Jun-2012 UShs(m)	30-Jun-2011 UShs(m)
Short-term employee benefits	2,558	1,943
Post-employment pension benefits	86	194
	2,644	**2,137**

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 2012 amounted to UShs 53,210 million. The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was UShs 724 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 COMPARATIVES

The following reclassifications were made as at 30 June 2012.

	30-Jun-2011 UShs (m)	Reclassification UShs (m)	Currently stated UShs (m)
Loans, advances and drawdowns to government	5,150,497	(309,859)	4,840,638
Loans and advances to commercial banks	148,021	(100,137)	47,884
Reverse repos	-	100,137	100,137
Government deposits	6,789,243	(309,859)	6,479,384
Commercial banks deposits	867,982	(69,535)	798,447
Repos	-	69,535	69,535

47 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting year.

25 APPENDICES

APPENDIX 1: MACROECONOMIC INDICATORS

	2007/08	2008/09	2009/10	2010/11	2011/12
Real Sector					
GDP at Market Prices (current prices), Shs. billion	24,497	30,101	34,908	39,051	49,087
GDP at Market Prices (constant 2002 prices), Shs. billion	18,145	19,461	20,601	21,978	22,681
Real GDP growth (Annual Change %)	8.7	7.3	5.5	6.7	3.2
GDP per capita (current prices), Shs.	827,823	981,725	1,118,218	1,206,866	1,463,961
GDP per capita (constant 2002 prices), Shs.	613,162	634,701	659,924	679,222	676,422
GDP per capita growth rate (%)	5.0	3.5	4.0	2.9	-0.4
Prices					
Annual Headline Inflation, (%)					
End of Period (Base 2005/06)	12.5	12.3	4.2	15.7	18.0
Period Average (Base 2005/06)	7.3	7.3	14.1	9.4	6.5
Exchange Rate (shs/US$)					
End of Period (e.o.p)	1,619.5	2,142.4	2,283.3	2,623.2	2,472.4
Period Average (p.a.)	1,696.5	1,930.0	2,028.9	2,323.4	2,559.1
Interest Rates(% p.a., e.o.p)					
Bank Rate	16.2	10.6	8.4	16.7	24.9
Rediscount Rate	15.2	9.6	7.4	15.7	23.9
Lending Rate	20.2	21.8	20.1	19.9	25.2
91 - day Treasury Bill Discount Rate	8.2	6.0	4.3	12.1	17.1
Financial Sector					
Money Supply, M3 (Shs billion)	5,037.8	6,297.6	8,293.2	10,437.8	11,208.9
Money Supply, M2A (Shs billion)	3,895.4	4,920.7	6,411.7	7,945.8	7,601.7
Currency in Circulation (Shs billion)	1,074.5	1,245.4	1,443.3	1,899.6	1,952.4
Base Money (Shs billion)	1,614.5	1,950.4	2,434.3	3,037.3	3,039.8
M2A growth (% p.a.)	30.1	26.3	30.3	23.9	-4.3
M3 growth (% p.a.)	31.1	25.0	31.7	25.9	7.4
CIC/M2A (%)	27.6	25.3	22.5	23.9	-4.3
M2A Velocity	15.9	16.3	18.4	20.3	15.5
M3 Velocity	20.6	20.9	23.8	26.7	22.8
Private Sector Credit (shs. billion)	2,714.8	3,587.7	4,484.6	6,476.2	7,177.3
Lending ratio (Loans/Deposits)	65.4	68.7	61.3	70.9	73.2
External Sector					
Exports, US$ millions	2,073.0	2,216.4	2,317.3	2,297.8	2,679.5
o/w Coffee	348.6	336.7	262.1	371.0	444.2
Imports (goods), US$ millions	-3,510.4	-4,062.2	-4,116.8	-4,671.1	-5,291.5
Current account balance (US$ million)	-902.7	-1,258.1	-1,435.0	-1,681.9	-1,928.0
Current account balance (excluding grants, US$ million)	-1,329.3	-1,661.2	-1,866.0	-2,516.7	-2,489.5
Overall Balance, US$ million	563.0	-45.7	210.9	-581.2	722.9
Debt Service ratio, incl IMF as a percentage of exports of exports of goods & services	3.9	2.9	2.7	2.7	2.6
Total External Reserves (US $ million)	2,684.5	2,442.1	2,489.8	2,044.0	2,346.1
Reserve cover (months of future imports of goods & services)	7.0	5.1	4.4	3.2	4.4
Macro-economic Linkages					
M1/GDP (%)	10.2	9.9	10.9	12.1	9.1
M2A/GDP (%)	15.9	16.3	18.4	20.3	15.5
Private sector credit/GDP (%)	11.1	11.9	12.8	16.6	14.6
Exports to GDP (%)	14.4	14.2	15.2	15.5	15.9
Imports to GDP (%)	-24.3	-26.0	-27.0	-31.6	-31.3
Current A/C balance as a percentage of GDP	-6.3	-8.1	-9.4	-11.4	-11.4
Current A/C balance (excluding grants) as a percentage of GDP	-9.2	-10.7	-12.2	-17.0	-14.7
Fiscal Deficit (Excluding Grants) to GDP (%)	-4.9	-4.6	-7.2	-6.6	6.5

Source: Bank of Uganda

APPENDIX 2: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY AT CURRENT PRICES (BILLION SHS.)

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Agriculture, Forestry and fishing	**3,329**	**4,025**	**4,377**	**4,720**	**5,239**	**6,968**	**8,245**	**8,866**	**11,621**
Cash crops	296	283	348	399	557	524	530	665	1,042
Food crops	1,968	2,479	2,628	2,666	2,747	4,011	4,987	4,827	6,152
Livestock	247	282	293	323	393	580	585	677	970
Forestry	499	553	611	735	882	1,098	1,270	1,473	1,955
Fishing	319	427	497	597	659	755	873	1,224	1,502
Industry	**3,205**	**3,774**	**4,146**	**5,313**	**6,312**	**7,431**	**8,675**	**9,895**	**12,925**
Mining & quarrying	39	52	47	65	73	81	106	134	180
Manufacturing	978	1,125	1,291	1,510	1,790	2,374	2,675	3,363	4,130
Formal	698	819	945	1,098	1,323	1,798	2,004	2,569	3,082
Informal	279	306	346	411	467	576	671	795	1,048
Electricity supply	195	225	264	423	492	545	486	556	589
Water supply	314	352	424	529	624	728	982	776	1,597
Construction	1,679	2,020	2,119	2,786	3,333	3,703	4,427	5,067	6,430
Services	**6,626**	**7,273**	**8,580**	**9,961**	**11,489**	**13,973**	**15,888**	**18,039**	**22,141**
Wholesale & Retail Trade; repairs	1,475	1,662	2,010	2,411	2,772	3,925	4,229	5,309	6,541
Hotels & Restaurants	593	663	757	887	1,040	1,239	1,614	1,678	2,468
Transport/communication	739	832	1,047	1,316	1,663	1,926	2,240	1,953	2,398
Road, rail & water transport	385	415	484	539	687	797	889	907	1,248
Air transport & Support. Services	79	98	117	140	196	205	207	231	332
Posts & telecommunications	275	319	447	637	780	924	1,144	815	818
Financial services	415	409	475	581	794	976	1,064	1,334	1,971
Real estate activities	1,065	1,170	1,289	1,438	1,636	1,853	2,108	2,380	2,597
Other business services	209	238	283	337	413	472	580	649	755
Public administration & defence	600	595	725	707	818	920	1,145	1,354	1,794
Education	1,028	1,133	1,315	1,507	1,491	1,686	1,801	2,088	1,970
Health	241	259	301	317	306	305	317	364	338
Other personal & community services	261	313	378	461	557	673	789	929	1,309
Adjustments	**812**	**954**	**1,070**	**1,194**	**1,458**	**1,729**	**2,100**	**2,250**	**2,400**
FISM	-260	-254	-301	-362	-453	-597	-699	-868	-1,301
Taxes on products	1,072	1,209	1,371	1,555	1,911	2,326	2,799	3,119	3,702
Total GDP at market Prices	**13,972**	**16,026**	**18,172**	**21,187**	**24,497**	**30,101**	**34,908**	**39,051**	**49,087**
Percapita GDP (Shs.)	**540,314**	**599,279**	**657,708**	**742,159**	**827,823**	**981,725**	**1,118,218**	**1,206,866**	**1,463,961**

Source: Uganda Bureau of Statistics

APPENDIX 3: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY AT CONSTANT (2002) PRICES, BILLION SHILLINGS.

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Agriculture, Forestry and fishing	**2,752**	**2,808**	**2,821**	**2,824**	**2,862**	**2,945**	**3,015**	**3,037**	**3,129**
Cash crops	260	246	220	232	253	277	274	256	298
Food crops	1,550	1,547	1,545	1,531	1,567	1,608	1,650	1,662	1,679
Livestock	227	234	237	244	252	259	267	275	283
Forestry	423	451	469	478	492	523	538	553	573
Fishing	292	331	350	339	299	278	285	290	296
Industry	**2,984**	**3,329**	**3,820**	**4,186**	**4,555**	**4,819**	**5,130**	**5,534**	**5,596**
Mining & quarrying	37	46	49	59	61	63	73	87	94
Manufacturing	909	994	1,067	1,127	1,209	1,330	1,418	1,531	1,504
Formal	647	724	780	817	893	1,000	1,061	1,158	1,107
Informal	261	271	287	310	316	330	357	373	397
Electricity supply	175	179	167	161	169	187	214	237	246
Water supply	293	304	311	322	335	354	369	384	401
Construction	1,571	1,805	2,225	2,517	2,782	2,884	3,055	3,295	3,351
Services	**6,419**	**6,815**	**7,644**	**8,253**	**9,057**	**9,857**	**10,667**	**11,564**	**11,926**
Wholesale & Retail Trade; repairs	1,645	1,762	1,978	2,183	2,504	2,748	2,768	2,884	2,865
Hotels & Restaurants	582	620	675	751	831	868	980	974	1,175
Transport/communication	700	768	900	1,059	1,285	1,469	1,726	1,968	2,143
Road, rail & water transport	374	399	450	493	595	672	767	828	845
Air transport & Support. Services	73	87	93	106	125	120	121	125	130
Posts & telecommunications	253	283	357	461	565	676	837	1,015	1,167
Financial services	254	287	378	333	389	488	632	781	689
Real estate activities	1,043	1,100	1,161	1,227	1,296	1,369	1,447	1,530	1,618
Other business services	196	214	241	261	289	324	373	405	412
Public administration & defence	561	531	615	577	646	682	791	883	935
Education	966	1,009	1,104	1,220	1,141	1,190	1,175	1,292	1,217
Health	227	240	271	278	264	256	257	272	217
Other personal & community services	245	282	322	365	412	462	517	576	655
Adjustments	**915**	**946**	**1,112**	**1,422**	**1,670**	**1,840**	**1,790**	**1,843**	**2,030**
FISM	-93	-129	-173	-150	-173	-220	-373	-479	-423
Taxes on products	1,008	1,075	1,285	1,571	1,843	2,060	2,162	2,322	2,453
Total GDP at market Prices	**13,070**	**13,897**	**15,396**	**16,685**	**18,145**	**19,461**	**20,601**	**21,978**	**22,681**
Percapita GDP (Shs.)	**505,411**	**519,699**	**557,235**	**583,780**	**613,162**	**634,701**	**659,924**	**679,222**	**676,422**

Source: Uganda Bureau of Statistics

Appendix 4: Balance Of Payments (Million Us$)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
A: Current Account Balance (A1+A2+A3)	**118.84**	**60.35**	**-314.53**	**-342.01**	**-902.65**	**-1,258.57**	**-1,434.98**	**-1,681.92**	**-1,928.04**
A1. Goods Account(Trade Balance)	-598.84	-698.28	-927.72	-1,021.33	-1,437.41	-1,845.82	-1,799.54	-2,373.35	-2,611.94
a) Total Exports (fob)	670.92	886.34	1,041.24	1,473.82	2,072.95	2,216.40	2,317.30	2,297.77	2,679.51
Coffee	114.13	144.53	173.37	228.52	348.63	336.65	262.13	371.04	444.21
b) Total Imports (fob)	-1,269.77	-1,584.62	-1,968.97	-2,495.16	-3,510.37	-4,062.22	-4,116.84	-4,671.12	-5,291.45
Government Imports	-1,269.77	-1,584.62	-119.53	-93.88	-176.56	-308.59	-433.19	-559.95	-481.43
Project imports	-121.90	-116.33	-67.31	-42.28	-95.20	-189.54	-175.93	-173.01	-301.93
Non-Project imports	-38.92	-41.51	-52.21	-51.61	-81.37	-119.04	-257.26	-386.94	-179.50
Private Sector Imports	-1,088.17	-1,385.97	-1,772.90	-2,339.23	-3,280.40	-3,688.71	-3,602.35	-4,052.17	-4,752.24
Oil imports	-139.16	-157.59	-290.43	-403.04	-543.08	-537.43	-501.20	-678.68	-837.71
Other Imports	-20.77	-40.81	-1,482.47	-1,936.19	-2,737.32	-3,151.28	-3,101.15	-3,373.49	-3,914.53
A2. Services and Income	**-275.13**	**-377.76**	**-424.10**	**-499.17**	**-739.57**	**-747.60**	**-753.01**	**-976.18**	**-851.32**
Services Account (net)	-60.41	-105.93	-175.36	-270.59	-477.45	-440.16	-415.34	-654.81	-474.96
Inflows	337.53	432.71	523.37	556.44	644.74	891.61	1,216.90	1,490.84	1,800.41
Outflows	-397.94	-538.63	-698.74	-827.03	-1,122.20	-1,331.77	-1,632.24	-2,145.65	-2,275.37
Income Account (net)	-214.71	-271.83	-248.73	-228.57	-262.11	-307.44	-337.67	-321.37	-376.36
Inflows	40.04	42.01	53.48	87.93	115.70	92.95	23.87	21.18	33.11
Outflows	-254.76	-313.84	-302.22	-316.50	-377.81	-400.38	-361.54	-342.55	-409.47
A3. Current Transfers	**992.81**	**1,136.39**	**1,037.29**	**1,178.49**	**1,274.33**	**1,334.84**	**1,117.57**	**1,667.61**	**1,535.23**
Inflows	1,126.50	1,279.61	1,236.33	1,324.79	1,520.19	1,754.00	1,478.12	1,910.16	1,698.81
Government Inflows	694.81	786.38	460.46	539.63	426.60	403.06	431.01	834.80	561.45
Grant Disbursements	633.19	721.71	402.05	462.38	379.01	359.10	385.14	332.22	337.56
BOP Support	358.97	402.31	219.07	359.02	232.19	224.39	187.97	172.05	154.50
Project Aid	274.23	319.40	182.99	103.35	146.81	134.71	197.16	160.18	183.06
HIPC Assistance	61.62	64.67	58.40	77.25	47.59	43.96	45.87	53.16	52.73
Private Transfers	431.69	493.23	775.87	785.17	1,093.59	1,350.94	1,047.11	1,075.36	1,137.36
Remittances	289.35	316.44	441.08	325.11	546.36	897.30	777.47	813.27	879.41
Other (BOU)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other (NGOs, IAAs, Insurance, etc)	142.34	176.78	334.79	460.05	547.23	453.64	269.64	262.09	257.95
Outflows	-133.69	-143.22	-199.03	-146.30	-245.86	-419.15	-360.54	-242.55	-163.58
B. Capital and Financial Account Balance (B1+B2)	**401.97**	**495.33**	**879.01**	**1,060.58**	**1,185.30**	**1,245.48**	**1,563.72**	**1,109.82**	**2,204.90**
B1. Capital Account (Transfers)	0.00	0.00	126.81	3,428.10	0.00	0.00	0.00	0.00	13.03
B2. Financial Account; excluding financing items	401.97	495.33	752.20	-2,367.53	1,185.30	1,245.48	1,563.72	1,109.82	2,191.87
Direct Investment	248.80	337.61	512.04	718.28	760.58	785.22	694.78	757.13	858.34
Portfolio Investment	7.76	11.46	-5.58	77.58	66.30	-34.70	-31.26	2.10	248.42
Financial Derivatives	0.00	0.00	0.00	0.51	-0.12	6.35	-5.34	-2.74	10.97
Other Investments	145.41	146.25	245.74	-3,163.91	358.53	488.62	905.54	353.33	1,074.14
Assets	-44.60	5.42	107.53	-156.01	74.64	-97.49	-32.77	-244.89	204.50
Liabilities	190.01	140.84	138.22	-3,007.90	283.89	586.11	938.30	598.23	869.64
C. Errors and Omissions	**-337.83**	**-326.26**	**-366.25**	**-14.72**	**280.35**	**-32.61**	**82.15**	**-9.12**	**446.09**
D. Overall Balance (A+B+C)	**520.81**	**555.68**	**198.23**	**703.85**	**562.99**	**-45.70**	**210.89**	**-581.22**	**722.95**
E. Reserves and related Items	**-520.81**	**-555.68**	**-198.23**	**-703.85**	**-562.99**	**45.70**	**-210.89**	**581.22**	**-722.95**
Reserve Assets[1]	-143.37	-182.18	-24.14	-682.48	-538.93	61.27	-198.27	584.82	-720.34
Use of IMF Credit(Net)	-48.85	-51.68	-138.80	0.00	0.00	0.00	0.00	0.00	-1.58
Purchases	5.77	2.92	5.82	0.00	0.00	0.00	0.00	0.00	0.00
Repurchases	54.63	54.60	144.62	0.00	0.00	0.00	0.00	0.00	1.58
Exceptional Financing	9.24	4.44	-35.30	-21.37	-24.07	-15.56	-12.61	-3.60	-1.03
Current maturities	5.01	2.80	-32.19	-23.31	-13.98	-15.56	-12.61	-3.60	-1.03
Rescheduling	3.39	2.80	-24.37	-23.05	-15.38	-15.10	-12.61	-3.60	-3.84
Cancellation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulation of Arreas[2]	1.62	0.00	-7.82	-0.26	1.40	-0.47	0.00	0.00	2.81
Old Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears settlement[3]	-7.86	-0.29	-5.02	0.00	-11.80	0.00	0.00	0.00	0.00
Other (Deferred Debt Payment to countires not accepted HIPC terms)	12.09	1.93	1.91	1.94	1.72	0.00	0.00	0.00	0.00
Memorandum items:									
Exchange Rate (shs per US$, end of period)	1,788.8	1,740.3	1,862.3	1,590.1	1,619.5	2,064.1	2,283.3	2,623.2	2,472.4
Average exchange rate (UShs per 1 US$)	1,934.9	1,739.2	1,824.9	1,780.0	1,696.5	1,930.0	2,028.9	2,323.3	2,557.1
Total Goods and Non-Factor Service exports	1,008.5	1,319.0	1,564.6	2,030.3	2,717.7	3,108.0	3,534.2	3,788.6	4,479.9
Nominal GDP at Market prices (Ug.Shs billion))	13,972.3	16,025.5	18,172.3	21,187.0	24,497.0	30,101.0	34,811.0	38,798.0	49,081.0
GDP at Market prices (US $ Million)	7,221.4	9,214.2	9,958.0	11,902.8	14,440.1	15,596.1	15,245.7	14,790.5	16,903.8
Exports as a % of GDP	9.3	9.6	10.5	12.4	14.4	14.2	15.2	15.5	15.9
Imports as a % of GDP	-17.6	-17.2	-19.8	-21.0	-24.3	-26.0	-27.0	-31.6	-31.3
Current Account Balance (Excluding Grants)	-576.0	-726.0	-775.0	-881.6	-1,329.3	-1,661.6	-1,866.0	-2,516.7	-2,489.5
Current Account Balance as a percentage of GDP	1.6	0.7	-3.2	-2.9	-6.3	-8.1	-9.4	-11.4	-11.4
Current Account Balance (Excl. Grants) as a %age of GDP	-8.0	-7.9	-7.8	-7.4	-9.2	-10.7	-12.2	-17.0	-14.7
BOP overall balance as a percentage of GDP	7.2	6.0	2.0	5.9	3.9	-0.3	1.4	-3.9	4.3
Total external Debt Stock (end of period)	4,464.9	4,416.3	4,464.4	1,466.8	1,687.0	2,046.4	2,343.4	2,904.9	0.0
o/w External arrears	342.8	206.7	99.6	101.8	88.7	88.0	82.1	82.7	0.0
Total Debt Stock (end of period) as a %age of GDP	61.8	47.9	44.8	12.3	11.7	13.1	15.4	19.6	0.0
Debt Service (maturities excl. IMF) as a %age of exports	15.8	14.5	12.3	6.2	0.0	0.0	0.0	0.0	0.0
Debt Service (maturities excl. IMF) as a %age of export of Goods and Services.	10.5	9.7	8.2	4.5	0.0	0.0	0.0	0.0	0.0
Debt Service (maturities excl. IMF) as a percentage of GDP	1.5	1.4	1.3	0.8	0.0	0.0	0.0	0.0	0.0
Debt Service (maturities incl. IMF) as a %age of exports	24.1	20.8	26.3	6.2	0.0	0.0	0.0	0.0	0.0
Debt Service (maturities incl. IMF) as a %age of export of Goods and Services.	16.1	14.0	17.5	4.5	0.0	0.0	0.0	0.0	0.0
Debt Service (maturities incl. IMF) as a percentage of GDP	2.2	2.0	2.7	0.8	0.0	0.0	0.0	0.0	0.0
Total External Reserves (US$ million, end of period)	1,133.4	1,325.6	8.6	13.2	16.4	14.9	7.3	5.3	6.0
Total external reserves (end of period) in months of imports of goods & services	6.4	6.0	6.3	7.8	7.0	5.4	5.2	3.6	4.2
Debt Stock to Exports ratio (%)	665.5	498.3	428.8	99.5	81.4	92.3	101.1	126.4	0.0
Total Aid to GDP (%)	11.4	9.7	5.5	7.8	3.5	3.6	4.2	4.0	3.8
Total external Reserves (end of period) in future months of imports of goods and ser	-140.9	-70.3	5.1	5.2	7.0	5.1	4.4	3.2	4.4

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$)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assets	**960.65**	**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	199.83	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	0.00	0.98	9.97	5.99	6.78	1.28	0.53	0.37
Currency and deposits	199.83	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	0.00	1.07	1.07	1.07	0.00	0.00	0.00	0.00
Reserve assets	760.82	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	**4,773.49**	**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	666.85	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	451.30	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	215.55	267.20	262.00	304.90	353.10	342.66	341.24	345.74	395.91	547.13	618.13	697.55
Portfolio investment	0.00	0.25	0.25	0.66	16.86	29.07	32.77	51.61	148.29	128.90	194.91	119.59
Equity securities	0.00	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	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	0.00	25.18	39.21	34.09	12.24
Money-market instruments	0.00	0.00	0.00	0.00	16.19	4.43	8.12	7.84	53.14	52.11	7.73	4.01
Other investment	4,106.64	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	4,069.37	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	31.43	51.08	47.40	54.96	47.27	65.07	49.39	78.96	148.08	161.71	166.87	206.95
Other liabilities	5.84	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, ne	**-3,812.84**	**-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$)

		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
1. Coffee	**Value**	**186.870**	**109.644**	**85.254**	**105.473**	**114.129**	**144.527**	**173.373**	**228.518**	**348.629**	**336.653**	**262.131**	**371.044**	**396.737**
	Volume, 60-Kg bags	3.039	2.840	3.156	2.993	2.552	2.520	2.102	2.536	3.028	3.198	2.744	2.779	2.877
	Unit Value	1.025	0.643	0.450	0.587	0.745	0.956	1.375	1.502	1.919	1.751	1.599	2.225	2.298
2. Non-Coffee	**Value**	**245.646**	**322.043**	**384.788**	**394.502**	**519.239**	**608.475**	**666.122**	**972.780**	**1,101.331**	**1,229.031**	**1,350.034**	**1,508.368**	**1,687.930**
Electricity	Value	13.761	16.668	13.940	15.473	12.639	8.252	4.684	6.312	11.190	11.108	14.384	13.928	13.928
Gold	Value	39.393	58.487	56.668	48.184	58.487	71.326	101.554	116.142	44.852	27.836	38.476	6.848	6.985
Cotton	Value	22.499	14.079	18.000	16.880	42.836	41.343	12.857	19.673	19.904	20.110	17.034	82.951	80.007
Tea	Value	31.876	35.933	26.851	29.455	39.250	33.130	25.605	45.944	46.757	50.165	70.932	63.603	66.481
Tobacco	Value	22.432	27.644	32.270	39.891	36.160	36.205	30.632	46.737	64.488	62.635	76.615	58.120	48.671
Fish & its Products	Value	18.643	50.112	80.848	83.783	88.815	121.220	147.043	140.667	126.589	111.467	130.563	143.187	128.162
Hides & Skins	Value	6.147	22.700	19.649	4.182	5.860	6.377	7.333	14.694	13.829	8.372	11.279	25.796	27.653
Simsim	Value	0.825	0.657	0.468	1.550	3.382	3.067	5.515	3.950	13.869	13.242	9.621	17.724	19.434
Maize	Value	4.010	6.134	13.068	8.163	18.759	13.293	23.728	27.938	17.961	27.513	27.815	25.594	28.065
Beans	Value	4.818	2.041	1.449	5.491	4.866	4.327	8.280	5.778	5.709	13.775	9.596	11.136	14.064
Flowers	Value	8.290	13.221	15.907	17.040	27.157	31.705	32.668	32.609	38.983	48.537	49.180	47.838	61.919
Oil re-exports	Value	7.901	11.116	7.251	11.690	34.317	33.051	29.613	40.966	23.697	81.984	103.072	104.622	112.775
Cobalt	Value	7.336	12.784	10.945	1.916	2.686	13.703	19.423	16.575	18.944	17.029	16.539	17.151	17.626
Others Exports	Value	57.716	50.468	87.474	110.804	144.024	191.476	217.187	454.795	654.559	735.258	774.928	889.872	1062.161
3. ICBT Exports	**Value**	0.000	**0.000**	**0.000**	**6.364**	**37.556**	**133.336**	**201.747**	**269.225**	**585.196**	**650.713**	**705.133**	**418.358**	**392.848**
Total Value Exports		**432.516**	**431.687**	**470.042**	**506.339**	**670.923**	**886.339**	**1,041.242**	**1,470.523**	**2,035.155**	**2,216.397**	**2,317.298**	**2,297.770**	**2,477.515**

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		2010/11	
	Quantity	Value	Quantity	Value	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**	**692,485**	**84,135,000**
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	188,012	23,300,000
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	266,726	32,143,000
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	237,747	28,692,000
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**	**632,244**	**91,915,773**
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	215,180	29,981,000
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	193,965	27,832,000
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	223,099	34,102,773
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**	**800,755**	**124,843,075**
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	176,561	26,873,000
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	253,270	40,022,317
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	234,958	23,021,102	370,924	57,947,758
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**	**653,257**	**70,150,000**	**1,025,524**	**147,817,967**
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	266,245	27,534,000	375,843	54,629,301
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	217,284	23,659,000	309,303	44,363,392
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	169,728	18,957,000	340,378	48,825,274
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**	**2,673,869**	**267,182,242**	**3,151,008**	**448,711,815**

Source: Uganda Coffee Development Authority

Appendix 8: Composition Of Imports (Million Us$)

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Animal & Animal Products	8.129	6.439	5.143	25.227	7.008	6.784	7.632	6.739	9.590	13.121	14.441	13.855	16.829	21.318
Vegetable Products, Animal, Beverages, Fats & Oil	108.446	94.461	87.755	112.802	107.917	135.869	182.176	206.317	245.712	312.239	322.748	317.767	352.205	447.239
Prepared Foodstuff, Beverages & Tobacco	39.263	41.098	41.656	24.981	24.103	33.295	38.972	54.212	91.539	119.777	155.424	151.460	159.911	307.514
Mineral Products (excluding Petroleum products)	43.511	34.897	30.690	25.612	47.346	53.763	72.674	116.635	146.212	206.170	293.909	289.926	319.170	379.767
Petroleum Products	106.065	143.025	163.560	123.229	134.407	139.162	157.589	290.431	403.044	543.081	537.430	501.196	678.679	837.706
Chemical & Related Products	140.448	108.752	123.456	71.614	99.076	124.370	142.534	193.173	237.568	299.027	378.660	331.511	368.589	441.801
Plastics, Rubber & Related Products	57.975	51.272	47.311	34.300	43.373	57.109	81.810	94.288	124.771	161.283	162.995	169.873	199.767	242.404
Wood & Wood Products	45.741	45.144	48.316	32.077	38.508	49.812	72.129	77.965	76.210	106.498	139.154	144.394	123.530	132.954
Textile & Textile Products	66.334	59.259	48.534	42.542	51.057	57.479	68.382	78.079	107.151	119.784	121.341	116.040	126.567	137.048
Miscelanneous Manufactured Articles	66.686	59.533	48.722	29.172	44.664	60.241	67.919	82.501	117.169	145.223	156.761	147.679	155.376	180.751
Base Metals and their Products	88.214	73.619	75.502	50.854	70.670	82.818	127.741	143.749	175.112	285.357	363.853	315.874	321.345	350.268
Machinery Equipments, Vehicles & Accessories	365.468	285.068	275.466	180.877	238.725	287.258	365.895	426.123	590.177	956.083	1,035.484	1,097.296	1,224.561	1,264.356
Arms, Ammunitions & Accessories	0.103	0.136	0.214	0.280	0.058	0.209	0.031	0.061	0.113	0.048	0.079	0.218	0.011	0.034
Electricity	0.000	0.000	0.000	0.000	0.000	0.000	0.484	2.621	14.867	12.708	6.432	5.260	5.631	9.078
Total	**1,136.383**	**1,002.703**	**996.325**	**753.567**	**906.911**	**1,088.169**	**1,385.969**	**1,772.897**	**2,339.235**	**3,280.400**	**3,688.711**	**3,602.350**	**4,052.171**	**4,752.237**

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$).

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
European Union	**332.33**	**201.59**	**171.19**	**192.59**	**183.85**	**218.20**	**294.39**	**314.94**	**363.39**	**480.18**	**471.23**	**398.27**	**493.13**	**547.41**
Austria	1.19	1.22	0.20	0.12	0.34	0.87	0.34	0.16	0.04	0.03	0.06	0.24	0.53	0.73
Belgium	57.17	30.49	22.05	29.07	11.29	16.35	32.49	37.84	34.99	39.93	32.62	22.53	30.65	28.82
Denmark	5.54	3.85	1.62	0.75	1.23	0.31	0.73	0.50	0.34	1.73	3.43	7.36	3.37	1.87
France	14.36	10.19	6.95	4.92	2.97	11.30	30.42	40.85	30.82	29.06	24.46	17.10	8.87	11.16
Germany	34.17	20.68	17.96	12.64	7.84	6.64	16.07	18.03	20.26	14.55	6.80	13.48	12.59	10.73
Italy	21.19	13.66	9.36	5.92	5.13	2.85	1.79	4.79	4.73	3.83	5.23	9.53	15.94	18.37
Netherlands	62.04	32.32	35.30	50.11	43.54	43.70	58.10	56.28	63.64	72.90	79.82	84.72	87.78	92.46
Portugal	7.25	3.95	2.10	0.47	1.31	1.48	0.87	2.67	4.04	2.71	1.84	7.07	7.30	11.95
Spain	68.73	41.60	24.06	9.66	6.16	3.57	8.98	5.74	9.29	4.29	4.28	17.19	11.41	12.88
Sweden	0.21	0.03	0.21	0.13	0.45	0.41	0.09	0.41	0.07	0.16	0.10	0.17	0.10	1.27
United Kingdom	60.22	43.59	24.95	20.85	9.66	22.06	18.51	22.98	12.92	38.69	45.29	36.80	50.24	54.28
Others	0.28	0.02	26.43	57.94	93.94	108.66	126.01	124.69	182.23	272.32	267.31	182.09	264.37	302.89
Rest of Europe	**36.29**	**27.79**	**29.85**	**38.57**	**36.87**	**47.04**	**68.52**	**16.12**	**18.25**	**20.32**	**27.60**	**32.74**	**42.68**	**53.82**
Bulgaria	0.00	0.00	0.01	0.00	0.00	0.05	0.07	0.00	0.02	0.00	0.00	0.05	0.09	0.06
Norway	1.87	1.06	0.78	1.18	0.59	0.22	0.14	0.46	0.45	1.05	0.94	0.41	0.44	0.53
Switzerland	12.78	11.63	20.28	34.97	30.58	36.84	64.77	11.37	16.13	16.57	17.50	20.26	31.32	46.15
Turkey	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.84	0.84	2.27	1.67	5.07	4.28	1.25
Poland	0.20	0.03	0.57	0.52	3.36	2.06	0.02	0.00	0.00	0.00	0.83	4.99	4.86	2.64
Other	21.45	15.08	8.21	1.90	2.34	7.86	3.15	3.45	0.81	0.43	6.66	1.96	1.69	3.19
The Americas	**5.52**	**5.31**	**5.73**	**14.33**	**29.04**	**39.29**	**45.36**	**27.70**	**16.49**	**20.08**	**18.81**	**32.23**	**29.72**	**47.28**
USA	2.19	3.06	3.76	6.85	9.34	16.58	15.74	17.49	12.52	12.22	17.46	29.57	21.97	34.97
Canada	2.55	1.67	1.24	1.25	0.96	3.20	1.80	2.53	2.25	2.11	0.82	2.03	2.66	3.04
Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.03	0.19	0.21
Brazil	0.10	0.09	0.04	0.00	0.03	0.05	0.06	0.00	0.25	1.54	0.12	0.09	0.45	0.02
Argentina	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.01	0.02	0.00	0.00	0.00	0.00
Other	0.67	0.48	0.69	6.23	18.71	19.46	27.76	7.67	1.46	4.19	0.41	0.51	4.45	9.04
Middle East	**6.39**	**3.59**	**6.77**	**9.25**	**15.33**	**24.23**	**53.36**	**148.75**	**224.74**	**163.04**	**112.74**	**126.59**	**119.74**	**210.26**
Bahrain	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.61	0.16	0.57
Israel	2.43	1.78	2.10	2.43	4.12	2.45	1.73	5.93	10.57	7.55	7.81	7.11	8.34	9.39
Saudi Arabia	1.21	0.33	0.79	0.04	0.36	0.06	4.76	0.01	0.02	2.33	0.11	0.18	0.23	0.81
United Arab Emirates	1.23	1.04	3.13	5.54	10.28	18.31	46.08	141.60	211.79	149.54	102.29	115.38	107.94	194.60
Jordan	0.61	0.41	0.20	0.55	0.00	0.00	0.06	0.37	0.69	0.74	0.55	1.09	1.23	1.72
Other	0.91	0.03	0.55	0.68	0.57	3.40	0.72	0.85	1.66	2.88	1.89	2.22	1.84	3.17
Asia	**16.29**	**21.47**	**33.46**	**36.14**	**27.88**	**36.26**	**41.40**	**37.89**	**57.75**	**68.84**	**72.25**	**90.13**	**157.31**	**151.46**
India	0.23	3.58	2.14	0.22	0.86	0.55	1.13	1.73	1.50	7.76	12.36	16.98	18.73	16.47
Japan	5.33	5.93	6.65	10.44	12.85	6.70	4.99	3.73	5.19	4.20	4.45	2.04	2.97	7.24
Malaysia	0.50	1.01	0.55	0.73	0.44	1.51	0.37	0.17	0.55	0.53	1.26	1.36	1.02	4.21
China	0.10	0.11	0.34	1.15	0.17	2.38	3.40	5.40	11.14	11.90	12.31	19.54	24.93	29.36
Thailand	0.00	0.00	0.23	0.06	0.02	0.01	0.12	0.00	0.10	0.08	0.02	0.01	1.10	0.19
Singapore	2.59	3.93	1.09	1.58	4.25	8.84	12.50	8.56	16.95	16.63	18.23	15.98	47.31	39.21
Pakistan	1.49	0.89	1.71	1.80	0.25	0.25	0.56	0.55	1.30	3.61	0.22	1.17	0.49	0.27
Korea (Rep)	0.05	0.07	0.12	0.21	0.56	0.84	0.56	0.42	1.28	1.36	1.03	3.36	1.83	0.11
Indonesia	0.00	0.31	0.15	0.00	0.00	0.00	0.07	0.05	1.03	0.11	0.46	1.24	0.37	0.00
Vietnam	0.00	0.00	0.03	0.00	0.01	0.07	0.12	1.88	4.96	6.39	6.06	8.41	12.36	10.31
Taiwan	0.03	0.80	0.17	0.15	0.22	0.48	0.08	0.08	0.16	0.09	0.04	0.05	0.13	0.43
Hongkong	5.88	4.84	20.29	19.75	8.02	11.72	13.84	12.04	10.76	13.70	12.24	14.16	29.35	31.07
Other	0.08	0.00	0.00	0.05	0.22	2.92	3.66	3.29	2.83	2.47	3.59	5.84	16.72	12.59
Comesa	**89.52**	**81.59**	**94.01**	**93.17**	**119.58**	**168.48**	**203.83**	**229.60**	**429.13**	**624.57**	**747.34**	**796.88**	**914.17**	**1,160.95**
Ethiopia	0.92	0.27	0.00	0.07	0.29	0.41	0.34	0.25	0.10	0.20	1.36	3.06	0.14	8.20
Kenya	38.73	47.29	49.83	43.88	69.38	71.83	65.64	58.28	95.69	127.85	153.55	179.75	214.50	225.31
Malawi	0.03	0.01	0.01	0.02	0.33	0.13	0.26	0.06	0.08	0.12	0.28	0.10	0.07	0.09
Namibia	0.00	0.02	0.01	0.01	0.01	0.00	0.01	0.00	0.01	0.00	0.03	0.00	0.01	0.05
Mauritius	0.02	0.00	0.00	0.05	0.77	0.86	0.92	0.36	1.50	0.37	0.27	0.48	2.66	1.33
Zambia	0.02	0.03	0.00	2.40	0.99	0.07	0.13	0.32	0.05	0.11	0.11	0.60	0.09	0.88
Swaziland	0.13	0.00	0.00	0.17	0.06	0.68	0.04	0.02	0.02	0.09	0.02	0.14	0.62	0.01
Burundi	2.45	1.63	2.86	6.60	6.19	12.14	20.23	19.04	34.26	38.79	57.57	56.01	39.69	42.39
Rwanda	14.20	8.21	13.50	11.46	15.62	20.93	29.12	23.92	59.25	100.15	145.98	142.80	175.25	208.40
Madagascar	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.24	0.03
Tanzania	8.43	5.98	6.07	6.28	5.71	8.58	9.41	6.45	1.06	3.55	27.02	39.98	38.98	44.88
Sudan	15.98	9.42	5.89	6.04	6.12	15.98	20.67	53.88	135.69	205.27	223.28	191.27	258.46	392.57
Egypt	3.51	2.77	3.37	2.94	1.81	1.67	3.22	4.41	3.47	1.86	2.61	0.81	3.76	3.69
Congo (D.R.)	5.01	5.84	12.42	12.27	10.60	20.02	43.90	45.56	78.66	116.26	135.10	179.31	175.11	216.88
Other	0.08	0.12	0.06	0.99	1.70	15.18	9.94	17.03	19.29	29.97	0.17	2.56	4.59	16.24
Rest of Africa	**24.53**	**12.22**	**12.15**	**42.95**	**45.25**	**65.30**	**18.93**	**24.85**	**36.08**	**55.50**	**34.23**	**31.50**	**17.76**	**26.69**
South Africa	24.11	11.20	11.27	38.89	31.75	39.03	5.66	15.83	11.16	11.51	13.26	19.01	6.37	10.53
Nigeria	0.00	0.00	0.49	0.17	0.08	0.08	0.22	0.11	0.10	0.11	0.62	0.49	0.21	0.49
Other	0.42	1.02	0.39	3.89	13.42	26.19	13.05	8.90	24.81	43.87	20.34	12.00	11.18	15.67
Unclassified	**38.26**	**78.96**	**78.52**	**43.04**	**42.17**	**47.70**	**29.57**	**39.66**	**54.40**	**53.81**	**81.49**	**103.83**	**104.87**	**91.23**
Australia	7.23	6.41	6.49	4.40	7.06	5.07	2.54	5.47	5.27	2.59	1.92	3.21	1.54	2.41
Iceland	0.16	0.22	0.00	0.00	0.00	0.10	0.00	0.29	0.16	3.08	0.03	0.00	0.00	0.00
Other	30.87	72.33	72.03	38.64	35.11	42.53	27.03	33.90	48.97	48.14	79.54	100.62	103.33	88.82
Total	549.14	432.52	431.69	470.04	499.98	646.50	755.36	839.50	1,200.23	1,486.34	1,565.68	1,612.16	1,879.38	2,289.09

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

Appendix 10: Direction Of Formal Trade (Imports, Million Us$).

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Asia	**418.74**	**532.53**	**574.56**	**766.76**	**1,192.14**	**1,478.15**	**1,648.32**	**1,896.51**	**2,264.79**
India	109.78	124.14	155.50	210.60	381.00	431.15	597.49	716.81	850.83
China	81.06	109.38	116.07	150.80	273.71	349.14	353.40	425.18	507.58
Japan	100.41	139.95	146.13	167.76	218.51	266.83	237.09	310.50	260.52
Malaysia	48.56	60.92	42.37	43.28	87.06	103.40	79.36	64.64	51.86
Korea (Rep)	8.25	14.28	19.04	22.01	32.29	55.48	62.88	92.80	96.09
Singapore	12.64	11.13	16.58	42.99	60.80	91.23	66.06	128.60	49.35
Indonesia	5.52	8.64	14.16	8.95	19.24	26.87	79.34	143.35	189.77
Thailand	12.98	15.17	13.54	20.59	23.87	32.34	42.52	31.87	65.08
Hongkong	11.41	15.74	14.00	26.60	36.22	37.03	33.76	38.32	39.52
Russia	0.51	0.00	8.83	37.79	25.79	41.38	36.79	30.80	61.94
Pakistan	15.13	11.44	8.52	15.41	13.85	19.58	25.49	34.01	54.12
Taiwan	1.93	3.80	2.39	7.74	10.06	6.49	6.91	13.26	20.73
Vietnam	6.79	15.25	8.44	7.79	5.29	12.50	20.04	4.80	12.27
Bangladesh	0.85	1.85	1.14	1.24	1.68	2.05	1.59	1.76	1.64
Sri Lanka	0.00	0.00	0.02	0.06	0.25	0.49	2.60	2.16	1.77
Georgia	0.00	0.00	0.02	0.10	0.07	0.02	0.18	0.34	0.33
Phillipines	0.00	0.00	0.52	1.60	1.51	1.24	0.34	0.56	0.53
Korea Dem.	0.00	0.00	0.47	1.44	0.88	0.85	0.87	0.25	0.59
Other	2.91	0.84	6.81	0.01	0.06	0.07	1.61	0.02	0.27
European Union	**297.90**	**351.91**	**429.55**	**498.58**	**725.27**	**728.72**	**707.43**	**704.88**	**636.03**
Germany	36.01	43.73	55.30	62.87	71.87	82.21	115.76	120.16	99.29
United Kingdom	94.20	99.60	92.03	100.92	111.83	119.94	139.04	131.19	124.35
Netherlands	29.81	45.56	52.57	54.11	59.46	77.67	70.36	142.22	50.24
Italy	19.19	28.12	46.49	26.28	69.85	64.07	61.62	52.51	32.55
France	23.74	31.41	56.60	50.78	118.21	159.70	117.04	66.28	91.98
Belgium	24.72	38.95	33.90	29.92	45.41	44.29	31.68	32.25	54.36
Sweden	29.13	23.49	23.24	47.35	92.96	61.61	29.38	68.14	56.59
Denmark	11.93	12.75	20.25	18.18	42.16	36.50	26.75	23.83	41.32
Ireland	6.85	5.17	4.94	6.77	7.37	16.56	25.54	15.20	15.91
Spain	13.11	6.86	4.66	10.57	13.85	13.06	15.08	11.11	12.98
Finland	0.00	0.00	3.62	25.77	33.90	9.93	7.98	2.99	4.75
Austria	1.78	1.29	1.86	6.58	5.02	6.83	3.98	8.15	6.79
Hungary	0.00	0.00	7.14	42.94	30.00	10.32	6.14	11.85	16.55
Poland	0.96	0.00	0.47	5.00	1.90	3.21	35.41	5.37	9.30
Czech Republic	0.00	0.00	0.58	1.07	2.88	5.85	2.67	0.88	0.93
Malta	0.00	0.00	0.00	4.38	0.24	0.00	1.76	0.19	0.02
Romania	0.46	0.08	1.43	0.61	0.83	0.24	0.83	5.53	5.94
Bulgaria	0.00	0.00	3.07	2.31	7.69	5.15	3.61	1.24	6.06
Slovakia	0.00	0.00	1.01	0.14	0.15	0.46	0.16	0.28	0.11
Luxembourg	0.00	0.00	0.01	0.04	0.00	1.65	0.09	1.45	0.05
Cyprus	0.00	0.00	0.30	0.59	4.03	7.85	1.51	1.25	1.61
Portugal	0.19	0.07	0.18	0.39	0.97	0.33	0.12	0.41	0.35
Greece	0.00	0.00	0.61	0.86	4.51	1.08	0.73	0.73	0.69
Lithuania	0.00	0.00	0.00	0.02	0.16	0.13	9.60	1.15	0.75
Estonia	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.12	0.18
Other	5.85	14.84	19.30	0.13	0.03	0.08	0.56	0.40	2.38
Middle East	**106.00**	**148.79**	**304.29**	**466.08**	**560.51**	**683.05**	**679.78**	**643.86**	**854.68**
United Arab Emirates	68.72	105.79	196.38	320.88	408.46	464.00	371.24	335.76	362.77
Kuwait	0.00	0.00	3.80	12.77	22.69	34.18	28.07	76.49	17.05
Saudi Arabia	16.97	18.54	13.52	0.00	0.00	0.00	0.00	0.00	276.76
Lebanon	0.00	0.00	0.09	0.44	0.43	1.90	3.46	3.94	4.38
Bahrain	0.20	0.89	51.22	66.44	44.17	34.92	13.45	32.86	87.24
Qatar	0.00	0.00	1.68	2.49	2.59	3.62	4.21	5.81	4.85
Israel	7.11	12.19	13.88	9.39	9.85	9.86	11.22	7.76	7.45
Iran	0.00	0.00	0.84	4.13	8.01	6.11	5.86	4.31	5.29
Syrian Arab Rep.	0.00	0.00	0.11	0.12	0.13	0.27	0.27	0.76	0.56
Jordan	0.23	0.25	0.57	0.99	0.76	1.37	0.73	1.29	2.16
Iraq	0.00	0.00	0.00	0.33	0.02	0.01	0.01	0.02	0.05
Oman	0.00	0.00	0.05	0.54	3.49	4.75	27.91	12.38	86.09
Other	12.79	11.14	5.01	0.05	0.06	0.08	0.01	0.11	0.03
Comesa	**394.28**	**487.53**	**472.68**	**410.21**	**473.78**	**544.88**	**518.54**	**628.40**	**803.18**
Kenya	361.91	440.36	422.76	360.69	410.54	468.34	446.81	535.07	686.12
Egypt	9.08	12.49	13.29	17.31	26.62	36.92	33.04	44.29	44.68
Swaziland	13.01	16.92	19.19	23.06	22.97	20.08	17.31	16.85	16.74
Congo (D.R.C)	2.09	2.71	2.41	0.13	0.38	2.23	4.96	6.72	25.81
Mauritius	0.00	0.00	0.36	2.10	2.47	6.92	3.42	9.85	8.07
Rwanda	0.60	0.56	0.54	0.61	2.52	2.56	5.32	6.12	9.04
Malawi	0.00	0.00	0.03	1.61	1.15	1.76	1.55	0.84	3.61
Sudan	0.00	0.00	0.05	0.16	0.18	0.24	0.96	3.89	4.86
Burundi	0.04	0.19	0.01	0.47	0.77	0.55	0.54	1.32	1.78
Zimbabwe	1.11	0.96	0.39	0.67	0.34	1.47	0.36	0.18	0.24
Ethiopia	0.13	0.35	0.08	0.21	0.20	0.63	0.93	0.60	0.37
Namibia	0.00	0.00	0.00	0.08	0.06	0.04	0.10	0.04	0.31
Zambia	0.35	0.64	0.88	1.29	0.63	0.76	0.90	1.61	1.27
Eritrea	0.00	0.00	0.00	0.03	0.03	0.08	0.60	0.06	0.09
Other	5.97	12.35	12.71	1.80	4.90	2.29	1.73	0.97	0.19
Rest of Africa	**141.43**	**162.48**	**164.94**	**177.02**	**268.40**	**305.99**	**266.26**	**294.60**	**362.86**
South Africa	124.16	148.73	141.98	151.35	219.08	258.87	207.40	245.96	234.70
Tanzania	15.80	11.60	19.06	22.37	44.75	33.29	52.84	32.47	55.53
Cote D'Ivoire	0.00	0.00	0.21	0.53	0.91	1.12	0.49	0.70	0.82
Ghana	0.00	0.00	0.02	0.09	0.26	0.59	1.72	8.37	2.19
Liberia	0.00	0.00	0.00	0.00	0.07	0.76	0.01	0.47	0.24
Nigeria	0.00	0.00	0.11	0.37	1.34	0.91	0.44	0.63	1.09
Benin	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.01	0.06
Gabon	0.00	0.00	0.00	0.00	0.07	0.06	0.17	0.15	0.23
Botswana	0.00	0.00	0.01	0.34	0.06	0.16	0.11	0.09	0.14
Mali	0.00	0.00	0.01	0.01	0.01	0.01	0.10	0.05	0.03
Cameroon	0.00	0.00	0.01	0.06	0.19	0.09	0.11	0.32	0.29
Burkina Faso	0.00	0.00	0.02	0.00	0.00	7.94	0.07	0.05	17.37
Senegal	0.00	0.00	0.05	0.04	0.03	0.01	0.02	0.03	0.12
Niger	0.00	0.00	0.00	0.10	0.02	0.22	0.19	0.35	0.20
Sierra Leone	0.00	0.00	0.00	0.00	0.01	0.02	0.03	0.00	0.00
Togo	0.00	0.00	0.00	0.00	0.00	0.71	0.10	0.07	0.12
Tunisia	0.00	0.00	0.03	0.05	0.03	0.04	0.12	0.56	30.81
Other	1.47	2.15	3.42	1.70	1.59	1.19	2.33	4.31	18.93
Rest of Europe	**13.96**	**23.66**	**44.46**	**55.74**	**115.70**	**118.19**	**98.42**	**72.56**	**92.47**
Ukraine	0.00	0.00	3.86	16.89	13.43	34.45	45.31	24.04	11.40
Turkey	0.00	0.00	5.89	12.32	22.82	62.13	21.58	25.29	54.73
Switzerland	6.48	12.11	19.27	24.88	22.01	15.66	18.55	19.58	24.01
Norway	3.01	2.44	1.41	1.13	48.35	4.75	3.22	2.02	1.41
Serbia	0.00	0.00	0.00	0.00	8.59	1.03	0.47	1.21	0.00
Croatia	0.00	0.00	0.00	0.00	0.16	0.00	8.47	0.09	0.00
Moldova Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00
Other	4.47	9.11	14.03	0.52	0.35	0.16	0.82	0.31	0.92
Unclassified	**144.42**	**183.03**	**145.34**	**120.78**	**174.56**	**203.24**	**198.12**	**286.78**	**277.43**
USA	85.58	95.15	90.72	76.80	110.66	113.66	101.97	167.50	115.74
Brazil	7.28	5.39	7.73	8.49	4.90	15.59	52.36	46.66	56.10
Canada	11.92	30.12	9.38	10.97	27.67	27.63	17.94	22.43	19.76
Australia	28.79	18.69	27.46	3.88	4.32	3.89	4.56	14.78	27.93
Chile	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.59	0.08
Peru	0.00	0.00	0.00	0.01	0.00	0.02	0.01	0.13	0.00
Jamaica	0.00	0.00	0.00	0.07	0.00	0.03	0.00	0.07	0.12
Colombia	0.00	0.00	0.01	0.09	0.06	0.04	4.89	2.96	0.50
Mexico	0.17	0.07	0.13	0.02	0.12	0.25	0.17	1.08	5.45
Panama	0.00	0.00	0.00	0.20	0.01	0.05	0.10	0.43	0.00
British Virgin Islands	0.00	0.00	0.31	0.10	0.00	0.61	11.92	0.49	0.00
Argentina	6.55	31.88	8.48	14.53	23.58	35.45	1.79	11.77	32.02
Dominican Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.17
New Zealand	0.00	0.00	0.06	0.37	0.20	0.47	0.43	0.37	1.16
Uruguay	0.00	0.00	0.00	2.52	1.09	1.23	0.00	5.00	0.07
Cuba	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00
Liechtenstein	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.04
Other	4.14	1.73	1.06	2.74	1.93	4.32	1.53	11.19	18.28
Total	**1,516.74**	**1,889.92**	**2,135.83**	**2,495.16**	**3,510.35**	**4,062.22**	**4,116.88**	**4,527.59**	**5,291.45**

Informal Trade

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
BURUNDI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
DR CONGO	9.88	19.74	13.20	17.17	18.54	20.33	25.24	20.35	21.50
KENYA	10.20	23.54	56.67	48.54	31.14	43.60	40.44	33.89	23.69
RWANDA	0.29	0.82	0.37	0.70	0.68	1.34	2.31	1.61	2.80
SUDAN	2.64	2.80	0.64	4.21	9.06	7.39	5.57	1.35	1.69
TANZANIA	1.87	1.97	2.07	3.69	4.54	5.09	7.74	1.77	3.05
	24.88	**48.87**	**72.95**	**74.30**	**63.95**	**77.74**	**81.30**	**58.98**	**52.77**
Grand Total	**1,541.62**	**1,938.79**	**2,208.78**	**2,569.46**	**3,574.31**	**4,139.97**	**4,198.18**	**4,586.57**	**5,344.22**

Source: Bank of Uganda

Appendix 11: Domestic Public Debt (Million Shs., End Period)

		Jun10	Sep10	Dec10	Mar11	Jun11	Sep11	Dec11	Mar12	Jun12
A:	**Bank of Uganda**									
	Ways & Means Advances1	(1,651,021.3)	(1,993,759.6)	(1,903,160.7)	(1,370,310.0)	(1,568,700.2)	(1,226,453.4)	(1,571,354.1)	(2,355,358.8)	(2,733,905.5)
	Treasury Bills2	241,093.7	274,178.3	264,398.8	267,278.7	341,157.6	384,264.7	288,165.2	337,047.2	254,665.2
	Treasury Bonds	65,771.1	65,943.2	142,593.2	81,885.2	171,560.1	289,193.4	76,864.3	119,064.3	73,241.8
	Sub - Total	**(1,344,156.5)**	**(1,653,638.1)**	**(1,496,168.7)**	**(1,021,146.1)**	**(1,055,982.5)**	**(552,995.3)**	**(1,206,324.6)**	**(1,899,247.3)**	**(2,405,998.5)**
B:	**Commercial Banks**									
	Treasury Bills	1,051,035.5	1,167,202.6	1,203,088.3	1,141,119.8	1,131,745.1	931,699.5	859,387.6	1,205,884.4	1,562,179.0
	Treasury Bonds	1,089,407.4	1,250,663.1	1,257,306.1	1,393,927.2	1,338,912.6	1,082,419.8	1,206,028.9	1,220,041.4	1,228,149.7
	Less Government Deposits3	293,567.4	203,017.7	241,438.0	205,015.6	256,428.9	233,772.5	262,274.4	222,915.6	399,699.5
	Sub - Total	**1,846,875.5**	**2,214,848.0**	**2,218,956.4**	**2,330,031.4**	**2,214,228.8**	**1,780,346.8**	**1,803,142.1**	**2,203,010.2**	**2,390,629.2**
	Total Net Claims on Govt. (A+B)	**502,719.0**	**561,209.9**	**722,787.6**	**1,308,885.3**	**1,158,246.3**	**1,227,351.5**	**596,817.5**	**303,762.9**	**(15,369.3)**
C:	**Non - Banking System**									
	Treasury Bills	122,272.6	138,294.7	189,238.5	230,475.2	223,239.0	283,274.6	487,562.9	769,013.8	861,236.3
	Treasury Bonds	408,690.2	475,262.4	560,379.4	648,606.7	813,907.3	1,065,615.8	1,341,050.7	1,639,474.2	1,898,508.4
	Sub - Total	**530,962.8**	**613,557.1**	**749,617.9**	**879,081.9**	**1,037,146.3**	**1,348,890.4**	**1,828,613.6**	**2,408,488.0**	**2,759,744.7**
	Grand Total (A+B+C)	1,033,681.8	1,174,767.0	1,472,405.5	2,187,967.2	2,195,392.6	2,576,241.9	2,425,431.1	2,712,250.9	2,744,375.4

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)

	Mar-07	Jun-07	Sep-07	Dec07	Mar-08	Jun-08	Sep-08	Dec08	Mar-09	Jun09	Sep09	Dec09	Mar10
Government Stocks	**856,072.3**	**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**	**1,361,586.2**	**1,406,586.2**	**1,406,586.2**	**1,506,586.2**
Bank of Uganda	30,468.3	31,609.3	23,507.5	29,840.5	26,298.9	33,435.2	42,087.4	42,087.4	33,570.5	40,966.9	70,978.4	47,015.4	46,082.4
Commercial Banks	406,449.1	451,277.0	600,565.3	759,613.4	720,176.2	837,317.1	904,111.7	851,292.1	753,675.9	883,827.6	901,253.5	912,515.3	1,014,700.2
Insurance Companies[1]	106,959.1	147,073.0	230,751.4	343,312.0	387,856.6	476,917.5	274,540.2	327,459.8	188,055.8	175,164.9	154,808.8	140,058.2	122,276.6
Others[2]	312,195.8	323,123.2	268,258.3	123,912.4	142,346.7	136,765.2	144,496.1	144,396.1	255,922.9	261,626.8	279,545.5	306,997.3	323,527.0
Treasury Bills	**1,116,405.8**	**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**	**1,444,441.7**	**1,469,242.4**	**1,385,997.7**	**1,397,959.5**
Bank of Uganda	104,040.4	109,735.8	184,048.3	254,707.2	359,544.1	310,512.1	279,644.0	283,884.5	254,017.5	281,622.8	299,312.4	236,052.5	227,049.2
Commercial Banks	777,670.8	828,311.7	778,814.6	729,503.3	834,349.3	700,828.4	764,026.9	756,284.1	846,498.7	922,715.6	922,576.6	989,217.2	1,013,936.3
Insurance Companies[1]	113,635.1	240,815.1	325,187.4	397,940.5	361,772.7	354,408.5	174,011.3	177,179.5	113,988.5	90,045.6	112,754.3	84,580.3	63,049.3
Others[2]	121,059.5	161,487.6	124,347.9	146,305.3	152,278.5	152,558.9	142,996.5	150,598.5	111,420.0	150,057.7	134,599.1	76,147.7	93,924.7
Total	**1,972,478.1**	**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**	**2,806,027.9**	**2,875,828.6**	**2,792,583.9**	**2,904,545.7**
Banks	1,318,628.6	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	2,129,132.9	2,194,120.9	2,184,800.4	2,301,768.1
Non-Banks	653,849.5	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	676,895.0	681,707.7	607,783.5	602,777.6

[1]Includes Credit Institutions.

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

Source: Bank of Uganda

Appendix 13: Monetary Survey (Billion Shs.)

	Jun-95	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
Net Foreign Assets	**41.36**	**147.36**	**352.46**	**618.57**	**782.24**	**906.29**	**1,210.95**	**1,552.64**	**2,101.30**	**2,370.54**	**2,648.01**	**3,073.61**	**3,808.66**	**5,086.81**
Monetary Authority (net)	-38.45	72.23	231.68	452.05	585.02	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
Foreign Reserves	374.95	507.95	663.86	924.60	1,086.62	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
Commercial Bank (net)	79.82	75.13	120.78	166.52	197.22	291.49	418.65	462.06	600.79	690.07	597.17	459.63	477.73	735.79
Domestic Credit	**188.59**	**306.09**	**318.76**	**330.81**	**467.74**	**1,012.39**	**1,106.82**	**1,151.38**	**1,246.13**	**1,092.16**	**982.04**	**1,382.28**	**1,116.36**	**1,806.83**
Claims on Central Government (net)	-95.54	-65.16	-61.36	-128.52	-127.90	414.59	460.63	482.04	390.36	68.23	-176.31	-112.74	-731.55	-959.02
Claims on Parastatals (crop fin, barter)	26.40	26.43	27.05	27.50	48.22	16.37	10.28	6.90	6.58	13.59	8.09	19.45	34.64	29.63
Claims on Local Government	0.00	0.00	0.00	0.00	1.09	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35	0.09
Claims on the Private Sector	257.74	344.82	353.06	431.83	546.34	580.41	634.93	661.66	848.60	1,009.98	1,150.23	1,475.47	1,812.93	2,736.13
Crop Finance	50.09	57.10	62.59	58.53	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	207.65	287.72	290.47	373.30	484.80	493.20	517.28	506.83	658.80	795.10	849.68	1,038.62	1,356.34	2,036.92
Forex loans to residents	0.00	0.00	0.00	0.00	61.54	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59	699.21
Other Items (net)	341.58	230.62	137.88	70.58	-89.46	-571.55	-734.12	-778.65	-974.05	-875.44	-818.93	-1,184.29	-1,083.00	-1,855.80
Revaluation	354.30	328.40	304.33	246.59	194.44	-47.23	-98.03	-162.27	-331.10	-443.77	-525.76	-633.45	-483.70	-486.27
Other (net)	-12.36	-96.90	-175.01	-186.30	-316.83	-570.63	-675.23	-674.96	-794.75	-472.20	-340.88	-642.37	-710.60	-1,464.32
Reporting Error	-0.35	-0.88	8.56	10.30	32.92	46.32	39.15	58.57	151.80	40.52	47.71	91.53	111.37	94.79
NDA (NET OF REVALUATION)	**175.88**	**208.31**	**152.30**	**154.80**	**183.84**	**488.07**	**470.74**	**535.00**	**603.17**	**660.48**	**688.87**	**831.44**	**517.13**	**437.31**
Broad Money - M3	571.54	684.06	809.10	1,019.96	1,160.54	1,347.17	1,583.68	1,925.40	2,373.38	2,587.26	2,811.11	3,271.60	3,842.02	5,037.85
Foreign Exchange Accounts	67.11	75.02	103.53	146.91	207.82	310.84	390.24	434.81	624.19	662.38	653.25	706.64	848.07	1,142.49
Broad Money - M2 A	504.43	609.04	705.57	873.05	952.73	1,036.33	1,193.44	1,490.59	1,749.19	1,924.88	2,157.86	2,564.96	2,993.95	3,895.35
Certificates of Deposit	0.00	0.00	0.00	0.00	11.08	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05	0.00
Broad Money - M2	504.43	609.04	705.57	873.05	941.64	1,025.51	1,185.57	1,484.77	1,745.19	1,922.85	2,155.89	2,563.74	2,993.90	3,895.35
Currency In Circulation	169.50	210.26	220.84	239.50	284.65	306.67	350.16	407.22	461.38	529.29	605.06	744.89	863.62	1,074.48
Private Demand Deposits	206.28	220.74	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26
Private Time and Savings Deposits	128.64	178.04	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61
Total private deposits (incl CDs)	402.04	473.80	588.26	780.46	875.89	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
Memorandum Items														
Change Relative to Jun (%)														
M3	27.37	19.69	18.28	26.06	13.78	16.08	17.56	21.58	23.27	9.01	8.65	16.38	17.44	31.12
M2A	25.30	20.74	15.85	23.74	9.13	8.78	15.16	24.90	17.35	10.04	12.10	18.87	16.72	30.11
M2	25.30	20.74	15.85	23.74	7.86	8.91	15.61	25.24	17.54	10.18	12.12	18.92	16.78	30.11

Source: Bank of Uganda

Appendix 14: Monetary Authority Balance Sheet (Billion Shs.)

	Jun-95	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
Net Foreign Assets	**41.36**	**147.36**	**352.46**	**618.57**	**782.24**	**906.29**	**1,210.95**	**1,552.64**	**2,101.30**	**2,370.54**	**2,648.01**	**3,073.61**	**3,808.66**	**5,086.81**
Monetary Authority (net)	-38.45	72.23	231.68	452.05	585.02	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
Foreign Reserves	374.95	507.95	663.86	924.60	1,086.62	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
Commercial Bank (net)	79.82	75.13	120.78	166.52	197.22	291.49	418.65	462.06	600.79	690.07	597.17	459.63	477.73	735.79
Domestic Credit	**188.59**	**306.09**	**318.76**	**330.81**	**467.74**	**1,012.39**	**1,106.82**	**1,151.38**	**1,246.13**	**1,092.16**	**982.04**	**1,382.28**	**1,116.36**	**1,806.83**
Claims on Central Government (net)	-95.54	-65.16	-61.36	-128.52	-127.90	414.59	460.63	482.04	390.36	68.23	-176.31	-112.74	-731.55	-959.02
Claims on Parastatals (crop fin, barter)	26.40	26.43	27.05	27.50	48.22	16.37	10.28	6.90	6.58	13.59	8.09	19.45	34.64	29.63
Claims on Local Government	0.00	0.00	0.00	0.00	1.09	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35	0.09
Claims on the Private Sector	257.74	344.82	353.06	431.83	546.34	580.41	634.93	661.66	848.60	1,009.98	1,150.23	1,475.47	1,812.93	2,736.13
Crop Finance	50.09	57.10	62.59	58.53	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	207.65	287.72	290.47	373.30	484.80	493.20	517.28	506.83	658.80	795.10	849.68	1,038.62	1,356.34	2,036.92
Forex loans to residents	0.00	0.00	0.00	0.00	61.54	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59	699.21
Other Items (net)	341.58	230.62	137.88	70.58	-89.46	-571.55	-734.12	-778.65	-974.05	-875.44	-818.93	-1,184.29	-1,083.00	-1,855.80
Revaluation	354.30	328.40	304.33	246.59	194.44	-47.23	-98.03	-162.27	-331.10	-443.77	-525.76	-633.45	-483.70	-486.27
Other (net)	-12.36	-96.90	-175.01	-186.30	-316.83	-570.63	-675.23	-674.96	-794.75	-472.20	-340.88	-642.37	-710.60	-1,464.32
Reporting Error	-0.35	-0.88	8.56	10.30	32.92	46.32	39.15	58.57	151.80	40.52	47.71	91.53	111.37	94.79
NDA (NET OF REVALUATION)	**175.88**	**208.31**	**152.30**	**154.80**	**183.84**	**488.07**	**470.74**	**535.00**	**603.17**	**660.48**	**688.87**	**831.44**	**517.13**	**437.31**
Broad Money - M3	571.54	684.06	809.10	1,019.96	1,160.54	1,347.17	1,583.68	1,925.40	2,373.38	2,587.26	2,811.11	3,271.60	3,842.02	5,037.85
Foreign Exchange Accounts	67.11	75.02	103.53	146.91	207.82	310.84	390.24	434.81	624.19	662.38	653.25	706.64	848.07	1,142.49
Broad Money - M2 A	504.43	609.04	705.57	873.05	952.73	1,036.33	1,193.44	1,490.59	1,749.19	1,924.88	2,157.86	2,564.96	2,993.95	3,895.35
Certificates of Deposit	0.00	0.00	0.00	0.00	11.08	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05	0.00
Broad Money - M2	504.43	609.04	705.57	873.05	941.64	1,025.51	1,185.57	1,484.77	1,745.19	1,922.85	2,155.89	2,563.74	2,993.90	3,895.35
Currency In Circulation	169.50	210.26	220.84	239.50	284.65	306.67	350.16	407.22	461.38	529.29	605.06	744.89	863.62	1,074.48
Private Demand Deposits	206.28	220.74	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26
Private Time and Savings Deposits	128.64	178.04	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61
Total private deposits (incl CDs)	402.04	473.80	588.26	780.46	875.89	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
Memorandum Items														
Change Relative to Jun (%)														
M3	27.37	19.69	18.28	26.06	13.78	16.08	17.56	21.58	23.27	9.01	8.65	16.38	17.44	31.12
M2A	25.30	20.74	15.85	23.74	9.13	8.78	15.16	24.90	17.35	10.04	12.10	18.87	16.72	30.11
M2	25.30	20.74	15.85	23.74	7.86	8.91	15.61	25.24	17.54	10.18	12.12	18.92	16.78	30.11

Source: Bank of Uganda

Appendix 15: Commercial Bank Balance Sheet (Billion Shs.)

	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06
Net Foreign Assets	**-38.5**	**72.2**	**231.7**	**452.0**	**585.0**	**614.8**	**792.3**	**1,090.6**	**1,500.5**	**1,680.5**	**2,050.8**	**2,614.0**
External Assets	378.0	513.3	666.9	927.6	1,098.0	1,147.4	1,299.9	1,581.2	1,990.4	2,049.1	2,324.4	2,633.6
o/w Foreign Reserves	375.0	507.9	663.9	924.6	1,086.6	1,130.7	1,273.5	1,568.8	1,931.1	2,029.4	2,306.8	2,594.7
Foreign Liabilities	416.5	441.1	435.2	475.6	512.9	532.6	507.6	490.6	489.9	368.7	273.5	19.6
o/w Use of Fund Resources	413.7	436.2	433.5	474.0	510.0	528.5	503.5	486.4	485.0	364.7	270.4	16.5
Net Domestic Assets	**316.7**	**209.1**	**93.9**	**-81.3**	**-195.3**	**-162.4**	**-296.6**	**-501.4**	**-904.9**	**-899.2**	**-1,209.2**	**-1,648.4**
Net Domestic Credit	**-24.3**	**-31.5**	**-118.7**	**-221.6**	**-197.0**	**249.2**	**-296.6**	**16.7**	**-190.8**	**-463.8**	**-812.0**	**-969.6**
Claims on Government (net)	-50.7	-57.9	-145.7	-249.1	-225.0	245.2	203.0	12.7	-194.8	-489.6	-833.4	-991.2
Government Advances (adjusted)	719.6	788.2	819.6	936.9	1,125.6	1,115.0	1,697.2	1,312.5	1,543.4	1,220.6	1,070.9	1,360.6
Investment, Government Securities	0.8	62.2	61.9	62.0	64.8	70.2	62.2	124.7	127.2	200.0	200.5	232.6
Government Administered Fund Accounts	0.8	62.2	61.9	62.0	64.8	70.2	0.0	0.0	0.0	140.6	159.1	215.7
Government Deposits	771.0	908.3	1,027.3	1,248.0	1,415.4	940.0	1,556.5	1,424.6	1,865.4	1,769.6	1,945.7	2,368.8
Claims on parastatals(barter, crop finance etc)	26.4	26.4	27.1	27.5	28.0	4.0	4.3	4.0	4.0	1.9	1.3	0.9
Claims on Private Sector (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9	20.1	20.8
o/w Development Finance Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9	20.1	20.8
Claims on Commercial Banks	1.9	-0.8	6.1	7.9	57.6	71.0	63.9	72.5	100.5	85.8	86.7	95.5
Other Items, Net	**341.0**	**240.6**	**212.6**	**140.3**	**1.6**	**-411.6**	**-503.9**	**-518.1**	**-714.1**	**-435.5**	**-397.3**	**-678.8**
Other Assets	52.8	58.6	56.7	62.3	97.4	94.0	96.3	123.8	124.7	171.5	139.8	175.8
Other Liabilities	-292.2	-189.8	-164.0	-90.4	94.2	500.5	600.6	629.8	840.2	606.9	537.1	854.6
o/w Revaluation	-17.2	11.5	23.3	125.5	306.4	86.6	91.9	188.2	338.8	444.0	519.1	640.5
o/w Currency Revaluation IMF	-341.4	-345.4	-333.0	-381.4	-512.2	-47.8	2.9	-27.0	0.3	-3.7	0.5	-0.2
o/w MDRI Funds												
Base Money + DMB's Investments in BOU Instruments	280.2	280.5	331.7	378.6	447.3	523.5	559.6	661.6	696.1	867.1	928.3	1,061.1
Base Money = CIC+Transactions bal of operating banks	280.2	280.5	331.7	373.1	432.5	442.4	549.6	630.0	630.6	809.9	928.3	1,046.1
Currency Outside BoU	187.0	229.2	245.9	269.8	317.2	335.5	386.7	447.9	520.3	605.3	698.6	837.7
Commercial Bank Deposits	93.2	51.3	85.8	103.3	128.5	141.5	210.4	235.1	162.7	264.9	295.6	278.2
Transaction bal of operating banks	93.2	51.3	85.8	103.3	115.3	106.9	162.9	182.1	110.4	204.6	229.7	208.4
Commercial Banks Investment in BoU Instruments	0.0	0.0	0.0	0.0	0.0	0.0	10.0	31.6	65.5	57.2	0.0	15.0
Liabilities to Commercial banks (PNs)	0.0	0.0	0.0	5.5	14.9	32.2	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items												
Change Relative to Jun (%)												
Base Money	35.1	0.1	18.3	12.5	15.9	2.3	24.2	14.6	0.1	28.4	14.6	12.7
Commercial Bank deposits	56.4	-44.9	67.1	20.4	24.4	10.16	...	...	...	...	...	...
Transaction balances of operating banks	...	...	...	...	...	...	52.42	*11.80*	*-39.39*	85.4	12.3	-9.3

Source: Bank of Uganda

Appendix 16: Foreign Assets And Liabilities (Million Us$).

	Column2	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07
Net Foreign Assets		**75.13**	**120.78**	**166.52**	**197.22**	**291.49**	**418.65**	**472.14**	**615.86**	**690.07**	**597.17**	**459.63**	**477.73**
External Assets		134.76	165.73	254.05	271.99	364.68	498.39	551.10	702.20	789.76	719.34	632.31	684.92
Foreign Liabilities		59.63	44.95	87.53	74.76	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19
o/w External Accounts		12.91	11.00	15.77	12.78	10.98	16.69	19.08	35.32	37.09	51.98	64.09	53.69
o/w Shillings deposits of non-residents		0.00	0.00	0.00	0.74	2.72	2.23	5.25	6.15	16.86	15.59	42.88	28.11
Net Domestic Assets		**356.46**	**462.51**	**582.74**	**697.23**	**792.01**	**936.15**	**1,175.40**	**1,495.79**	**1,631.92**	**1,887.54**	**2,444.70**	**2,921.83**
Claims on Central Government (net)		-7.25	84.39	120.59	97.08	169.36	257.66	469.37	585.18	557.82	657.10	878.51	981.10
Advances		0.83	1.06	2.41	0.42	0.02	0.00	0.54	4.70	0.00	0.00	0.00	0.15
Government Securities		66.33	150.61	185.69	209.34	320.27	479.79	720.76	754.46	876.82	972.51	1,019.39	1,090.94
Government Deposits		74.42	67.28	67.51	112.68	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99
Claims on Parastatals		0.00	0.00	0.00	20.20	12.39	6.02	2.86	2.55	11.69	6.77	18.56	30.43
Claims on Local Government		0.00	0.00	0.00	1.09	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35
Claims on Private Sector		344.82	353.06	431.83	546.34	580.41	634.93	661.66	848.60	986.03	1,130.12	1,454.69	1,792.47
Crop Finance		57.10	62.59	58.53	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		287.72	290.47	373.30	484.80	493.20	517.28	506.83	658.80	771.16	829.57	1,017.84	1,335.87
Forex lending to resident private sector		0.00	0.00	0.00	61.54	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59
Cash in Vaults		18.90	25.07	30.33	32.53	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49
Net Claims on Bank of Uganda		51.26	88.25	111.17	105.44	163.31	148.12	199.84	227.20	216.48	190.72	219.40	376.97
Balances with Bank of Uganda		58.98	93.19	116.19	117.20	112.38	159.91	188.54	182.00	269.65	294.05	297.95	348.88
Borrowing at Bank of Uganda		7.71	4.94	10.49	26.64	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91
BOU Administered Funds		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.21	67.57	51.63	50.60
Investment in Bank of Uganda Instruments (REPO)		0.00	0.00	5.47	14.89	32.23	10.00	31.60	65.50	57.15	0.00	15.00	117.60
BOU PNs to Standard, UCB &CERUDEB		0.00	0.00	0.00	0.00	43.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Items, Net		**-9.05**	**-83.29**	**-79.97**	**-124.01**	**-206.30**	**-269.40**	**-319.12**	**-411.78**	**-480.49**	**-469.38**	**-597.02**	**-798.12**
Other Assets		159.61	135.71	177.02	188.32	242.95	268.36	320.35	314.00	247.89	341.31	375.37	495.17
Other Liabilities		167.83	217.94	254.58	312.33	449.25	537.76	639.46	725.78	728.39	810.69	972.38	1,293.29
o/w Interbank Claims (net)		-10.63	-16.10	-24.03	-18.82	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44
o/w Revaluation		5.48	5.43	9.34	11.33	8.42	3.25	1.06	-8.03	3.45	6.22	-6.89	34.90
Residual		-0.83	-1.06	-2.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Domestic Assets, NDA (net of revaluation)		**321.62**	**435.77**	**562.08**	**685.90**	**783.58**	**932.91**	**1,174.33**	**1,503.82**	**1,628.47**	**1,881.32**	**2,451.59**	**2,886.93**
Deposit Liabilities to the Non-Bank Public		**473.80**	**588.26**	**780.46**	**875.89**	**1,040.51**	**1,233.52**	**1,528.27**	**1,927.07**	**2,057.97**	**2,206.05**	**2,526.71**	**2,978.40**
Foreign Exchange Accounts		75.02	103.53	146.91	207.82	310.84	390.24	444.90	639.26	662.38	653.25	706.64	848.07
Shilling deposits		398.78	484.73	633.55	668.07	729.67	843.28	1,083.37	1,287.81	1,395.59	1,552.80	1,820.07	2,130.33
Demand Deposits		220.74	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96
Time and Savings Deposits		178.04	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33
Certificates of Deposits		0.00	0.00	0.00	11.08	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05
Memorandum Item													
NPA/Total Credit to Private Sector		0.45	0.30	0.20	0.20	0.12	0.08	0.04	0.08	1.02	0.03	0.03	0.03
Lending ratio: shgs since June 1999 (PSC/shgs dep)		0.67	0.59	0.59	0.63	0.56	0.51	0.39	0.46	0.47	0.47	0.52	0.59
Lending ratio: forex (PSC/forex deposits)		0.00	0.00	0.00	0.25	0.25	0.25	0.30	0.27	0.27	0.36	0.55	0.50

Source: Bank of Uganda

Appendix 17: Monetary Survey Key Ratios And Growth Rates

	Column2	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05
Monetary Authority												
External Assets		391.40	484.81	624.74	752.96	755.89	730.07	754.07	879.81	993.81	1,145.56	1,335.64
o/w Foreign Reserves		388.20	479.73	621.89	750.49	748.07	719.44	738.74	872.93	964.18	1,134.52	1,325.55
Foreign Liabilities		431.21	416.59	407.70	386.04	353.13	338.89	294.45	272.97	244.61	206.10	157.17
o/w Use of Fund Resources		428.29	411.96	406.11	384.70	351.10	336.27	292.06	270.68	242.15	203.91	155.41
Commercial Banks												
Foreign Assets		126.80	127.27	155.25	206.21	187.25	232.04	289.12	306.65	350.61	441.51	413.36
Foreign Liabilities		19.96	26.48	19.15	54.30	51.47	46.57	46.26	49.55	50.63	55.73	70.20
o/w External Accounts		9.48	12.19	10.30	12.80	8.80	6.99	9.68	10.62	17.64	20.74	29.87
o/w Non-resident sh deposits		...	...	...	...	4.61	3.64	1.29	2.92	3.07	9.42	8.96
Domestic (Forex) Liabilities		88.83	83.44	105.98	129.52	159.30	213.19	262.69	270.25	329.22	420.36	447.60
Foreign Exchange Accounts		69.48	70.85	96.98	119.24	143.07	197.78	226.38	241.94	311.66	370.30	375.38
Project Accounts		19.34	12.59	9.00	10.28	16.23	15.41	36.31	28.31	17.56	50.06	72.22
Domestic (Forex) Assets - lending to private sector		...	...	...	...	42.36	55.49	68.25	86.15	94.77	120.13	172.71
Memo Items												
DMB - Foreign Currency Accounts		98.31	95.63	116.28	142.32	168.10	220.18	272.37	280.87	346.86	441.10	477.47
DMB - Net Assets subject to Revaluation		18.01	17.35	30.13	22.39	-23.52	-27.72	-19.83	-13.15	-29.25	-34.58	-104.45
Use of Fund Resources (SDR m)		273.01	285.54	292.56	288.91	262.83	251.46	234.46	203.45	172.86	139.07	106.69
Change in DMBs' forex holdings		0.18	6.39	4.91	11.28	-36.91	0.00	18.65	26.21	13.86	12.48	-0.63
Exchange Rate - Sh/$ (end of period)		965.86	1,058.82	1,067.49	1,232.00	1,452.56	1,571.65	1,723.84	1,797.15	2,002.81	1,788.76	1,740.25
Exchange Rate - Sh/SDR		1,515.20	1,527.60	1,481.83	1,640.51	1,940.43	2,101.74	2,147.30	2,391.04	2,805.66	2,622.72	2,534.87

Source: Bank of Uganda

Appendix 18: Commercial Bank's Shilling Denominated Loans And Advances To The Private Sector

	Column2	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
Foreign Exchange Accounts/M3		0.12	0.11	0.13	0.14	0.18	0.23	0.25	0.23	0.27	0.26
CIC/M3		0.30	0.31	0.27	0.23	0.25	0.23	0.22	0.21	0.19	0.20
Demand Deposits/M3		0.36	0.32	0.33	0.32	0.31	0.31	0.30	0.32	0.30	0.31
Time and Savings Deposits/M3		0.23	0.26	0.27	0.30	0.27	0.24	0.23	0.24	0.24	0.23
Money Multiplier (M3/Base Money)		2.04	2.44	2.44	2.73	2.68	3.05	2.88	3.07	3.79	3.19
Money Multiplier (M2/Base Money)		1.80	2.17	2.13	2.34	2.18	2.32	2.16	2.36	2.77	2.37
Money Multiplier (M2A/Base Money)		1.80	2.17	2.13	2.34	2.20	2.34	2.17	2.37	2.77	2.38
CIC/M2		0.34	0.35	0.31	0.27	0.30	0.30	0.30	0.27	0.26	0.28
CIC/M2A		0.34	0.35	0.31	0.27	0.30	0.30	0.29	0.27	0.26	0.27
Demand Deposits/M2		0.41	0.36	0.37	0.37	0.38	0.40	0.41	0.42	0.42	0.42
Demand Deposits/M2A		0.41	0.36	0.37	0.37	0.38	0.40	0.40	0.41	0.41	0.42
Time and Savings Deposits/M2		0.26	0.29	0.31	0.35	0.32	0.30	0.30	0.31	0.32	0.31
Time and Savings Deposits/M2A		0.26	0.29	0.31	0.35	0.32	0.31	0.30	0.31	0.32	0.31
M2/M3		0.88	0.89	0.87	0.86	0.81	0.76	0.75	0.77	0.73	0.74
M2A/M3		0.88	0.89	0.87	0.86	0.82	0.77	0.75	0.77	0.73	0.74
Time and Savings Deposits/Total Deposits (%)		38.41	44.65	45.55	48.72	45.19	42.54	42.20	42.69	43.52	42.31
Demand Deposits/Total Deposits (%)		61.59	55.35	54.45	51.28	41.64	40.11	39.40	40.56	37.71	39.11
Forex deposits/M3		0.12	0.11	0.13	0.14	0.18	0.23	0.25	0.23	0.27	0.26
Vulnerability, M3/Reserves		1.52	1.35	1.22	1.10	1.07	1.19	1.24	1.23	1.24	1.27
Vulnerability, M2/Reserves		1.35	1.20	1.06	0.94	0.88	0.92	0.94	0.95	0.91	0.95
Claims on Government (billion shs, net); change relative to June		-95.20	30.38	3.80	-67.16	0.62	542.49	46.05	21.41	-91.68	-322.14
Share of Government in Domestic Credit (%)		-58.48	-24.09	-21.13	-41.74	100.00	100.00	100.00	100.00	100.00	100.00
Share of Private sector in Domestic Credit (%)		158.48	124.09	121.13	141.74	-27.34	40.95	41.62	41.87	31.33	6.25
Share of credit to other public institutions (%)		...	...	...	...	116.80	57.33	57.37	57.47	68.10	92.48
Year on Year growth in M3		27.37	19.69	18.28	26.06	13.78	16.08	17.56	22.21	23.40	8.32
Year on Year growth in M2		33.62	25.70	18.54	23.74	7.86	8.91	15.61	25.24	17.54	10.18
Year on Year growth in M2A		33.62	25.70	18.54	23.74	9.13	8.78	15.16	24.90	17.35	10.04
Year on Year Growth in Base Money		11.25	-4.59	4.81	12.49	15.91	2.29	24.25	14.63	0.09	28.43
Year on Year Growth in private sector credit (DMB level)		24.03	34.75	10.01	26.76	26.52	6.24	9.39	4.21	28.25	16.20
Year on Year Growth in private sector credit (Monetary Survey)		23.67	30.74	9.70	24.10	26.52	6.24	9.39	4.21	28.25	19.02

Source: Bank of Uganda

Appendix 19: Commercial Banks' Forex Denominated Loans And Advances To The Private Sector

(million shs at end of period)

	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	Jun-12
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**	**91,495**	**102,236**	**177,709**	**242,315**	**274,889**
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	40,217	102,573	118,454	108,888
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	43,672	62,019	75,136	123,861	166,001
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**	**191,820**	**341,671**	**405,307**	**521,955**	**422,811**
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	76,503	175,788	205,114	272,904	214,969
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	8,502	5,469	17,622	18,793	15,738
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	5,085	3,999	3,643	3,874
Paper, Paper Products, Printing & Publishing															16,545	17,235	17,837
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	21,341	14,362	35,526	34,754
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	37,508	43,781	52,913	50,641
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	28,194	52,926	73,482	38,922
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	58,477	68,287	50,958	47,458	46,076
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**	**246,998**	**541,275**	**632,130**	**927,345**	**942,986**
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	173,177	266,252	371,057	366,332
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	173,300	368,098	270,194	407,506	449,073
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**	**170,642**	**264,169**	**322,636**	**246,504**
Electricity & Water	**507**	**431**	**596**	**469**	**169**	**33**	**4**	**473**	**151**	**247**	**1,070**	**4,037**	**510**	**20,694**	**33,605**	**30,649**	**18,104**
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**	**348,738**	**464,240**	**650,616**	**996,647**	**1,067,191**
Mining and Quarrying	**276**	**309**	**890**	**59**	**189**	**873**	**402**	**474**	**96**	**126**	**730**	**17,266**	**5,899**	**8,610**	**9,667**	**12,644**	**14,171**
Personal Loans												**306,349**	**394,647**	**699,058**	**871,865**	**999,623**	**1,052,718**
Other Services												**314,826**	**610,219**	**446,322**	**383,192**	**180,031**	**204,514**
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	2,041,145	2,794,749	3,428,261	4,632,843	4,668,302

Source: Bank of Uganda

Appendix 20: Commercial Bank Activities (Billion Shs.)

	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	Jun-12
Agriculture	**16,568**	**15,349**	**19,274**	**35,701**	**28,734**	**40,020**	**56,900**	**72,012**	**52,135**	**74,078**	**60,876**	**114,888**	**181,126**	**162,194**
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	103,775
Crop Finance	13,138	11,878	12,995	28,885	22,350	19,831	37,664	42,141	37,906	59,150	48,831	59,591	76,751	58,418
Manufacturing	**14,979**	**26,053**	**43,816**	**10,649**	**35,362**	**37,850**	**60,505**	**104,579**	**62,606**	**147,891**	**207,627**	**213,150**	**398,161**	**580,177**
Foods, Beverages,Tobacco	855	9,390	21,779	3,286	9,010	5,222	28,454	50,385	26,890	40,679	72,254	88,114	150,565	265,091
Textiles, Apparel and Leather	1,240	120	12,275	100	2,467	6,052	4,666	7,537	0	800	3,314	7,400	10,172	19,211
Wood, Wood Products & Furniture	3,498	15	0	277	16	151	805	1,901	1,184	1,494	166	7,854	15,034	8,929
Paper, Paper Products, Printing & Publishing						0	0	0	0	0	0	15,685	38,540	37,229
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	72,668
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	43,120
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	101,140
Other Manufacturing Industries	17	1,214	0	1,800	13,823	11,799	19,786	21,499	15,542	77,260	74,144	35,999	40,326	32,789
Trade & Other Services	**9,389**	**20,947**	**20,073**	**63,013**	**78,271**	**43,281**	**55,121**	**76,073**	**75,905**	**89,171**	**205,370**	**237,827**	**470,829**	**622,842**
Wholesale	7,045	20,356	18,988	58,704	74,188	37,174	45,882	46,378	51,242	37,463	55,767	89,886	124,448	158,527
Retail	2,344	591	1,085	4,309	4,082	6,107	9,238	29,696	24,663	51,708	149,603	47,462	97,492	94,017
Transport	**8,216**	**9,018**	**2,645**	**6,626**	**5,843**	**9,689**	**16,269**	**29,649**	**18,326**	**38,363**	**39,854**	**89,533**	**183,819**	**227,892**
Electricity & Water							**1,849**	**500**	**2,538**	**22,921**	**2,092**	**18,884**	**30,261**	**56,274**
Building and Construction	**3,791**	**5,074**	**3,775**	**6,156**	**2,831**	**5,412**	**9,356**	**16,649**	**51,374**	**66,327**	**131,159**	**194,667**	**339,937**	**614,316**
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**	**16,918**
Personal Loans						0	0	0	**19,895**	**28,156**	**95,180**	**90,013**	**32,750**	**59,278**
Other Services						0	0	0	**155,251**	**234,350**	**82,693**	**98,341**	**134,532**	**107,005**
Total	**54,421**	**78,381**	**91,266**	**125,041**	**152,499**	**137,072**	**200,537**	**299,483**	**464,772**	**705,056**	**826,944**	**1,110,708**	**1,883,380**	**2,540,221**

Source: Bank of Uganda

APPENDIX 21: STRUCTURE OF INTEREST RATES (ANNUAL PERCENTAGE)

	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	Jun-12
Liabilities																
Total Deposits	639.45	823.94	958.67	1,153.95	1,385.39	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	8,708.98	9,715.35
Private Demand Deposits	263.92	324.91	360.09	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	2,513.74
Private Time & Savings Deposits	220.81	308.64	296.90	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	3,135.57
Foreign Exchange deposits	103.53	146.91	207.82	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	3,607.20
Government Deposits	67.28	67.51	112.68	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99	118.41	139.38	293.57	256.43	399.70
Inter bank deposits (excluding own)	-16.10	-24.03	-18.82	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44	258.05	134.16	-69.37	-85.60	59.15
Foreign Liabilities	44.95	87.53	74.76	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19	244.58	549.66	692.73	680.37	792.13
Borrowing at Bank of Uganda	4.94	10.49	26.64	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91	1.50	0.48	0.43	100.02	1.08
Items in Transit	-0.44	36.23	51.35	79.22	91.65	40.12	25.78	5.98	4.29	3.17	0.39	0.09	0.03	0.92	0.39	0.26
Capital and Reserves	67.09	88.07	49.76	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	1,865.74
Other Liabilities	209.87	233.56	295.41	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	1,893.68	2,417.72
Total Liabilities	**965.86**	**1,279.82**	**1,456.59**	**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**	**12,847.21**	**14,792.28**
Assets																
Cash held	25.07	30.33	32.53	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49	155.53	223.28	295.78	290.18	252.10
Balances with Bank of Uganda	88.64	111.11	113.35	108.53	155.57	188.48	181.94	269.65	294.05	297.85	348.88	412.05	487.91	917.62	831.61	876.67
Foreign Assets	165.73	254.05	271.99	364.68	498.39	551.10	702.20	789.76	719.34	632.31	684.92	980.37	1,141.64	1,335.72	1,174.88	2,031.68
Government Securities	150.61	185.69	209.34	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	2,579.30
Advances and Discounts	355.71	434.21	566.96	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	6,514.68	7,215.59
Investments in Stocks and Shares	4.25	11.74	9.89	8.75	8.87	10.86	7.47	10.99	4.84	5.35	46.47	11.23	10.77	38.64	52.31	43.75
Other Assets	175.85	252.70	252.53	377.64	388.90	419.07	469.23	376.12	454.48	481.53	707.81	718.74	1,082.43	1,122.17	1,485.37	1,793.20
Total Assets	**965.86**	**1,279.82**	**1,456.59**	**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**	**12,847.21**	**14,792.28**

Source: Bank of Uganda

Appendix 22: Foreign Exchange Rates (Shs. Per Us$)

	Mar-04	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep06	Dec06	Mar-07	Jun-07	Sep07	Dec07	Mar08	Jun-08	Sep08
Bank of Uganda															
Ways and Means	7.68	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
Rediscount rate	14.81	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
Bank rate to Commercial Banks	15.81	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
Central Bank Rate															
Treasury Bills															
91 Days	7.68	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
182 Days	9.07	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
273 Days	9.14	…	…	…	…	…	…	…	…	…	…	…	…	…	…
364 Days	9.35	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
Commercial Banks (Weighted Average)															
Local Currency															
Deposit Rates	2.10	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
Demand deposits	1.32	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
Savings deposits	2.12	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
Time Deposits	6.94	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
Lending Rates	22.12	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
Foreign Currency															
Deposit Rates	0.99	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
Demand deposits	0.96	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
Savings deposits	1.66	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
Time Deposits	1.51	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
Lending Rates	9.11	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

	Dec08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
Bank of Uganda															
Ways and Means	11.39	7.05	5.99	7.78	5.46	3.70	4.28	4.98	7.59	8.58	12.10	15.59	20.09	15.66	16.68
Rediscount rate	11.71	11.71	9.59	10.87	8.65	6.83	7.40	8.09	10.97	12.32	14.00	21.00	28.00	25.00	24.00
Bank rate to Commercial Banks	12.71	12.71	10.59	11.87	9.65	7.83	8.40	9.09	11.97	13.32	15.00	22.00	29.00	26.00	25.00
Central Bank Rate											11.00	16.00	23.00	21.00	20.00
Treasury Bills															
91 Days	11.39	7.05	5.99	7.78	5.46	3.70	4.28	4.98	7.59	8.58	12.10	15.59	20.09	15.66	16.68
182 Days	14.20	10.30	10.01	10.27	7.82	4.37	5.49	5.47	8.54	9.25	12.41	16.00	20.06	16.77	17.11
273 Days	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
364 Days	15.08	10.92	12.27	10.86	8.04	5.56	6.88	6.17	9.10	9.10	12.55	16.77	18.31	16.25	16.14
Commercial Banks (Weighted Average)															
Local Currency															
Deposit Rates	2.47	2.21	2.39	2.03	2.00	2.05	2.72	2.09	2.02	2.09	2.57	2.53	3.28	3.37	3.40
Demand deposits	1.45	1.30	1.26	1.23	1.28	1.26	1.29	1.36	1.28	1.18	1.13	1.20	1.19	1.38	1.32
Savings deposits	2.19	2.39	2.36	2.36	2.25	2.31	2.10	2.39	2.37	2.38	2.30	2.37	2.31	3.25	3.41
Time Deposits	11.62	8.97	10.72	8.49	9.23	7.70	10.85	5.43	9.78	9.68	11.01	14.43	23.85	19.96	17.72
Lending Rates	19.00	20.97	21.80	20.69	20.01	21.13	20.18	18.82	19.71	19.97	19.94	23.34	26.71	27.58	27.02
Foreign Currency															
Deposit Rates	1.32	1.44	1.17	1.20	1.24	1.63	1.36	1.09	1.25	1.30	1.33	1.37	1.44	1.26	1.57
Demand deposits	1.05	1.05	1.01	1.00	1.04	1.14	0.99	0.96	0.96	1.08	1.09	0.95	0.95	0.95	0.95
Savings deposits	1.38	1.59	1.51	1.50	1.48	1.49	1.49	1.51	2.65	1.49	1.49	1.63	1.74	1.75	1.55
Time Deposits	3.72	2.10	3.93	4.79	5.09	3.92	4.31	3.52	3.87	3.22	2.40	2.42	4.06	4.47	6.67
Lending Rates	8.49	10.69	15.14	10.41	10.07	10.33	9.56	10.01	8.57	10.14	9.43	9.70	10.08	9.99	8.44

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 23: BUREAUX AND INTER-BANK TRANSACTIONS

Year/Month	Bureau Weighted Average Buying Rate	Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2000 = 100)	Real Effective Exchange Rate (REER, 2000 = 100)
Calendar Year Average						
2007	1,710.52	1,721.51	1,716.01	1,723.49	120.33	115.67
2008	1,704.58	1,715.48	1,710.03	1,720.44	120.28	115.75
2009	2,022.20	2,030.96	2,026.58	2,030.49	111.37	96.91
2010	2,170.24	2,179.44	2,174.80	2,177.47	116.25	109.94
2011	2,509.01	2,522.73	2,515.87	2,522.75	132.84	114.27
Fiscal Year Average						
2007/08	1,687.54	1,696.47	1,692.00	1,696.45	121.58	120.20
2008/09	1,916.98	1,925.35	1,921.16	1,930.03	113.98	117.29
2009/10	2,020.54	2,030.43	2,025.44	2,028.88	133.39	117.18
2010/11	2,315.90	2,324.95	2,320.43	2,323.35	124.05	114.97
2011/12	2,541.81	2,557.94	2,549.87	2,557.15	132.53	106.87
Monthly Average						
2009 Jan	1,962.09	1,970.00	1,966.05	1,975.97	104.31	100.00
Feb	1,958.22	1,963.84	1,961.03	1,964.83	102.11	96.92
Mar	2,048.28	2,049.00	2,048.64	2,051.55	105.01	99.51
Apr	2,162.18	2,169.25	2,165.72	2,175.61	112.47	105.02
May	2,240.60	2,248.30	2,244.45	2,247.68	118.82	110.11
Jun	2,133.07	2,143.34	2,138.21	2,137.18	114.11	106.45
Jul	2,094.48	2,112.55	2,103.52	2,110.77	112.82	105.50
Aug	2,065.97	2,074.53	2,070.25	2,071.67	110.70	102.32
Sep	1,962.69	1,970.01	1,966.35	1,961.90	105.74	95.67
Oct	1,895.15	1,903.53	1,899.34	1,898.28	103.60	93.90
Nov	1,852.08	1,869.36	1,860.72	1,873.78	102.19	93.09
Dec	1,891.55	1,897.82	1,894.69	1,894.54	102.93	94.22
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	104.81	97.17
Feb	1,989.75	1,988.74	1,988.74	1,996.54	106.93	99.00
Mar	2,078.14	2,078.95	2,078.55	2,086.37	112.12	104.50
Apr	2,079.85	2,100.12	2,089.99	2,083.00	112.13	104.99
May	2,164.33	2,170.20	2,167.27	2,174.57	115.03	108.85
Jun	2,243.60	2,253.67	2,248.64	2,257.44	117.92	112.30
Jul	2,249.12	2,264.98	2,257.05	2,255.85	118.74	114.08
Aug	2,222.09	2,227.85	2,224.97	2,230.94	118.15	113.34
Sep	2,246.66	2,253.74	2,250.20	2,251.30	119.76	113.84
Oct	2,258.01	2,263.37	2,260.69	2,264.82	122.44	117.11
Nov	2,284.59	2,287.46	2,286.03	2,289.31	123.85	117.62
Dec	2,297.87	2,318.52	2,308.20	2,303.93	123.14	116.52
2011 Jan	2,323.64	2,330.42	2,327.03	2,332.47	124.51	116.49
Feb	2,328.38	2,333.10	2,330.74	2,341.93	124.77	115.58
Mar	2,383.02	2,403.94	2,393.48	2,393.31	127.16	114.14
Apr	2,362.46	2,367.13	2,364.80	2,367.59	127.11	112.18
May	2,381.39	2,392.35	2,386.87	2,387.68	127.78	112.12
Jun	2,453.60	2,456.56	2,455.08	2,461.04	131.15	116.55
Jul	2,575.07	2,578.04	2,576.56	2,587.23	137.83	120.38
Aug	2,750.97	2,765.83	2,758.40	2,753.23	145.96	125.08
Sep	2,795.01	2,802.88	2,798.95	2,814.02	145.85	117.34
Oct	2,793.62	2,807.07	2,800.35	2,805.37	143.32	114.11
Nov	2,515.92	2,588.65	2,552.29	2,582.18	132.54	105.87
Dec	2,444.99	2,446.84	2,445.92	2,446.91	126.05	101.37
2012 Jan	2,402.37	2,410.12	2,406.25	2,414.19	124.33	99.40
Feb	2,327.57	2,350.05	2,338.81	2,327.97	122.02	96.14
Mar	2,464.71	2,477.85	2,471.28	2,485.02	129.74	102.61
Apr	2,495.06	2,503.41	2,499.24	2,506.21	130.40	101.68
May	2,464.63	2,479.21	2,471.92	2,479.05	127.41	99.77
Jun	2,471.78	2,485.29	2,478.54	2,484.36	124.92	98.62

Source: Bank of Uganda

APPENDIX 24: COMPOSITE CONSUMER PRICE INDEX, UGANDA (2005/06 = 100)

(million US$)

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
2007/08	1,502.09	1,563.95	8,040.38	7,920.32
2008/09	1,798.32	1,584.24	7,021.61	7,183.36
2009/10	1,857.24	1,636.06	7,668.53	7,656.74
2010/11	1,871.85	1,735.10	9,176.50	9,282.64
2011/12	2,735.49	2,486.76	9,964.79	9,415.20
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
Jul	172.32	151.99	696.88	694.93
Aug	196.26	164.72	779.61	800.14
Sep	200.50	173.49	810.21	819.80
Oct	182.56	168.17	842.97	782.77
Nov	209.54	179.18	794.75	779.81
Dec	208.28	205.17	911.51	856.22
Total	**2,103.83**	**1,910.62**	**9,568.75**	**9,616.54**
2012 Jan	188.40	165.89	1,076.16	898.50
Feb	208.97	185.16	836.63	760.53
Mar	296.68	291.13	787.90	781.21
Apr	241.84	237.14	655.55	625.01
May	313.69	269.93	962.99	868.59
Jun	316.44	294.80	809.62	747.69

Source: Bank of Uganda

Appendix 25: Composite Cpi For Uganda: Breakdown By Major Groups.

	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)											
2000	108.1	78.4	95.9	75.3	87.7	78.0	77.6	85.7	**77.9**		3.4
2001	107.4	84.0	99.6	81.0	91.7	80.1	82.0	88.2	**79.4**		1.9
2002	110.8	89.5	96.3	83.4	89.7	79.8	85.3	88.1	**79.2**		-0.3
2003	110.6	90.5	98.4	87.8	93.9	85.3	88.2	91.9	**86.1**		8.7
2004	107.2	94.5	96.3	91.2	97.0	87.7	92.1	94.7	**89.2**		3.7
2005	99.8	98.7	98.0	97.9	98.1	95.1	97.5	98.3	**96.8**		8.5
2006	105.5	100.7	102.7	106.4	102.9	104.5	102.2	101.7	**103.9**		7.2
2007	108.2	103.4	107.3	124.1	109.2	111.1	107.1	106.5	**110.2**		6.1
2008	129.6	113.7	116.5	136.5	126.4	122.2	114.3	114.8	**123.5**		12.0
2009	162.1	125.9	125.9	145.6	138.5	125.1	123.2	129.6	**139.6**		13.0
2010	165.4	132.3	129.5	153.1	147.6	123.3	131.3	142.2	**145.2**		4.0
2011	218.9	153.8	164.5	177.4	181.7	117.6	141.9	164.6	**172.3**		18.7
Fiscal Year (Average)											
2000/01	108.5	78.6	99.4	78.1	91.1	79.4	80.2	86.5	**79.9**		4.5
2001/02	108.4	89.8	97.3	82.6	90.5	80.4	83.4	88.7	**78.3**		-2.0
2002/03	111.6	88.6	97.0	85.3	91.2	82.1	86.7	89.6	**82.8**		5.7
2003/04	111.6	92.1	98.4	89.9	95.9	86.8	86.7	89.6	**86.9**		5.0
2004/05	104.8	97.4	96.2	93.9	97.6	89.9	94.4	96.5	**93.8**		8.0
2005/06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**		6.6
2006/07	107.9	101.1	104.5	117.1	105.5	107.7	104.3	104.6	**107.5**		7.5
2007/08	113.7	107.7	112.1	129.8	117.8	117.5	110.6	109.7	**115.3**		7.3
2008/09	145.5	120.8	121.2	142.1	132.1	124.1	118.7	121.6	**131.6**		14.1
2009/10	168.9	128.4	127.3	148.6	143.0	126.0	127.7	136.1	**144.0**		9.4
2010/11	183.9	138.6	139.4	159.3	159.9	115.0	135.2	151.0	**153.4**		6.5
2011/12	237.3	171.2	189.4	202.2	201.2	128.6	152.0	179.9	**189.5**		23.5
Monthly											
2007 Jan	109.6	105.4	103.6	119.7	105.3	107.3	103.0	105.2	**108.4**	-0.3	9.2
Feb	106.3	101.2	104.3	122.4	105.9	106.8	106.0	104.6	**108.0**	-0.4	7.5
Mar	106.4	101.0	104.9	122.3	106.7	106.6	106.0	105.3	**108.2**	0.2	6.0
Apr	112.7	100.7	105.0	121.9	107.3	107.5	106.2	105.8	**110.0**	1.6	7.2
May	112.1	100.9	105.5	122.5	107.6	109.7	106.2	105.9	**110.3**	0.3	5.6
Jun	107.9	100.7	105.8	122.4	108.3	110.9	107.0	105.7	**109.5**	-0.7	5.9
Jul	105.7	100.7	107.8	123.6	110.0	111.6	107.1	106.1	**109.4**	-0.1	5.4
Aug	102.1	105.4	109.0	123.7	110.5	112.3	107.2	106.3	**109.0**	-0.4	4.4
Sep	105.4	105.8	109.8	124.8	110.8	113.0	107.2	106.7	**110.3**	1.2	5.1
Oct	108.5	105.9	110.0	128.1	111.1	113.6	109.7	106.6	**112.1**	1.7	6.2
Nov	110.5	106.0	110.4	128.5	112.7	115.0	109.7	108.4	**113.2**	1.0	5.5
Dec	111.1	106.4	111.9	129.7	114.3	118.4	109.7	109.6	**114.3**	1.0	5.2
2008 Jan	112.9	107.6	112.2	131.3	116.2	120.9	109.9	109.9	**115.5**	1.0	6.5
Feb	113.0	107.3	114.3	131.9	120.6	120.2	112.2	110.6	**116.4**	0.8	7.7
Mar	115.6	107.5	113.8	131.8	124.6	119.7	113.1	111.4	**117.5**	1.0	8.5
Apr	123.0	112.9	115.5	132.7	126.0	119.5	113.3	112.5	**120.3**	2.4	9.3
May	127.7	113.1	115.6	135.4	128.8	122.4	113.5	113.1	**122.6**	1.9	11.2
Jun	128.9	113.8	115.4	135.9	128.3	122.4	114.5	114.2	**123.3**	0.5	12.5
Jul	131.5	114.5	116.1	138.1	127.2	122.4	114.4	116.0	**124.7**	1.1	13.9
Aug	136.4	115.6	117.2	139.0	127.1	122.9	114.5	116.1	**126.3**	1.3	15.9
Sep	137.7	115.4	118.2	140.3	127.9	123.1	114.4	116.9	**127.1**	0.6	15.3
Oct	140.3	115.7	118.4	140.1	129.3	122.6	117.0	117.1	**128.1**	0.8	14.3
Nov	144.0	120.2	119.7	139.3	129.4	123.4	117.3	119.1	**129.8**	1.3	14.7
Dec	143.7	121.4	122.0	141.8	131.4	126.0	117.6	119.9	**130.6**	0.6	14.3
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	156.8	**165.0**	2.9	14.1
May	218.9	143.8	152.5	165.4	175.8	109.7	138.8	159.9	**166.8**	1.1	16.0
Jun	213.4	143.7	156.2	167.0	178.8	112.5	142.2	160.7	**166.9**	0.1	15.7
Jul	219.9	145.6	162.1	169.4	182.5	113.2	143.5	164.3	**170.8**	2.3	18.8
Aug	225.3	162.9	170.8	175.3	187.6	114.2	144.1	167.9	**175.4**	2.7	21.4
Sep	244.2	167.8	178.7	195.2	194.1	128.1	146.5	173.1	**187.5**	6.9	28.3
Oct	244.2	170.9	189.1	204.4	197.2	128.8	146.5	175.0	**189.9**	1.3	30.5
Nov	243.5	172.3	193.1	202.8	200.3	130.0	146.6	176.4	**190.1**	0.1	29.0
Dec	233.9	172.9	200.6	203.1	204.5	135.5	147.0	180.7	**189.8**	-0.2	27.0
2012 Jan	228.4	174.0	201.4	212.3	204.3	133.3	147.5	184.0	**189.9**	0.1	25.6
Feb	233.5	175.1	201.0	215.7	206.7	131.4	158.7	184.8	**193.4**	1.8	25.7
Mar	236.2	175.9	198.8	214.2	207.7	131.8	158.8	184.9	**194.1**	0.4	21.1
Apr	249.1	176.7	197.8	213.7	208.7	132.4	158.6	187.4	**198.0**	2.0	20.0
May	248.9	179.8	193.7	210.1	210.0	132.1	158.7	190.2	**197.9**	-0.1	18.6
Jun	240.7	180.3	185.8	209.9	211.4	132.1	168.1	189.6	**197.0**	-0.4	18.0

Source: Uganda Bureau of Statistics

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

(Base: 2005/2006 = 100)

	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)								
2006	104.7	112.9	103.2	**103.9**				
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	**12.0**
2009	154.1	149.3	136.3	**139.6**	32.2	-0.4	11.0	**13.0**
2010	156.4	151.1	142.8	**145.2**	1.5	1.2	4.8	**4.0**
2011	201.9	166.7	167.5	**172.3**	29.1	10.3	17.3	**18.7**
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**
2011/12	213.7	181.3	185.6	**189.5**	20.8	14.6	24.6	**23.5**
Monthly								
2006 Jan	98.8	99.2	99.4	**99.3**				
Feb	101.5	99.2	100.4	**100.4**				
Mar	110.3	99.2	100.9	**102.1**				
Apr	111.8	99.1	101.2	**102.6**				
May	114.1	100.5	103.1	**104.4**				
Jun	100.7	113.4	103.2	**103.4**				
Jul	97.1	119.4	103.9	**103.8**	6.9	23.8	5.2	**6.3**
Aug	100.5	119.3	104.1	**104.4**	10.5	23.4	5.8	**7.2**
Sep	100.4	118.9	104.8	**104.9**	4.5	20.3	6.4	**6.9**
Oct	105.4	117.5	105.0	**105.7**	10.6	18.4	6.5	**7.7**
Nov	107.0	136.0	105.7	**107.4**	11.5	37.2	6.9	**9.1**
Dec	109.2	133.5	107.2	**108.8**	16.4	34.9	8.5	**10.9**
2007 Jan	104.3	133.1	107.5	**108.4**	5.6	34.1	8.1	**9.2**
Feb	98.0	132.9	108.1	**108.0**	-3.4	34.0	7.7	**7.5**
Mar	98.6	133.1	108.2	**108.2**	-10.6	34.2	7.3	**6.0**
Apr	108.6	133.9	108.7	**110.0**	-2.8	35.1	7.5	**7.2**
May	107.8	134.7	109.2	**110.3**	-5.5	34.0	5.9	**5.6**
Jun	100.3	135.1	109.4	**109.5**	-0.4	19.1	6.0	**5.9**
Jul	96.7	140.0	109.6	**109.4**	-0.5	17.3	5.5	**5.4**
Aug	90.8	139.6	110.0	**109.0**	-9.6	17.0	5.7	**4.4**
Sep	95.7	140.4	110.7	**110.2**	-4.7	18.1	5.6	**5.1**
Oct	100.4	141.5	112.1	**112.1**	-4.7	20.4	6.8	**6.2**
Nov	103.9	142.3	112.8	**113.2**	-2.9	4.6	6.8	**5.5**
Dec	103.1	143.5	114.3	**114.3**	-5.6	7.4	6.7	**5.2**
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	**166.9**	39.0	10.3	12.1	**15.7**
Jul	197.7	168.9	166.3	**170.8**	42.3	10.8	15.6	**18.8**
Aug	192.7	169.5	172.6	**175.4**	33.7	10.7	20.0	**21.4**
Sep	209.4	172.3	184.4	**187.5**	38.8	12.1	27.6	**28.3**
Oct	214.5	172.8	186.5	**189.9**	35.3	10.1	30.8	**30.5**
Nov	211.5	172.7	187.3	**190.1**	25.9	11.3	30.6	**29.0**
Dec	202.2	172.9	188.5	**189.8**	20.4	11.6	29.2	**27.0**
2012 Jan	196.2	193.3	188.5	**189.9**	13.5	23.5	28.1	**25.6**
Feb	210.7	195.3	190.2	**193.4**	21.4	23.1	26.7	**25.7**
Mar	224.5	194.4	188.7	**194.1**	10.1	20.2	23.6	**21.1**
Apr	241.5	187.2	191.0	**198.0**	9.1	14.3	22.8	**20.0**
May	237.9	188.3	191.3	**197.9**	8.0	14.5	21.2	**18.6**
Jun	225.9	187.7	192.3	**197.0**	11.3	12.9	19.6	**18.0**

Source: Uganda Bureau of Statistics

Appendix 27: Pump Prices For Petroleum Products

	Food Process-ing	Beverages and Tobacco	Textiles, Clothing & Footwear	Sawmilling, Paper & Printing	Chemicals, Paint, Soap & Foam Prds	Bricks and Cement	Metal Products	Miscell-aneous	ALL ITEMS	12-MONTH MOVING AVERAGE,
Weights	400.205285	201.3591878	42.5324853	35.26710097	96.57724983	75.1716636	82.7980152	66.0890128	1000	
Calender Year (Average)										
2005	110.0	146.2	164.8	124.7	130.4	126.0	124.9	129.5	**125.8**	
2006	117.0	146.4	135.3	132.2	131.5	149.0	131.6	121.5	**129.6**	
2007	125.6	179.8	163.3	149.3	145.3	156.5	140.3	137.8	**145.2**	
2008	139.3	192.8	141.7	167.9	166.7	173.1	129.8	151.7	**156.4**	
2009	161.4	196.5	187.2	207.8	225.8	168.7	128.5	155.6	**174.8**	
2010	153.5	211.7	182.7	216.2	245.6	209.3	139.1	157.6	**180.8**	
2011	143.5	250.3	188.4	211.4	218.9	244.4	150.7	156.7	**185.6**	
Fiscal Year (Average)										
2005/06	112.5	151.7	131.0	131.0	130.6	131.7	132.7	128.8	**127.8**	
2006/07	123.1	154.9	139.3	133.0	141.7	157.2	131.9	129.5	**136.1**	
2007/08	131.0	189.7	150.5	163.0	139.6	162.3	140.9	143.8	**149.6**	
2008/09	154.4	192.2	169.5	194.4	205.6	169.1	128.7	160.7	**168.4**	
2009/10	155.4	202.7	181.7	203.3	239.4	187.8	125.6	150.4	**175.5**	
2010/11	158.8	235.3	213.1	229.2	232.8	232.0	150.9	156.0	**190.8**	
Monthly										
2007 Jan	136.5	161.7	172.9	141.9	155.1	154.2	136.7	125.5	**145.7**	130.7
Feb	121.6	159.5	181.5	126.5	153.7	145.5	134.4	129.6	**138.5**	131.6
Mar	118.9	167.8	199.6	133.8	154.2	162.2	141.6	175.2	**145.0**	132.6
Apr	111.1	164.3	163.6	130.1	134.1	148.3	136.4	109.7	**131.7**	133.3
May	125.8	158.5	163.5	154.3	144.7	161.4	147.7	144.6	**142.5**	135.1
Jun	125.8	156.4	169.5	132.1	145.6	134.8	136.6	148.8	**139.1**	136.1
Jul	117.9	179.3	182.2	138.3	148.7	159.2	143.1	143.0	**143.5**	137.8
Aug	126.2	182.5	181.2	157.9	157.3	181.8	153.2	134.9	**151.0**	139.4
Sep	125.6	181.2	212.5	150.1	139.5	160.3	142.9	131.7	**147.2**	140.8
Oct	127.1	186.1	124.9	142.1	144.9	144.5	149.2	133.6	**144.7**	142.0
Nov	125.4	204.0	91.1	171.6	135.6	154.6	141.1	141.2	**146.9**	143.3
Dec	144.9	256.7	116.6	213.3	130.3	170.7	120.6	135.3	**166.5**	145.2
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	242.2	259.0	150.1	152.7	**196.7**	182.4
Feb	151.0	224.7	325.0	248.2	190.1	217.1	127.9	136.7	**182.5**	183.0
Mar	182.0	255.8	326.0	313.7	238.3	243.5	168.5	175.8	**216.2**	185.5
Apr	177.7	241.3	236.4	191.8	200.6	241.6	160.8	142.5	**196.8**	187.7
May	156.7	232.6	192.4	237.6	224.0	190.6	169.2	167.2	**187.1**	189.7
Jun	152.8	244.4	144.5	213.8	220.7	278.0	156.5	158.8	**189.7**	190.8
Jul	143.3	248.0	210.3	176.8	225.9	273.6	140.7	174.4	**188.1**	191.6
Aug	138.0	247.5	104.0	184.7	221.1	275.6	159.4	158.2	**181.7**	192.2
Sep	133.6	248.4	93.6	192.7	216.4	249.6	156.2	162.4	**177.6**	192.2
Oct	115.7	244.5	82.0	218.8	202.7	235.1	153.7	161.5	**167.4**	191.0
Nov	96.5	241.3	88.7	142.1	217.9	233.7	139.3	150.7	**156.1**	188.0
Dec	115.8	337.5	151.9	218.9	227.5	234.9	125.8	139.4	**187.7**	185.6

Source: Uganda Bureau of Statistics

Appendix 27: Pump Prices For Petroleum Products

(Kampala pump prices, shs per litre).

Year and Effective Month of Increase		Motor Spirit Premium (PMS)	Diesel (AGO)	Kerosene (BIK)	Exchange Rate (shs per US$)
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	3,150	2,500	2,200	2,332
	Feb	3,280	2,850	2,450	2,342
	Mar	3,350	2,950	2,500	2,393
	Apr	3,500	3,100	2,690	2,368
	May	3,530	3,250	2,700	2,388
	Jun	3,580	3,300	2,800	2,461
	Jul	3,700	3,345	2,825	2,587
	Aug	3,800	3,350	2,840	2,753
	Sep	3,865	3,475	2,910	2,814
	Oct	3,950	3,550	2,980	2,805
	Nov	3,880	3,500	2,890	2,582
	Dec	3,750	3,750	2,850	2,447
2012	Jan	3,500	3,400	2,800	2,414
	Feb	3,400	3,150	2,600	2,328
	Mar	3,550	3,280	2,650	2,485
	Apr	3,700	3,320	2,840	2,506
	May	3,650	3,250	2,750	2,479
	Jun	3,650	3,100	2,750	2,484

Source: Bank of Uganda

OUR STRATEGY ICON (Mascot): THE BEE

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

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

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