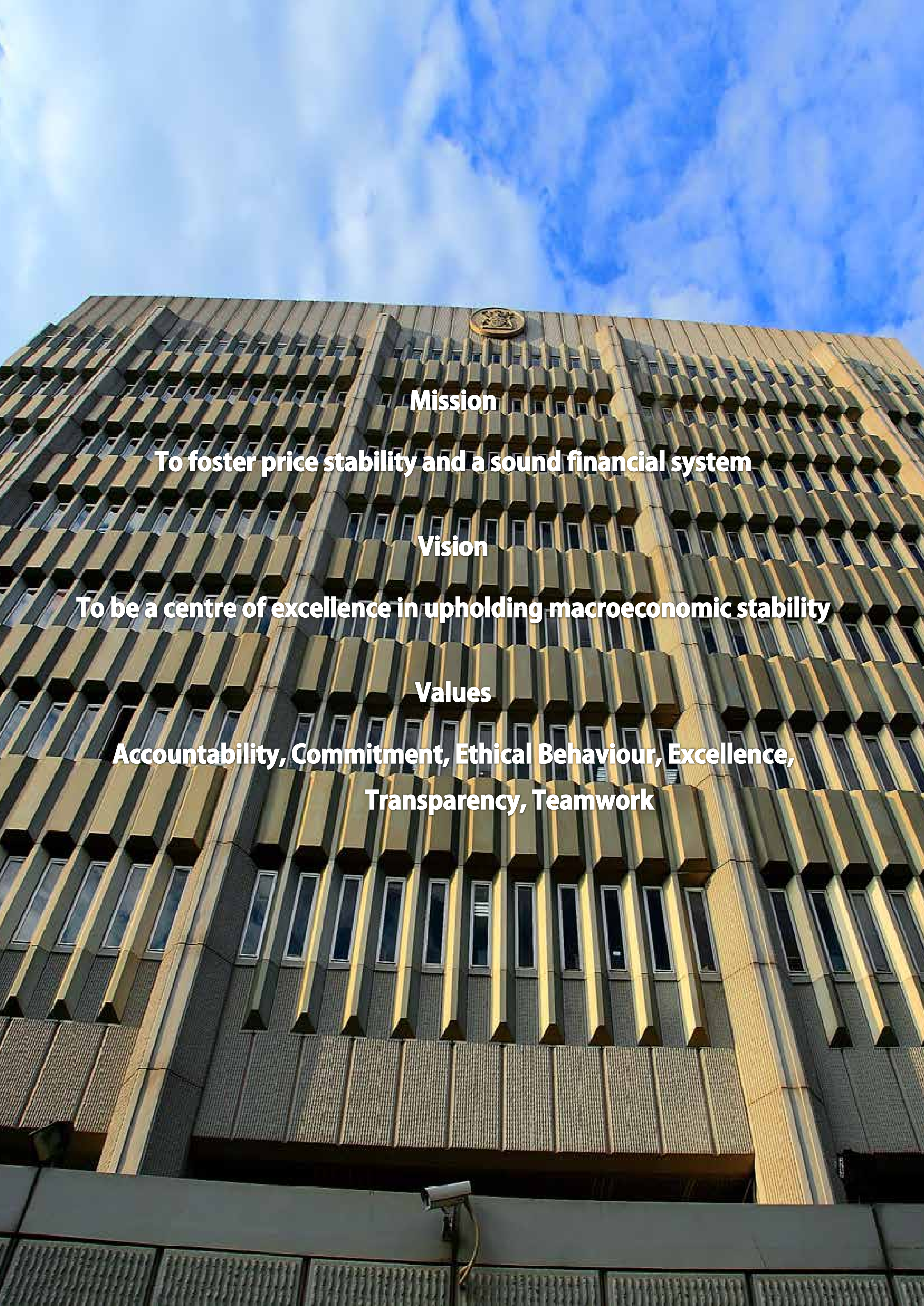
Bank of Uganda

Annual Report

2013/2014



Mission

To foster price stability and a sound financial system

Vision

To be a centre of excellence in upholding macroeconomic stability

Values

Accountability, Commitment, Ethical Behaviour, Excellence, Transparency, Teamwork

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ABBREVIATIONS

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

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

REGISTERED ADDRESSES

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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

SOLICITORS

MMAKS
P O Box 7166
Kampala
Uganda

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 Ruwenzori 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'S FOREWORD

The performance of the Ugandan economy remained robust in 2013/14. Real Gross Domestic Product expanded by 4.7 percent, annual core inflation averaged 5.2 percent, and there were surpluses in the capital and financial accounts of the Balance of Payments in the second half of the year.

Average annual core inflation in 2013/14 fell to 5.2 percent marginally above the medium term annual core inflation target of 5 percent from an average of 6.6 percent in 2012/13. The low inflation enabled Bank of Uganda (BOU) to cautiously ease monetary policy to support economic activity, by maintaining the Central Bank Rate (CBR) in the range of 11 to 12 percent throughout the year.

During the year, Inflation pressures remained largely subdued save for the first quarter of 2013/14 where inflation picked up slightly on account of supply side shocks to food prices. The continued fall in core inflation in the second half of 2013/14 aided by the exchange rate appreciation due to surpluses in the capital and financial account of the Balance of Payments enabled BOU to maintain the CBR at 11.5 percent from December 2013 to May 2014 before lowering it to 11 percent in June 2014. Nonetheless, the commercial bank lending interest rates reacted slowly falling to 21.41 percent in June 2014 from 23.15 percent in July 2013.

The banking system remained sound and profitable notwithstanding a decline in commercial banks profits mainly driven by deterioration in asset quality in 2013/14. However, the banking system remained well capitalised with most banks meeting the minimum capital adequacy requirements. Regulatory reforms to strengthen the financial sector in Uganda were undertaken and included amongst others the gazetting of the Financial Institutions Foreign Exchange Business Amendments Rules, 2013. Work on the amendments of the Financial Institutions Act to provide for alternative banking approaches such as mobile banking, agent banking, bank assurance, and Islamic banking that will facilitate financial sector deepening continued in 2013/14. The formal incorporation of these alternative banking approaches and the implementation of the various public education initiatives like the BOU secondary Schools Challenge are expected to support the financial inclusion drive. Data from the 2013 FinScope survey showed that the proportion of the financially excluded population fell from 30 percent in 2009 to 15 percent in 2013 largely on account of the mobile money innovations.

Prof Emmanuel Tumusiime-Mutebile

Governor

2 BOARD OF DIRECTORS AND MANAGEMENT STRUCTURE

2.1 BOARD OF DIRECTORS

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

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

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

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

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

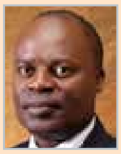
Mr. Ibrahim K. Kabanda
Member of : FCB, AGCB,CPCB and HRRCB

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

2.2 MANAGEMENT STRUCTURE

Board of Directors

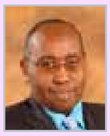
Prof. E. Tumusiime-Mutebile, Governor



Louis Kasekende (PhD)
Deputy Governor

Mr. Elliot Mwebya
Executive Director Governor's Office
- Risk & Compliance
- Strategy & Quality Assurance
- Governor's Office

Mr. Richard Mayebo
Executive Director Information Technology
- IT Operations
- Business Automation



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

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

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

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

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

Mr. Solomon Oketcho
Executive Director Administration
- Human Resources
- Medical
- Administrative Services
- Security
- Pension Administration

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

Mrs. Mary. Katarikawe
Personal Assistant to Governor
Procurement and Disposal

Ms. Deborah Kabahweza
Chief Internal Auditor
Internal Audit


africainvestor
Investment & Business Leader Awards
10 October 2013, Ritz Carlton Hotel, Washington DC
IFC International Finance Corporation
THE WORLD BANK
Emmanuel Tumusiime Mutebile
Governor of Central Bank of Uganda
Central Bank Governor of the Year
Hubert Danso
CEO of Africa investor
Chairman, Awards Adjudication Panel
2013
WINNER
www.africainvestor.com

3 CORPORATE GOVERNANCE

3.1 REGULATORY FRAMEWORK

The Bank of Uganda derives its mandate as the Central Bank of Uganda from the Constitution of the Republic of Uganda, 1995. 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, vests the authority of the Bank in the Board of Directors. The functions of Bank of Uganda are spelt out in Article 162 of the Constitution and Section 4 of the Bank of Uganda Act.

3.2 CORPORATE GOVERNANCE STATEMENT

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

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

The Corporate Governance Statement complies with best practice disclosures including: the profiles of the Directors, Information on attendance of the individual Directors at Board and Board Committee meetings, brief description of the functions of the Board and of each of the Board Committees, Remuneration of Directors, Statement on the Board and Audit and Governance Committee of the Board (AGCB) performance.

3.3 THE BOARD OF DIRECTORS

The Board of Directors of the Bank consists of:-

a) The Governor who is the Chairman;
b) The Deputy Governor who is the Alternate Chairman;
c) And not more than five (5) 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 professional knowledge, qualifications, skills and experiences and are persons of integrity. They are:-

i) Prof. Emmanuel Tumusiime-Mutebile

He is the Governor and the Chairman of the Board of Directors. He is the Chairman of the Executive Committee; Payment System Policy Committee; Financial Stability Committee and Foreign Exchange Reserve Management Policy Committee and a member of the Board of Trustees of the BoU Defined Benefits Scheme.

ii) Dr. Louis Kasekende (PhD)

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

iii) Mr. Christopher M. Kassami

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

iv) Mr. James Kahoza

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

v) Mr. Ibrahim K. Kabanda

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

vi) Dr. William S. Kalema (PhD)

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

vii) Ms. Judy Obitre-Gama

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

3.3.1 SECRETARY TO THE BOARD

The Bank/Board Secretary provides corporate governance, technical, secretarial services and logistical support to the Board in order to facilitate and interface policy making with policy implementation. In liaison with the Legal Counsel, the Bank Secretary advises the Board on legal matters. In conjunction with the Chairman, the Bank Secretary ensures good and timely information flow among the Board, the Board Committees and Management. All members of the Board and Management have access to the Bank Secretariat services.

3.3.2 THE FUNCTIONS AND DUTIES OF THE BOARD

The Constitution of the Republic of Uganda, 1995 [as amended] vests the authority of Bank of Uganda in the Board of Directors. The Board of Directors is therefore, the supreme policy making body of the Bank. The Constitution provides for the functions of the Bank of Uganda, whose authority is vested in the Board of Directors as follows:

a) Promote and maintain the stability of the value of the currency in Uganda;
b) Regulate the currency system in the interest of the economic progress of Uganda;
c) Encourage and promote economic development and the efficient utilization of the resources of Uganda through effective and efficient operation of a banking and credit system;
d) Do all such other things not inconsistent with the Constitution as may be prescribed by law.

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

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

3.3.3 THE BOARD OF DIRECTORS' CHARTER AND CODE OF CONDUCT

The Board is committed to highest standards of integrity and ethical conduct in carrying out its duties and dealing with all stakeholders. This commitment is confirmed by the endorsement of the Board of Directors' Charter and Code of Conduct, an instrument referred to in the course of duty. The following are the obligations for the Board inferred from common law and articulated in the code of conduct:

a) Has a fiduciary obligation to act in the best interest of the Bank;
b) Duty to act within powers;
c) Duty to promote the success of the Bank;
d) Exercise independent judgment;
e) Exercise reasonable care, skill and diligence;
f) Avoid conflict of interest;
g) Not to accept benefits from third parties.

3.3.4 MEETINGS OF THE BOARD

According to the Bank of Uganda Act, at least 10 meetings of the Board must be held in one financial year. The Board and Board Committees meet quarterly as scheduled. Ad hoc or special meetings are convened as and when required. In total, the Board and Board Committee meetings held during the period under review were twenty five (25), and the attendance was as indicated in the Table 1 below:

Table 1: Attendance of Board and Board Committees

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

Source: Bank of Uganda

3.3.5 BOARD COMMITTEES

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

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

The HRRCB is composed of the Deputy Governor and four (4) Non-Executive Directors. The Committee is chaired by a Non-Executive Director. The Bank Secretary is secretary to the Committee. The Executive Director Administration attends the meetings, as an ex-officio, while other senior staff members may attend by invitation. The Committee considers human resource policies, human resource allocation, skills inventory and succession management, proposals for recruitment and selection, promotion, training and development, disciplinary cases and all other staff related matters affecting the operations of the Bank before they are presented to the Board for ratification. HRRCB meetings are held quarterly and ad hoc or special meetings may be convened as and when required. The Committee reports to, and makes recommendations to the Board.

3.3.5.2 FINANCE COMMITTEE OF THE BOARD (FCB)

The FCB is composed of the Deputy Governor and four (4) Non-Executive Directors. 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; reviews quarterly budget performance reports against approved budgets and generally monitors the Bank's financial discipline by examining financial plans, commitments and budgets presented by management. The Committee also reviews the financial performance and position of the Bank on a quarterly basis.

3.3.5.3 CAPITAL PROJECTS COMMITTEE OF THE BOARD (CPCB)

The CPCB is composed of the Deputy Governor and four (4) Non-Executive Directors. The Committee is chaired by a Non-Executive Director. The Bank Secretary is secretary to the Committee. The Executive Directors for Administration, Technology, and Finance attend the meetings as ex-officio. Any other senior and technical staff or consultants may attend the meetings on invitation. The meetings are held on a quarterly basis. Special meetings may be convened depending on the Committee's work programme. The terms of reference of the Committee are to oversee and monitor capital projects, including IT, plant and machinery, constructions; major maintenance works, property acquisition and disposal, and makes recommendations to the Board.

3.3.5.4 AUDIT AND GOVERNANCE COMMITTEE (AGCB)

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

3.3.6 REMUNERATION OF NON- EXECUTIVE DIRECTORS

During the period July 2013 to June 2014, the Non-Executive Directors were each paid UGX 1,500,000 (One Million Five Hundred Thousand Shillings), net of tax per month as retainer fees and UGX 850,000 (Eight Hundred and Fifty Thousand Shillings) net of tax per meeting as sitting allowance.

3.3.7 ASSESSMENT OF BOARD PERFORMANCE

The Non-Executive Directors were appointed in November 2012 and assumed their duties in December 2012. The performance assessment for the Board of Directors was carried out by an independent external Consultant shortly after the anniversary of the appointment of Non-Executive Directors. The Consultant worked closely with the Bank Secretariat to formulate a Board Evaluation Tool/Instrument; held "one-on-one" meetings with the respective Board Members and finally issued a report at the end of the evaluation exercise.

The overall 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 performance assessment is conducted annually by each member of the Board, and the Audit and Governance Committee of the Board (AGCB) is responsible to oversee the implementation and preparation of a final report, with recommendations to the Board. The assessment criteria was useful in determining how effective the Director's performance results in, among others, understanding Bank of Uganda's mandate, achievement of the Strategic Plan and Strategic Objectives, 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 of the Board was 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 included soliciting informal feedback from the Board, the office of the Governor, Executive Director Finance, Internal and External Auditors on specific opportunities to improve the Committee effectiveness, completing of a self-assessment survey, reviewing the results with the Board, Management, Internal and External Auditors, and assessing the contributions and performance of individual Audit Committee members by the Audit Committee Chairperson, for review by the Board.

The report on Board performance assessment for the period under review was handed over to the Chairman of the Board for further action to ensure continued Board effectiveness.

3.3.8 THE BOARD'S ACHIEVEMENTS

The following were some of the achievements of the Board during the period under review:

a) Approved various policies in accordance with the laws and best practices for purposes of improving the Bank of Uganda operations.
b) Passed a number of key resolutions, and approved the BoU Budget and Work plan for the Financial Year 2014/15.
c) In fulfilling the BoU's perspective of organizational capacity, the Board of Directors attended capacity building programmes to enhance their knowledge and skills in areas of fund management; audit, risk & compliance; and strategy.

3.4 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:-

a) Executive Committee (EXCOM).
b) Strategy and Finance Committee (SFC).
c) Human Resources Management Committee (HRMC).
d) Contracts Committee (CC).
e) Monetary Policy Committee (MPC).
f) Financial Markets Operations Sub-Committee (FMOS).
g) Foreign Exchange Reserve Management Policy Committee (FERMPC).
h) Payment Systems Policy Committee (PSPC).
i) Effective Information Management Committee (EIMC).
j) Risk Management Committee (RMC).

k) Financial Stability Committee (FSC).
l) Management Committee.

3.5 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 Board and Governor on medical policy issues and treatment of staff abroad.

3.6 CORPORATE SOCIAL RESPONSIBILITY

As part of its Corporate Social Responsibility (CSR), Bank of Uganda has enthusiastically and continuously engaged in Corporate Social Responsibility activities to contribute to positive change in the areas of institutional capacity building, education, health and social development. In the financial year 2013/2014, BoU extended support to various beneficiaries in line with the ISO standard for CSR (ISO 26000:2010) and the Millennium Development Goals. The following were some of the CSR activities undertaken by Bank of Uganda during the period under review:

3.6.1 INSTITUTIONAL CAPACITY BUILDING

The objective of initiatives under capacity building was to support deepening of the financial sector as well as contribute to enhanced professionalism in disciplines that have a critical bearing on service delivery within the financial sector. These included the Capital Markets Authority, the Uganda Securities Exchange, the Uganda Institute of Banking and Financial Services, the Institute of Corporate Governance of Uganda, and the Institute of Certified Public Accountants of Uganda. BoU also contributed towards the revival of the Uganda Economics Association.

3.6.2 SOCIAL CAUSES (HEALTH, RELIEF, TOURISM, ENVIRONMENT AND SOCIAL WELFARE)

Bank of Uganda provided support to social causes by supporting various partners to deliver interventions. These included support to sustainable development projects for special groups (Women, Youth, and Disadvantaged persons), support to the Sickle Cell Initiative, support to various Rotary Clubs for health and social welfare initiatives, and support to the youth “Go green” tree-planting Campaign. The Bank also made some compassionate donations to support medical treatment for individuals facing life-threatening health situations. The Bank also supported Religious and Cultural Institutions in various developmental causes.

3.6.3 PUBLIC EDUCATION AND MONETARY POLICY COMMUNICATION

The Bank approved the concept of the inaugural Bank of Uganda Secondary Schools Challenge in 2013/14 which will be implemented in 2014/15 as the flagship public education awareness activity. The Challenge is aimed at building a critical mass in the population who can comprehend monetary policy communication and this is intended to support the efficient delivery of price stability.

The inaugural BoU Challenge will be a televised three-round competition and will involve A-level students from eight schools from four regions of the country. The selected schools were namely, Apostles of Jesus Seminary Moroto, Standard College Ntungamo, Ntare School, St. Henry’s College Kitovu, Tororo Girls School, Mt. St. Mary’s Namagunga, Jinja College School and Sts. Peter & Paul Seminary Arua.

The Bank continued to collaborate and support various initiatives aimed at empowering stakeholders to fully appreciate the Bank's role in the economy and build their capacity to meaningfully interact within the economy and to support public policy formulation and implementation. Some of these initiatives included the continued support to Faculties of Economics at various Institutions of Higher Learning; 22nd Joseph Mubiru Memorial Lecture (JMML) addressed by Dr. Mamphela Aletta Ramphele; Key note addresses by Governor and Deputy Governor on topical issues including the 2nd Pakasa Forum, Annual MUBS Leadership Conference, IMF-BOU Conference on Transitioning to Modern Monetary Policy Frameworks and Uganda Debt Network Conference; among others.

3.6.4 AWARD FOR THE CENTRAL BANK GOVERNOR OF THE YEAR 2013

In October 2013, Governor, Prof. Emmanuel Tumusiime-Mutebile was named as the Central Bank Governor of the year 2013. The accolade, awarded by the Africa Investor Group (Ai) in association with the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the World Bank attested to the international recognition of the work done by the Bank of Uganda under the stewardship of the Governor. The award recognised Prof. Mutebile's leadership in fostering price stability which has boosted the investment sector in Uganda and improved the confidence of investors in Africa's potential.

The Board of Directors through the Risk Management Committee (RMC) provide strategic direction to the Bank's risk management operations

4 RISK MANAGEMENT OPERATIONS

4.1 INTRODUCTION

The Board of Directors is responsible for Risk Management. This role is delegated to management which ensures smooth implementation of the risk management process. The Risk Management Committee (RMC) provides strategic direction to the Bank's risk management operations while Risk and Compliance Department facilitates and co-ordinates the Bank wide risk management process. Risk management at BOU covers the following areas;

4.1.1 OPERATIONAL RISK

Operational risk is inherent in every aspect of the Bank's business and as such, management of operational risk is an integral part of the day to day operations of the Bank. In order to effectively manage operational risk, the Bank has in place Operational Risk governance structures at all levels starting from individual staff to Executive Management. These structures assist in operational risk assessment, evaluation, treatment, monitoring and reporting. Business units or departments are charged with ownership of risks in their respective departments, these are recorded in the departmental risk profiles which in turn forms the corporate risk profile for the Bank.

The Bank has in place strong internal control systems and robust Business Continuity measures to ensure resilience of the Bank's time critical business processes. During the financial year, Business Continuity Management (BCM) was further enhanced with the introduction of a revised Business Continuity Plan (BCP). The revised BCP is premised on resumption of the Bank's time critical business processes to a predefined level utilising specific support activities in case of a disaster or crisis.

During the financial year, sensitization of staff on risk management continued at departmental and management level, this is aimed at inculcating a healthy corporate risk culture and value system.

In light of the growing Cybersecurity threats, during the financial year, the Bank updated its information security policy and guidelines to address any information security exposures and ensure protection of its information assets.

The Bank will continue to benchmark with regional and other Central Banks to further improve the Operational Risk Management regime.

4.1.2 FINANCIAL RISK

While financial risk analysis at Bank of Uganda emphasizes risk exposures in the foreign exchange reserves, other operational areas where financial risk is resident are equally given priority. Foreign exchange reserves management at BOU is premised on the three objectives of; capital preservation, liquidity, and reasonable and consistent returns (in that order) as stipulated in the foreign exchange reserves management policy.

In order to further execute its mandate in foreign reserves management, during the financial year ended June 30, 2014, the Bank put in place the Foreign exchange reserves management framework and the enhanced Butterfly allocation strategy to guide investment allocation by optimally minimizing risks and maximizing returns. The Bank also considered and approved investment of foreign exchange reserves in emerging markets albeit with strict risk mitigation measures to safeguard the investments against the risk of loss.

During the financial year, financial risk was adequately managed to address the risk areas mentioned below;

4.1.2.1 CREDIT RISK

In the context of BOU, credit risk refers to the risk that a counterparty fails to meet its contractual obligations. During the period under review, credit risk exposure was regularly monitored and evaluated to ensure compliance with the predetermined benchmark limits and minimum credit ratings. Bank of Uganda's minimum credit rating for countries and counterparty banks is A3 and this was observed throughout the review period.

During the year, adverse developments especially in the Euro area, the UK and USA continued to rock the global financial markets. As a result, some counterparties and sovereigns saw their credit ratings downgraded by the credit rating agencies. The Bank monitors the domiciles and counterparties where the portfolio is invested thus being exposed to country and counterparty risks.

Country & Sovereign Risks

BOU foreign investments during the review period were mainly in G7 countries owing to the economic stability prevailing in those countries. Investment exposures to Emerging Markets stood at 1 percent of the Externally Managed portfolio. By June 2014, the impact of Western sanctions on Russia were being felt in a number of western firms with a presence in that country.

Counterparty Default Risk

During the period, group and individual exposure limits were within the Credit Allocation Strategy adopted by the Bank.

4.1.2.2 MARKET RISK

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

4.1.2.2.1 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 foreign exchange rates. Over the year, the Bank managed foreign exchange risk by minimizing losses arising from adverse foreign exchange rate movements by maintaining appropriate currency exposure limits. However, BOU held Money Market Deposits in unhedged positions (AUD and CAD) for return enhancement which stood at 5.3% of the Investment Tranche. The Bank invested in these currencies to enhance returns given their high interest rates however BOU maintained no liabilities to match the respective portfolios. This presents a risk of realizing losses if CAD and AUD holdings were to be converted when exchange rates are unfavorable. Currently, all gains and losses relative to the US dollar were unrealized.

During the year ended June 30, 2014, the AUD gained by 1.30 percent and the CAD depreciated by 11.07 percent against the USD, resulting in net unrealized gains of US$ 6.91M for the two currencies.

4.1.2.2.2 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. During the period under review, the Bank managed interest rate risk by adhering to the interest risk tolerance limits and deviation margins that were set by management.

Interest rate risk exposure increased following the UK and US Central banks continued reduction or tapering of their quantitative easing programs. However, market expectations are that interest rates are not likely to rise until June, 2015.

The internally managed portfolio was invested at the short end of the yield curve (treasury bills, Repos and deposits) to take advantage of interest rate rises should they occur in the near future.

The externally managed portfolio was maintained at an average weighted duration of 1.78 years against the average weighted index duration of 2.16 years.

Reinvestment risk is likely to persist given that Eurozone inflation dropped further to 0.4 percent which is way below the target of 2 percent. The outlook was for interest rates to remain low in the short term, thus increasing the reinvestment risk in the coming months.

The weighted average maturity of the money market portfolio was 6.69 months as at end-June 2014. This would position the portfolio to take advantage of interest rate rises should they occur.

4.1.2.3 LIQUIDITY RISK

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

The reserves level in the liquidity tranche for short term payments stood at US$ 353.06M which is within the recommended range of $110M – US$ 470M. This is sufficient to cover daily BOU payments for 1.52 months and is well above the minimum of 1 month.

The total reserves stood at 4.2 months of import cover which was well within the recommended 3-6months.

4.1.3 COMPLIANCE RISK MANAGEMENT

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

During the financial year, the Bank successfully rolled out the Bankwide Compliance management program, this is aimed at ensuring that robust controls are in place to address compliance vulnerabilities. Compliance plans for nine departments were developed during the financial year, these are to guide monitoring, evaluation and reporting of compliance issues. Compliance monitoring in various business units was conducted and quarterly reports made to the Risk Management Committee.

Bank of Uganda will continue to monitor the legal and regulatory environment for current and emerging compliance requirements in order to remain compliant.

5 INTERNAL AUDIT

Internal Audit continued with its mission of providing independent assurance on Risk Management, Internal Controls and Governance processes to the Board and Management.

Internal Audit operated on an approved work plan and applied risk-based auditing methodology. 90 percent of the approved Audit work-plan was concluded with 6 percent work in progress while 4 percent was deferred to the financial year 2014/15. In addition, 12 investigations and unscheduled tasks were concluded in response to Management request.

The audit scope included review of controls and risk management procedures in the Bank's core business operations. These areas included Banking and Currency, Reserve Management; Financial services surveillance operations, areas of monetary policy and economic information, payment systems that support these services, and the Agricultural Credit Fund (ACF). Other audits covered review of non-core Bank services such as the Procurement and disposal processes, Human Resource activities, Information Technology (IT,) the legal environment and Administration Services. Guidelines for Internal Audit Self-Assessment were developed during the year for implementation in the Financial Year 2014/15.

Management implemented remedial action plans to strengthen the Bank's control environment. The Directorate collaborated with the Office of the Auditor General and shared reports with External Auditors.

Overall, the Bank maintained a satisfactory system of internal controls for the achievement of its objectives.

Infrastructural development is key to economic prosperity

6 ECONOMIC DEVELOPMENTS AND PROSPECTS

6.1 EXTERNAL ECONOMIC ENVIRONMENT

6.1.1 ECONOMIC ACTIVITY

The World Economic Outlook Update, July 2014 revised the global growth projection for 2014 downwards by 0.3 percentage points to 3.4 percent, in part reflecting weaker growth in the first half of 2014, particularly in the United States, and a less optimistic outlook for several emerging markets. Due to expected stronger growth in some advanced economies next year, global growth forecast for 2015 remains at 4 percent.

Nonetheless, downside risks to global growth remain; including increased geopolitical tensions and higher-than-expected U.S. long-term rates. Global growth could be weaker for longer, given the lack of robust momentum in advanced economies despite very low interest rates. In some major emerging market economies, the negative growth effects of supply-side constraints and the tightening of financial conditions over the past year could be more protracted, which could constrain growth.

Growth in emerging market and developing economies is projected to decline to 4.6 percent in 2014 but strengthen to 5.2 percent in 2015. Nonetheless, structural reforms are urgently needed in some of these economies to close infrastructure gaps, strengthen productivity, and lift output to potential levels.

In China, the authorities have resorted to targeted policy measures to support activity in the second half of the year, including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in required reserve ratios. As a result, growth in 2014 is projected to be 7.4 percent. In India, growth appears to have bottomed out, and activity is projected to pick up gradually after the post-election recovery in business sentiment, which partially offsets the effect of the unfavourable monsoon on agricultural growth. Growth in South Africa is expected to stay sluggish as a result of electricity constraints and labour conflicts. The global economic growth outlook is presented in Table 2.

Table 2: Global economic growth outlook

	Outturn		July 2014 WEO		Difference from April 2014 WEO	
	2012	2013	2014	2015	2014	2015
World	3.5	3.2	3.4	4.0	–0.3	0.0
Advanced economies	1.4	1.3	1.8	2.4	-0.4	0.1
United States	2.8	1.9	1.7	3.0	-1.1	0.1
Euro Area	–0.7	–0.4	1.1	1.5	0.0	0.1
Japan	1.4	1.5	1.6	1.1	0.3	0.1
United Kingdom	0.3	1.7	3.2	2.7	0.4	0.2
Emerging market and developing economies	5.1	4.7	4.6	5.2	–0.2	–0.1
Russia	3.4	1.3	0.2	1.1	-1.1	-1.3
China	7.7	7.7	7.4	7.1	-0.2	-0.2
India	4.7	5.0	5.4	6.4	0.0	0.0
Sub-Saharan Africa	5.1	5.4	5.4	5.8	0.0	0.2
South Africa	2.5	1.9	1.7	2.7	-0.6	0.0

Source: IMF WEO, July 2014..

6.1.2 GLOBAL INFLATION

Global inflation remained subdued in 2013/14. Inflation in the advanced economies remained particularly subdued, averaging 1.4 percent, which was on average below the Central Bank target of 2.0 percent in these economies. The low inflation in these economies was in part caused by weak aggregate demand and low international commodity prices.

In the US, inflation fell in 2013 despite falling unemployment rate. Inflation in the euro area has continued to fall since 2011, and has been below 1.0 percent throughout much of 2014. On the whole, inflation averaged 1.3 percent in 2013, although some economies, in particular those with extremely high unemployment rates, have experienced deflation. Inflation is expected to slowly pick up as the recovery strengthens and output gap narrows, yet remain below the ECBs target until at least 2016.

Following years of subdued and in some instances deflation, inflation picked up steadily in Japan throughout the year. Improved growth prospects and the depreciation of the yen exerted upward inflationary pressures in Japan. Inflationary pressures are expected to temporarily increase further in 2014 and 2015 with the introduction of new consumption taxes. There are however risks that nominal wages are mounting, which may provide a more permanent inflation stimulus. Consequently, inflation in Japan is expected to hit the 2.0 percent target in the near-to-short term.

Inflation in emerging market and developing economies remains elevated. The IMF projects that inflation in emerging market and developing economies is expected to remain relatively elevated in 2014, declining only marginally to 5.5 percent in 2014 from 5.8 percent in 2013.

Inflation in low income developing economies also remains elevated, largely on account of low commodity prices and tight monetary policies in these economies. Table 3 shows global inflation developments and outlook.

Table 3: Consumer price inflation developments

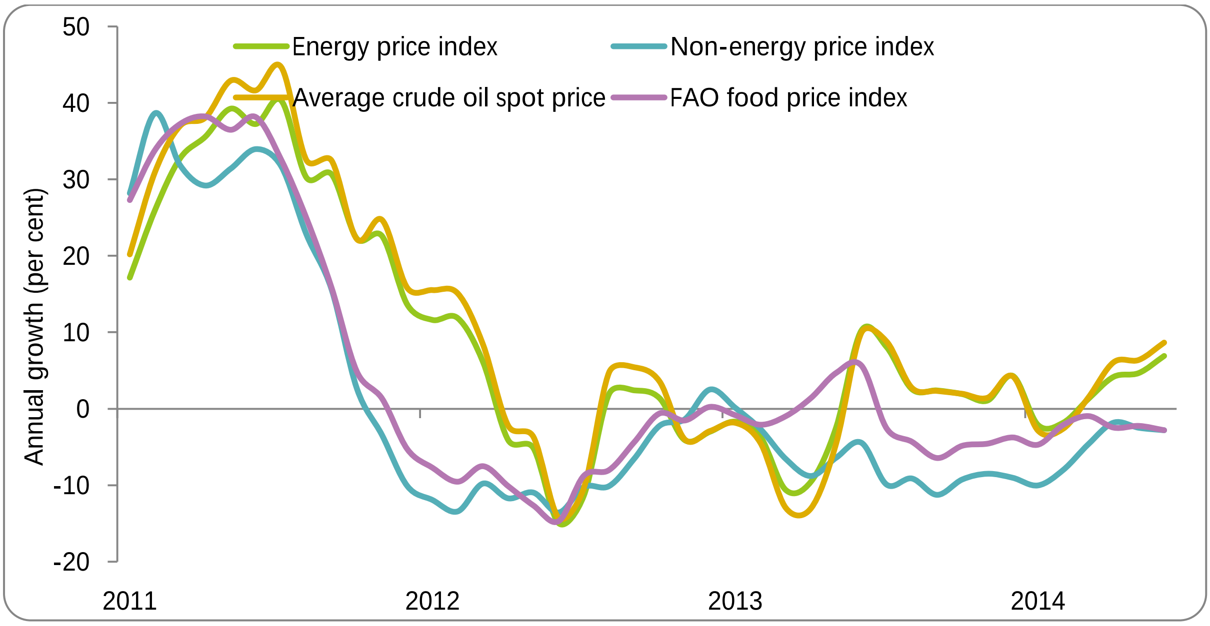
	Outturn		IMF Outlook	
	2012	2013	2014	2015
Advanced Economies	1.2	1.4	1.5	1.6
Emerging market and developing economies	6.0	5.8	5.5	5.2

Source: IMF WEO Update, April 2014.

6.1.3 GLOBAL COMMODITY PRICES

Global commodity prices, in particular fuel and food prices, declined in 2013 and are expected to ease further in 2014 and 2015. Non-fuel commodity prices fell by 1.2 percent in 2013, compared to a decline of 10.0 percent registered in 2012. The smaller decline in non-fuel commodity prices was driven by some recovery in global demand. Crude oil prices contracted by 0.9 percent in 2013 due to a combination of reduced demand and increased non-OPEC supply, and are expected to remain broadly unchanged in 2014. There is nonetheless a large degree of uncertainty surrounding commodity price forecasts, in part reflecting supply-side constraints and subdued global demand. Figure 1 shows the evolution of global commodity price developments since 2011.

Figure 1: Commodity price developments



Source: World Bank Statistics

6.1.4 FINANCIAL MARKETS

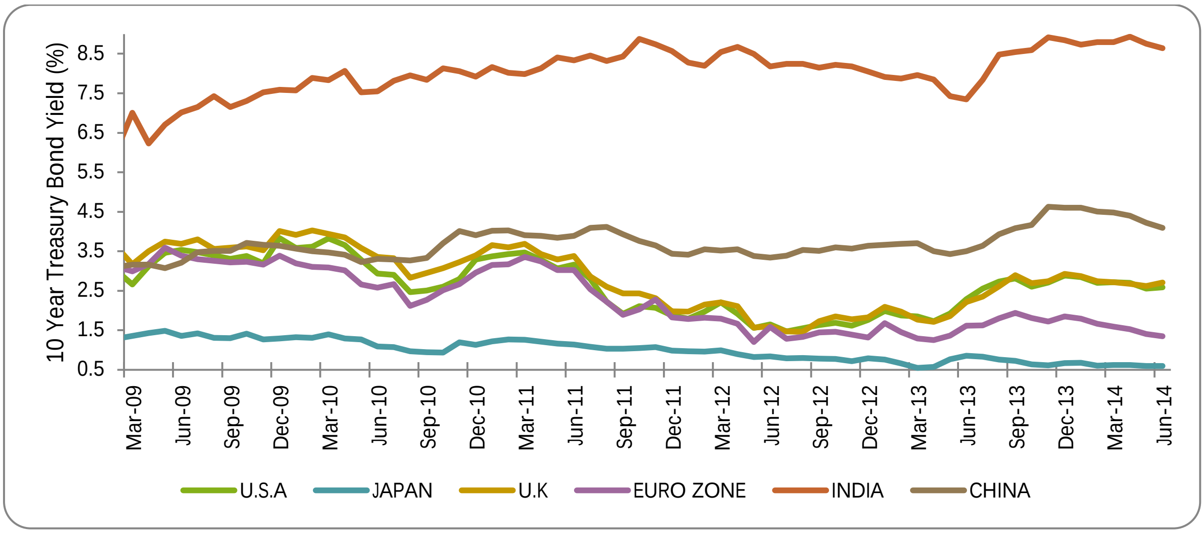
After a period of relative calm, volatility in global financial markets increased in May 2013 when the U.S. Federal Reserve announced a possible tapering of its asset purchase program. The announcement triggered significant increases in bond yields in advanced economies, which led to an outflow of capital and depreciation of currencies in emerging market and developing economies.

However, over the course of 2013/14 market volatility declined and financial conditions stabilized, particularly after the September 2013 "no-taper" announcement by the Federal Reserve. One exception was January 2014, when financial market volatility spiked following disappointing employment data for the US, weak business sentiment in China, and the devaluation of the Argentinean peso. In the latter part of the year, yields on long-term UK and the US bonds stabilized, while in the Euro area, yields declined because of the persistently low inflation and lesser market risk attached to sovereign bonds. In Japan, yields continued to fall, despite the US monetary unwinding, due to strong demand for government bonds and large-scale asset purchases.

Government bond yields remained elevated in emerging countries compared to the advanced economies, reflecting both higher inflation and the perceived risk associated with these countries. Nonetheless, financial flows to emerging and developing countries remained relatively resilient largely on account of favourable interest rate differentials with respect to advanced economies.

Figure 2 shows the evolution of the long-term interest rates in key advanced and emerging market economies since 2009.

Figure 2: Ten year Treasury bond yields (percent)



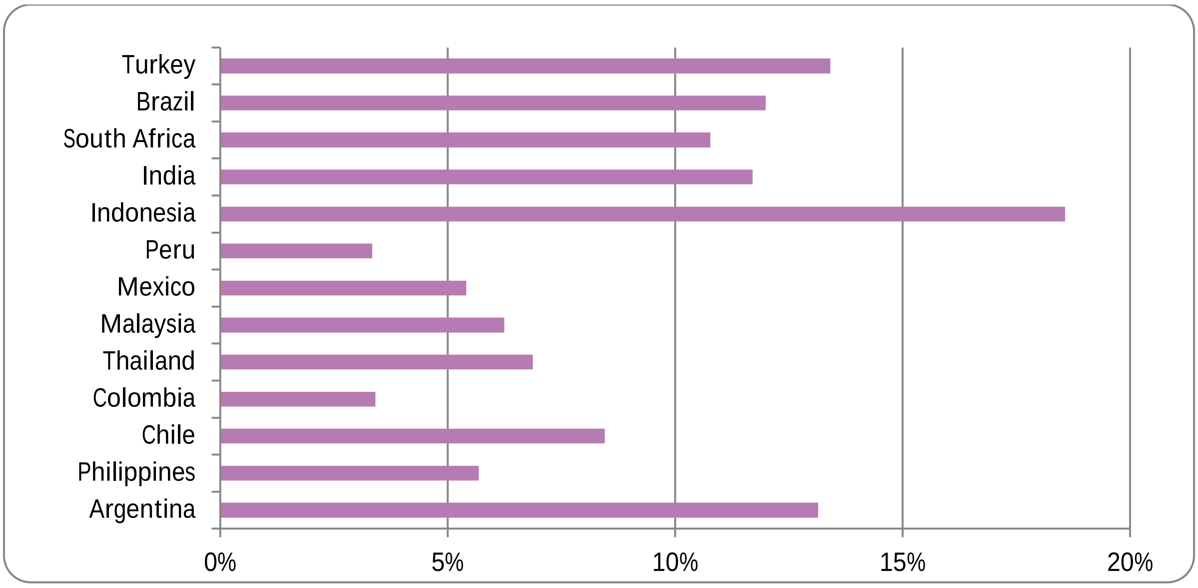
Source: IMF WEO, July 2014

6.1.5 MAJOR GLOBAL CURRENCIES

The UK and the Euro area currencies appreciated on account of strong capital inflows. In the UK, capital inflows remained buoyant due to its reputation as a ‘safe haven’, its stronger growth prospects and expectations of future monetary policy tightening. While in the euro area, the appreciation was driven by decreased sovereign risk which supported the return of capital inflows to the periphery. The US dollar, however, began to strengthen slowly in the last quarter of the financial year following the ECB’s June 2014 announcement of monetary easing to guard against the risk of deflation.

The currencies of many emerging market and developing economies experienced some depreciation episodes in response to the US tapering announcement and weaker domestic economic activity. In particular, countries with larger external and internal imbalances during the low interest rate period faced larger currency depreciations when expectations for high interest rate in advanced economies tightened. The currencies of Brazil, India, Indonesia, Turkey and South Africa depreciated severely during the first half of 2013/14. Figure 3 shows the nominal effective exchange rate depreciation of selected currencies during the period, May – December 2013.

Figure 3: Ten year Treasury bond yields (percent)



Source: Bank of International Settlements

6.1.6 GLOBAL TRADE

Global trade has typically mirrored global output and investment over the post-crisis period and consequently increased substantially alongside industrial production in the first half of the financial year. Global trade growth projections are shown in Table 4. Global current account imbalances have also narrowed somewhat, although this may be predominantly a result of small surpluses amongst the oil exporters and increased energy imports in Japan following the 2011 tsunami.

Table 4: Global trade growth projections

	Outturn		July 2014 WEO		Difference from April 2014 WEO	
	2012	2013	2014	2015	2014	2015
World trade volume (goods and services)	2.8	3.1	4.0	5.3	–0.3	0.0
	Imports					
Advanced economies	1.1	1.4	3.5	4.6	0.0	0.1
Emerging market and developing countries	5.7	5.7	4.7	6.4	–0.3	0.1
	Exports					
Advanced economies	2.1	2.3	4.2	4.8	0.2	0.1
Emerging market and developing countries	4.2	4.4	5.0	6.2	–0.4	–0.1

Source: IMF WEO Update, July 2014.

6.2 DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

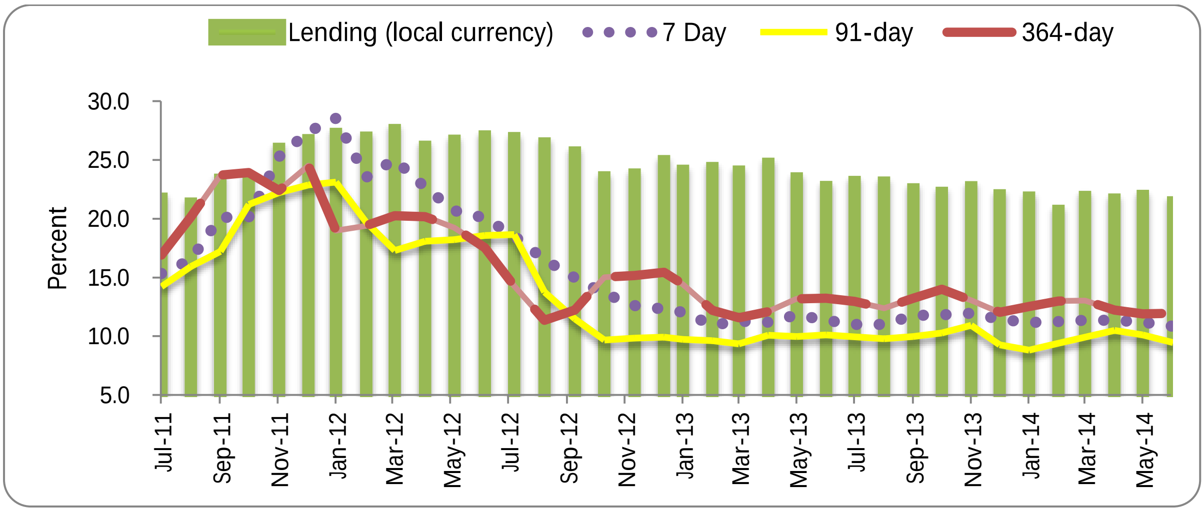
6.2.1 MONETARY POLICY

The primary objective of the Bank of Uganda's monetary policy is to keep inflation low and stable, defined in terms of annual core inflation medium term target of 5 percent. The secondary objective is to ensure that real output is as close as possible to the economy's potential level of output, which is consistent with the low inflation objective.

In order to achieve the inflation objective, the BoU employs a short term interest rate called the central bank rate (CBR) as the operating target of monetary policy. BoU sets the CBR consistent with the desired monetary policy stance and supplies and/or drains liquidity in the interbank money market to ensure that the 7-day interbank money market rate is consistent with the CBR for the month. It is expected that through this mechanism, other interest rates in the economy, such as commercial bank deposit and lending rates will move in tandem with the changes in the CBR.

After nearly three years of implementing the Inflation Targeting-Lite (ITL) framework, there is clear evidence that the BoU has been effective in taming inflation. The tight monetary policy stance in the second half of 2011, following the introduction of ITL in July 2011, reduced inflation which had peaked at 30.5 percent in October 2011. Annual Headline inflation declined rapidly to 18 percent in June 2012 and fell further to 3.6 percent in June 2013, while annual core inflation fell to 19.6 percent in June 2012 and 5.8 percent in June 2013. Supply side shocks to food prices during the first quarter of 2013/14 caused annual headline and core inflation to rise to 8.4 percent and 7.3 percent respectively in September 2013, before falling to 4.9 percent and 2.7 percent in June 2014. The fall in core inflation in the last two quarters of 2013/14 was aided by the exchange rate appreciation which was supported by the surpluses in the capital and financial account of the Balance of Payments. Nonetheless, during the financial year, the BoU cautiously eased monetary policy to support economic activity. Figure 4 shows the evolution of the CBR and other key interest rates.

Figure 4: The CBR and other interest rates in the economy



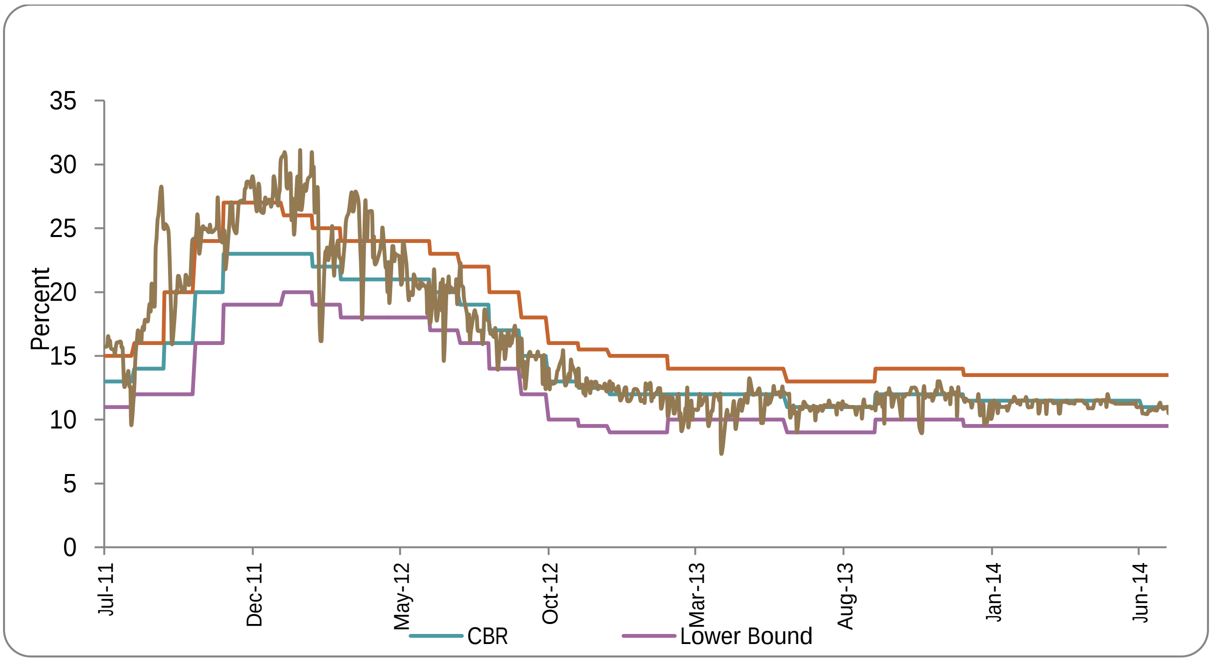
Source: Bank of Uganda

6.2.2 INTEREST RATES AND MONETARY AGGREGATES

6.2.2.1 INTERBANK MONEY MARKET RATES

The 7-day interbank money market rate trended within the CBR band during 2013/14 and has demonstrated increased stability and alignment with the monetary policy stance over the financial year. As can be seen in Figure 5, volatility in the weighted average 7-day interbank money market rate has reduced since the course of financial year 2012/13. The reduction in volatility can in part be attributed to increased fine-tuning operations by BoU through REPO and reverse REPO operations.

Figure 5: Evolution of the 7-day interbank rate in relation to the CBR



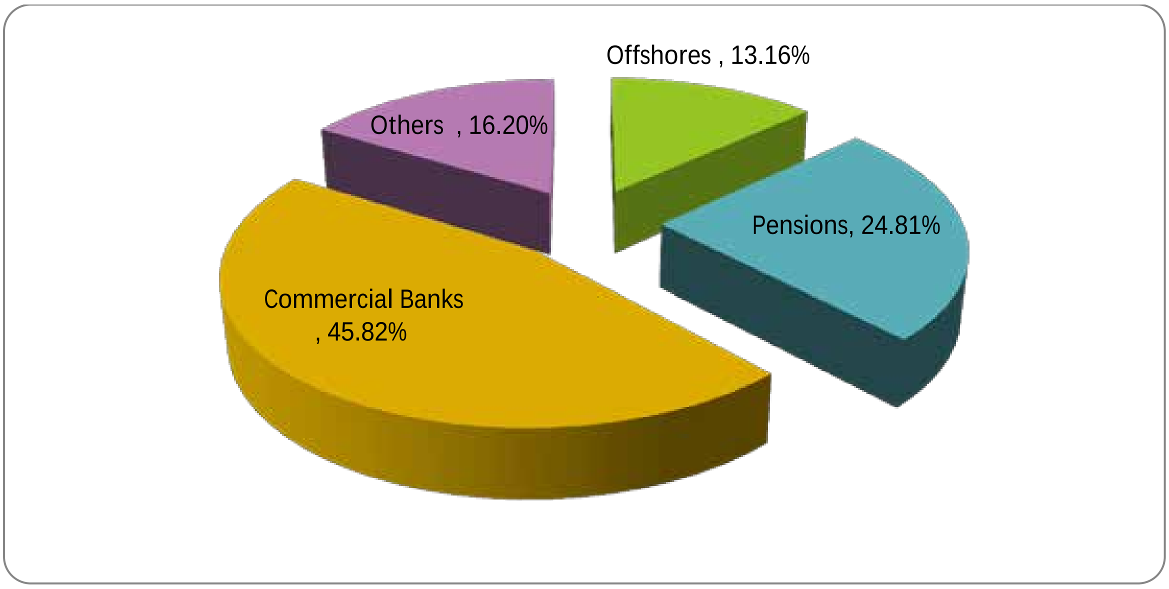
Source: Bank of Uganda

The total volume of repos issued amounted to UGX 26,678.2 billion in 2013/14 compared to UGX 11,840.3 billion in 2012/13. Over the same period, the reverse repo market registered a total volume of UGX 436.75 billion compared to UGX 1,955.3 billion in 2012/13. The repo sales constituted 98.39 percent while the reverse repos constituted 1.61 percent. The overnight and 7-day repos and reverse repos were the dominant instruments used for Open Market Operations.

6.2.2.2 TREASURY SECURITIES MARKETS

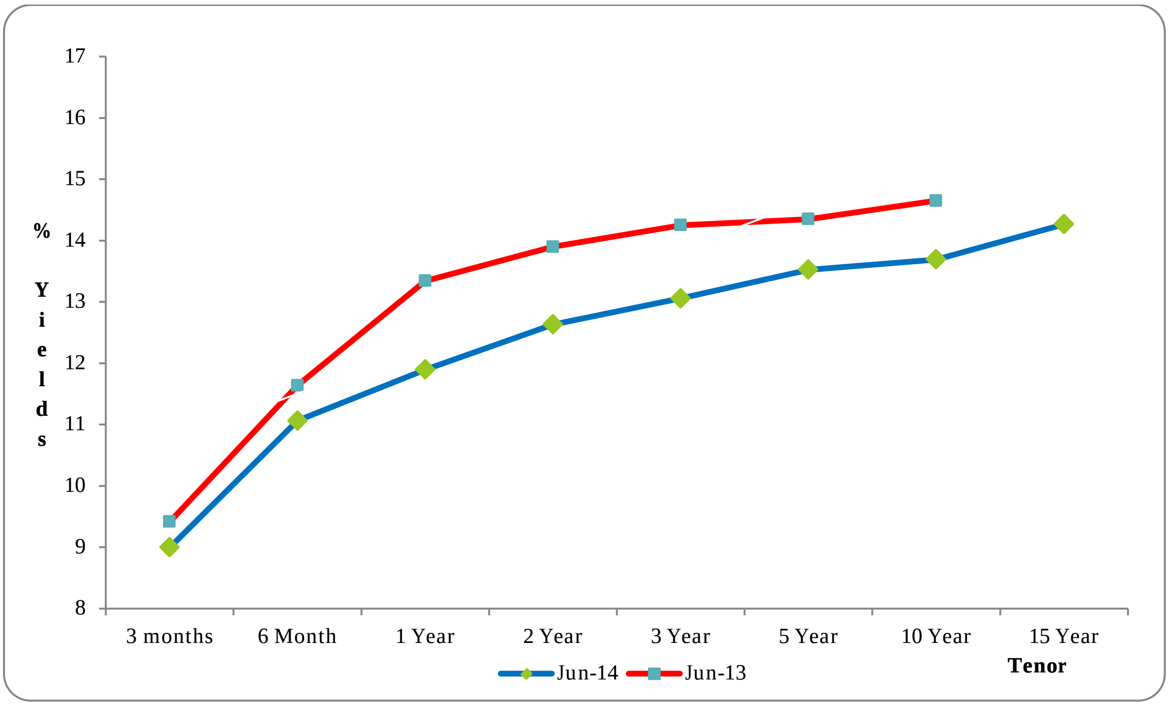
The BoU issued Treasury bills and bonds during 2013/14 to meet the Governments financing requirements. A total of UGX 4,832.4 billion worth of securities were issued of which UGX 2,920.9 billion were Treasury bills and UGX 1,911.5 billion were Treasury bonds. Government securities redemptions in the period amounted to UGX 3,117.0 billion. On a net basis, UGX 1,715 billion of Government securities were sold to the market in 2013/14. As at end June 2014, the total outstanding stock of Treasury bills and Treasury bonds stood at UGX 2,865.8 billion and UGX 5,434.1 billion, respectively compared to UGX 2,548.0 billion and UGX 4,202.2 billion at end June 2013. Figure 6 shows the outstanding stock of Treasury securities as at June 30, 2014. Commercial banks held 45.8 percent of the total stock while the pension funds and offshore investors held 24.8 percent and 13.2 percent of the total stock.

Figure 6: Treasury Securities Outstanding Stock by Holder Category as at June 30, 2014



Yields on Government securities edged up in the second quarter of the financial year when securities issues were stepped up to meet increased financing requirements, but fell later because of reduced issuance of securities and reduction in investors' risk perceptions. Figure 7 shows the comparison of the yield curves as at June 2014 and June 2013. As a result of the Bank's accommodative policy stance, the yields across the yield curve fell in 2013/14 compared to 2012/13. The Bank lengthened the maturity profile of the yield curve by introducing the 15-year Treasury bond.

Figure 7: Comparison between Government Securities Yield Curve (June 2014 and June 2013)



Source: Bank of Uganda

Figure 8 shows the evolution of yields in Treasury bills since July 2009. As at end June 2014, annualised yields on 91-day, 182-day and 364-day Treasury bills stood at 8.6 percent, 10.0 percent and 11.9 percent, respectively.

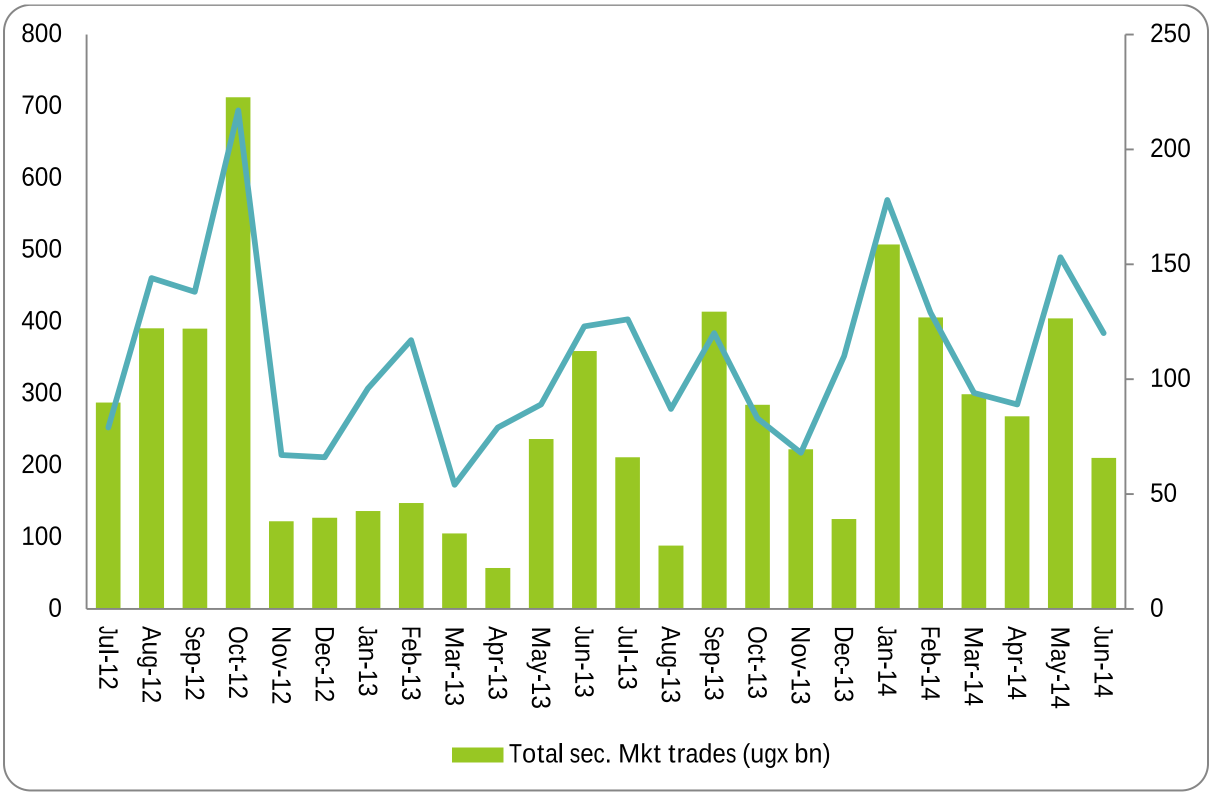
Figure 8: Treasury bill yields

Source: Bank of Uganda

6.2.2.3 SECONDARY MARKET DEVELOPMENTS

Trading in the secondary market, in terms of volumes and number of transactions, significantly improved during the period under review. Turnover in the secondary market for Treasury securities increased to UGX 3,442.41 billion in 2013/14 from UGX 3,072.9 billion in 2012/13. As shown in Figure 9, the monthly average number of secondary market transactions also rose to 113 transactions from 106 transactions over the same period. The increases in the volume and number of secondary market trades was mainly attributed to improved transparency, liquidity and pricing matrix in the secondary market.

Figure 9: Secondary Market Trades of Government Securities July 2012 to June 2014



Source: Bank of Uganda

6.2.2.4 LENDING AND DEPOSIT RATES

Commercial bank lending rates continued to decline during 2013/14, although at a lower rate compared to other interest rates in the economy. The weighted average lending rate on shilling denominated loans fell from 23.2 percent in July 2013 to 21.4 percent in June 2014. Whereas the CBR has declined from a peak of 23 percent in February 2012 to 11 percent in June 2014, the weighted average lending rate has declined by just 5.5 percentage points to 21.4 percent from 26.9 percent. The spread between lending and time deposit rates increased from 11.5 percent to 12.2 percent over the same period of time. Indeed, lending rates have remained sticky, declining only marginally, in part reflecting asymmetry of the monetary policy transmission mechanism, lagged response to monetary policy impulses, and probably heightened risk aversion by commercial banks.

The weighted average lending rate on foreign currency denominated loans also declined to 9.0 percent in June 2014 from 10.1 percent in June 2013. Table 5 shows the evolution of commercial banks' weighted average interest rates.

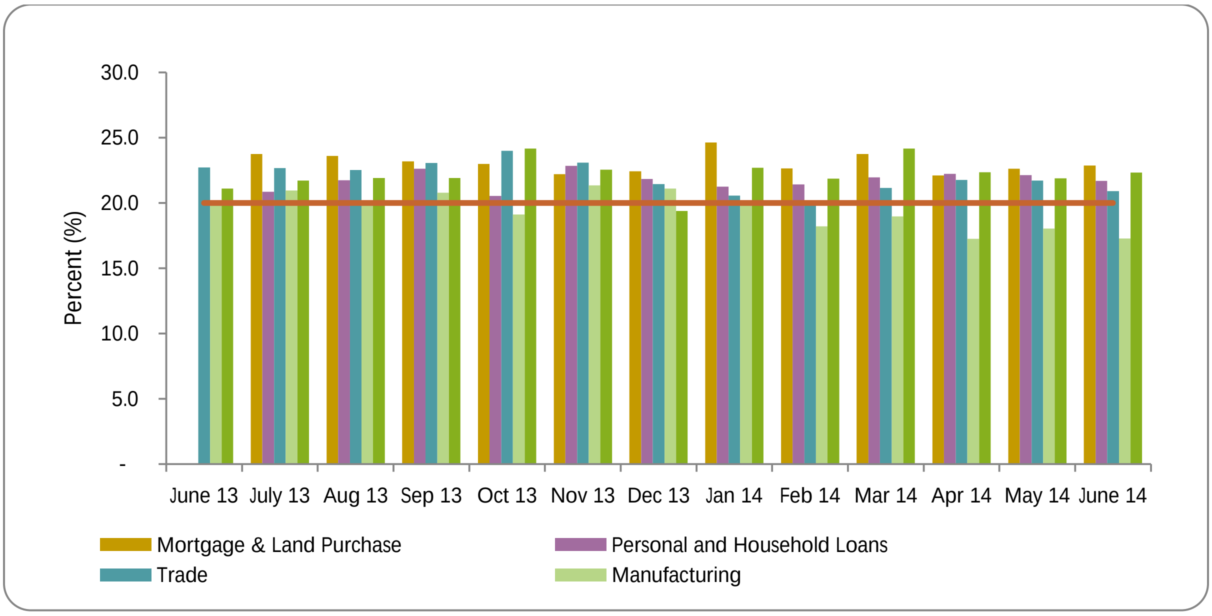
A disaggregation of lending rates by sector shows that the manufacturing sector continues to attract the lowest lending rates while mortgage and land purchase attracts the highest rates as shown in *Figure 10*. During Financial year 2013/14, lending rates to mortgage and land purchase, households and transport & communications sectors were above the industry average for most of the year.

Table 5: Commercial banks' weighted interest rates (annual weighted average)

	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
	Weighted average interest rate on shilling loans						
Lending	20.18	21.80	20.07	19.94	27.02	22.72	21.41
Demand Deposit	1.29	1.26	1.24	1.13	1.32	1.51	1.79
Saving Deposit	2.10	2.36	2.43	2.30	3.27	3.12	2.32
Time Deposit	10.85	10.72	7.25	11.01	19.90	12.14	9.2
Spread	9.30	11.10	12.80	8.90	7.12	10.58	12.21
	Weighted average interest rate on foreign currency loans						
Lending	9.56	10.37	10.80	9.43	8.44	10.11	9.02
Demand Deposit	1.00	1.01	0.96	1.09	0.95	1.01	1.07
Saving Deposit	1.49	1.51	1.65	1.49	1.66	1.66	1.52
Time Deposit	4.31	3.93	3.17	2.40	5.22	4.46	4.16
Spread	5.30	6.40	7.60	7.00	3.22	5.66	4.87

Source: Bank of Uganda

Figure 10: Average interest rates by sector

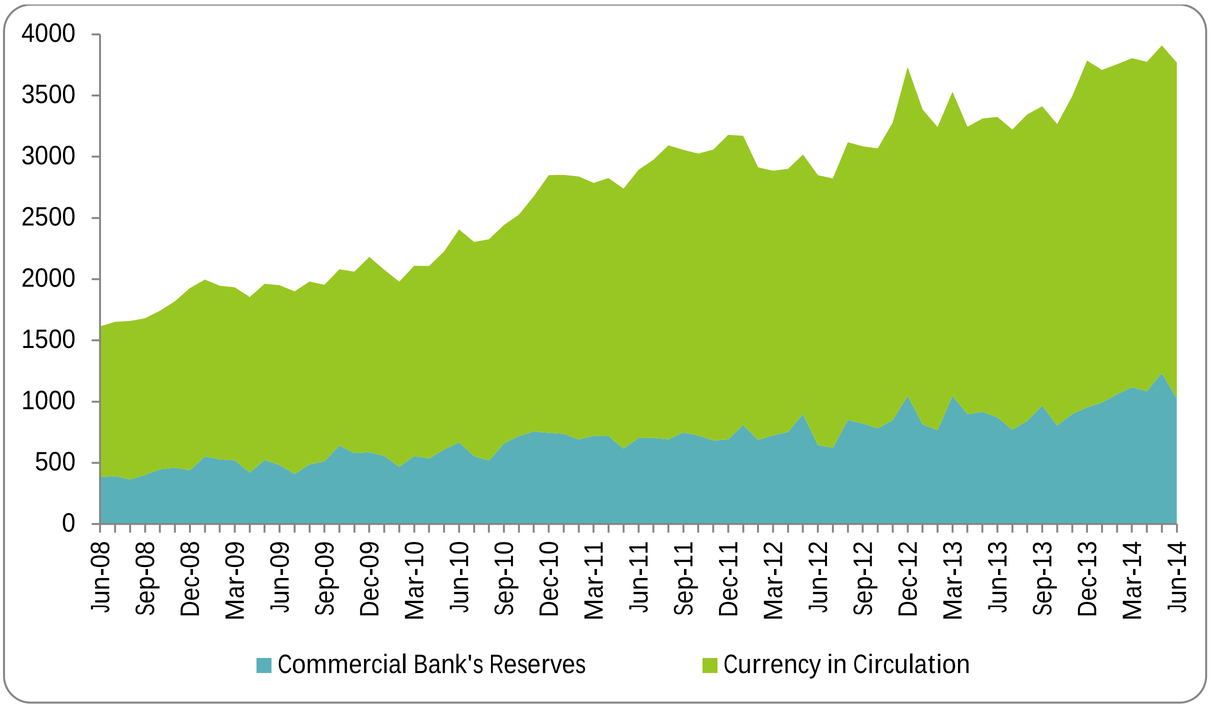


Source: Bank of Uganda

6.2.2.5 MONETARY AGGREGATES

During 2013/14, monetary aggregates M1 and M2 grew by 15.4 percent and 14.1 percent relative to growth rates of 18.5 percent and 15.7 percent in June 2013. Slower growth in monetary aggregates during the year was largely on account of lower growth of demand deposits. M3 picked up, growing by 17.4 percent in the year to June 2014, higher than the growth of 6.6 percent registered in the previous year mainly on account of foreign currency denominated deposits and currency in circulation. Base money which is composed of commercial banks' deposits at the central bank plus currency issued grew at 13.4 percent compared to 16.7 percent in 2012/13. Slower growth in base money was on account of lower growth in deposits of commercial banks, which grew by 17.3 percent in 2013/14 compared to 35.3 percent in 2012/13. A slower growth in commercial banks' deposits with the central bank was driven mainly by commercial banks' increased holdings of government securities. Currency issued grew by 14.1 percent slightly above the 11.3 percent growth rate registered in the previous year. Trends in the components of base money are shown in Figure 11.

Figure 11: Components of base money (shilling billions)



Source: Bank of Uganda

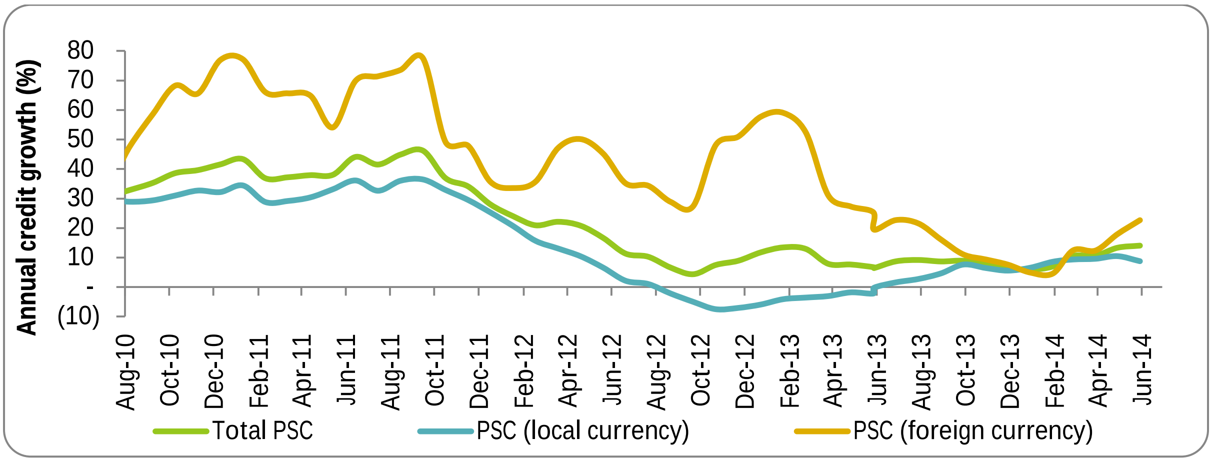
6.2.2.6 PRIVATE SECTOR CREDIT

Private sector credit (PSC) growth picked up growing by 14.1 percent in June 2014 compared to 6.4 percent in June 2013. The annual growth in PSC averaged 8.2 percent in the first half of 2013/14, but improved gradually peaking at 14.1 percent in June 2014.

The recovery in PSC growth in part reflects improved economic conditions as growth has in the past been weighed down by risk aversion by commercial banks and weak balance sheets of the private sector. Indeed, asset quality has also improved as the share of non-performing loans in total loans declined from 6.2 percent in March 2014 to 5.8 percent in June 2014.

PSC growth is expected to recover further as private sector activity picks-up and normal growth resumes. PSC is projected to grow faster than the programmed annual rate of 14.7 percent in 2014/15. Recent credit surveys indicate that credit standards in the first half of 2014/15 are expected to remain broadly unchanged, with a bias towards net easing for both enterprises and households due to the availability of short-term liquidity, policy diversification aimed at easing credit access to small and medium-sized enterprises (SMEs), continued improvement in the economic environment, and increased focus on consumer credit. Figure 12 shows the annual growth rates of both shilling denominated and foreign exchange denominated loans.

Figure 12: Commercial banks credit growth by currency of loan denomination



Source: Bank of Uganda

6.2.2.7 DISTRIBUTION OF PRIVATE SECTOR CREDIT

The building & construction sector, trade and personal & household loans continued to account for the bulk of private sector credit. These three sectors together accounted for over 60 percent of outstanding credit to the private sector as at June 2014. Table 6 shows the outstanding loans and advances, and percentage shares by sector.

Table 6: Sectoral share of commercial banks' loans and advances

	Private Sector Credit (UGX billions)				Private Sector Credit (percent of total)			
	Jun-11	Jun-12	Jun-13	Jun-14	Jun-11	Jun-12	Jun-13	Jun-14
Agriculture	449.4	490.2	626.0	872.9	6.7	6.5	7.8	9.6
Mining and Quarrying	19.7	31.5	27.8	22.3	0.3	0.4	0.3	0.2
Manufacturing	921.8	1,005.7	1,119.6	1,207.3	13.7	13.4	14.0	13.2
Trade	1,519.5	1,695.5	1,688.3	1,971.3	22.5	22.6	21.1	21.6
Transport	518.6	490.8	461.4	489.0	7.7	6.5	5.8	5.4
Electricity and water	61.1	74.5	112.5	107.7	0.9	1.0	1.4	1.2
Building and construction	1,352.7	1,707.6	1,805.8	2,068.5	20.1	22.8	22.6	22.7
Business services	292.1	269.7	412.8	399.6	4.3	3.6	5.2	4.4
Community and Social services	223.0	263.0	251.9	300.6	3.3	3.5	3.1	3.3
Personal and Household loans	1,067.6	1,150.1	1,091.2	1,566.7	15.8	15.3	13.6	17.2
Other services	317.9	324.1	406.3	124.7	4.7	4.3	5.1	1.4
Total	6,743.2	7,502.8	8,003.6	9,130.6	100.0	100.0	100.0	100.0

Source: Bank of Uganda

6.2.2.8 LOAN DEMAND AND SUPPLY

The demand for credit as proxied by the number and value of loan applications continued to increase. The number and value of applications received rose by 13.1 percent and 45.0 percent, respectively in 2013/14. The supply of credit as proxied by the number and value of applications approved also increased over the same period. The total value of loan approvals increased by 15 percent between June 2013 and June 2014.

Table 7 shows developments in the demand and supply of credit.

Table 7: Loan supply and demand

	2010/11	2011/12	2012/13	2013/14
Number of loan applications Received (demand)	473,559	429,863	446,025	504,341
Number of loan applications Approved (supply)	490,262	433,888	429,669	470,863
Total value of loan applications Received (demand) (UGX billions)	10,323	8,337	6,840	9,915
Total value of loan applications Approved (supply) (UGX billions)	5,652	5,854	5,311	6,113

Source: Bank of Uganda

6.2.3 DOMESTIC FINANCIAL SECTOR

6.2.3.1 COMMERCIAL BANKING

The banking system remained sound and profitable notwithstanding a decline in commercial banks profits mainly driven by deterioration in asset quality in 2013/14. The ratio of non-performing loans to total gross loans increased from 4.0 percent in June 2013 to 6.2 percent in March 2014, before declining to 5.8 percent in June 2014. However, the banking system remained well capitalised with all banks meeting the minimum capital adequacy requirements. Furthermore, all banks maintained satisfactory liquidity levels. Paid-up capital which is the primary form of capital grew by 12.4 percent from UGX 1.17 trillion in June 2013 to UGX 1.33 trillion at the end of June 2014.

6.2.3.2 CREDIT INSTITUTIONS

Credit institutions remained strong during the period under review with total assets increasing by 20.2 percent from UGX. 248.0 billion at the end of June 2013 to UGX. 298.0 billion at the end of June 2014; mainly driven by lending. Total loans increased by 30.1 percent from UGX. 128.0 billion to UGX 166.6 billion over the same period. Likewise, total deposits increased by 28.0 percent from UGX 150 billion to UGX 188.3 billion in the same period. All the credit institutions maintained unimpaired paid-up capital above the statutory requirements of UGX 1 billion and complied with the minimum core capital to risk weighted assets ratio requirement of 8 percent. The total capital grew by UGX 19.1 billion from UGX 49.4 billion as at end June 2013. Similarly, total profits rose to UGX 1.5 billion in June 2014 compared to a loss of UGX 0.5 billion at the end of June 2013.

6.2.3.3 CREDIT INSTITUTIONS

The overall financial condition of the Tier 3 Microfinance Deposit-taking Institutions (MDIs) was rated satisfactory and the sub-sector continued to grow. In November 2013, one MDI, Uganda Finance Trust Limited was licensed as a Commercial Bank. The sector remains strong with total assets of the remaining three institutions growing by 30.4 percent from UGX 224.4 billion in June 2013 to UGX 292.6 billion in June 2014. Similarly, loans grew by 22.8 percent from UGX 144.3 billion to UGX 177.2 billion during the same period. The sector’s nonperforming advances to total advances declined from 2.7 percent in June 2013 to 2.2 percent in June 2014.

Total customer deposits in MDIs grew from UGX 74.1 billion to UGX 113.7 billion, in part reflecting the public’s continued confidence in the sub-sector. During the financial year, MDIs’ registered total profits of UGX 9.3 billion compared to UGX 4.6 billion during the last financial year. All the MDIs maintained unimpaired paid-up capital above the statutory requirements of UGX 500 million and complied with the minimum core capital-to-risk-weighted-assets ratio requirement of 15 percent. MDIs’ paid up capital increased by 1.6 percent; from UGX 13.4 billion in June 2013 to UGX 13.6 billion June 2014. All MDIs complied with the statutory liquidity requirements during FY 2013/14.

6.2.3.4 MOBILE MONEY

During the year the Bank continued to grant new approvals for electronic banking products and mobile money transfer services. Mobile banking, a service that allows customers to operate their accounts with the aid of their mobile devices, has become more available as the number of users with mobile devices has risen considerably. The number of registered users of mobile money financial services rose to 16.02 million (about 40 percent of all Ugandans) by March 2014, an increase of four (4) million since the beginning of the financial year. The platform also registered close to 320 million transactions over the period. This robust growth in part reflects increased confidence of the public in the use of mobile money services.

Given its associated benefits to financial inclusion, the Bank's support to this sector was illustrated in the Mobile Money Guidelines that were issued by the Bank of Uganda effective October 1, 2013. These guidelines, developed jointly with the Uganda Communications Commission (UCC) seek to provide clarity on mobile money services to customers mobile money service providers, licensed institutions, mobile money agents and other parties involved in the provision of mobile money services in Uganda. In addition they also seek to outline the approval procedures for parties seeking to engage in the provision of mobile money services and foster consumer protection and further the interests of customers in mobile money services.

6.2.4 PUBLIC FINANCE AND FISCAL POLICY

6.2.4.1 FISCAL STANCE

During 2013/14, the fiscal strategy continued to focus on supporting economic activity by addressing structural constraints in the economy. Notwithstanding the broadly stable macroeconomic environment, the cuts in donor disbursements and underperformance in tax revenue posed challenges to macroeconomic management during the financial year. In order to address these challenges while maintaining the same expenditure profile, the government had to increase domestic financing by stepping-up issuance of treasury securities.

6.2.4.2 REVENUE AND EXPENDITURE

The tax revenue as a percentage of GDP rose to 13.4 percent in 2013/14 compared to 12.9 percent recorded in 2012/13. On an annual basis, tax and non-tax revenue collections grew by 12.4 percent and 16.8 percent respectively. The increase in tax revenue as a percent of GDP is in part attributed to the strengthening of revenue administration by the Uganda Revenue Authority. Although tax revenue was higher than the previous year, it was lower than had been projected by UGX 547.4 billion mainly due to a shortfall in collections of VAT and corporation tax. This shortfall has been attributed to lower than projected growth in economic activity.

6.2.4.3 BUDGET DEFICIT AND FINANCING

The fiscal stance during the year resulted in a fiscal deficit, excluding grants and oil revenue of 5.6 percent of GDP compared to a target of 6.1 percent. Including grants and oil revenue, the deficit is estimated at 4.4 percent of GDP, which is less than the budget target of 4.9 percent. This deviation from the target was partly due to the postponement of the construction of the Karuma hydropower project. Indicators of fiscal operations are shown in Table 8.

Table 8: Indicators of government operations (% of GDP, unless otherwise stated)

	2011/12	2012/13	App budget 2013/14	Proj 2013/14
Revenue and grants	15.6	14.9	15.3	14.8
Domestic Revenue (incl. oil)	13.3	13.2	13.9	13.6
Tax revenue	12.3	12.9	13.6	13.4
Total expenditure excl. domestic arrears repayment	18.0	18.1	20.7	19.7
Total expenditure incl. domestic arrears repayment	18.6	18.8	20.7	19.7
Gross operating balance	1.2	1.5	1.9	0.5
Primary balance	-1.8	-2.4	-3.8	-3.1
Budget deficit excl. grants	-5.3	-5.7	-6.8	-6.1
Budget deficit incl. grants	-3.0	-4.0	-5.4	-4.9
Foreign disbursements (grants and loans)/total budget	26.7	24.5	21.1	17.5
Foreign disbursements (grants and loans)	5.0	4.6	4.4	3.5
External borrowing (net)	-2.3	-2.6	-3.3	1.9
Ratio of external borrowing to budget deficit (incl. grants & oil)	44.7	72.5	54.5	-45.7
Ratio of external borrowing to budget deficit (excl. grants & oil)	89.8	51.2	43.0	-36.6
Capital formation/total budget	19.8	24.8	35.1	27.0
Expenses/total budget	77.1	71.3	64.9	73.0
Consumption/total budget	36.5	32.5	28.7	32.9

Source: Ministry of Finance, Planning and Economic Development

6.2.4.4 DOMESTIC AND EXTERNAL DEBT

The stock of domestic debt increased from UGX 6,083.0 billion in June 2013 to UGX 7,728.1 billion in June 2014. As a ratio of GDP, it rose from 11.9 percent in June 2013 to 13.8 percent in June 2014. The stock of external debt also increased from US$ 3.8 billion in June 2013 to US$ 4.3 billion in June 2014. As a ratio of GDP, it rose from 17.8 percent to 20.9 percent during the same period of time. Total external debt service of both principal and interest payments amounted to US$ 51.0 million and US$ 34.6 million respectively in 2013/14, compared to US$ 42.4 million and US$ 27.5 million in 2012/13.

The total stock of public debt as at end June 2014 rose to UGX 18,877.2 billion, which is equivalent to 34.7 percent of GDP. The debt sustainability analysis (DSA) for June 2014 indicated that Uganda remains at a low risk of debt distress despite the expected scaling-up of external borrowing to finance government projects in the medium term. Debt service-to-revenue ratio was however high, averaging a projected 35.6 percent in 2014-2019, owing to the relatively short maturity profile of domestic debt, which poses a fiscal risks to the economy. The public debt indicators are shown in Table 9

Table 9: Public Debt Indicators

	Jun 11	Jun 12	Jun 13	Jun-14
Domestic interest cost /Domestic revenue (excluding grants)	5.4	7.8	10.7	11.2
Domestic interest cost /Total expenditure	3.9	5.6	7.5	7.7
Domestic debt stock (nominal value) / PSC	55.7	70.8	80.6	89.8
Total Public debt/GDP	28.7	26.2	29.8	34.7
o/w Domestic debt/GDP	9.2	10.1	11.9	13.8
o/w External debt/GDP	19.5	16.1	17.8	20.9
Total Gross Public Debt Stock (UGX. Billions)[3]	11,245.4	13,126.5	16,008.6	18,877.2
o/w External Debt Stock (US$, Million)	2,908.8	3,282.7	3,827.4	4,288.6
o/w External Debt Stock (UGX. Billion)	7,630.2	8,116.0	9,925.6	11,149.1
o/w Domestic Debt Stock (at cost value, UGX. Billion)	3,615.2	5,010.8	6,083.0	7,728.1

Source: Ministry of Finance, Planning & Economic Development

6.2.5 INFLATION

High and volatile inflation is harmful to economic growth as it erodes the value of savings, thereby reducing the incentive to save while undermining local and foreign investor confidence in the economy. Controlling inflation is therefore critical in delivering a macroeconomic environment which supports investment and sustainable economic growth. Inflation remains subdued, although headline inflation rose from an average of 5.6 percent in 2012/13 to 6.7 percent in 2013/14, largely on account of increases in food prices. Core inflation, on the other hand, declined from 6.5 percent to 5.1 percent during the same period of time. Indeed, core inflation remained within the bounds on the BOU's target of 5 percent plus/minus 2 percentage points.

The main driver of headline inflation was food crop prices which were higher relative to the previous year annual food crops inflation rose from 7.7 percent in November 2013, peaking at 25.4 percent in April 2014 before falling to 17.2 percent in June 2014. Over the same period, Electricity Fuel and Utilities (EFU) inflation remained subdued, rising moderately from 0.8 percent in November 2013 to 4.1 percent in June 2014. On the other hand, non-food prices which were relatively higher in the first quarter declined steadily to 3.9 percent in June 2014.

Annual core inflation declined from 6.7 percent in the first quarter of 2013/14, to 3.0 percent in June 2014. The decline in core inflation is largely a result of the exchange rate appreciation since the beginning of 2013. Inflation is expected to remain stable and broadly consistent with the BoU's medium-term target of 5.0 percent in the near-to-short term. Developments in annual consumer price inflation are shown in Table 10.

Table 10: Annual inflation developments

	2010/11	2011/12	2012/13	2013/14
Headline inflation	6.5	23.5	5.6	6.7
Core inflation	6.3	24.6	6.5	5.1
Food crops inflation	8.0	20.8	0.9	16.4
EFU inflation	6.0	14.6	6.0	3.0
Food inflation	8.9	29.0	-0.6	9.5
Non-food inflation	5.7	20.3	8.9	5.5

Source: Uganda Bureau of Statistics

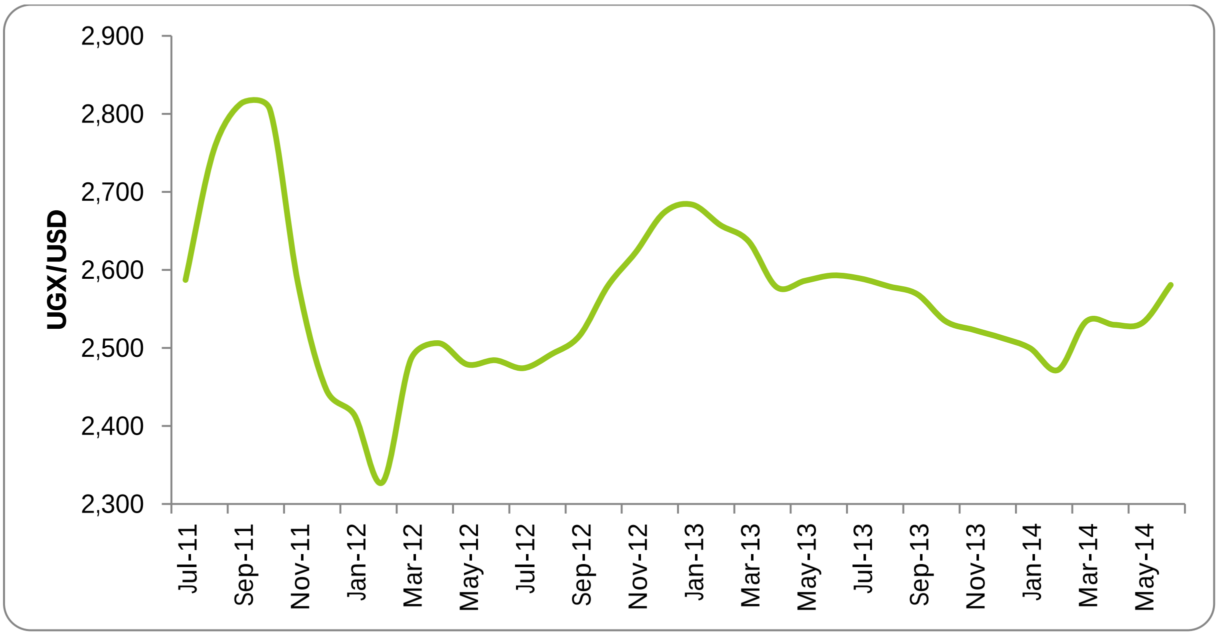
6.2.6 EXCHANGE RATES AND BALANCE OF PAYMENTS

6.2.6.1 EXCHANGE RATES

During 2013/14, the Uganda shilling appreciated by 2.0 percent, compared to a depreciation of 1.2 percent in 2012/13. The appreciation during the year was largely driven by increased portfolio investment which was supported by the positive interest rate differential given the relatively high yields on treasury securities compared to those prevailing in international capital markets. The average bilateral exchange rate in 2013/14 was UGX 2,538.34 per US dollar compared to UGX 2,588.95 per US dollar in 2012/13.

At the beginning of the financial year, the shilling continued with the depreciation momentum that was experienced during the previous financial year, but rebounded very strongly during the second half of 2013/14, appreciating by 7 percent in February 2014. However, some depreciation pressures were recorded in March 2014, following the announcements of donor aid cuts on account of the Anti Homosexuality Act. The depreciation pressures recorded in the later part of the year were largely driven by higher corporate demand for foreign exchange for dividend payments and offshore institutional investors targeting the Kenya euro bond auction. Figure 13 shows the evolution of the exchange rate during the period to June 2014.

Figure 13: Trends in UGX/USD exchange rate

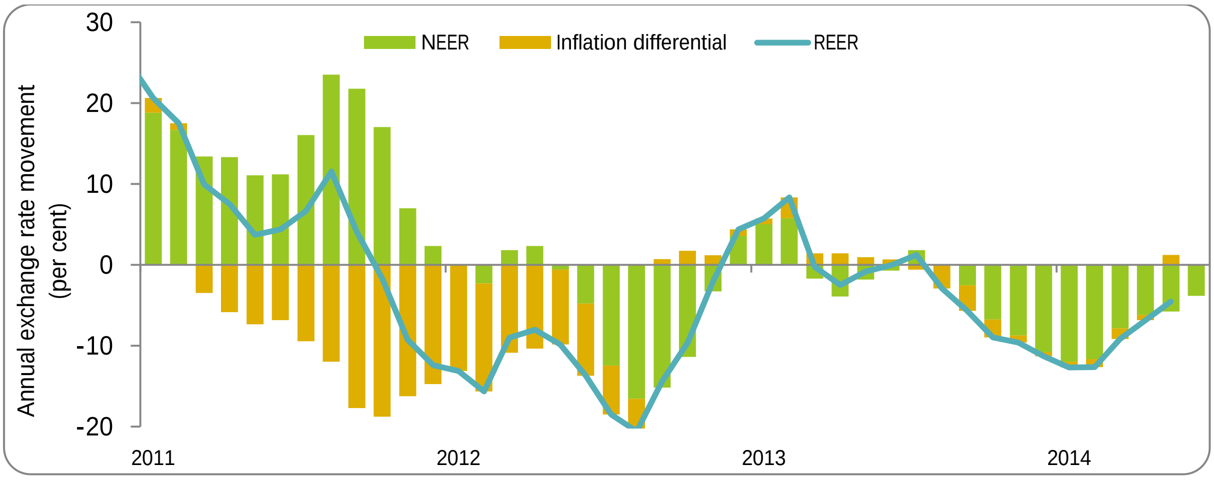


Source: Bank of Uganda

In line with the policy of a flexible exchange rate policy, the BoU conducted outright and targeted interventions in the Interbank Foreign Exchange Market (IFEM) in order to dampen exchange rate volatility. The BoU also purchased foreign exchange for reserve build-up. Overall, BoU's action in the IFEM during 2013/14 resulted in a net purchase of US$ 675 million, which was higher than the net purchase of US$ 500 million in the previous year.

The Nominal Effective Exchange Rate (NEER), which measures the relative value of the Shilling against a trade-weighted basket of currencies of Uganda's major trading partners, also continued to appreciate as shown in Figure 14. The Real Effective Exchange Rate (REER) which is derived by adjusting the NEER for inflation differentials between Uganda and its trading partners appreciated by 10.1 percent.

Figure 14: Trend in the real effective exchange rate and its components



Source: Bank of Uganda

6.2.6.2 BALANCE OF PAYMENTS

The current account deficit, excluding official grants, narrowed to 8.3 percent of GDP during 2013/14, from a deficit of 9.6 percent of GDP recorded in 2012/13. The narrowing of the current account deficit was largely a result of an improvement in the services and primary income accounts. The services account improved to a deficit of US$196.3 million in 2013/14 from a deficit of US$414.9 million in 2012/13 as a result of higher receipts from travel services. The deficit on the primary income account improved by 36.8 per cent to US$417.1 million in 2013/14 from US$660.1 million in 2012/13 mainly on account of lower FDI outbound payments.

The trade deficit widened by 10.9 per cent, from US$2,123.0 million in 2012/13 to US$2,354.8 million in 2013/14 on account of lower export earnings. The widening of the trade deficit was driven by lower coffee export proceeds owing to declining coffee prices and lower earnings from informal cross border trade arising from disruptions in trade caused by the conflict in South Sudan. Net current transfers were estimated at US$1,225.2 million during 2013/14 compared to US$1,481.9 million recorded in the previous fiscal year, reflecting cuts in donor funds. The capital account balance was recorded at US$91.1 million in 2013/14 compared to US$32.7 million in 2012/13.

The financial account balance showed an improvement of US$211.8 million to a surplus of US$1,754.5 million during 2013/14 from a surplus US$1,542.7 million in 2012/13. Foreign direct inflows increased by US$144.4 million from US$936.6 million in 2012/13 to US$ 1,081.0 million in 2013/14. Portfolio investment recorded a net inflow of US$1.2 million. The other investment net inflows increased by US$85.6 million during the year mainly driven by draw downs of commercial banks' foreign assets holdings.

The above developments resulted in an overall balance of payments surplus of US$378.5 million. During 2013/14, BOU's foreign exchange reserves, excluding valuation changes increased by about US$ 372.0 million. The stock of reserves amounted to US$ 3.39 billion at end June 2014, which is equivalent to 4.5 months of import cover. Developments in the Balance of Payments are shown in Table 11.

Table 11: Summary of the Balance of Payments

	2009/10	2010/11	2011/12	2012/13	2013/14
A. Current Account Balance (A1+A2+A3+A4)	-1525.31	-1755.80	-2013.96	-1716.04	-1743.03
A1. Goods Account(Trade Balance)	-1799.54	-2373.35	-2581.07	-2122.96	-2354.83
a) Total Exports (fob)	2317.30	2297.77	2660.41	2912.11	2685.21
b) Total Imports (fob)	4116.84	4671.12	5241.48	5035.07	5040.04
A2. Services Account (net)	-487.55	-627.29	-412.27	-414.85	-196.28
A3. Primary Income Account (net)	-355.78	-345.48	-435.07	-660.07	-417.11
A4. Secondary Income Account(net current transfers)	1117.57	1590.32	1414.45	1481.85	1225.19
a) Inflows	1478.12	1848.29	1622.42	1632.22	1446.82
b) Outflows	360.54	257.97	207.96	150.37	221.63
B. Capital Account (capital transfers)	0.00	0.00	17.60	32.74	91.05
C. Financial Account; excluding financing items	-1541.51	-812.16	-2120.07	-1542.71	-1754.47
Direct Investment	-690.66	-717.52	-1213.38	-936.56	-1080.97
Portfolio Investment	31.26	-2.09	-264.67	-19.90	-1.22
Financial Derivatives	5.34	2.74	-12.32	-0.76	-1.24
Other Investments	-887.45	-95.29	-629.70	-585.48	-671.04
D. Errors and Omissions	213.38	337.69	622.84	478.63	276.00
E. Overall Balance (A+B+C+D)	-229.58	605.96	-746.55	-338.05	-378.49
F. Reserves and related Items	229.58	-605.96	746.55	338.05	378.49
Reserve Assets[1]	216.97	-609.56	741.09	332.29	372.04
Note:					
[1] BPM6: sign (+): increase in reserves, sign (-): decrease in reserves.					

Source: Bank of Uganda

6.2.6.3 International Investment Position

Uganda's position as a net debtor increased from US$10,158.8 million at end June 2013 to US$12,024.4 million as at end June 2014. The net increase in liabilities of US$1,865.6 million was as a result of an increase in all the investment categories. The impact of this increase was however, partly offset by an increase in the stock of reserve assets of US$470.6 million and of portfolio investments abroad of US$209.7 million.

Uganda's stock of foreign liabilities amounted to US$16,939.1 million, up from US$14,680.9 million at end June 2013. Of the total foreign liabilities, the stock of foreign direct investment in Uganda amounted to US$9,446.1 million, accounting for 55.8 per cent of total liabilities. The bulk of the foreign direct investment stock was in the form of equity capital and reinvested earnings. Portfolio investment liabilities to non-residents amounted to US$596.8 million, of which 52.3 per cent consisted of debt securities. This stock of portfolio liabilities increased from US$393.6 million recorded at end June 2013; on account of increased investment by offshore players in the government bills and bonds. Other investment liabilities amounted to US$6,896.2 million as at end June 2014. The stock of other investment liabilities was mainly in the form of loans amounting to US$6,232.7 million and comprised of US$4,291.4 million owed by government and US$1,941.3 million owed by the private sector.

The stock of foreign assets amounted to US$4,914.7 million at end June 2014, up from US$4,522.1 million at end June 2013. Reserve assets dominated the foreign assets contributing 68.9 per cent of the total. Other investment in the form of currencies and deposits abroad; and loans to non-residents accounted for 22.7 per cent of the total assets, amounting to US$1,113.9 million at end June 2014. Foreign direct investment and portfolio investment assets abroad amounted to US$196.4 million and US$230.0 million, respectively.

6.2.7 ECONOMIC ACTIVITY

6.2.7.1 GDP GROWTH

Provisional estimates show weaker than expected economic activity in 2013/14. Real GDP was estimated to have expanded by 4.7 percent, which was weaker than the previous projection of 5.7 percent and the 2012/13 growth rate of 6.0 percent. The revised growth projection in part reflects delayed implementation of government infrastructural programs, particularly the construction of the hydropower dams.

In terms of expenditure on GDP, real GDP was driven by final consumption expenditure and capital formation. The contribution of net exports on the other hand was negative given the decline in exports and the increase in imports as shown in Table 12. Household private consumption expenditure expanded sharply by 6.8 percent in 2013/14 compared to 0.9 percent growth recorded in 2012/13, reflecting the impact of monetary policy easing implemented by Bank of Uganda. Similarly, government financial consumption expenditure increased by 14.5 percent from 7.5 percent growth recorded in 2012/13.

Table 12: Expenditure on GDP at constant prices (Billions Shillings)

	2009/10	2010/11	2011/12	2012/13	2013/14
Total GDP at market prices	20,601	21,965	22,715	24,078	25,203
Final consumption expenditure	18,145	19,639	20,303	20,633	22,209
Household final consumption expenditure	15,814	17,135	18,185	18,356	19,602
Government final consumption expenditure	2,331	2,503	2,117	2,277	2,607
Gross capital formation	5,430	5,988	6,166	6,487	6,816
Fixed capital formation	5,393	5,952	6,132	6,451	6,776
Changes in inventories	37	37	34	36	40
Net exports	-2,973	-3,662	-3,753	-3,042	-3,822
Exports	3,162	3,178	3,672	4,224	3,883
Goods, fob	2,067	2,005	2,137	2,450	2,215
Services	1,095	1,173	1,535	1,774	1,668
less Imports	-6,136	-6,840	-7,426	-7,266	-7,704
Goods, fob	-4,225	-4,571	-4,891	-4,572	-4,807
Services	-1,911	-2,269	-2,534	-2,694	-2,898

Source: Uganda Bureau of Statistics

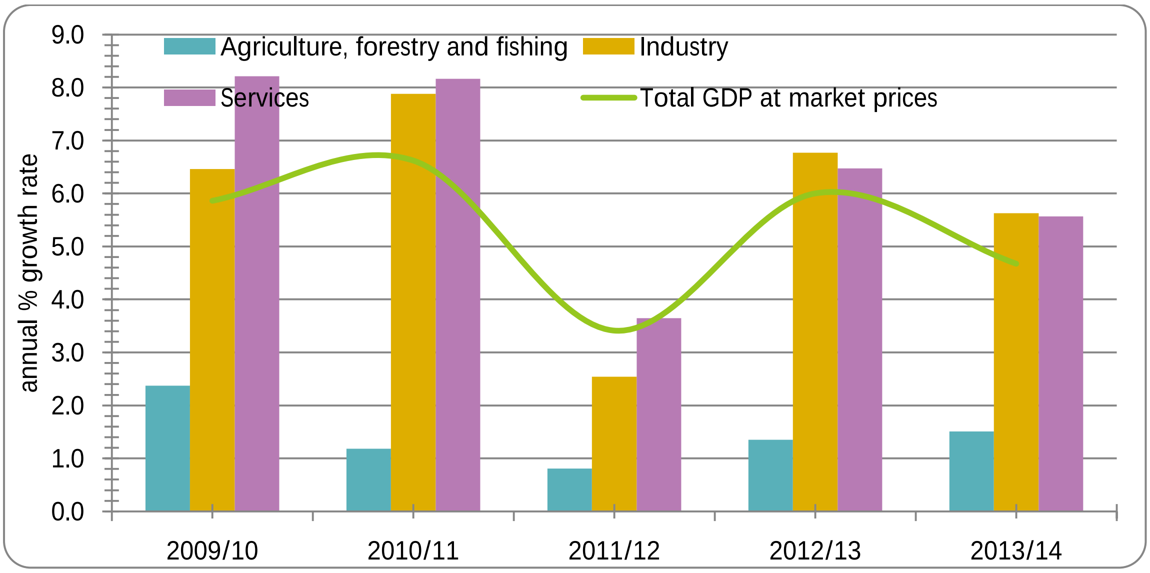
6.2.7.2 SECTORAL GROWTH

Agricultural sector grew by 1.5 percent compared to a growth rate of 1.3 percent in 2012/13, driven by food crops production, which expanded by 1.9 percent during the year compared to an increase of 0.2 percent recorded in 2012/13. Whereas industry and services output expanded in 2013/14, their rates of growth were lower than those recorded in 2012/13 as shown in Figure 15.

Industry grew by 5.6 percent in 2013/14 down from a growth rate of 6.8 percent in 2012/13. The slower growth in industry was largely driven by lower than expected growth rates in formal manufacturing, electricity supply and construction subsectors. Electricity supply grew marginally by 0.8 percent in 2013/14 compared to a growth rate of 9.9 percent in the previous year, while manufacturing and construction grew by 4.4 percent and 6.7 percent, respectively compared to the previous year's respective growth rates of 5.7 percent and 7.4 percent.

In 2013/14, the services sector registered a growth rate of 5.6 percent, lower than the 6.5 percent increase in the previous year. This was mainly on account of lower growth in the transport & communication sub-sector which grew by a 4.1 percent compared to the 13.5 percent growth recorded in 2012/13. Financial services output increased by 5 percent compared to the 5.4 percent growth recorded in the year before. Overall, services continued to be the dominant sector, constituting 45 percent of total output, while the industrial and agricultural sectors contributed 26 percent and 22 percent, respectively.

Figure 15: GDP growth by economic activity at constant prices



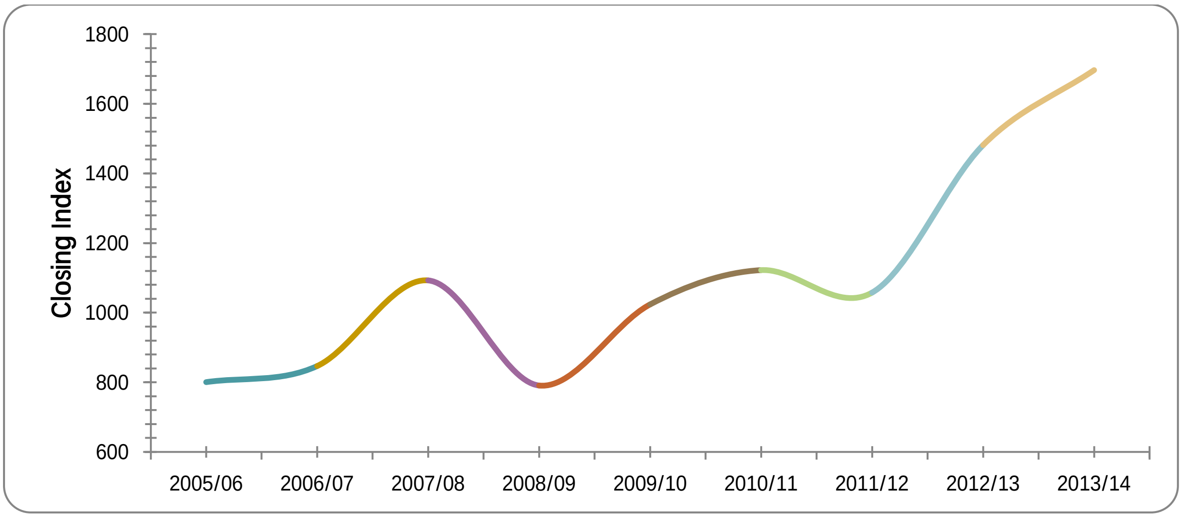
Source: Uganda Bureau of Statistics

6.2.7.3 TRADING ON THE UGANDA SECURITIES EXCHANGE

Trading on the Uganda Securities Exchange (USE) continued to increase in 2013/14. The All Share Index (ALSI), which measures the average price of shares traded, increased from 1,481 in 2012/13 to 1,697 in 2013/14. The increase in the ALSI may be attributed to the favourable macroeconomic environment, which stimulated demand for investment in securities and consequently led to a rise in share prices. Similarly, market turnover also increased considerably from UGX 197.6 billion in 2012/13 to UGX 316.2billion in 2013/14 and market capitalization increased by 20 percent from UGX 19,325 billion to UGX 23,166 billion over the same period.

Figure 16 show the developments at the Uganda Securities Exchange.

Figure 16: Evolution of the All Share Index



Source: Uganda Securities Exchange

6.3 ECONOMIC OUTLOOK

6.3.1 GLOBAL ECONOMIC OUTLOOK

Global economic activity is projected to strengthen further in the second half of 2014, driven by relatively strong growth in advanced economies, where monetary policy is expected to remain expansionary and fiscal policy will exert a lesser drag than in recent years. Advanced Economies remain the main source of expected growth, although momentum in the Euro Zone remains fragile. Emerging and Developing Economies are projected to grow by 4.6 percent in 2014 down from an earlier projection of 4.8 percent. Global inflation remains subdued but with diverse trends across advanced and emerging market economies. Global inflation is projected to remain subdued through 2015 as global spare capacity remains abundant and international commodity prices remain relatively stable. Financial conditions in emerging and developing countries are anticipated to tighten, which will dampen investment and weigh on growth.

The global economic outlook however remains subject to a considerable degree of uncertainty and developing countries remain vulnerable to the volatility in global economic environment, which has implications for growth and inflation. Although relative stability was observed in most of 2013/14, analysts have argued that there is a risk of a "crash" due to the lingering competitive loose monetary policies being followed by the developed economies, arguing that the current build-up of financial sector imbalances may cause sudden price reversals and sharp spikes in volatility. If monetary policy is normalised in Advanced Economies, then tighter global financial conditions could lead to weaker financial flows to and the rising cost of capital in emerging & developing countries, which could impede growth. Exchange rate volatility also poses significant risks to growth and stability of financial markets in Emerging and Developing economies.

Geo-political risks remain elevated, including the conflicts in the Middle East, Russia and Ukraine. This could have significant impact on consumer and business confidence such that investors and consumers hold back on spending, thus reducing aggregate demand. On the other hand, a physical disruption of energy supply may push-up international oil prices, posing a risk to global and domestic inflation and growth prospects. Uganda being a small open economy with substantial financial and real linkages with the global economy is prone to these risks.

6.3.2 DOMESTIC ECONOMIC OUTLOOK

Economic growth in 2013/14 is projected at 4.7 percent, much lower than the 2012/13 outturn of 6.0 percent. The downcast in real GDP growth over the year is in partly attributed to delays in the implementation of government infrastructural programs, particularly the construction of the two hydro power projects and dismal performance in exports. Growth is however projected to recover in 2014/15 and increasing to the economy's potential GDP growth of 7 percent in 2017/18. This growth will be supported by Government investment in infrastructure, improved private investment consistent with the recovery in the growth of private sector credit, and the relatively accommodative monetary policy stance. Increased government expenditure on infrastructure is expected to boost economic activity in the medium- to-long-term, and to trigger a multiplier effect on other sectors of the economy. Domestic and external demand is also expected to pick up on account of improved economic confidence, slightly more relaxed credit conditions and lower inflation. Over the medium term, import growth is expected to continue to exceed export growth, and hence the growth of net imports is likely to weigh on economic growth. The BoU estimates that inflation will remain stable, with core inflation expected to remain within the BoU's target of 5 percent in the near-to-short term.

7 FINANCIAL MARKETS

7.1 FOREIGN RESERVES MANAGEMENT OPERATIONS

The Bank continued to manage the foreign exchange reserves in line with the objectives of capital preservation, liquidity, and reasonable and consistent returns as stipulated in the foreign exchange reserves management policy framework that was approved by the Board of Directors. Bank of Uganda foreign exchange reserves are divided into two portions: the internally managed and externally managed portfolios. The internally managed portfolio is mainly invested in short term (0-1 year) money market instruments, while the externally managed portfolio is mainly invested in longer term (1-5 years) fixed income instruments The internally managed portfolio was mainly invested with central banks, multilateral institutions, commercial banks of G7 countries and regional institutions while the externally manage portfolio was mainly in Government bonds and Agencies of the G10. The Bank continued to observe the need to manage risk and as a result, cautiously placed investments in line with approved risk management parameters. As June 30, 2014, the total reserve position amounted to US$ 3.37 billion compared to US$2.9 billion as at June 2013. This was an increase of about 13.9 percent from June 2013.

The Board of Directors approved the continuation of the external fund managers' engagement in 2013/14. The external managers' benchmarks were reviewed with a view to increase returns in the prevailing low return environment and a number of proposals were approved. These included flexibility in the investments of government securities and agencies, expansion of the currency universe for agency securities, exclusion of counterparty credit rating limits for cash bond brokers and allowing the fund managers to use interest rate swaps among others. The Board also approved a new methodology for assessment and selection of investment management services which include selection criteria for external fund managers, custodians, brokers and counterparties.

7.2 PRIMARY DEALERSHIP SYSTEM REFORMS

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

Table 13: Winners for Primary Dealers Award in Government Securities since 2005

Year	Name of the Primary Dealer
2005	Standard Chartered Bank Uganda Limited
2006	Barclays Bank Uganda Limited
2007	DFCU Bank
2008	Barclays Bank Uganda Limited
2009	Standard Chartered Bank Uganda Limited
2010	DFCU Bank
2011	Stanbic Bank Uganda Limited
2012	Stanbic Bank Uganda Limited
2013	Stanbic Bank Uganda Limited

Source: Bank of Uganda

The PD system has resulted in remarkable improvements in market performance as reflected in significant growth in auction oversubscriptions for Treasury bills, bonds and repos as well as increased secondary market activity over the years. There are a number of debt market reforms envisaged to be implemented in 2014/15 to enhance the PD system.

7.3 UPGRADE TO CENTRAL SECURITIES DEPOSITORY (CSD)

During 2013/14, Bank of Uganda implemented a customized off-the-shelf Central System Depository (CSD) with web-based user interface. The new CSD is more operationally sound, secure, robust, reliable and efficient than the old system. Banks are now able to transact in both primary and secondary markets for government securities directly on the new system which allows for delivery-versus-payment (DVP) settlement through its interaction with the Real Time Gross Settlement (RTGS) system. In order to keep in line with the increasing and dynamic market for government securities in Uganda, an additional module is being tested that will allow retail and institutional investors from around the world to interact with the new CSD via the internet. With these infrastructure developments together with a number of other activities being implemented under the East African Community financial sector reforms, the financial sector is expected to develop sound and vibrant financial markets both in Uganda and the region and support efficient mobilization of resources necessary for economic diversification and sustainable growth.

7.4 REUTERS TRADE REPORTING SYSTEM

The Reuters trade reporting system went live on December 01, 2013 after successful testing and implementation. The system was rolled out to 23 commercial banks. Currently the Bank of Uganda and the approved inter-bank market players have access to real time data. Access to real time data has greatly enhanced efficient decision making. A noticeable advantage is the reduced time taken in collating market data to aid decision making.

STRATEGY FOR FINANCIAL LITERACY IN UGANDA

Simplify Money. Magnify Life

8 FINANCIAL SECTOR SUPERVISION

8.1 COMMERCIAL BANKING INSTITUTIONS

8.1.1 SURVEILLANCE ACTIVITIES

During 2013/14 the Supervision Directorate continued to ensure the safety of depositors' funds as well as to foster the resilience and soundness of the financial sector. On-site examination of all the banks was conducted as planned. The main surveillance activities entailed the review of inherent risks and an assessment of the robustness of risk management systems of banks to mitigate the risks facing them. The recommendations made from the on-site examinations, ensured that banks kept adequate capital, were appropriately liquid and had robust risk management protocols.

The Directorate received assistance from the IMF on the Basel Core Principles (BCPs) during the year under review. This assistance helped in the up-date of the "Risk Based Supervision Manual" to incorporate the current regulatory challenges. Staff are now in a good position to conduct better on-site reviews through improved examination planning and report writing.

During the year under review, off-site surveillance over commercial banks was also undertaken as a means to review the financial performance of banks as well as their compliance with applicable laws. It also helped the regulator by providing an early warning indicator of risks to the individual banks and the financial sector as a whole.

The Directorate held tripartite meetings involving commercial banks and their external auditors discuss and approve the annual accounts for 2013 prior to their publication in the print media.

8.1.2 PROGRESS WITH FINANCIAL INCLUSION

A number of financial inclusion project activities were undertaken during 2013/14 especially following the launch of the country strategy for financial literacy in August 2013. The initiatives include among others the incorporation of financial awareness issues into the lower secondary schools curriculum. The strategy also consists of a partnership with the Ministry of Education and Sports in the annual national secondary schools music, dance and drama festival that is dedicated to financial literacy. The theme of this years' festival was "simplify money: manage your money wisely for a better Future". Other pilot activities under financial literacy included the training of trainers in financial literacy.

In addition, consultations with the Supervised Financial Institutions (SFIs) and consumer groups were done to enhance financial inclusion activities. These consultations led the BOU to adopt a threefold mutually reinforcing strategy to facilitate the effective implementation of the Financial Consumer Protection Guidelines (FCPGs). The success of this project is also supported by a communication framework that was developed to create awareness amongst consumers and potential consumers of financial services. Through increased awareness by the general public, it is hoped that the level of trust in the financial sector will be enhanced and as a result more citizens will be encouraged to open accounts in the formal financial institutions.

An important milestone that was recorded in 2013/14 was issuance in October, 2013 of the Mobile Money Guidelines to the public. Subsequently, a compliance matrix was developed and circulated to the Network Operators and the partnering institutions to gauge the level of adherence to the guidelines.

The measurement of the progress in financial access in the country is an important aspect of the work at the central bank. During 2013/14 the results of the Finscope Survey for Uganda were released. These data showed that the proportion of the financially excluded population fell from 30 percent in 2009 to 15 percent in 2013. The major driver of the improvement in financial inclusion was the mobile money access strand. The number of registered mobile money users grew from 12.1 million in June, 2013 to 17.6 million in June, 2014 and the cumulative value of transactions through the network increased from UGX. 15.0 trillion to UGX. 22.2 trillion over the same period.

8.1.3 REGULATORY FRAMEWORK AND LICENSING

During 2013/14 work on important regulatory reforms to strengthen the financial sector in Uganda was undertaken. This included the gazetting of the Financial Institutions Foreign Exchange Business Amendments Rules, 2013 and promulgation of the Anti Money Laundering Act, 2013.

During the year under review, Bank of Uganda granted two Tier I Commercial Banking licenses to Finance Trust Bank and to the Commercial Bank of Africa Bank (U) Ltd. In addition, Guaranty Trust Bank Plc from Nigeria concluded the acquisition of a 70 percent stake of Fina Bank Group which led to a subsequent change in the name from Fina Bank Uganda Limited to Guaranty Trust Bank (Uganda) Ltd.

The banking sector continued to make commendable growth in banking outlets in 2013/14. During the year ended June 2014, the total number of bank branches for the period to increased to 560 compared to 504 branches recorded by end June, 2013. The number of Automatic Teller Machines (ATMs) increased to 817 by end June 2014, from 719 at end June, 2013.

8.2 NON-BANK FINANCIAL INSTITUTIONS

8.2.1 SURVEILLANCE ACTIVITIES

During 2013/14 on-site examination of NBFIs was conducted to ensure safety of deposits. These examinations were also supported by robust off-site surveillance and analysis framework. Most importantly, the surveillance helped the regulator to gain insight into emerging risks that could have warranted supervisory attention.

Tripartite meetings involving the management teams of the institutions, their external auditors and Bank of Uganda were held to discuss the audited annual financial statements. In addition, the schedule of the various charges that NBFIs levy on their customs were published throughout the year in an effort to promote transparency and enhance competition in the provision of financial services.

8.2.2 FINANCIAL PRODUCT INNOVATIONS AND ROLLOUT

During the period under review, the Supervision Directorate received and approved the introduction of Mobile Phone Banking. Furthermore, a proposal to provide clean energy based loan products in our banking sector was also approved.

8.2.3 REGULATORY FRAME WORK AND PROGRESS IN LICENSING

During 2013/14 a lot of progress was made in reviewing the MDI Act, 2003. This Act is expected to take into account the more recent developments and innovations occurring in our financial market. The process of reviewing this Act is expected to be completed in 2014/15.

The Bank of Uganda also participated in the Working Committee that was established by the Ministry of Finance, Planning and Economic Development to develop appropriate regulatory reforms for Tier 4 Microfinance institutions. The Working Committee produced a draft bill that was undergoing review by other organs of Government by the end of the period.

Forty three Foreign Exchange Bureaus and eleven Money Remitters were licensed during 2013/14. Reflecting the continued strong growth and interest in this sector, two more applications for new microfinance deposit-taking institutions licenses were received by 30 June 2014.

8.3 FINANCIAL STABILITY ISSUES

8.3.1 LIQUIDITY COVERAGE RATIO

In March 2014, Bank of Uganda rolled out the Liquidity Coverage Ratio to all commercial banks in Uganda following a successful pilot phase that was conducted in 2012/2013, involving four banks. The LCR is a Basel III measure, which is aimed at ensuring that banks hold sufficient levels of high quality liquid assets to meet short term net cash outflows over a 30 day period.

8.3.2 FOREIGN CURRENCY NON-PERFORMING LOANS AND LOAN TO VALUE DATA ON BANK LOANS

During 2013/14, the Supervision Directorate took steps to improve the analysis of foreign currency loans through the collection and analysis of data on foreign currency non-performing loans. Effective September 2013, all commercial banks were required to submit data on problem loans denominated in foreign currency.

Furthermore, following approval by the Financial Stability Committee in February, 2014, the Directorate embarked on monitoring Loan to Value (LTV) ratios set by commercial banks during the extension of mortgage loans and loans collateralized by real estate. The LTV is a macroprudential tool that the Bank of Uganda expects to adopt in not too distant future. The adoption of this instrument will involve the examination of commercial banks operations in relation to LTV ratios for mortgage lending, collection of LTV data from commercial banks and a study of how other central banks have applied the LTV as a macroprudential policy tool.

8.3.3 MACRO STRESS TESTING AND NETWORK ANALYSIS OF UGANDA'S INTERBANK MARKET

Following Technical Assistance from Deutsche Bundesbank, a macro stress testing framework has been developed in the Financial Stability Department. The preliminary results of the framework currently link the performance of the financial system to a selected set of macro- economic aggregates. Further enhancements will be implemented to the stress testing framework during 2014/15 to further strengthen financial stability analysis at the central bank.

The Supervision Directorate has undertaken work to map the interconnectedness and completeness of the Ugandan interbank shilling market using network theory. The recent global financial crisis showed how intertwined the financial system has become, thus highlighted the potential for widespread losses and instability in case of vulnerability in any part of the system. It became clear that interactions between banks are critical to understanding systemic risk. The results of the network analysis will assist the Bank in assessing contagion risk and the market's ability to absorb and withstand sudden shocks.

8.3.4 FINANCIAL MARKET INFRASTRUCTURE (FMI) OVERSIGHT UNIT IN THE SUPERVISION DIRECTORATE

During 2013/14, the FMI Oversight Division of Financial Stability Department formally began routine oversight of the payment systems and their associated instruments in Uganda. The primary function of the unit is to promote the safety and efficiency of systemically important payment systems in compliance with international best practice, by mitigating systemic risk to payments. In order to do this, the unit will follow guidance provided by Bank of International Settlements (BIS), the Committee on Payment and Settlement Systems (CPSS) and other regional and international central banks. In addition, the unit, in conjunction with the National Payment System Department (NPSD), will complete the development of the National Payment System (NPS) Policy Framework in 2014/15. This policy will be used to support the enactment of a comprehensive National Payment Systems legislation for Uganda. This legislation will reinforce the Bank of Uganda's effectiveness in conducting payment systems oversight and strengthen its ability to eliminate and mitigate systemic risks in the NPS.

Prudent Management of oil revenue resources for sustainable economic growth

9 PETROLEUM REVENUE INVESTMENT ACCOUNT

The Public Finance Bill 2012 (Bill) before Parliament is expected to mandate BoU with the operational management of the Petroleum Revenue Investment Account. Once operationalized, the Bank will be charged with the Investment of the Oil proceeds appropriated from the Petroleum Fund being the residual balance after transfers to the Uganda Consolidated Fund Account (UCF). The petroleum fund account will be kept with Bank of Uganda. The Investments will be internally and externally managed. The investments externally managed will be done through professional fund managers and custodians appointed by the Bank.

In preparation for the expected mandate, substantial progress has been made in responding to demands of well managed investment operations with a strong ethical awareness seeking to set a standard for best practice for greater transparency and accountability. This will be reflected in policies after the legislation and the operational agreement between the Minister MoFPED and the Governor are in place. The overall management of Petroleum revenue will be done taking into account that the Oil and Gas activities do not impact negatively on monetary policy and macroeconomic stability.

The Bank is currently enhancing capacity building efforts for integrated policy design and implementation through;

i) Establishing an appropriate structure and the necessary infrastructure supported by systems prerequisites. The Petroleum Investment Fund Department has been set up.
ii) Identifying the right manpower and training them with the required investment skills for the tasks ahead. Two of the staff are already pursuing professional chartered financial analyst course (CFA).
iii) Drafting of policies, standards and procedures that will be used by the Bank of Uganda. These will be finalized as soon as the Bill is enacted into law.
iv) Benchmarking missions and study visits to central banks. Our staff have already visited Bank of East Timor, Bank of Botswana and Bank of Ghana where such funds are well established. Three of our staff also visited Bank of India and HSBC fund managers in India to gain hands on experience in managing reserves and sovereign wealth funds respectively.
v) Assessing the impact of different regulatory requirements and management strategies on cost, risk and efficient running of the fund.
vi) Meetings with other stakeholders like MoFPED to churn out the best practices for both Petroleum Revenue and Investment management.

The Bank is looking forward with anticipation to stand up to this assignment in Petroleum Revenue Investment Management once the Bill has been passed and enacted into law.

10 INFORMATION TECHNOLOGY DEVELOPMENTS

10.1 BUSINESS AUTOMATION

During the year, the Bank went live with the following applications:

i) The Central Securities Depository (CSD), an off-the-shelf application supplied by CMA Small Systems AB. This application facilitates the management and trading of government securities by financial institutions in Uganda, and improves in many respects upon the custom-developed application hitherto used by the Bank.
ii) The East African Payment System (EAPS), which enables cross-border real-time payments among financial institutions in Uganda, Kenya and Tanzania using the currencies of the three states.
iii) The COMESA Regional Payment and Settlement System (REPSS), which facilitates safe and efficient payments with financial institutions in the COMESA region.
iv) The Trade Reporting System, which enables real-time inter-bank market activity monitoring.

The Bank also successfully upgraded its Enterprise Resource Planning (ERP) application, and implemented enhancements to its Banking Systems to improve controls and facilitate straight-through-processing (STP).

The Bank also undertook a project to utilize the Bank Supervision Application (BSA), an application sponsored and developed by the central banks of several east, central and southern African countries, to facilitate the online submission of returns by forex bureaux. This project is in the pilot testing phase and is expected to go live early in FY2014/15.

Other applications that are in the final phases of implementation include the enhancement of the Bank's Banking Systems to support the full implementation of the Treasury Single Account (TSA) by the Ministry of Finance, Economic Planning and Development, and the automation of operations under the Reserves Advisory and Management Program (RAMP), which will improve the management of foreign reserves. All these systems are expected to go-live early in FY2014/15.

10.2 IT INFRASTRUCTURE

The Bank embarked on projects to improve its information security and business continuity arrangements. These projects are expected to complete within FY2014/15. 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.

10.3 IT GOVERNANCE

The Bank's IT Strategic Plan for the strategic planning period 2013/14 to 2016/17 was approved. The IT Strategic Plan specifies the manner in which information technology will be managed and exploited to support the Bank's strategic objectives over the next three years.

The Bank restructured the IT Directorate to provide for two separate departments responsible for IT Operations and Infrastructure, and Business Automation respectively. It is expected that this restructuring will spur IT innovations for the benefit of the Bank and its customers, while ensuring that the Bank's day-to-day operations, which are already reliant on information technology, are reliable and secure.

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.

Provision of currency, banking services and efficient payment systems

11 BANKING, CURRENCY AND PAYMENT SYSTEMS

11.1 PAYMENT SYSTEMS

11.1.1 RTGS SYSTEM

Bank of Uganda operates a Real Time Gross Settlement (RTGS) System called Uganda National Interbank Settlement System (UNISS) for large value payments. The RTGS system facillitates multicurrency payments and settlements in Uganda shilling (UGX), US dollars, Pound Sterling, Euros and other East African Currencies of Tanzania (TZS) and Kenya (KES).

Table 14 below shows comparative figures for the volumes and values of payments through the RTGS for the period 2013/14 and 2012/13.

Table 14: Comparative transaction volumes and values for RTGS for FY 2012/13 and 2013/14

Currency	V olumes		Values	
	2013/14	2012/13	2013/14	2012/13
UGX	584,842	495,388	235,006,926,686,979	195,668,285,216,901
EUR	1,629	1,518	110,668,070.74	66,356,782.22
GBP	595	451	11,987,744.87	4,658,703.39
KES	922	60	1,247,854,192.73	173,285,947.92
TZS	82	14	143,133,757.29	14.00
USD	82,533	56,828	6,535,871,795.16	4,025,930,105.66

EAPS - Uganda Shillings Transactions

11.1.2 EAST AFRICAN PAYMENT SYSTEM (EAPS)

East African Payment System (EAPS) is a system that links the Real Time Gross Settlement System of the East African Community (EAC) member states. EAPS went live on 25th November 2013 in Uganda, Kenya and Tanzania. EAPS will allow faster cross-border transfer of funds within the East african region thereby promoting regional trade and enhancing economic integration.

Table 15 ,Table 16 and Table 17 below show the volumes and values of EAPS transactions per currency, per country for the Financial Year 2013/14:

Table 15: Uganda Shillings transactions for the Financial Year 2013/14

Source	Volume	Value
Sent from Kenya	199	5,611,233,556
Received by Kenya	230	9,174,365,856
Sent from Tanzania	12	218,305,993
Received by Tanzania	10	353,451,001
Total	451	15,357,356,406

EAPS - Kenya Shillings Transactions

Table 16: Kenya Shillings transactions for the Financial Year 2013/14

Source	Volume	Value
Sent from Uganda	615	529,574,939
Received by Uganda	136	542,067,686
Sent from Tanzania	0	0
Received by Tanzania	2	140
Total	753	1,071,642,765

EAPS - Tanzania Shillings Transactions

Table 17: Tanzania Shillings transactions for the Financial Year 2013/14

Source	Volume	Value
Sent from Uganda	12	22,075,109
Received by Uganda	13	76,976,048
Sent from Kenya	0	0
Received by Kenya	0	0
Total	25	99,051,157

11.1.3 COMESA - REGIONAL PAYMENT AND SETTLEMENT SYSTEM (REPSS)

The COMESA Regional Payment and Settlement System (REPSS) is an electronic platform that facilitates cross-border payments within the Common Market of Eastern and Southern Africa (COMESA) in US Dollars and Euros. In Uganda, REPSS went live on 28th February 2014. By going live, Uganda joins Malawi, Rwanda, Swaziland and Mauritius on REPSS.

11.1.4 CENTRAL SECURITIES DEPOSITORY (CSD)

During the financial year, Bank of Uganda implemented a Central Securities Depository (CSD) system which is an online electronic depository for creation and storage of Government Securities. The CSD system went live on 9th September 2013. Currently, commercial banks have direct access to the system and are able to submit bids, trading instructions and access reports online.

In addition, the CSD system is linked to other BOU systems to facilitate automatic processing of transactions and delivery versus payment for securities.

A component of the CSD system, the Primary Dealer Shared Gateway (PDSG) is under implementation. PDSG will connect to the CSD core system and provide the following functionalities:

i) Registration of retail investors by Primary Dealers (PDs).
ii) Online submission of bids by retail investors through the PDs.
iii) Online reporting including account statements for retail investors.

11.1.5 ELECTRONIC CLEARING SYSTEM (ECS)

The Electronic Clearing House (ECH) is a medium of exchange, presentation and settlement of non cash payment instruments (cheques and electronic funds transfers) drawn on and payable to member banks at par. The electronic clearing system has 24 direct participants (member banks) including Bank of Uganda.

Local Foreign Currency Clearing (LFCC) facilitates clearing of Cheques and EFTs denominated in US dollars, Pound Sterling, Euros and Kenya Shillings. The USD Dollars Cheques and EFTs remains the dominant mode of payment for LFCC as per the Table 6 below.

Table 18: Comparative transaction volumes and values for ECS for FY 2012/13 and 2013/14

Currency-Instrument	Volume		Value	
	2013/14	2012/13	2013/14	2012/13
UGX - EFTs	8,211,596	7,114,199	14,282,479,586,477	11,848,170,455,226
UGX - Cheques	1,374,919	1,365,079	6,036,965,943,003	5,974,132,351,613
EUR - EFTs	566	726	18,952,957	16,039,701
EUR - Cheques	251	266	735,907	899,611
KES - EFTs	12	04	83,994,695	1,065,748
KES - Cheques	21	12	1,969,250	1,482,718
GBP - EFTs	436	378	2,312,778	1,080,495
GBP - Cheques	93	90	142,439	110,620
USD - EFTs	38,040	34,413	633,335,362	836,772,054
USD - Cheques	76,100	65,551	276,801,334	237,861,190

11.2 CURRENCY OPERATIONS

BoU has continued to play its constitutional mandate of issuing currency notes and coins and for the period under review the total currency in circulation increased by 11.2 percent. The Bank continued to uphold its clean bank note regime and maintained six currency bank note denominations in the 2010 series.

The Bank successfully completed the exercise for the recall of the demonetarized 1987 series notes on 31st December 2013. Notably, approximately 1.7 percent of this series in circulation was not returned during the recall period.

In addition BoU continued its efforts to improve its currency processing capacity by acquiring and installing two modern currency processing machines in Kampala and relocating two others to its Mbale and Mbarara branches. This action is expected to result into the extension of the machine processing capacity in its Mbale and Mbarara branches thus leading to short turnaround times. As a result of improved processing capacity, it is expected that there will be a reduction in the Bank's cost of currency over the financial year 2014/2015.

11.3 BANKING OPERATIONS

11.3.1 AUTOMATION OF GOVERNMENT PAYMENTS

During the financial year 2013/2014, the Bank worked closely with the Ministry of Finance, Planning and Economic Development and implemented the Treasury Single Account (TSA). This transitioned Government project payments from a manual system to an automated payment system. The development has resulted into efficient management of Government payments through a shorter turn around in payments and a reduction in manual instructions

11.3.2 ENHANCEMENTS IN THE CLEARING OF COMMERCIAL BANK CHEQUES

Bank of Uganda gave approval to commercial banks to carry out clearing in towns where the Bank does not have a presence. This action has resulted into reduction in the number of clearing from 21 days to 3 days.

12 AGRICULTURAL CREDIT FACILITY

12.1 BACK GROUND

The Agriculture Credit Facility (ACF) was set up in 2009 by the Government of Uganda (GoU) in partnership with Commercial Banks, Uganda Development Bank Ltd (UDBL), Micro Deposit Taking Institutions (MDIs) and Credit Institutions all referred to as Participating Financial Institutions (PFIs). Funds are contributed by both GoU and PFIs with each contributing 50 percent of the total loan to the eligible borrower (1:1 ratio). The Scheme that operates under a Memorandum of Understanding signed by all the stakeholders provides medium and long-term loans to projects engaged in agriculture and agro-processing on more favourable terms than are usually available from the Financial Institutions. Bank of Uganda (BoU) plays the role of the Fund Administrator.

12.2 OBJECTIVE OF THE SCHEME

The Scheme's core objective is to promote agricultural expansion and modernisation through provision of medium and long term loans to support eligible projects along the agricultural value chain. The loans are extended to farmers/agro-processors at more favourable terms than are usually available from financial institutions; focusing mainly on commercialisation and value addition.

12.3 ELIGIBLE PURPOSES

The loans under the ACF are extended to private sector businesses or individuals engaged in agriculture and agro-processing of raw materials and intermediate products originating from crop and livestock production, fish farming, poultry keeping/farming , storage facilities/Warehouses, acquisition of machinery for agriculture and agro-processing projects among others. The facility however, does not finance working capital for trading in agriculture commodities, purchase of land, forestry and financing existing loan facilities.

Figure 17: Sunflower farm in Gulu

Source: Project funded under ACF

12.4 LOAN TERMS AND CONDITIONS

The ACF loans are disbursed to farmers and agro-processors through the PFIs on the following terms;

i) The loans are designated in Uganda Shillings

ii) The maximum loan amount to a single borrower is up to UGX 2.1 billion. However; this amount can be increased up to UGX 5 billion on a case by case basis (for eligible projects that add significant value to the agriculture sector and the economy as a whole).There is no minimum loan amount to the final beneficiary.
iii) The maximum loan tenure is 8 years including a grace period of up to 3 years and the minimum loan tenure is 6 months.
iv) The interest rate charged by the PFI to the final beneficiary is up to a maximum of 12 percent per annum. The GoU contribution is disbursed to the PFIs at no interest (interest free) as an incentive to lend to the agricultural sector.
v) The loan administration fees charged by the PFIs to eligible borrowers should not exceed 0.5 percent of the total loan amount. Legal and documentation costs are however borne by the borrower.

12.5 PROCEDURE OF ACCESSING THE FACILITY

All Loan applications are channelled through the PFIs that include all Commercial banks, MDIs, Credit Institutions and UDBL. The PFIs analyse the loan requests as per their credit policy to ensure that only eligible projects are financed. PFIs disburse their own funds to the clients and forward the application dossiers to BoU for re-imbursement of the 50 percent GoU contribution. BoU reviews the loan applications against the terms and conditions of the scheme as per the MoU and re-imburses the PFIs.

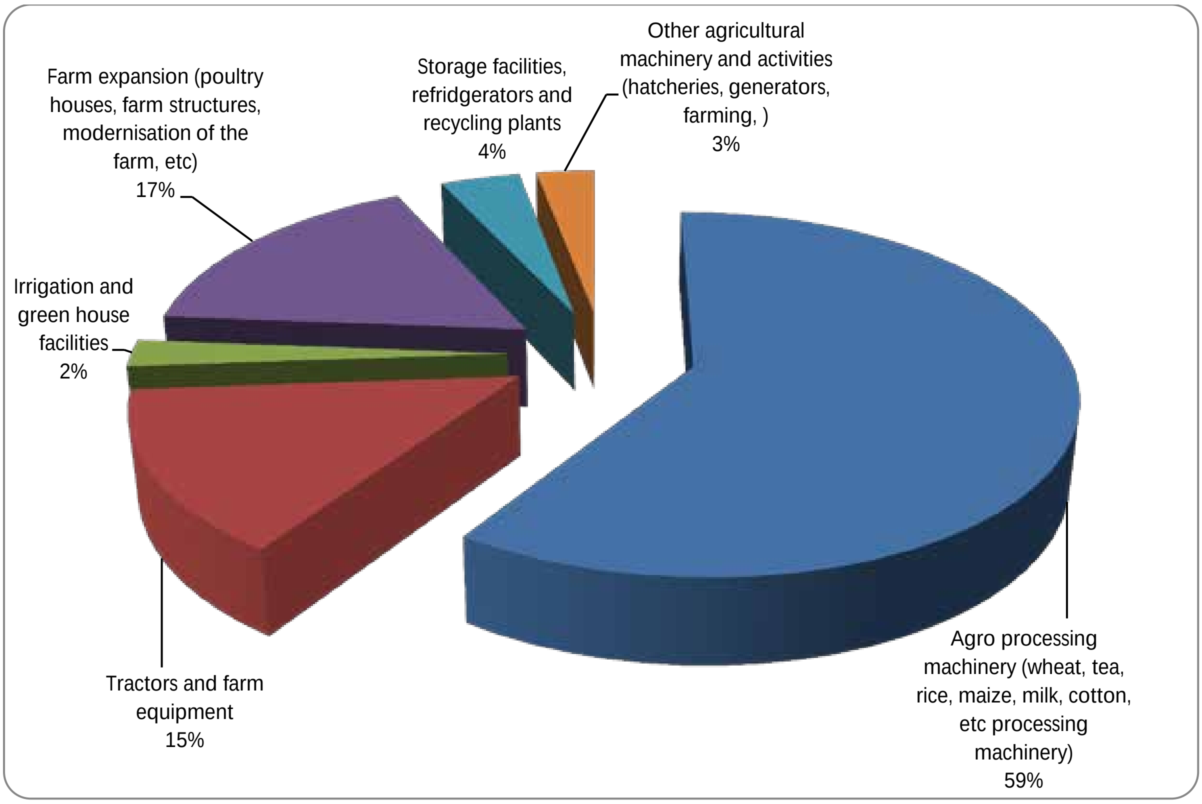
12.6 PERFORMANCE TODATE

The ACF is now in its fourth year of implementation and there has been a steady growth in the volume of loans. The projects financed are spread across the country with disbursements and commitments totalling UGX 162.5 billion as at 30 June 2014. The steady growth in loan stock is mainly attributed to the active participation of the PFIs that have since gained confidence in agriculture financing. There has also been considerable sensitisation by the BoU through means such as radios and other media platforms as well as public exhibitions organized around the country by various entities.

12.7 SECTORS FUNDED

The Fund has contributed to value addition in the agricultural sector with 59 percent of the loan portfolio financing agro-processing projects which is consistent with the scheme's objective of value addition. Figure 18 and Figure 19 below gives the details of the areas funded:

Figure 18: Areas funded under the scheme



Source: Bank of Uganda

Figure 19: Milk processing machine

Source: Project funded under ACF

13 FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

13.1 INTRODUCTION

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

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

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

13.2 INCOME

The Bank realized net operating income of UGX 97,283 million in 2013/2014 compared to UGX 65,856 million of 2012/2013. A detailed discussion of income is presented below.

13.2.1 INTEREST INCOME

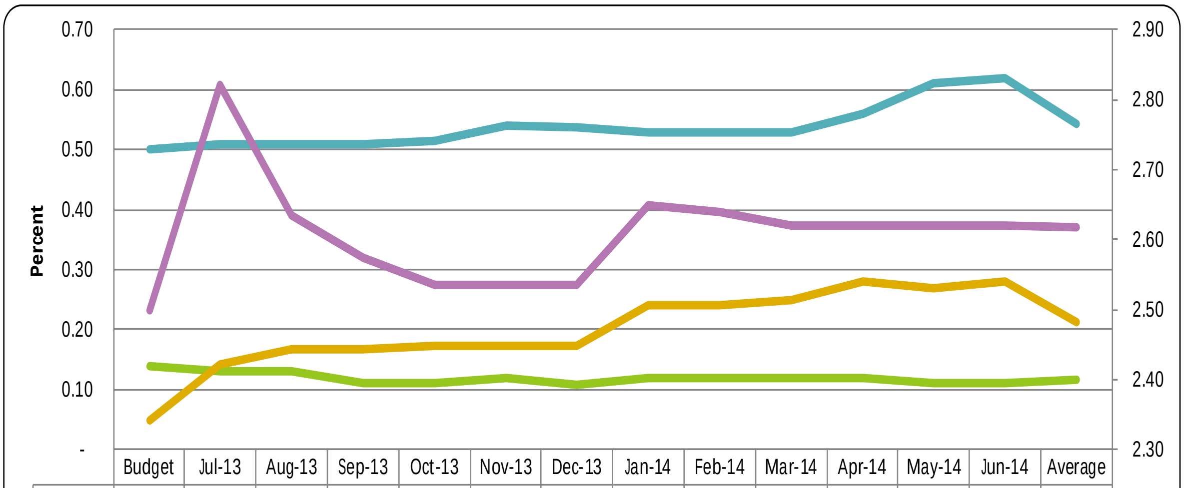
As of 30 June 2014, the Bank's total interest income increased by 1.8 percent to UGX 84,233 million from UGX 82,723 million of 2012/13. Total interest income for the year had been projected at UGX 71,444 million. Interest income from externally managed funds accounted for 48 percent while income from internally managed funds contributed 46 percent and local interest income at 6 percent.

Interest income from externally managed funds totalled UGX 40,047 million compared to UGX 32,811 million of 2012/13. The total portfolio with the external fund managers stood at USD 1,044 million as at end of June 2014 compared to USD 1,036 million as at 30 June 2013. The slow growth in income is largely attributed to market movements that were caused by the unwinding of Euro positions as the turbulence in the EURO zone- Ukraine crisis unfolded. This was exacerbated by appreciation of the Uganda Shilling against the USD.

On the other hand, income from internally managed funds decreased by 5 percent to UGX 39,188 million from UGX 41,135 million reported in 2012/13. The interest rates on the international financial markets remained low during the period, averaging 0.12 percent, 0.54 percent, 0.21 percent and 2.62 percent for the USD, GBP, EURO and AUD investments respectively during the year. In spite of the low interest environment, the internally managed portfolio, registered a growth of 32 percent to USD 2,547 million, up from USD 2,134 million at the beginning of July

2013. This growth in the portfolio is attributed to the net purchases in the Interbank Foreign Exchange Market. Figure 20 below shows the interest rate trends over the year.

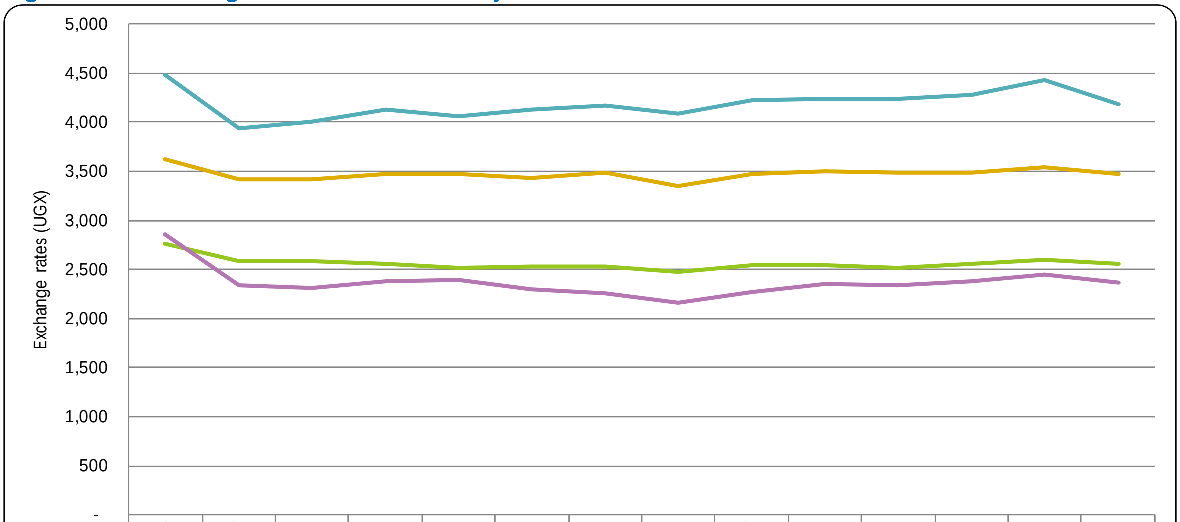
Figure 20: Interest rate trends for the year ended 30 June 2014



	Budget	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Average
USD	0.14	0.13	0.13	0.11	0.11	0.12	0.11	0.12	0.12	0.12	0.12	0.11	0.11	0.12
GBP	0.50	0.51	0.51	0.51	0.51	0.54	0.54	0.53	0.53	0.53	0.56	0.61	0.62	0.54
EUR	0.05	0.14	0.17	0.17	0.17	0.17	0.17	0.24	0.24	0.25	0.28	0.27	0.28	0.21
AUD	2.50	2.82	2.64	2.57	2.54	2.54	2.54	2.65	2.64	2.62	2.62	2.62	2.62	2.62

On average, while the Uganda Shilling appreciated against the USD, it depreciated against the GBP, EURO and AUD. The exchange rates averaged UGX 2,563 for the US Dollar, UGX 4,186 for the GBP and UGX 3,477 for the EURO and UGX 2,369 for the AUD. The rates had been projected at UGX 2,766, UGX 4,481, UGX 3,623 and UGX 2,854 for the USD, GBP, EURO and AUD respectively. Figure 21 below shows the exchange rates for the year.

Figure 21: Exchange rate trends for the year ended 30 June 2014



	Budget	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Average
USD	2,766	2,584	2,590	2,561	2,524	2,524	2,528	2,475	2,538	2,550	2,521	2,558	2,600	2,563
GBP	4,481	3,943	4,013	4,129	4,058	4,127	4,177	4,084	4,231	4,241	4,238	4,275	4,424	4,186
EURO	3,623	3,424	3,426	3,468	3,476	3,433	3,492	3,357	3,473	3,506	3,491	3,482	3,546	3,477
AUD	2,854	2,342	2,312	2,386	2,395	2,296	2,253	2,168	2,273	2,356	2,336	2,376	2,448	2,369

Local interest income realised of UGX 4,998 million comprises of reverse repo income, interest on staff loans and government loans.

Total interest expense increased by 60 percent to UGX 59,997 million during the year. As part of the monetary policy operations, the Bank spent UGX 59,322 million to mop up excess liquidity in the market, compared to UGX 28,104 million of 2012/13.

13.2.2 NON INTEREST INCOME

This comprises of income from foreign currency trading, fees and commissions and other local income. Income from this source amounted to UGX 73,047 million compared to UGX 20,833 million of the previous year. Included in other local income is UGX 46,056 million relating to the demonetisation of the 1987 bank note series which expired on 31 December 2013.

13.2.3 OTHER COMPREHENSIVE INCOME

In 2012/13, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act Section 14 (4), through the issuance of interest bearing treasury instruments worth UGX 410,017 million. During the year, the Bank realised income from these securities amounting to UGX 32,600 million against a projected amount of UGX 50,000 million. The adverse performance against the projection was due to the sale of recapitalization securities as part of the monetary policy framework.

Also included in other comprehensive income is UGX 36,348 million relating to actuarial gains on the BOU defined benefit scheme as at 30 June 2014.

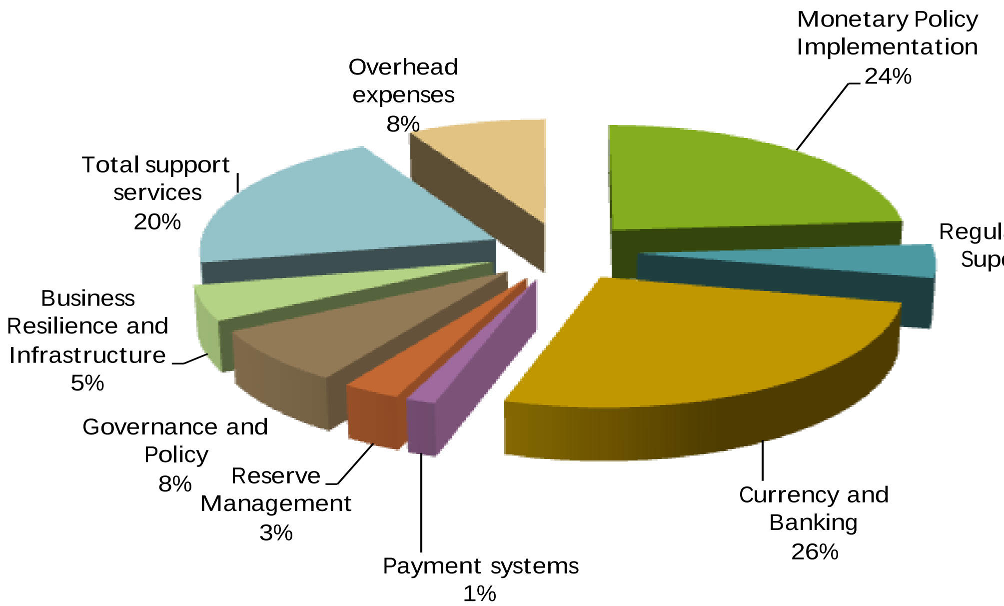
13.3 EXPENDITURE

The total expenditure outturn for the year decreased by 2.3 percent to UGX 340,873 million from UGX 349,013 million of 2012/13. The expenditure is tabulated according to the Bank's core functions in Table 19 and distribution showed in Figure 22 below.

Table 19: Actual expenditure according to core functions of the Bank

	BUDGET FY2013/14	ACTUAL FY 2013/14	VARIANCE	ACTUAL FY 2012/13
	UGX'M	UGX'M		UGX'M
Monetary Policy Implementation	53,712	77,384	-44%	57,298
Regulation and Supervision	15,904	15,216	4%	13,761
Currency and Banking	85,871	86,742	-1%	84,908
Payment systems	5,243	4,875	7%	5,216
Reserve Management	9,844	9,372	5%	8,197
Governance and Policy	25,627	24,901	3%	20,213
Business Resilience and Infrastructure	18,044	15,988	11%	16,635
Total Core functions	214,245	234,478	-9%	206,228
Total support services	69,987	64,963	7%	66,126
Overhead expenses	25,306	26,977	-7%	25,655
Staff loan fair valuation	-	4,013	0%	3,659
Defined benefit plan obligation	-	10,442	0%	47,345
Total expenditure	**309,538**	**340,873**	**-10%**	**349,013**

Figure 22: Distribution of actual expenditure



13.3.1 IMPLEMENTING MONETARY POLICY

In order to enhance responsiveness to complex changes in the economy, the Bank placed focus on formulation and implementation of micro and macro-prudential policy instruments to support the achievement of low and stable inflation, exchange rate stability and a competitive exchange rate. During the year, the Bank adopted an easing monetary policy stance in line with the Inflation Targeting-Lite (ITL) monetary policy framework at the core of which is a policy interest rate, the Central Bank Rate (CBR). A single digit rate of inflation was maintained closing the year at 3.9 percent.

Expenditure towards this objective amounted to UGX 77,384 million during the year compared to a budget of UGX 53,711 million and an outturn of UGX 57,298 million in 2012/13. The higher than anticipated expenditure during the year was largely attributed to interest costs of UGX 59,322 million incurred to mop up excess liquidity in the market compared to the cost of UGX 28,104 million of 2012/13.

13.3.2 REGULATION AND SUPERVISION

In a bid to promote sustainable growth in financial intermediation and institute safe and efficient financial infrastructure, the Bank continued to undertake the following activities:-

- Provide supervisory and regulatory oversight over the financial sector, through on-site inspections and off-site surveillance.
- Strengthen financial inclusion activities by sensitising the public using awareness campaigns and holding stakeholder workshops on financial products and services.

- Implement the Legal and Institutional Framework for Combating Money Laundering by sensitising all financial sector players on the Anti-Money Laundering Act, 2013 and building capacity within the Bank.

Towards this objective, the Bank spent UGX 15,216 million which was 4 percent less than the budget of UGX 15,904 million for the year and higher when compared to the figure of UGX 13,761 million of 2012/13.

13.3.3 BANKING AND CURRENCY SERVICES

One of the key responsibilities of the Bank is to ensure availability of clean notes and coins in such amounts, denomination and quality necessary to meet the needs of the public. In addition Banking services are offered to Government, clearing house services and commercial Banks. During the year, the Bank completed the demonetisation exercise of the 1987 Bank note series with the resultant increase in issuance of new bank notes to replace those that had been withdrawn.

Total expenditure towards this objective amounted to UGX 86,742 million compared to a budget of UGX 85,871 million for the year under review and UGX 89,865 million of 2012/13.

13.3.4 FACILITATING EFFICIENT AND SAFE PAYMENT SYSTEMS

The Bank ensured the smooth operation of payment systems and securities settlement with focus largely on automation of business processes to ensure efficiency in payment systems. During the year, the East African Payments System (EAPS), the Central Securities Depository (CSD) and the Comesa Regional Payments and Settlements System (REPSS) went live. Consequently, the Bank incurred an amount of UGX 4,875 million in 2013/14 compared to a budget of UGX 5,242 million and UGX 5,216 million spent during the prior year.

13.3.5 PRUDENT MANAGEMENT OF EXTERNAL ASSET RESERVES

The Bank manages the foreign 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. The Bank provided UGX 9,844 million to cater for management fees by fund managers and the custodian and UGX 9,372 million was utilized compared to UGX 8,198 million of 2012/13.

13.3.6 GOVERNANCE AND POLICY

The Bank has in place a strong governance framework that steers the strategic direction in line with its mission and vision. UGX 25,627 million was allocated to this area and UGX 24,901 million had been spent by the end of the year.

13.3.7 BUSINESS RESILIENCE AND INFRASTRUCTURE

In order to build and enhance a resilient IT environment that adequately supports efficient service delivery, the Bank continued to ensure the efficient provision of IT infrastructure to support the payment systems, reserve management operations, financial system oversight banking services, monetary policy frameworks, currency operations and support services.

During the year, a number of systems were implemented while others were upgraded including the East Africa Payments System (EAPS), The COMESA Regional Payment and Settlement System (REPSS), the Central Securities Depository (CSD) and Trade Reporting System.

The Bank also successfully upgraded its Enterprise Resource Planning (ERP) application, and implemented enhancements to its Banking Systems to improve controls and facilitate straight-through-processing (STP).

The Bank provided UGX 18,044 million to cover business resilience and infrastructure upgrade out of which UGX 15,988 million was utilized by the end of the year as compared to UGX 16,635 million in 2012/13.

13.3.8 SUPPORT SERVICES AND OVERHEADS

These cover administration, finance and accounting services and other institutional support services to the Bank. Total expenditure towards support services and overheads amounted to UGX 91,940 million compared to a budget of UGX 95,293 million. The expenditure was slightly above the figure of UGX 91,781 million for FY 2012/13.

Overall, the Bank operated within budget during the year except for the case of monetary policy costs. Table 20 below shows the income and expenditure trends for a period of five years.

Table 20: Income and Expenditure trends over a period of 5 years

	ACTUAL 2009/10	ACTUAL 2010/11	ACTUAL 2011/12	ACTUAL 2012/13	ACTUAL 2013/14	BUDGET 2014/15
	UGX'M	UGX'M	UGX'M	UGX'M	UGX'M	UGX'M
Income						
Interest Income	38,254	129,534	60,773	82,724	84,233	109,722
Interest Expense	(1,297)	(2,648)	(1,611)	(37,700)	(59,997)	(115,500)
Net Interest Income	**36,957**	**126,886**	**59,162**	**45,024**	**24,236**	**(5,778)**
Fees, Commisions and other income	27,850	13,740	87,094	20,833	73,047	52,414
Total Fees, Commisions and other income	**27,850**	**13,740**	**87,094**	**20,833**	**73,047**	**52,414**
Net Operating Income	64,807	140,626	146,256	65,857	97,283	46,636
Translation Gains/(Losses)	109,932	955,373	(501,966)	157,885	267,608	-
Net Operating Income/(Loss)	**174,739**	**1,095,999**	**(355,710)**	**223,742**	**364,891**	**46,636**
Expenditure						
General & Administration Costs	(89,512)	(144,709)	(165,998)	(219,219)	(190,016)	(190,312)
Currency costs	(93,597)	(65,484)	(48,767)	(64,922)	(62,874)	(50,000)
Provision for Impairment Costs	(971)	(153,153)	(152)	(84)	(231)	-
Financial & Professional Charges	(9,122)	(9,713)	(14,293)	(11,190)	(11,985)	(9,749)
Depreciation and amortisation	(11,829)	(15,888)	(15,506)	(15,899)	(15,770)	(17,000)
Total Operating Expenditure	**(205,031)**	**(388,947)**	**(244,716)**	**(311,314)**	**(280,876)**	**(267,061)**
Net Surplus/ (Deficit)	**(30,292)**	**707,052**	**(600,426)**	**(87,572)**	**84,015**	**(220,425)**
Other Comprehensive Income	-	-	-	97,676	68,948	81,299
Total comprehensive income	**(30,292)**	**707,052**	**(600,426)**	**10,104**	**152,963**	**(139,126)**

Source Bank of Uganda

13.3.9 NET OPERATING RESULTS

The total comprehensive surplus for the year amounted to UGX 152,963 million compared to UGX 10,104 million in 2012/13. The movement in the surplus is a result of depreciation of the Uganda Shilling that resulted into foreign exchange and fair value gains of UGX 267,608 million and actuarial gains of UGX 36,348 million from the BOU defined benefit Scheme respectively. However, the Bank recorded a net operating deficit of UGX 114,645 million before foreign exchange and fair value gains compared to the outturn of UGX 244,485 million for FY 2012/13.

13.4 CAPITAL EXPENDITURE

In order for the Bank to effectively implement its mandates, resources are allocated towards infrastructure, buildings, machinery and IT projects under a designated capital budget to ensure that key infrastructural developments are in place.

This infrastructure includes reliable, robust and up-to-date information technology solutions, currency processing equipment and a secure, safe and conducive working environment (premises) for employees and the Bank's customers.

The capital expenditure for the year ended 30 June 2014 amounted to UGX 30,485 million compared to a budget of UGX 63,866 million representing absorption of 48 percent. Table 21 below shows the allocation of capital expenditure and absorption rates in each category.

Table 21: Capital expenditure for the year ended 20 June 2014

PARTICULARS	APPROVED BUDGET 2013/14	ACTUAL TO JUNE 14	ABSORPTION 2013/14	ACTUAL TO JUNE 13	ABSORPTION 2012/13
	UGX'M	UGX'M		UGX'M	
IT RELATED PROJECTS	8,929	1,500	17%	2,254	24%
BUILDING WORKS	27,969	3,782	14%	5,133	40%
COMPUTER EQUIPMENT	2,197	1,511	69%	1,095	101%
OFFICE FURNITURE	1,319	691	52%	783	127%
VEHICLES	3,220	1,900	59%	3,320	73%
OFFICE MACHINES	790	114	14%	1,857	59%
PLANT &EQUIPMENT	19,442	20,987	108%	1,396	22%
Total	**63,866**	**30,485**	**48%**	**15,838**	**42%**

Source Bank of Uganda

13.5 STATEMENT OF FINANCIAL POSITION

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

13.5.1 ASSETS

Total assets decreased by 17.7 percent to UGX 13,677,887 million from the figure of 2012/13, with foreign assets accounting for 74 percent of the total assets at end June 2014.

13.5.1.1 FOREIGN ASSETS

The foreign assets increased by 13 percent to UGX 10,165,482 million during the year from UGX 8,994,945 million as at 30 June 2013. The increase in foreign assets resulted from purchase of foreign currency to stabilise the exchange rate and reserve build up, coupled with inflows related to projects and donor support to the government. The depreciation of the Uganda Shilling by 0.24 percent, 5.16 percent, 12.18 percent and 2.94 percent against the USD, EUR, GBP and SDR respectively as compared to 30 June 2013, also explains the increase of foreign assets in shilling terms.

13.5.1.2 DOMESTIC ASSETS

The domestic assets decreased by 53.9 percent to UGX 3,512,405 million as at 30 June 2014 from UGX 7,617,667 million of the prior year. The decrease was largely attributed to the net transfers of proceeds for domestic securities issued for fiscal policy worth UGX 5,641,371 million to the Uganda consolidated fund as per the GoU Domestic debt plan.

13.5.2 LIABILITIES

Total liabilities decreased by 20.6 percent to UGX 11,912,115 million as at 30 June 2014 from the UGX 14,999,803 million of 30 June 2013, with the biggest portion of this amount being domestic liabilities.

13.5.2.1 FOREIGN LIABILITIES

Foreign liabilities mainly comprise of SDR allocations of SDRs. 173 million. IMF obligations in shilling terms increased by 2 percent to UGX 694,728 million at the end of June 2014 from UGX 674,916 million of June 2013 due to the depreciation of the Uganda Shillings against the SDR by 2.9 percent as compared to June 2013.

13.5.2.2 DOMESTIC LIABILITIES

Domestic liabilities decreased by 21.7 percent to UGX 11,204,359 million compared to the prior year's figure mainly due to the transfer of proceeds for domestic securities issued for fiscal policy worth UGX 5,641,371 million to the Uganda consolidated fund during the year.

13.5.3 SHAREHOLDERS' FUNDS

The Bank's net worth increased by 9.5 percent to UGX 1,765,772 million from UGX 1,612,809 million at the end of June 2014. The movement in the net worth is explained by the Surplus for the year of UGX 152,964 million

14 DIRECTORS' REPORT

14.1 INTRODUCTION

The Directors are pleased to present their report for the year ended 30 June 2014. The report on the performance of the Bank fulfils the provisions of the Bank of Uganda Act (Cap. 51) Laws of Uganda, which require the Bank to make a report on its activities and operations during the preceding year, within three months after the end of each financial year.

14.2 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.

14.3 OPERATING FINANCIAL RESULTS

The Directors present the financial statements for the year ended 30 June 2014 as set out on pages 75 to 147 of this report. The Bank registered total comprehensive surplus of UGX 152,963 million compared to UGX 10,104 million in 2012/13. The surplus is explained by revaluation surplus and depreciation of the Uganda Shilling against major international currencies, income realised from demonetisation of the 1987 currency series after offsetting monetary policy costs, currency issuance costs and administration costs.

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

14.4 DIVIDEND

Due to the slow recovery in the global financial markets and continued uncertainty of the future income, the Directors do not recommend payment of a dividend to government for the year ended 30 June 2014 (30 June 2013: Nil).

14.5 DIRECTORS

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

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

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

Christopher Manyindo Kassami	Member
James Kahoza	Member
Ibrahim K. Kabanda	Member
William S. Kalema	Member
Judy Obitre-Gama	Member

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

14.6 AUDITORS

In accordance with Section 43 of the Bank of Uganda Act (Cap. 51) Laws of Uganda, the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended 30 June 2014, M/s KPMG, Certified Public Accountants were appointed to act on behalf of the Auditor General.

14.7 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved at a meeting of the Board of Directors held on 18 September 2014.

George W. Nyeko

Ag. Bank Secretary

18 September 2014

15 STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

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

The Directors accept responsibility for the annual financial statements set out on pages 75 to 147, 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 2014 and of its net deficit for the year then ended. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

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

The financial statements were approved by the Board of Directors on 18 September 2014 and were signed on its behalf by:

Chairman	Director	Director
18 September 2014	18 September 2014	18 September 2014

16 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.

16.1 REPORT ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA

The financial statements of Bank of Uganda set out on pages 75 to 147 which comprise the statement of financial position as at 30 June 2014 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.

16.2 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.

16.3 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.

16.4 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 2014, 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

18 September 2014

17 FINANCIAL STATEMENTS

17.1 STATEMENT OF COMPREHENSIVE INCOME

Year ended		Note	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Operating income				
	Interest income	3	84,233	82,723
	Interest expense	4	(59,997)	(37,700)
Net interest income			**24,236**	**45,023**
	Profit on domestic foreign exchange trade	5	15,718	4,666
	Fees and commissions	6	2,154	1,537
	Other income	7	55,175	14,630
			73,047	**20,833**
Net operating income before foreign exchange & fair value gains			**97,283**	**65,856**
	Net foreign exchange and fair value gains	9	267,608	157,885
Net operating income			**364,891**	**223,741**
Expenses	General & administration costs	10	(190,016)	(219,219)
	Currency costs	12	(62,874)	(64,922)
	Financial and professional charges	13	(11,985)	(11,190)
	Impairment loss	14	(231)	(83)
	Depreciation	25	(12,060)	(12,501)
	Amortization	27	(3,710)	(3,398)
			(280,876)	**(311,313)**
Net surplus/(deficit)			**84,015**	**(87,572)**
Other comprehensive income	Income from recapitalisation securities	8	32,600	5,170
	Actuarial gains/(losses) on defined benefit pension plan	33	36,348	(4,198)
	Surplus on revaluation	8	-	96,704
Total comprehensive income for the year			**152,963**	**10,104**

The notes set out on pages 79 to 147 form an integral part of the financial statements.

17.2 STATEMENT OF FINANCIAL POSITION

As at				30-Jun-14 UGX (m)	30-Jun-13 UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	16	255,715	216,432
		Investments at fair value through profit or loss	17 (a)	6,621,526	5,535,701
		Investments held-for-trading	17 (b)	2,724,923	2,682,812
		Investments available-for-sale	17 (c)	1,804	1,610
		Derivative financial instruments	18	2,916	10,915
		Assets held with IMF	19	558,598	547,475
	Total foreign assets			**10,165,482**	**8,994,945**
	Domestic assets	Investments in government securities	20	233,182	415,188
		Loans, advances and drawdowns to government	21	2,761,663	6,794,538
		Loans and advances to commercial banks	22	6,009	11,239
		Staff loans	24	53,830	45,476
		Employee benefits	33	25,906	-
		Property, plant and equipment	25	197,815	185,757
		Finance lease on leasehold land	26	50,754	45,860
		Intangible assets	27	3,832	6,249
		Other assets	28	179,414	113,360
	Total domestic assets			**3,512,405**	**7,617,667**
Total assets				**13,677,887**	**16,612,612**
Liabilities	**Foreign liabilities**	IMF obligations	19	694,728	674,916
		Other foreign liabilities	29	353	353
		Derivative financial instruments	18	12,675	6,187
	Total foreign liabilities			**707,756**	**681,456**
	Domestic liabilities	Currency in circulation	30	2,746,092	2,452,857
		Government deposits	31	6,007,624	10,025,245
		Commercial banks' deposits	32	1,371,783	1,116,386
		Repos	23	910,854	543,101
		Employee benefits	33	-	80,957
		Other liabilities	34	168,006	99,801
	Total domestic liabilities			**11,204,359**	**14,318,347**
Total liabilities				**11,912,115**	**14,999,803**
	Equity	Issued capital	35	20,000	20,000
		BoU recapitalisation funds	36	410,017	410,017
		Reserves	37	1,335,755	1,182,792
	Total Equity			**1,765,772**	**1,612,809**
Total liabilities & equity				**13,677,887**	**16,612,612**

The financial statements on pages 75 to 147 were approved by the Board of Directors on 18 September 2014 and signed on its behalf by:

Chairman | Director | Director

The notes set out on pages 79 to 147 form an integral part of the financial statements.

17.3 STATEMENT OF CHANGES IN EQUITY

	Issued capital	BoU recapitalisation funds	Translation reserve	Asset revaluation reserve	Revenue reserve	General reserve	Earmarked funds	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
At 1 July 2012	**20,000**	**-**	**1,407,295**	**47,904**	**(306,713)**	**20,175**	**4,375**	**1,193,036**
Net Deficit for the year	-	-	-	-	(87,572)	-	-	(87,572)
Other comprehensive income	-	-	-	96,704	972	-	-	97,676
Revaluation surplus release	-	-	-	(385)	385	-	-	-
Revaluation surplus released on transfer of assets to RBS	-	-	-	(348)	-	-	-	(348)
BoU recapitalisation securities	-	410,017	-	-	-	-	-	410,017
Foreign Exchange and fair value gains	-	-	137,429	-	(137,429)	-	-	-
Transfer of realised Foreign Exchange gains	-	-	(233,421)	-	-	233,421	-	-
Transfer of earmarked funds	-	-	-	-	-	4,375	(4,375)	-
At 30 June 2013	**20,000**	**410,017**	**1,311,303**	**143,875**	**(530,357)**	**257,971**	**-**	**1,612,809**
At 1 July 2013	**20,000**	**410,017**	**1,311,303**	**143,875**	**(530,357)**	**257,971**	**-**	**1,612,809**
Surplus for the year	-	-	-	-	84,015	-	-	84,015
Other comprehensive income	-	-	-	-	68,948	-	-	68,948
Revaluation surplus release	-	-	-	(1,470)	1,470	-	-	-
Foreign Exchange and fair value gains	-	-	267,608	-	(267,608)	-	-	-
Transfer of realised Foreign Exchange gains	-	-	(11,254)	-	-	11,254	-	-
At 30 June 2014	**20,000**	**410,017**	**1,567,657**	**142,405**	**(643,532)**	**269,225**	**-**	**1,765,772**

The notes set out on pages 79 to 147 form an integral part of the financial statements.

17.4 STATEMENT OF CASH FLOWS

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

Year ended		Note	30-Jun-14 UGX (m)	30-Jun-13 UGX (m)
Cash flows from operating activities				
	Total comprehensive surplus for the year		152,963	10,104
	Amortisation	27	3,710	3,398
	Depreciation	25	12,060	12,501
	Profit on sale of fixed Assets	7	(30)	4
	Surplus on revaluation		-	(96,704)
	Defined benefit plan costs charged to profit & loss	33	30,439	71,481
	Actuarial (gains)/losses charged to OCI	33	(36,348)	4,198
			162,794	**4,982**
Foreign Assets				
	Increase in investments at fair value through profit or loss		(1,085,825)	(842,208)
	Increase in investments held-for-trading		(42,111)	(680,070)
	Increase in investments available-for-sale		(194)	(99)
	Decrease/(increase) in derivative financial instruments		7,999	(8,775)
	Increase in assets held with IMF		(11,123)	(18,386)
Increase in total foreign assets			**(1,131,254)**	**(1,549,538)**
	Decrease/(increase) in investments in government securities		182,006	(385,308)
	Decrease/(increase) in loans, advances and drawdowns to government		4,032,875	(406,818)
	Decrease in loans and advances to commercial banks		5,230	18,921
	Increase in staff loans		(8,354)	(532)
	(Increase)/decrease in other assets		(66,054)	599
Decrease/(increase) in total domestic assets			**4,145,703**	**(773,138)**
Decrease/(increase) in total assets			**3,014,449**	**(2,322,676)**
Foreign liabilities				
	Increase in IMF obligations		19,812	28,325
	Increase in other foreign liabilities		-	259
	Increase/(decrease) in derivative financial instruments		6,488	(5,434)
Increase in total foreign liabilities			**26,300**	**23,150**
Domestic Liabilities				
	Increase in currency in circulation		293,235	248,386
	(Decrease)/increase in government deposits		(4,017,621)	891,982
	Increase in commercial banks' deposits		255,397	288,100
	Increase in repos		367,753	513,221
	Increase/(decrease) in other liabilities		68,205	(65,915)
(Decrease)/increase in total domestic liabilities			**(3,033,031)**	**1,875,774**
(Decrease)/increase in total liabilities			**(3,006,731)**	**1,898,924**
Net Cash from/(used in) Operations			**170,512**	**(418,770)**
	Bank contribution to BoU defined benefit plan	33	(100,954)	(24,136)
Net Cash from/(used in) Operating Activities			**69,558**	**(442,906)**
Cash flows from investing activities:				
	Proceeds from sale of property, plant and equipment		210	325
	Purchase of property, plant and equipment	25	(26,593)	(14,379)
	Purchase of software	27	(1,160)	(1,459)
	Purchase of leasehold land	26	(2,732)	-
Net Cash used in investing Activities			**(30,275)**	**(15,513)**
Cash flows from financing activities:				
	BoU recapitalisation		-	**410,017**
Net Cash used in Financing Activities			**-**	**410,017**
	Increase/(decrease) in cash and cash equivalents		39,283	(48,401)
	Add: Cash and Cash Equivalents at the beginning of the year		216,432	264,833
Cash and Cash Equivalents at 30 June			**255,715**	**216,432**

The notes set out on pages 79 to 147 form an integral part of the financial statements.

18 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.1 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

1.2 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.

1.3 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 47 – Use of estimates and judgements.

1.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

1.4.1 NEW OR REVISED STANDARDS WHICH BECAME EFFECTIVE DURING THE YEAR

New or revised pronouncements	Effective Date	Effect on BoU
IFRS 10 Consolidated Financial Statements		
Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under IFRS 10, control is based on whether an investor has: power over the investee exposure, or rights, to variable returns from its involvement with the investee, and The ability to use its power over the investee to affect the amount of the returns.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment did not have any impact on the financial statements of the Bank as the Bank does not prepare consolidated financial statements.
IFRS 11 Joint Arrangements		
Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures: A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly) A joint venture is a joint arrangement whereby the	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment does not have any effect on the Bank's financial statements as the Bank is not party to any joint arrangements.

parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.		
IFRS 12 Disclosure of Interests in Other Entities		
Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories: Significant judgements and assumptions - such as how control, joint control, significant influence has been determined Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.	Applicable to annual reporting periods beginning on or after 1 January 2013	The amendment does not have any effect on the Bank's financial statements as the Bank does not hold any interests in other entities.
IFRS 13 Fair Value Measurement		
Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS is the result of joint efforts by the IASB and	Applicable to annual reporting periods beginning on or after 1 January 2013	IFRS 13 did not materially affect any fair value measurements of the Bank's assets or liabilities, with changes

FASB to develop a converged fair value framework. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs: Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly Level 3 - unobservable inputs for the asset or liability Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.		being limited to presentation and disclosure, and therefore has no effect on the Bank's financial position or performance.
IAS 19 Employee Benefits (2011)		
An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include: Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19) Introducing enhanced disclosures about defined benefit plans	Applicable to annual reporting periods beginning on or after 1 January 2013	The effect of the revision in relation to the Bank's defined benefit schemes is detailed in Note 33.

Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features Incorporating other matters submitted to the IFRS Interpretations Committee.		
IAS 27 Separate Financial Statements (2011)		
Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.	Applicable to annual reporting periods beginning on or after 1 January 2013	The standard did not have any effect on the financial statements of the Bank as the Bank does not prepare consolidated financial statements.
IAS 28 Investments in Associates and Joint Ventures (2011)		
This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.	Applicable to annual reporting periods beginning on or after 1 January 2013 (see note regarding early adoption)	The standard did not have any effect on the financial statements of the Bank as the Bank did not have any investments in associates or interest in Joint arrangements.
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)		

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	Applicable to annual periods beginning on or after 1 January 2013 and interim periods within those periods	The amendment did not have any impact on the financial statements of the Bank as there were no financial instruments that were being offset.
Government Loans (Amendments to IFRS 1)		
Amends IFRS 1 First-time Adoption of International Financial Reporting Standards to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans. First-time adopters of IFRSs are permitted to apply the requirements in paragraph 10A of IAS 20 only to new loans entered into after the date of transition to IFRSs. The first-time adopter is required to apply IAS 32 Financial Instruments: Presentation to classify the loan as a financial liability or an equity instrument at the transition date. However, if it did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with IFRS requirements, it would be permitted to apply the previous GAAP carrying amount of the loan at the date of transition as the carrying amount of the loan in the opening IFRS statement of financial position. An entity would then apply IAS 39 or IFRS 9 in measuring the loan after the transition date.	Applicable to annual periods beginning on or after 1 January 2013	The amendment did not have any impact on the financial statements of the Bank as the Bank was not a first time adopter of IFRS.
Annual Improvements 2009-2011 Cycle		
Makes amendments to the following standards: IFRS 1 — Permit the repeated application of IFRS 1,	Applicable to annual periods beginning on or after 1 January 2013	The improvements did not have a direct impact on the financial

borrowing costs on certain qualifying assets IAS 1 — Clarification of the requirements for comparative information IAS 16 — Classification of servicing equipment IAS 32 — Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments		statements of the Bank.
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance		
Amends IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.	Applicable to annual periods beginning on or after 1 January 2013	The amendment did not have any impact on the financial statements of the Bank as the Bank was neither involved in any joint arrangements nor interests in other entities.
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine		
Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The Interpretation requires stripping activity costs which provide improved access to ore are recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.	Applies to annual periods beginning on or after 1 January 2013	The revised interpretation did not have any impact on the financial statements of the Bank as the Bank is not involved in mining activities.

1.4.2 NEW AND REVISED INTERPRETATIONS PRONOUNCEMENTS WHICH ARE NOT YET EFFECTIVE

New or revised pronouncement	Effective date	Effect on BoU
IFRIC 21 Levies		
IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 *Provisions, Contingent Liabilities and Assets.* IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs.	Applies to annual periods beginning on or after 1 January 2014 with retrospective application.	The revised interpretation does not have any impact on the financial statements of the Bank as there are no levies imposed by Government.
IFRS 9 Financial Instruments (2009)		
IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows: The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognised in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognised in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognised in profit or loss.	Applicable to annual reporting periods beginning on or after 1 February 2015.	The Bank is still assessing the impact of the revised standard in view of the new application date of 1 January 2018.

The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortised cost or fair value.		
IFRS 9 Financial Instruments (2010)		
IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.	Applicable to annual reporting periods beginning on or after 1 February 2015.	The Bank is still assessing the impact of the revised standard in view of the new application date of 1 January 2018.
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)		
IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39. The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted. The bank has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the bank's operations, this standard is expected to have a pervasive impact on the bank's financial statements.	Applicable to annual reporting periods beginning on or after 1 February 2015.	The Bank is still assessing the impact of the revised standard in view of the new application date of 1 January 2018.
IFRS 9 Financial Instruments (2014)		
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial	Effective for annual period beginning on or after 1 January 2018	The Bank is still assessing the impact of the revised standard in view of the new application date of 1 January 2018.

liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.		
FRS 14 Regulatory Deferral Accounts		
IIFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Note: Entities which are eligible to apply IFRS 14 are not required to do so, and so can chose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016	IFRS 14 does not have any impact on the financial statements of the Bank.
IFRS 15 Revenue from Contracts with Customers		
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:	Applicable to an entity's first annual IFRS financial statements for a period beginning on	IFRS 15 does not have any impact on the financial statements of the Bank.

Identify the contract with the customer Identify the performance obligations in the contract Determine the transaction price Allocate the transaction price to the performance obligations in the contracts Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	or after 1 January 2017	
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)		
Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off' the application of simultaneous realisation and settlement the offsetting of collateral amounts the unit of account for applying the offsetting requirements. The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the bank no longer offsetting two of its master netting arrangements.	Applicable to annual periods beginning on or after 1 January 2014 and interim periods within those periods. Early application is permitted.	The bank is still evaluating the potential effect of the adoption of the amendments to IAS 32.
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)		
The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional. This amendment will result in the entity having to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss.	Applicable retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.	The amendment does not have any impact on the financial statements of the Bank as the Bank does not have any investment entities.
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)		

The amendments reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.	Applicable retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.	The Bank is assessing the impact of the amendment to IAS 36 on the financial statements.
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)		
IAS 39 *Financial Instruments: Recognition and Measurement* requires an entity to discontinue hedge accounting if the derivative hedging instrument is novated to a clearing counterparty, unless the hedging instrument is being replaced as part of the entity's original documented hedging strategy. The amendments add a limited exception to IAS 39, to provide relief from discounting an existing hedging relationship, when a novation was not contemplated in the original hedging documentation meets specific criteria. The bank has several hedging instruments that have will be novated to a new clearing counterparty as a result of law. This amendment will result in the bank being able to continue hedge accounting with these hedging instruments, where previously it was required to discontinue hedge accounting.	Applicable retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted.	The amendment will not affect the Bank as the Bank is not involved in novation of derivatives.
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)		
The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are: · set out in the formal terms of the plan; · linked to service; and · Independent of the number of years of service. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The bank has a defined benefit plan that requires employees to contribute to the plan, if the bank chooses to apply this amendment the bank will recognise the contributions as reduction of the service costs in the period in which the related service is rendered.	Applicable retrospectively for annual periods beginning on or after 1 January 2015 with early adoption permitted.	The Bank is assessing the impact of the amendment to IAS 19 on the financial statements.

Annual Improvements 2010-2012 Cycle		
Makes amendments to the following standards: IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only) IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount IAS 24 — Clarify how payments to entities providing management services are to be disclosed	Applicable to annual periods beginning on or after 1 July 2014	The Bank is assessing the impact of the amendments on the financial statements where applicable.
Annual Improvements 2011-2013 Cycle		
Makes amendments to the following standards: IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only) IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52 IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	Applicable to annual periods beginning on or after 1 July 2014	The Bank is assessing the impact of the amendments on the financial statements where applicable.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)		

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.	Applicable to annual periods beginning on or after 1 January 2016 (see note in previous column)	The amendment does not have any effect on the financial statements of the Bank as the Bank is not party to joint arrangements
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)		
Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to: clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.	Applicable to annual periods beginning on or after 1 January 2016	The Bank is assessing the impact of the amendments on the financial statements.

1.5 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.

1.6 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:

2.1.1 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.

2.1.2 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.

2.1.3 OTHER INCOME

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

1.7 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.

1.7.1 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;

1.7.1.1 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.

1.7.1.2 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.

1.7.1.3 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.

1.7.1.4 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.

1.7.1.5 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.

2.1.4 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.

2.1.5 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.

2.1.6 DERECOGNITION

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

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

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

2.1.7 SECURITIES LENDING

Securities lending transactions are usually collateralised by cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

1.8 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.

2.1.8 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.

1.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

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

1.10 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.

1.11 INTANGIBLE ASSETS

The Bank's intangible assets include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation of computer software is calculated over 4 years using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

1.12 CONSUMABLE STORES STOCKS

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

1.13 CURRENCY PRINTING AND MINTING COSTS

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

1.14 CURRENCY IN CIRCULATION

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

1.15 DEMONETISATION OF CURRENCY

Demonetisation is the process of revoking the legality of designated issues of notes or coins. The Bank may demonetise any of its Bank notes and coins on payment of the face value under section 24 (3) of the Bank of Uganda Act provided that a notice of not less than fifteen days is given in the official gazette. The value of demonetised currency notes and coins that is not returned to the Central Bank is recognised as income in the statement of comprehensive income and the liability to the public is extinguished.

1.16 PROVISIONS

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

1.17 CASH AND CASH EQUIVALENTS

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

1.18 REPURCHASE AND SALE AGREEMENT

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

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

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

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

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

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

1.19 DIVIDENDS

The Bank of Uganda Act (Cap 51) allows the Bank to retain 60percent 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.

1.20 DEPOSITS

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

Cash Ratio Deposits are taken from commercial banks for liquidity management (monetary policy purposes) of the Bank in accordance with the Banking Act and are interest free. Cash Ratio Reserves is a monetary policy instrument used to manage liquidity. The deposits earn no interest to commercial banks and the Bank does not trade on these deposits in any way. The deposits are currently computed at 8 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.

1.21 FOREIGN CURRENCY TRANSLATION

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

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

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

1.22 EMPLOYEE BENEFITS

Wages, salaries, employer's National Social Security Fund (NSSF) contributions and gratuity are accrued in the year in which the associated services are rendered by employees and recognised in statement of comprehensive income. Short term compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. The Bank contributes 10 percent to NSSF in respect of all eligible employees, while the staff contribute 5 percent of their total wages.

2.1.9 BANK OF UGANDA DEFINED BENEFITS SCHEME

The Bank of Uganda Defined Benefits Scheme was established under an irrevocable trust in 1995 and is governed by the appointed Trustees. Employees on permanent and pensionable terms of service contribute 4 percent of their pensionable pay to the Scheme, while the employer (Sponsor) contributes 17.1 percent of each member's pensionable pay. The Scheme was closed to new entrants effective 1 January 2014.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the discount rate that is based on the 10-year government bond yield in line with the general requirements of IAS 19: Employee Benefits.

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. The benefit is discounted to determine the present value and the fair value of the plan assets is deducted. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains or losses are recognised in full the Statement of Other Comprehensive Income as per the requirements of IAS 19 Revised: Employee benefits.

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.

2.1.10 BANK OF UGANDA DEFINED CONTRIBUTION SCHEME

The Bank started operating a defined contributions (DC) pension scheme for contract staff and any other staff recruited in the Bank effective 1 January 2014. The scheme is administered by the Defined Contribution Scheme Board of Trustees. The Scheme is funded by contributions from both the Bank and employees (17.1 percent and 4 percent of gross salary respectively).

For defined contribution plans, the cost to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

2.1.11 OTHER EMPLOYEE BENEFITS

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

1.23 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

2.2 COMPARATIVES

Where necessary, comparative figures have been reclassified to conform to the current year's presentation. The following reclassifications were made as at 30 June 2013.

	30-Jun-2013 UGX (m)	Reclassification UGX (m)	Currently stated UGX (m)
Investments in GoU securities	957,688	(542,500)	415,188
Loans, advances and drawdowns to government	6,662,055	132,483	6,794,538
Other foreign liabilities	(94)	(259)	(353)
Government deposits	(10,435,262)	410,017	(10,025,245)
International Bank for Reconstruction & Dev't (IBRD)	(259)	259	-
	(2,815,872)	**-**	**(2,815,872)**

2 INTEREST INCOME

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Short term deposits with foreign banks	38,829	40,472
Investments in treasury bills with foreign banks	359	663
Operating income-externally managed funds	40,047	32,811
Short term money market deposits (local)	430	4,340
Government loans *	207	355
Demand loans & staff advances (local)**	4,361	4,082
	84,233	**82,723**

* This relates to interest income earned on the special loan to Government relating to the procurement of the Presidential Jet (see note 21).

** Included in demand loans and staff advances interest income is UGX 3,896 million (30 June 2013: UGX 3,659 million) relating to notional interest arising out of staff loans fair valuation in accordance with IAS 39.

3 INTEREST EXPENSE

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

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Interest paid to IMF (SDR allocation charges)	675	527
Vertical repo interest	59,322	28,104
Deposit auction interest	-	9,069
	59,997	**37,700**

Effective 1 July 2012, the costs of monetary policy that were previously borne by the Government of Uganda, became a full responsibility of the Bank of Uganda when the Inflation Targeting Lite (ITL) was introduced. During the FY 2013/14, there was increased activity in the Repo market to mop up excess liquidity in line with the monetary policy framework.

4 PROFIT ON DOMESTIC FOREIGN EXCHANGE TRADE

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Income from foreign currency trade	15,718	4,666
	15,718	**4,666**

The above represents income earned on sale or purchase of foreign exchange to or from GoU.

5 FEES AND COMMISSIONS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Commissions- foreign currency operations	2,154	1,537
	2,154	**1,537**

Fees and commissions relate to charges on GoU foreign transactions and letters of credit.

6 OTHER INCOME

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Gain on disposal of vehicles	8	230
(Loss)/gain on disposal of property, plant and equipment	22	55
Loss on transfer of property to RBS	-	(289)
Licence and cheque fees	978	555
Sale of receipt books	706	691
Sale of currency	7	18
Rental income	29	593
Real time gross & national interbank settlement systems	2,932	4,517
Fines, penalties & hire of bullion vans	31	29
Write back of staff loans previously written off/provisions	58	-
Write back of amounts previously written off/provisions	947	5,798
Other income	1,147	265
Currency de-monetisation *	46,056	-
Currency processing fees	2,254	2,168
	55,175	**14,630**

* The Bank completed the recall exercise of the 1987 currency series as at 31 December 2013. An amount of UGX 46,056 million represents de-monetised currency that was not returned to the Bank by the deadline date and as such written back as income to the Bank.

7 OTHER COMPREHENSIVE INCOME

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
BoU recapitalisation securities income *	32,600	5,170
Actuarial gains/(losses) on defined benefit plan (see note 33)	36,348	(4,198)
Surplus on revaluation **	-	96,704
	68,948	**97,676**

* This relates to income earned on BoU recapitalisation securities as at 30 June 2014 (see note 20).

** This relates to surplus on revaluation of freehold land and buildings of UGX 68,149 million and leasehold land of UGX 28,555 million in FY 2012/13 (see notes 25 and 26).

8 NET FOREIGN EXCHANGE AND FAIR VALUE GAINS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Foreign exchange gains	274,739	195,483
Fair value gains on investments at fair value through P&L	3,510	2,203
Fair value losses on investments held for trading	(10,641)	(39,801)
	267,608	**157,885**

The foreign exchange gains arise 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 value (prices) 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-2014	30-Jun-2013
US Dollars	2,600	2,593
Euro	3,546	3,372
GBP	4,424	3,943
SDR	4,014	3,900

9 GENERAL & ADMINISTRATION COSTS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Staff costs (note 11)	156,508	181,170
Communication expenses	3,782	3,724
Water & electricity	2,787	2,660
Ground rates & buildings insurance	1,153	964
Repairs & maintainance - premises & equipment	3,683	6,180
Motor vehicle expenses	2,301	2,283
Travel costs	3,978	3,985
Corporate contributions	4,023	2,989
Publicity & public awareness costs	2,419	3,524
Printing & stationery	1,892	2,272
Inspection costs	1,059	811
General & administration costs	(4)	117
Furniture & equipment repairs	1,383	2,732
Office expenses-uniforms	41	173
J Mubiru memorial lecture	127	175
Directors' fees and emoluments	1,000	917
Software license & maintenance	3,884	4,542
Stock expenses	-	1
	190,016	**219,219**

10 STAFF COSTS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Salaries,wages & allowances	97,435	81,063
NSSF- contribution & provision	7,762	6,984
Defined contributions scheme-contributions	759	-
Defined benefit plan costs (see note 33)*	30,439	71,481
Other defined benefit plan expenses	1,342	1,139
Special provident fund - contributions	299	280
Gratuity	1,335	1,993
Death in service insurance	987	945
Staff welfare including medical	7,849	6,731
Projects and training	8,301	10,554
	156,508	**181,170**

* Included in defined benefit plan costs is UGX 10,446 million relating to current service and interest cost on the plan in accordance with IAS 19 (30 June 2013: UGX 47,343 million).

The average number of employees during the year was 1,014 (2013: 1,019) as shown below;

	30-Jun-2014 No of Staff	30-Jun-2013 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	10	10
Directors	24	22
Other	978	985
	1,014	**1,019**

11 CURRENCY COSTS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Notes printing	48,723	57,461
Coins minting	9,770	3,650
Stock movement	613	477
Currency accessories	255	425
Currency machine maintenance	2,368	2,228
Bullion van maintenance	390	270
Other currency costs	755	411
	62,874	**64,922**

12 FINANCIAL AND PROFESSIONAL CHARGES

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Consultancy costs	1,035	1,785
Litigation fees & legal damages	611	249
Staff loans fair valuation*	3,896	3,659
RTGS Training Expenses	-	18
Reserve management fees and other charges	6,244	5,289
Valuers' fees	-	2
Retainer fees	15	16
Audit fees	120	120
Other proffessional fees	64	52
	11,985	**11,190**

* This relates to notional interest arising out of staff loans fair valuation in accordance with IAS 39.

13 IMPAIRMENT LOSS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Provision for impairment loss on other assets (Note 28)	57	-
Provision for impairment loss on staff loans (Note 24)	174	83
	231	**83**

14 NET SURPLUS FOR THE YEAR

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

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Audit fees	120	120
Other proffessional fees	64	52
Directors' emoluments	391	236
Directors' fees	609	681
Depreciation	12,060	12,501
Amortisation	3,710	3,398
Litigation fees & legal damages	611	249
Other income	(1,147)	(265)

15 CASH AND CASH EQUIVALENTS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Foreign currency held in banking	5,109	4,363
Cash from foreign financial institutions	250,515	211,978
Cash from local financial institutions	91	91
	255,715	**216,432**

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-2014 UGX (m)	30-Jun-2013 UGX (m)
(a) At fair value through profit or loss		
Term deposits with external institutions	5,498,287	3,989,166
Treasury bills investments	727,748	674,185
Repurchase agreements	56,145	534,232
World bank one year deposit	77,990	77,800
Bank of Uganda managed funds	261,356	260,318
	6,621,526	**5,535,701**
(b) Held-for-trading		
Externally managed funds	2,724,923	2,682,812
	2,724,923	**2,682,812**
(c) Investments available-for-sale		
AFREXIM shares	1,202	1,038
SWIFT shares	602	572
At 30 June	**1,804**	**1,610**

Investments at fair value through profit and loss and held for trading include fair value losses of UGX 9,346 million (30 June 2013: UGX 8,219 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.

The World Bank one year deposit is recallable at short notice.

b) Held-for-trading:

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

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

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

c) Available-for-sale investment:

i. AFREXIM shares

The investment in African Export Import (Afrexim) Bank is in respect of 100 Class A equity shares at a par value of US $ 400,000. While the investment is classified as available for sale, its fair value is not reliably determinable due to the lack of quoted market prices or other information based on which a fair value estimate can be derived. Accordingly, the investment is stated at cost, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment.

In FY 2013/14 the Bank was further allotted two additional shares at a price of USD 28,729. The Bank also holds a cash deposit of USD 33,411 arising from dividends earned for FY 2011/12 and FY 2012/13. This is to be used in funding future share calls. 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 2014.

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 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Forward foreign exchange contracts		
Assets	2,916	10,915
Liabilities	12,675	6,187
Notional amount	2,227,232	1,544,538
Futures		
Assets	-	-
Liabilities	-	-
Notional amount	57,196	28,341

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank. Over–the–counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements. The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts that are settled on a net basis. Both types of contracts result in market risk exposure.

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

Assets	30-Jun-2014 UGX (m)	30-Jun-2014 SDR (m)	30-Jun-2013 UGX (m)	30-Jun-2013 SDR (m)
IMF SDR holdings	558,598	140	547,475	140
	558,598	**140**	**547,475**	**140**
Liabilities				
IMF account no. 2	26	1	24	1
IMF SDR allocation	694,702	173	674,892	173
	694,728	**174**	**674,916**	**174**

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 140 million. The liabilities relate to SDR Allocations of SDR 173 million that funded the SDR holdings from IMF. The IMF Holdings and Allocations attract interest rates determined by the Fund as advised from time to time. Interest charged on the IMF holdings is the responsibility of Bank of Uganda. The liabilities and assets are not secured by collateral and the repayment terms are not fixed. The IMF assets and liabilities above are reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are transferred directly to the statement of comprehensive income.

2.1 OTHER IMF ACCOUNTS NOT RECOGNISED

Assets	30-Jun-2014 UGX (m)	30-Jun-2014 SDR (m)	30-Jun-2013 UGX (m)	30-Jun-2013 SDR (m)
IMF Quota	725,397	181	703,996	181
	725,397	**181**	**703,996**	**181**
Liabilities				
IMF account no. 1	642,156	160	623,211	160
IMF Securities	83,241	21	80,785	21
	725,397	**181**	**703,996**	**181**

The Other International Monetary Fund accounts not recognised 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.

19 INVESTMENTS IN GOVERNMENT SECURITIES

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Treasury bills for repos (zero coupon)	-	-
BoU recapitalization securities	233,182	415,188
	233,182	**415,188**

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

20 LOANS, ADVANCES AND DRAWDOWNS TO GOVERNMENT

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Uganda Consolidated Fund*	1,700,122	6,095,237
External debt repayment account	4,733	-
Letters of comfort**	140,487	140,487
Special loan to government (Gulf Stream)***	10,526	20,019
Other Drawdowns (Classified)****	136,782	136,782
Treasury bills for repos (zero coupon)*****	909,500	542,500
Provision for impairment losses	(140,487)	(140,487)
Total	**2,761,663**	**6,794,538**
Provision for impairment losses;		
At 1 July	(140,487)	(82,718)
Reclassification from other payables	-	(57,769)
At 30 June	**(140,487)**	**(140,487)**

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

* During FY 2013/14, the net proceeds for domestic securities issued for fiscal policy worth UGX 5,641,371 million were transferred to the UCF from the GoU capital account as per the GoU domestic debt plan (see note 31).

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

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

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

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

Treasury bills for Repos represent collateral amount equal to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (note 23).

21 LOANS AND ADVANCES TO COMMERCIAL BANKS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Development finance loans to commercial banks	6,009	11,239
	6,009	**11,239**
Less: provision for impairment loss	-	-
Net loans and advances	**6,009**	**11,239**
Provision for impairment loss:		
At 1 July	-	(359)
Write-back of provision on written off loans	-	359
At 30 June	**-**	**-**

2.2 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 2014, the loans were performing as per the memorandum of understanding and there were no signs of impairment noted.

22 REPOS COLLECTION

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Repos collection account	910,854	543,101
	910,854	**543,101**

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

A Repo involves the following transactions:

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

ii. Transfer of funds between transacting parties.

Vertical REPO

Where a Repo is used as a monetary policy instrument, one of the parties to the agreement is the Central Bank, while a Primary Dealer (PD) constitutes the other party. The Vertical Repo transaction allows the Central Bank to mop up short-term liquidity by selling securities to PDs with an agreement to repurchase them at a specified future date – where the PD receives back full amount of principal and interest. During the FY 2013/14, there was increased activity in the Repo market to mop up excess liquidity in line with the monetary policy framework.

23 STAFF LOANS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Staff loans, advances and imprest to staff	24,593	25,945
Staff building loans	12,947	5,951
Staff loans, advances at fair value	**37,540**	**31,896**
Deferred staff cost	17,217	14,391
Staff loans, advances at cost	**54,757**	**46,287**
Provision for impairment (see below)	(927)	(811)
	53,830	**45,476**
Provision for impairment:		
At 1 July	(811)	(732)
Additional provision during the year	(174)	(104)
Recoveries/write back of provisions (see Note 7)	58	25
At 30 June	**(927)**	**(811)**

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.

24 PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Computer Equipment	Motor Vehicles	Capital Work- In-Progress	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cost or Valuation								
As at 1 July 2012	**11,185**	**83,234**	**83,988**	**6,999**	**45,780**	**12,361**	**2,386**	**245,933**
Additions	-	2,052	3,146	914	1,390	3,320	3,557	14,379
Reclassification to intangibles	-	-	-	-	(18,467)	-	(1,475)	(19,942)
Reclassification	75	714	-	-	-	-	(714)	75
Transfer to RBS	-	(642)	-	-	-	-	-	(642)
Revaluation Surplus	14,275	47,084	-	-	-	-	-	61,359
Disposals	-	-	(508)	(24)	(37)	(689)	-	(1,258)
As at 30 Jun 2013	**25,535**	**132,442**	**86,626**	**7,889**	**28,666**	**14,992**	**3,754**	**299,904**
Additions	-	707	20,080	692	1,511	1,900	1,703	26,593
Reclassification to intangibles	-	-	-	-	-	-	(148)	(148)
Reclassification	-	2,171	683	103	335	-	(3,292)	-
Reclassification to Leasehold land	(2,162)	-	-	-	-	-	-	(2,162)
Disposals	-	-	(262)	-	(1,187)	-	-	(1,449)
As at 30 Jun 2014	**23,373**	**135,320**	**107,127**	**8,684**	**29,325**	**16,892**	**2,017**	**322,738**
Depreciation								
As at 1 July 2012	**-**	**5,348**	**65,724**	**5,393**	**35,222**	**9,834**	**-**	**121,521**
Charge for the year	-	1,757	6,180	615	2,663	1,286	-	12,501
Reclassification to intangibles	-	-	-	-	(11,754)	-	-	(11,754)
Eliminated on transfer to RBS	-	(80)	-	-	-	-	-	(80)
Eliminated on revaluation	-	(6,790)	-	-	-	-	-	(6,790)
Disposals	-	-	(506)	(24)	(32)	(689)	-	(1,251)
As at 30 Jun 2013	**-**	**235**	**71,398**	**5,984**	**26,099**	**10,431**	**-**	**114,147**
Charge for the year	-	2,838	5,678	723	1,501	1,320	-	12,060
Reclassification to intangibles	-	-	-	-	(15)	-	-	(15)
Disposals	-	-	(82)	-	(1,187)	-	-	(1,269)
As at 30 Jun 2014	**-**	**3,073**	**76,994**	**6,707**	**26,398**	**11,751**	**-**	**124,923**
Net Carrying Amount								
As at 30 June 2014	**23,373**	**132,247**	**30,133**	**1,977**	**2,927**	**5,140**	**2,017**	**197,815**
As at 30 June 2013	**25,535**	**132,207**	**15,228**	**1,905**	**2,567**	**4,560**	**3,754**	**185,757**

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

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

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

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

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

25 FINANCE LEASE ON LEASEHOLD LAND

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
At 1 July	45,860	17,637
Additions	2,732	-
Write off	-	(150)
Revaluation surplus*	-	28,373
Reclassification from property, plant and equipment**	2,162	-
At 30 June	**50,754**	**45,860**

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

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

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

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

** Plot 2 High Street Mbarara was reclassified from freehold to leasehold during the year

26 INTANGIBLE ASSETS

		Software UGX (m)	Work- In-Progress UGX (m)	Totals UGX (m)
Cost or Valuation	**As at 1 July 2012**	**-**	**-**	**-**
	Reclassification from Property Plant & Equipment	18,467	1,475	19,942
	Additions	-	1,459	1,459
	As at 30 Jun 2013	**18,467**	**2,934**	**21,401**
	Reclassification	3,580	(3,580)	-
	Reclassification from Property Plant & Equipment	-	148	148
	Additions	-	1,160	1,160
	As at 30 Jun 2014	**22,047**	**662**	**22,709**
Amortization	**As at 1 July 2012**	**-**	**-**	**-**
	Reclassification from Property Plant & Equipment	11,754	-	11,754
	Charge for the year	3,398	-	3,398
	As at 30 Jun 2013	**15,152**	**-**	**15,152**
	Reclassification from Property Plant & Equipment	15	-	15
	Charge for the year	3,710	-	3,710
	As at 30 Jun 2014	**18,877**	**-**	**18,877**
Net Carrying Amount	**As at 30 June 2014**	**3,170**	**662**	**3,832**
Net Carrying Amount	**As at 30 June 2013**	**3,315**	**2,934**	**6,249**

27 OTHER ASSETS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Consumable store stock	2,889	2,722
Prepayments & accrued income	24	2
Deferred currency costs *	174,373	109,325
Sundry debtors	2,185	1,323
Provisions for impairment losses	(57)	(12)
	179,414	**113,360**
Provisions for impairment losses:		
At 1 July	(12)	(4,665)
Additional provisions	(57)	(46)
Write offs during the year	12	4,699
At 30 June	**(57)**	**(12)**

* 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.

28 OTHER FOREIGN LIABILITIES

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Multi-lateral investment guarantee agency	38	38
IDA subscription	56	56
International Bank for Reconstruction & Dev't (IBRD)	259	259
	353	**353**

The balances on MIGA and IDA represent the Government of Uganda obligations in terms of subscriptions to those international agencies.

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.

29 CURRENCY IN CIRCULATION

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Notes	1,369,867	1,361,120
Coins	108,536	95,797
Cash held in banking	1,267,814	996,017
Office imprest	(125)	(77)
	2,746,092	**2,452,857**

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2014 while cash held in Banking relates to cashiers' cash on hand as at year end.

During the year the recall exercise of the 1987 currency series was completed by 31 December 2013.

The currency is issued in the following denominations:

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

30 GOVERNMENT DEPOSITS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Government income accounts	2,096	-
Oil Tax Fund*	1,607,814	1,606,244
Government deposit letters of credit accounts	107,248	59,254
Government ministries accounts	188,163	800,928
Government projects accounts	1,751,465	1,490,790
Government of Uganda managed funds through DFS**	45,386	106,675
IMF accounts	7,226	11,699
Government capital accounts***	2,195,646	5,914,422
EFT salary suspense accounts	102,580	35,233
	6,007,624	**10,025,245**

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 2014. The Bank does not pay interest on the accounts. The deposits are payable on demand and therefore the carrying amount approximates their fair value. Included in the Government Capital Accounts are Treasury bills and Treasury Bonds held at the Bank for monetary policy, recapitalisation and repo purposes. The securities for monetary policy and recapitalisation are re-discountable at the Bank rediscount rate.

* The Oil Tax Revenue Fund of UGX 1,607,814 million relates to an amount of UGX 1,161,737 million received by Government of Uganda from Tullow Oil for the settlement of the tax dispute between government and Heritage Oil & Gas (U) Limited. It also includes stamp duty of USD 171 million (UGX 446,077 million) on sale of Tullow Oil's assets to Total and CNOOC. The amount of USD 171 million was invested in short term money market deposits which yielded interest of USD 156,700 during the year (2013: USD 246,344). The oil funds have been ring fenced for future Government development expenditure.

** The Government of Uganda managed funds through Development Finance Schemes (DFS) includes a net balance of UGX 16,507 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-2014 UGX (m)	30-Jun-2013 UGX (m)
Agricultural Credit Facility (ACF) Capital	63,064	63,064
Less:		
ACF Loans to commercial banks	(46,557)	(42,781)
Net balance on ACF capital	**16,507**	**20,283**
Other funds	28,879	86,393
Total Government of Uganda managed funds	**45,386**	**106,676**

*** During FY 2013/14, the net proceeds for domestic securities issued for fiscal policy worth UGX 5,641,371 million were transferred to the UCF from the GoU capital account as per the GoU domestic debt plan (see note 21).

During FY 2012/13, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14 (4), through issuance of treasury instruments worth UGX 410,017 million. The securities were issued as part of the stock of Government domestic debt. The issuance of recapitalization securities by Government of Uganda resulted into a receivable from GoU which has been matched with the securities issued. Therefore the net receivable from GoU has been disclosed in the investments in treasury bills (Note 20).

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
BoU recapitalization securities	410,017	410,017
BoU recapitalization receivable account	(410,017)	(410,017)
Net Position	**-**	**-**

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

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Government Deposits	6,007,624	10,025,245
Government Loans, Drawdowns and Advances (see note 22)	(2,761,663)	(6,794,538)
Net Uganda Consolidated Fund Position	**3,245,961**	**3,230,707**

31 COMMERCIAL BANK DEPOSITS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Current accounts by commercial banks	1,340,053	1,093,339
Cash recovered from closed commercial banks	10,526	2,805
Collection from closed banks loans	21,204	20,242
	1,371,783	**1,116,386**

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 26 licenced commercial banks in Uganda. The Bank does not pay interest on these account balances.

32 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 plan is administered by a single pension fund that is legally separated from Bank of Uganda. The board of the pension fund comprises two employees, four employer representatives and two Bank of Uganda board members. The board of the pension fund is required by the law to act in the best interests of the plan participants and is responsible for setting certain policies –e.g. investment, contribution and indexation policies of the fund.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit. The current actuarial certification was carried out by Actuarial Services (E.A) Limited as at 30 June 2014.

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

The key risks associated with the Scheme are as follows:

i) Salary risk: The benefits are linked to salary and consequently have an associated risk to increases in salary.
ii) Investment risk: The Scheme is funded with separate assets. Investment risk would therefore arise in the Scheme.
iii) Interest rate risk: Decreases/ increases in the discount rate used (high quality corporate bonds) will increase/ decrease the defined benefit obligation.
iv) Benefits in the Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Bank of the benefits is therefore subject to the demographic movements of employees.

The pension fund is fully funded by Bank of Uganda. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may defer from the assumptions below.

The Bank expects to pay UGX 10,629 million in contributions to its defined benefit plan in the FY 2014/15.

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

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Present value of defined benefit obligations	230,466	222,562
Fair value of plan assets	(256,372)	(141,605)
Present value of unfunded benefits obligation	**(25,906)**	**80,957**
Unrecognised actuarial (gain)/loss	-	-
Employee benefits (receivable)/payable	**(25,906)**	**80,957**

During the year, the Bank's liability in respect of the DBS was calculated by a qualified actuary using the projected unit credit method. Actuarial gains and losses are charged to the statement of other comprehensive income.

The amounts recognised in the operating comprehensive income are as follows:

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Current service cost net of employee's contributions	18,968	11,939
Interest cost on net benefit obligation	11,428	12,073
Past service costs recognised in the year	-	44,550
Adjustment for prior year values	43	2,919
Total included in staff costs	**30,439**	**71,481**

The amounts recognised under other comprehensive income are as follows

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Net actuarial losses/(gains) and experience adjustments arising from demographic assumptions	(32,994)	13,117
Net actuarial losses/(gains) and experience adjustments arising from financial assumptions	(9,107)	(4,977)
Actual return less interest cost on plan assets	5,753	(3,942)
Total included in other comprehensive income	**(36,348)**	**4,198**

Actuarial gains/ (losses) have been fully recognised in the current year.

A reconciliation of the net benefit obligation is as shown below:

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Net liability at start of the year	80,957	29,413
Net expense recognised in the income statement	30,439	71,481
Total expense recognised in other comprehensive income	(36,348)	4,198
Employer contributions	(100,954)	(24,136)
Net (asset)/liability at end of the year	**(25,906)**	**80,957**

The principle actuarial assumptions in real terms are as follows:

	30-Jun-2014	30-Jun-2013
Discount rate	13.69%	15.14%
Expected return on plan assets	13.69%	15.14%
Future salary increase	12.96%	14.14%
Future pension increase	11.96%	13.14%

The discount rate used is 13.96 percent per annum. 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 FY 2012/13 assumptions.

As at 30 June 2014, the weighted average duration of the defined benefit obligation is 14.7 years. (30 June 2013: 14.7 years)

The sensitivity analysis for reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affected the defined benefit plan by amounts shown below:

	Scenario - 1 Base	Scenario - 2 Discount Rate Increased by 1%	Scenario -- 3 Salary Rate Increased by 1%	Scenario - 4 Discount Rate Decreased by 1%	Scenario - 5 Salary Rate Decreased by 1%
Discount Rate	13.96%	14.96%	13.96%	12.96%	13.96%
Salary Rate	12.96%	12.96%	13.96%	12.96%	11.96%
	UGX (m)	**UGX (m)**	**UGX (m)**	**UGX (m)**	**UGX (m)**
Net liability at start of the year	**80,957**	**80,957**	**80,957**	**80,957**	**80,957**
Net expense recognised in the income statement	30,439	28,300	31,673	33,290	29,382
Net expense recognised in the other comprehensive income	(36,348)	(65,088)	(28,126)	619	(43,476)
Employer contributions	(100,954)	(100,954)	(100,954)	(100,954)	(100,954)
Net (asset)/liability at end of the year	**(25,906)**	**(56,785)**	**(16,450)**	**13,293**	**(34,091)**

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide and approximation of the sensitivity of the assumptions shown.

The maturity profit of the Defined Benefit Plan is disclosed as below:

Time to Maturity of membership	**Liability UGX (m)**
<1 year	-
1-5 years	17,289
>5 years	107,354
Pensioners and Deferreds	105,823

33 OTHER LIABILITIES

	30-Jun-2014 UGX (m)	**30-Jun-2013 UGX (m)**
Uninvested pension fund cash	82,939	1,417
Deposit Protection Fund*	22,939	19,983
Accounts payable	46,409	51,253
Other creditors	10,357	19,126
IMF debt relief**	525	3,150
UCBL sales proceeds	3,412	3,412
Provision for UCBL excluded liabilities***	1,359	1,359
Money remittance institutions	66	101
	168,006	**99,801**

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

** During the financial year 2005/06, Government benefited from IMF debt relief of SDR87.7million (UGX 231billion) under the Multilater-al 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 UGX 1,359 million was set aside to cover other incidentals.

34 AUTHORISED AND ISSUED SHARE CAPITAL

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Authorised		
30,000,000,000 of UGX 1.00 each	30,000	30,000
Issued and fully paid		
20,000,000,000 of UGX 1.00 each	20,000	20,000

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

35 BOU RECAPITALIZATION FUNDS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
BoU recapitalisation securities	410,017	410,017
	410,017	**410,017**

During the FY 2012/13 the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14 (4), through issuance of treasury instruments worth UGX 410,017 million.

36 RESERVES

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Asset revaluation reserve	142,405	143,875
Revenue reserve	(643,532)	(530,357)
General reserve	269,225	257,971
Unrealised translation reserve	1,567,657	1,311,303
	1,335,755	**1,182,792**

The distributable deficit is arrived at as follows:

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Total comprehensive surplus for the year	152,963	10,104
Foreign exchange and fair value losses	(267,608)	(157,885)
Deficit sharing with Government	**(114,645)**	**(147,781)**

37 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.

2.3 LEGAL PROCEEDINGS

The Bank is a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 959 million (2013: UGX 403 million). The directors are of the view that the Bank has a high chance of success against the plaintiffs and none of the cases individually or in aggregate would have a significant impact on the Bank's operations.

2.4 CAPITAL COMMITMENTS

As at 30 June 2014, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 13,614 million compared to UGX 2,290 million as at 30 June 2013.

2.5 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.

2.6 LETTERS OF CREDIT

Letters of credit commit the Bank to make payments on behalf of Government to third parties, and reimbursement by the customer is normally immediate. As at 30 June 2014, the total outstanding letters of credit on behalf of Government amounted to UGX 79,975 million (2013: UGX 59,254 million).

38 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.

2.7 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.

38.1.1 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.

2.8 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.

38.1.2 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.

38.1.3 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).

38.1.4 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.

38.1.5 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.

38.1.6 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 22 Credit Risk Profile

Loans and Advances	Government		Commercial Banks		Staff Loans	
In millions of shillings	30-Jun-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013
Carrying Amount	2,761,663	6,794,538	6,009	11,239	53,830	45,476
Individually Impaired:						
Government ministries	140,487	140,487	-	-	-	-
Closed commercial banks	-	-	-	-	-	-
Staff loans	-	-	-	-	927	811
Gross Amount	140,487	140,487	-	-	927	811
Allowance for impairment	(140,487)	(140,487)	-	-	(927)	(811)
Carrying amount	**-**	**-**	**-**	**-**	**-**	**-**
Collectively impaired:	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-
Allowance for impairment	**-**	**-**	**-**	**-**		
Carrying amount	-	-	-	-	-	-
Past due but not impaired:						
Low-fair risk	1,715,381	6,115,256	-	-	-	-
Watch list	-	-	-	-	-	-
Carrying amount	**1,715,381**	**6,115,256**	**-**	**-**	**-**	**-**
Past due comprises:						
30 - 60 days	-	-	-	-	-	-
60 - 90 days	-	-	-	-	-	-
90 - 180 days	-	-	-	-	-	-
180 days+	1,715,381	6,115,256	-	-	-	-
Carrying amount	**1,715,381**	**6,115,256**	**-**	**-**	**-**	**-**
Neither past due nor impaired:						
Carrying amount	136,782	679,282	6,009	11,239	53,830	45,476
Total carrying amount	**1,852,163**	**6,794,538**	**6,009**	**11,239**	**53,830**	**45,476**

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

38.1.7 CREDIT RISK EXPOSURE

38.1.7.1 Credit risk exposure by credit rating

Total assets of the Bank exposed to credit risk as of 30 June 2014 and 30 June 2013 are presented in Table 23 and Table 24 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 23 Credit risk exposure by credit ratings FY 2013/14

Cash and cash equivalents	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Foreign currency held in banking	5,108	4,363
Cash from external financial institutions		
Central Banks	82,727	26,757
Multinational Institution	1,051	1,591
P-1/A2	17	23,138
P-1/Aa3	-	1,277
P-2/Baa1	65,570	158,552
P-2/Baa3	101,119	-
NR	123	754
Investments at fair value through profit & loss		
Central Banks	1,438,179	1,571,722
Multinational Institution	1,632,267	879,491
Aaa	261,356	260,318
P-1/A1	921,403	28,064
P-1/A2	126,891	1,776,000
P-1/A3	809,132	-
P-1/Aa2	418,692	183,002
P-1/Aa3	839,954	614,562
P-2/Baa1	173,652	222,542
Held for trading investments		
A1	1,724	5,247
A2	-	1,319
Aa1	465,434	302,249
Aa2	62,411	18,666
Aa3	258,545	205,593
Aaa	1,936,809	2,117,131
Multinational Institution	-	32,607
Derivatives	2,916	10,915
Investments available for sale		
Multinational Institution	1,804	1,610
Assets held with IMF		
Multinational Institution	558,598	547,475
Domestic investments-Government securities	233,182	415,188
Advances to Government	2,761,663	6,794,538
Others	265,159	170,075
Total	**13,425,486**	**16,374,746**

Table 24 Credit risk exposure by credit ratings FY 2012/13

Cash and cash equivalents	30-Jun-2013 UGX (m)	30-Jun-2012 UGX (m)
Foreign currency held in banking	4,363	4,382
Cash from external financial institutions		
Central Banks	26,757	20,639
Multinational Institution	1,591	1,497
P-1/A2	23,138	124,416
P-1/Aa3	1,277	7
P-2/Baa1	158,552	112,072
NR	754	1,819
Investments at fair value through profit & loss		
Central Banks	1,571,722	1,586,452
Multinational Institution	879,491	834,698
Aaa	260,318	247,740
P-1/A1	28,064	-
P-1/A2	1,776,000	1,410,243
P-1/Aa2	183,002	-
P-1/Aa3	614,562	340,246
P-2/Baa1	222,542	274,114
Held for trading investments		
A1	5,247	4,555
A2	1,319	1,242
Aa1	302,249	102,088
Aa2	18,666	5,327
Aa3	205,593	144,916
Aaa	2,117,131	1,688,173
Multinational Institution	32,607	56,440
Derivatives	10,915	2,140
Investments available for sale		
Multinational Institution	1,610	1,511
Assets held with IMF		
Multinational Institution	547,475	529,089
Domestic investments-Government securities	415,188	29,880
Advances to Government	6,794,538	6,387,720
Others	170,075	189,063
Total	**16,374,746**	**14,100,471**

38.1.7.3 Credit risk exposure by sector

The sectorial classification of the Bank's credit exposure as of 30 June 2014 is as follows:

Table 25 Credit risk exposure by sector FY2013/14

Details	Foreign Country Treasury	Supranational Institutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Insitutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	82,156	1,589	-	-	166,770	-	-	5,200	255,715
Investments at fair value through profit & loss	1,699,635	1,632,267	-	-	3,289,624	-	-	-	6,621,526
Derivatives	2,100,920	75,094	129,440	-	81,403	338,066	-	-	2,724,923
Held for trading investments	-	-	-	-	2,916	-	-	-	2,916
Investments available for sale	-	1,804	-	-	-	-	-	-	1,804
Assets held with IMF	-	558,598	-	-	-	-	-	-	558,598
Domestic investments-Government securities	-	-	-	-	-	-	233,182	-	233,182
Advances to Government	-	-	-	-	-	-	2,761,663	-	2,761,663
Loans to commercial banks	-	-	-	6,009	-	-	-	-	6,009
Others	-	-	-	-	-	-	-	233,244	233,244
Total	**3,882,711**	**2,269,352**	**129,440**	**6,009**	**3,540,713**	**338,066**	**2,994,845**	**238,444**	**13,399,580**

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

Table 26 Credit risk exposure by sector FY2012/13

Details	Foreign Country Treasury	Supranational Institutions	Foreign Companies	Domestic Financial Institutions	Foreign Financial Insitutions	Government Guaranteed Agencies	Uganda Government Treasury	Others	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	26,760	1,591	-	-	183,720	-	-	4,361	216,432
Investments at fair value through profit & loss	1,831,979	879,492	-	-	2,824,230	-	-	-	5,535,701
Held for trading investments	2,127,412	35,372	21,153	-	168,485	330,390	-	-	2,682,812
Investments available for sale	-	1,610	-	-	-	-	-	-	1,610
Derivatives	-	-	-	-	10,915	-	-	-	10,915
Assets held with IMF	-	547,475	-	-	-	-	-	-	547,475
Domestic investments-Government securities	-	-	-	-	-	-	415,188	-	415,188
Advances to Government	-	-	-	-	-	-	6,794,538	-	6,794,538
Loans to commercial banks	-	-	-	11,239	-	-	-	-	11,239
Others	-	-	-	-	-	-	-	158,836	158,836
Total	**3,986,151**	**1,465,540**	**21,153**	**11,239**	**3,187,350**	**330,390**	**7,209,726**	**163,197**	**16,374,746**

38.1.7.4 Credit risk exposure by geographical location

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2014 is as follows:

Table 27 Credit risk exposure by geographical location FY 2013/14

Details	Uganda	USA	UK	Eurozone	Other European Countries	Other Countries	Total
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cash and cash equivalents	5,200	49,110	93,317	101,220	1,008	5,860	255,715
Investments at fair value through profit & loss	-	1,123,239	1,766,042	1,094,211	2,206,619	431,415	6,621,526
Held for trading investments	-	1,225,743	252,252	733,286	137,178	376,464	2,724,923
Investments available for sale	-	-	-	522	-	1,282	1,804
Derivatives	-	-	2,916	-	-	-	2,916
Assets held with IMF	-	558,598	-	-	-	-	558,598
Domestic investments-Government securities	233,182	-	-	-	-	-	233,182
Advances to Government	2,761,663	-	-	-	-	-	2,761,663
Loans to commercial banks	6,009	-	-	-	-	-	6,009
Staff loans and advances	53,830	-	-	-	-	-	53,830
Employee benefits	25,906	-	-	-	-	-	25,906
Property, plant and equipment	197,815	-	-	-	-	-	197,815
Leasehold land	50,754	-	-	-	-	-	50,754
Intangible assets	3,832	-	-	-	-	-	3,832
Other assets	179,414	-	-	-	-	-	179,414
Total Assets	**3,517,605**	**2,956,690**	**2,114,527**	**1,929,239**	**2,344,805**	**815,021**	**13,677,887**
IMF obligations	-	694,728	-	-	-	-	694,728
Other foreign liabilities	353	-	-	-	-	-	353
Derivatives	-	-	12,675	-	-	-	12,675
Currency in circulation	2,746,092	-	-	-	-	-	2,746,092
Government deposits	6,007,624	-	-	-	-	-	6,007,624
Commercial banks deposits	1,371,783	-	-	-	-	-	1,371,783
Repos	910,854	-	-	-	-	-	910,854
Other liabilities	168,006	-	-	-	-	-	168,006
Total Liabilities	**11,204,712**	**694,728**	**12,675**	**-**	**-**	**-**	**11,912,115**
Equity and Reserves							
Capital	20,000	-	-	-	-	-	20,000
Bou recapitalisation funds	410,017	-	-	-	-	-	410,017
Retained earnings	1,335,755	-	-	-	-	-	1,335,755
Total Equity and Reserves	**1,765,772**	**-**	**-**	**-**	**-**	**-**	**1,765,772**
Total Equity and Liabilities	**12,970,484**	**694,728**	**12,675**	**-**	**-**	**-**	**13,677,887**

Table 28 Credit risk exposure by geographical location FY 2012/13

Details	Uganda UGX (m)	USA UGX (m)	UK UGX (m)	Eurozone UGX (m)	European UGX (m)	Countries UGX (m)	Total UGX (m)
Cash and cash equivalents	4,363	102,935	81,417	24,316	167	3,234	216,432
Investments at fair value through profit & loss	-	1,546,612	2,154,563	407,243	1,399,666	27,617	5,535,701
Derivatives financial instruments	-	10,915	-	-	-	-	10,915
Held for trading investments	-	1,418,210	138,703	709,238	125,367	291,294	2,682,812
Investments available for sale	-	-	-	573	-	1,037	1,610
Assets held with IMF	-	547,475	-	-	-	-	547,475
Domestic investments-Government securities	415,188	-	-	-	-	-	415,188
Advances to Government	6,794,538	-	-	-	-	-	6,794,538
Loans to commercial banks	11,239	-	-	-	-	-	11,239
Staff loans and advances	45,476	-	-	-	-	-	45,476
Property, plant and equipment	185,757	-	-	-	-	-	185,757
Leasehold land	45,860	-	-	-	-	-	45,860
Intangible assets	6,249	-	-	-	-	-	6,249
Other assets	113,360	-	-	-	-	-	113,360
Total Assets	**7,622,030**	**3,626,147**	**2,374,683**	**1,141,370**	**1,525,200**	**323,182**	**16,612,612**
IMF obligations	-	674,916	-	-	-	-	674,916
Other foreign liabilities	353	-	-	-	-	-	353
Derivatives	-	6,187	-	-	-	-	6,187
Currency in circulation	2,452,857	-	-	-	-	-	2,452,857
Government deposits	10,025,245	-	-	-	-	-	10,025,245
Commercial banks deposits	1,116,386	-	-	-	-	-	1,116,386
Repos	543,101						543,101
Employee benefits	80,957	-	-	-	-	-	80,957
Other liabilities	99,801	-	-	-	-	-	99,801
Total Liabilities	**14,318,700**	**681,103**	**-**	**-**	**-**	**-**	**14,999,803**
Capital	20,000	-	-	-	-	-	20,000
BoU recapitalisation	410,017	-	-	-	-	-	410,017
Retained earnings	1,182,792	-	-	-	-	-	1,182,792
Total Equity and Reserves	**1,612,809**	**-**	**-**	**-**	**-**	**-**	**1,612,809**
Total Equity and Liabilities	**15,931,509**	**681,103**	**-**	**-**	**-**	**-**	**16,612,612**

2.9 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 Table 29 and Table 30 below.

Table 29 Liquidity profile 2013/14

			30-Jun-2014 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	255,715	255,715	-	-	-
		Investments at fair value through profit or loss	6,621,526	6,543,536	-	77,990	-
		Investments held-for-trading	2,724,923	-	-	-	2,724,923
		Investments available-for-sale	1,804	-	-	-	1,804
		Derivative financial instruments	2,916	-	-	-	2,916
		Assets held with IMF	558,598	-	-	-	558,598
	Total foreign assets		**10,165,482**	**6,799,251**	**-**	**77,990**	**3,288,241**
	Domestic assets	Investments in government securities	233,182	-	-	123,165	110,017
		Loans, advances and drawdowns to government	2,761,663	(3,900,392)	-	-	6,662,055
		Loans and advances to commercial banks	6,009	-	-	-	6,009
		Staff loans	53,830	-	-	-	53,830
		Employee benefits	25,906	-	-	-	25,906
		Property, plant and equipment	197,815	-	-	-	197,815
		Finance lease on leasehold land	50,754	-	-	-	50,754
		Intangible assets	3,832	-	-	-	3,832
		Other assets	179,414	70,089	-	-	109,325
	Total domestic assets		**3,512,405**	**(3,830,303)**	**-**	**123,165**	**7,219,543**
Total assets			**13,677,887**	**2,968,948**	**-**	**201,155**	**10,507,784**
Liabilities	**Foreign liabilities**	IMF obligations	694,728	-	-	-	694,728
		Other foreign liabilities	353	-	-	-	353
		Derivative financial instruments	12,675	-	-	-	12,675
	Total foreign liabilities		**707,756**	**-**	**-**	**-**	**707,756**
	Domestic liabilities	Currency in circulation	2,746,092	2,746,092	-	-	-
		Government deposits	6,007,624	739,151	-	-	5,268,473
		Commercial banks' deposits	1,371,783	1,371,783	-	-	-
		Repos	910,854	910,854	-	-	-
		Other liabilities	168,006	168,006	-	-	-
	Total domestic liabilities		**11,204,359**	**5,935,886**	**-**	**-**	**5,268,473**
Total liabilities			**11,912,115**	**5,935,886**	**-**	**-**	**5,976,229**
	Equity	Issued capital	20,000	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	410,017
		Reserves	1,335,755	-	-	-	1,335,755
	Total Equity		**1,765,772**	**-**	**-**	**-**	**1,765,772**
Total liabilities & equity			**13,677,887**	**5,935,886**	**-**	**-**	**7,742,001**
		Net liquidity gap	**30 June 2014**	**(2,966,938)**	**-**	**201,155**	**2,765,783**

Table 30 Liquidity profile 2012/13

			30-Jun-2013 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	216,432	-	-	-
		Investments at fair value through profit or loss	5,535,701	5,457,901	-	77,800	-
		Investments held-for-trading	2,682,812	-	-	-	2,682,812
		Investments available-for-sale	1,610	-	-	-	1,610
		Derivative financial instruments	10,915	-	-	-	10,915
		Assets held with IMF	547,475	-	-	-	547,475
	Total foreign assets		**8,994,945**	**5,674,333**	**-**	**77,800**	**3,242,812**
	Domestic assets	Investments in government securities	415,188	415,188	-	-	-
		Loans, advances and drawdowns to government	6,794,538	406,818	-	-	6,387,720
		Loans and advances to commercial banks	11,239	-	-	-	11,239
		Staff loans	45,476	-	-	-	45,476
		Property, plant and equipment	185,757	-	-	-	185,757
		Finance lease on leasehold land	45,860	-	-	-	45,860
		Intangible assets	6,249	-	-	-	6,249
		Other assets	113,360	2,290	-	-	111,070
	Total domestic assets		**7,617,667**	**824,296**	**-**	**-**	**6,793,371**
Total assets			**16,612,612**	**6,498,629**	**-**	**77,800**	**10,036,183**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	674,916
		Other foreign liabilities	353	-	-	-	353
		Derivative financial instruments	6,187	-	-	-	6,187
	Total foreign liabilities		**681,456**	**-**	**-**	**-**	**681,456**
	Domestic liabilities	Currency in circulation	2,452,857	2,452,857	-	-	-
		Government deposits	10,025,245	8,440,194	-	-	1,585,051
		Commercial banks' deposits	1,116,386	1,116,386	-	-	-
		Repos	543,101	543,101	-	-	-
		Employee benefits	80,957	-	-	-	80,957
		Other liabilities	99,801	99,801	-	-	-
	Total domestic liabilities		**14,318,347**	**12,652,339**	**-**	**-**	**1,666,008**
Total liabilities			**14,999,803**	**12,652,339**	**-**	**-**	**2,347,464**
	Equity	Issued capital	20,000	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	410,017
		Reserves	1,182,792				1,182,792
	Total Equity		**1,612,809**	**-**	**-**	**-**	**1,612,809**
Total liabilities & equity			**16,612,612**	**12,652,339**	**-**	**-**	**3,960,273**
		Net liquidity gap	**30 June 2013**	**(6,153,710)**	**-**	**77,800**	**6,075,910**

2.10 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.

2.11 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.

2.12 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 31 Interest risk analysis 2013/14

			30-Jun-2014 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	255,715	255,715	-	-	-	-
		Investments at fair value through profit or loss	6,621,526	6,543,536	-	-	77,990	-
		Investments held-for-trading	2,724,923	2,724,923	-	-	-	-
		Investments available-for-sale	1,804	-	-	-	1,804	-
		Derivative financial instruments	2,916	2,916	-	-	-	-
		Assets held with IMF	558,598	-	-	-	558,598	-
	Total foreign assets		**10,165,482**	**9,527,090**	**-**	**-**	**638,392**	**-**
	Domestic assets	Investments in government securities	233,182	547,671	-	-	410,017	-
		Loans, advances and drawdowns to government	2,761,663	-	-	-	430,036	2,331,627
		Loans and advances to commercial banks	6,009	-	-	-	6,009	-
		Staff loans	53,830	-	-	-	53,830	-
		Employee benefits	25,906	-	-	-	25,906	-
		Property, plant and equipment	197,815	-	-	-	-	197,815
		Finance lease on leasehold land	50,754	-	-	-	-	50,754
		Intangible assets	3,832	-	-	-	-	3,832
		Other assets	179,414	-	-	-	-	179,414
	Total domestic assets		**3,512,405**	**547,671**	**-**	**-**	**925,798**	**2,763,442**
				-	-	-	-	-
Total assets			**13,677,887**	**10,074,761**	**-**	**-**	**1,564,190**	**2,763,442**
Liabilities	**Foreign liabilities**	IMF obligations	694,728	-	-	-	694,728	-
		Other foreign liabilities	353	-	-	-	-	94
		Derivative financial instruments	12,675	12,675	-	-	-	-
	Total foreign liabilities		**707,756**	**12,675**	**-**	**-**	**694,728**	**94**
	Domestic liabilities	Currency in circulation	2,746,092	-	-	-	-	2,746,092
		Government deposits	6,007,624	-	-	-	-	6,007,624
		Commercial banks' deposits	1,371,783	-	-	-	-	1,371,783
		Repos	910,854	543,101	-	-	-	-
		Other liabilities	168,006	-	-	-	-	168,006
	Total domestic liabilities		**11,204,359**	**543,101**	**-**	**-**	**-**	**10,293,505**
				-	-	-	-	-
Total liabilities			**11,912,115**	**555,776**	**-**	**-**	**694,728**	**10,293,599**
	Equity	Issued capital	20,000	-	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	-	410,017
		Reserves	1,335,755	-	-	-	-	1,335,755
	Total Equity		**1,765,772**	**-**	**-**	**-**	**-**	**1,765,772**
				-	-	-	-	-
Total liabilities & equity			**13,677,887**	**555,776**	**-**	**-**	**694,728**	**12,059,371**
				-	**-**	**-**	**-**	**-**
		On balance Sheet interest Sensitivity Gap	**30 June 2014**	**9,518,985**	**-**	**-**	**869,462**	**(9,295,929)**

Table 32 Interest risk analysis 2012/13

			30-Jun-2013 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	216,432	-	-	-	-
		Investments at fair value through profit or loss	5,535,701	5,457,901	-	-	77,800	-
		Investments held-for-trading	2,682,812	2,682,812	-	-	-	-
		Investments available-for-sale	1,610	-	-	-	1,610	-
		Derivative financial instruments	10,915	2,140	-	-	-	-
		Assets held with IMF	547,475	-	-	-	547,475	-
	Total foreign assets		**8,994,945**	**8,359,285**	**-**	**-**	**626,885**	**-**
	Domestic assets	Investments in government securities	415,188	29,880	-	-	-	-
		Loans, advances and drawdowns to government	6,794,538	-	-	-	29,364	6,765,174
		Loans and advances to commercial banks	11,239	-	-	-	11,239	-
		Staff loans	45,476	-	-	-	45,476	-
		Property, plant and equipment	185,757	-	-	-	-	185,757
		Finance lease on leasehold land	45,860	-	-	-	-	45,860
		Intangible assets	6,249	-	-	-	-	6,249
		Other assets	113,360	-	-	-	-	113,360
	Total domestic assets		**7,617,667**	**29,880**	**-**	**-**	**86,079**	**7,116,400**
Total assets			**16,612,612**	**8,389,165**	**-**	**-**	**712,964**	**7,116,400**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	674,916	-
		Other foreign liabilities	353	353	-	-	-	-
		Derivative financial instruments	6,187	6,187	-	-	-	-
	Total foreign liabilities		**681,456**	**6,540**	**-**	**-**	**674,916**	**-**
	Domestic liabilities	Currency in circulation	2,452,857	-	-	-	-	2,452,857
		Government deposits	10,025,245	-	-	-	-	10,025,245
		Commercial banks' deposits	1,116,386	-	-	-	-	1,116,386
		Repos	543,101	29,880	-	-	-	-
		Employee benefits	80,957	-	-	-	-	80,957
		Other liabilities	99,801	-	-	-	-	99,801
	Total domestic liabilities		**14,318,347**	**29,880**	**-**	**-**	**-**	**13,775,246**
Total liabilities			**14,999,803**	**36,420**	**-**	**-**	**674,916**	**13,775,246**
	Equity	Issued capital	20,000	-	-	-	-	20,000
		BoU recapitalisation funds	410,017	-	-	-	-	410,017
		Reserves	1,182,792	-	-	-	-	1,182,792
	Total Equity		**1,612,809**	**-**	**-**	**-**	**-**	**1,612,809**
Total liabilities & equity			**16,612,612**	**36,420**	**-**	**-**	**674,916**	**15,388,055**
		On balance Sheet interest Sensitivity Gap	**30 June 2013**	**8,352,745**	**-**	**-**	**38,048**	**(8,271,655)**

2.13 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 33 Interest risk sensitivity analysis FY 2013/14

			30-Jun-2014 CARRYING AMOUNTS UGX (m)	0.5% Increase UGX (m)	0.5% decrease UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	255,715	1,279	(1,279)
		Investments at fair value through profit or loss	6,621,526	33,108	(33,108)
		Investments held-for-trading	2,724,923	13,625	(13,625)
		Investments available-for-sale	1,804	-	-
		Derivative financial instruments	2,916	-	-
		Assets held with IMF	558,598	2,793	(2,793)
	Total foreign assets		**10,165,482**	**50,804**	**(50,804)**
	Domestic assets	Investments in government securities	233,182	1,166	(1,166)
		Loans, advances and drawdowns to government	2,761,663	13,808	(13,808)
		Loans and advances to commercial banks	6,009	30	(30)
		Staff loans	53,830	269	(269)
		Employee benefits	25,906	-	-
		Property, plant and equipment	197,815	-	-
		Finance lease on leasehold land	50,754	-	-
		Intangible assets	3,832	-	-
		Other assets	179,414	-	-
	Total domestic assets		**3,512,405**	**15,273**	**(15,273)**
Total assets			**13,677,887**	**66,077**	**(66,077)**
Liabilities	**Foreign liabilities**	IMF obligations	694,728	3,474	(3,474)
		Other foreign liabilities	353	-	-
		Derivative financial instruments	12,675	-	-
	Total foreign liabilities		**707,756**	**3,474**	**(3,474)**
	Domestic liabilities	Currency in circulation	2,746,092	-	-
		Government deposits	6,007,624	-	-
		Commercial banks' deposits	1,371,783	-	-
		Repos	910,854	-	-
		Other liabilities	168,006	-	-
	Total domestic liabilities		**11,204,359**	**-**	**-**
Total liabilities			**11,912,115**	**3,474**	**(3,474)**
	Equity	Issued capital	20,000	-	-
		BoU recapitalisation funds	410,017	-	-
		Reserves	1,335,755	-	-
	Total Equity		**1,765,772**	**-**	**-**
Total liabilities & equity			**13,677,887**	**3,474**	**(3,474)**
		Net interest increase/(decrease)	**30 June 2014**	**62,604**	**(62,604)**
		Impact on profits	**30 June 2014**	**62,604**	**(62,604)**

Table 34 Interest risk sensitivity analysis FY 2012/13

			30-Jun-2013 CARRYING AMOUNTS UGX (m)	0.5% Increase UGX (m)	0.5% decrease UGX (m)
Assets	Foreign assets	Cash and cash equivalents	216,432	1,082	(1,082)
		Investments at fair value through profit or loss	5,535,701	27,679	(27,679)
		Investments held-for-trading	2,682,812	13,414	(13,414)
		Investments available-for-sale	1,610	-	-
		Derivative financial instruments	10,915	-	-
		Assets held with IMF	547,475	2,737	(2,737)
	Total foreign assets		**8,994,945**	**44,912**	**(44,912)**
	Domestic assets	Investments in government securities	415,188	-	-
		Loans, advances and drawdowns to government	6,794,538	33,973	(33,973)
		Loans and advances to commercial banks	11,239	56	(56)
		Staff loans	45,476	227	(227)
		Property, plant and equipment	185,757	-	-
		Finance lease on leasehold land	45,860	-	-
		Intangible assets	6,249	-	-
		Other assets	113,360	-	-
	Total domestic assets		**7,617,667**	**34,256**	**(34,256)**
Total assets			**16,612,612**	**79,168**	**(79,168)**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	3,375	(3,375)
		Other foreign liabilities	353	-	-
		Derivative financial instruments	6,187	-	-
	Total foreign liabilities		**681,456**	**3,375**	**(3,375)**
	Domestic liabilities	Currency in circulation	2,452,857	-	-
		Government deposits	10,025,245	-	-
		Commercial banks' deposits	1,116,386	-	-
		Repos	543,101	-	-
		Employee benefits	80,957	-	-
		Other liabilities	99,801	-	-
	Total domestic liabilities		**14,318,347**	**-**	**-**
Total liabilities			**14,999,803**	**3,375**	**(3,375)**
	Equity	Issued capital	20,000	-	-
		BoU recapitalisation funds	410,017	-	-
		Reserves	1,182,792	-	-
	Total Equity		**1,612,809**		
Total liabilities & equity			**16,612,612**	**3,375**	**(3,375)**
			30 June 2013	**79,168**	**(79,168)**
		Net interest increase/(decrease)	**30 June 2013**	**79,168**	**(79,168)**

2.14 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 35 Currency risk profile 2013/14

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	Foreign assets	Cash and cash equivalents	255,715	-	155,735	31,440	63,313	5,227
		Investments at fair value through profit or loss	6,621,526	-	3,051,825	2,060,021	510,027	999,652
		Investments held-for-trading	2,724,923	-	2,724,923	-	-	-
		Investments available-for-sale	1,804	-	1,635	-	169	-
		Derivative financial instruments	2,916	-	2,916	-	-	-
		Assets held with IMF	558,598	-	-	-	-	558,598
	Total foreign assets		**10,165,482**	**-**	**5,937,034**	**2,091,461**	**573,509**	**1,563,478**
	Domestic assets	Investments in government securities	233,182	233,182	-	-	-	-
		Loans, advances and drawdowns to government	2,761,663	2,761,663	-	-	-	-
		Loans and advances to commercial banks	6,009	6,009	-	-	-	-
		Staff loans	53,830	53,830	-	-	-	-
		Employee benefits	25,906	25,906	-	-	-	-
		Property, plant and equipment	197,815	197,815	-	-	-	-
		Finance lease on leasehold land	50,754	50,754	-	-	-	-
		Intangible assets	3,832	3,832	-	-	-	-
		Other assets	179,414	179,414	-	-	-	-
	Total domestic assets		**3,512,405**	**3,512,405**	**-**	**-**	**-**	**-**
Total assets			**13,677,887**	**3,512,405**	**5,937,034**	**2,091,461**	**573,509**	**1,563,478**
Liabilities	Foreign liabilities	IMF obligations	694,728	-	-	-	-	694,728
		Other foreign liabilities	353	353	-	-	-	-
		Derivative financial instruments	12,675	-	12,675	-	-	-
	Total foreign liabilities		**707,756**	**353**	**12,675**	**-**	**-**	**694,728**
	Domestic liabilities	Currency in circulation	2,746,092	2,746,092	-	-	-	-
		Government deposits	6,007,624	4,498,932	1,437,318	54	64,090	7,230
		Commercial banks' deposits	1,371,783	1,050,614	283,339	13,300	19,984	4,546
		Repos	910,854	910,854	-	-	-	-
		Other liabilities	168,006	168,006	-	-	-	-
	Total domestic liabilities		**11,204,359**	**9,374,498**	**1,720,657**	**13,354**	**84,074**	**11,776**
Total liabilities			**11,912,115**	**9,374,851**	**1,733,332**	**13,354**	**84,074**	**706,504**
	Equity	Issued capital	20,000	20,000	-	-	-	-
		BoU recapitalisation funds	410,017	410,017	-	-	-	-
		Reserves	1,335,755	1,335,755	-	-	-	-
	Total Equity		**1,765,772**	**1,765,772**	**-**	**-**	**-**	**-**
Total liabilities & equity			**13,677,887**	**11,140,623**	**1,733,332**	**13,354**	**84,074**	**706,504**
	Net foreign currency position		**30 June 2014**	**(7,628,218)**	**4,203,702**	**2,078,107**	**489,435**	**856,974**

Table 36 Currency risk profile 2012/13

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	216,432	-	158,414	25,444	30,761	1,813
		Investments at fair value through profit or loss	5,535,701	-	2,613,820	1,843,435	114,759	963,688
		Investments held-for-trading	2,682,812	-	2,682,812	-	-	-
		Investments available-for-sale	1,610	-	1,441	-	169	-
		Derivative financial instruments	10,915	-	10,915	-	-	-
		Assets held with IMF	547,475	-	-	-	-	547,475
	Total foreign assets		**8,994,945**	**-**	**5,467,401**	**1,868,879**	**145,689**	**1,512,976**
	Domestic assets	Investments in government securities	415,188	415,188	-	-	-	-
		Loans, advances and drawdowns to government	6,794,538	6,794,538	-	-	-	-
		Loans and advances to commercial banks	11,239	11,239	-	-	-	-
		Staff loans	45,476	45,476	-	-	-	-
		Property, plant and equipment	185,757	185,757	-	-	-	-
		Finance lease on leasehold land	45,860	45,860	-	-	-	-
		Intangible assets	6,249	6,249	-	-	-	-
		Other assets	113,360	113,360	-	-	-	-
	Total domestic assets		**7,617,667**	**7,617,667**	**-**	**-**	**-**	**-**
Total assets		-	**16,612,612**	**7,617,667**	**5,467,401**	**1,868,879**	**145,689**	**1,512,976**
Liabilities	**Foreign liabilities**	IMF obligations	674,916	-	-	-	-	674,916
		Other foreign liabilities	353	353	-	-	-	-
		Derivative financial instruments	6,187	-	6,187	-	-	-
	Total foreign liabilities		**681,456**	**353**	**6,187**	**-**	**-**	**674,916**
	Domestic liabilities	Currency in circulation	2,452,857	2,452,857				
		Government deposits	10,025,245	8,275,182	1,658,814	1,617	77,929	11,703
		Commercial banks' deposits	1,116,386	896,792	199,695	7,893	11,538	468
		Repos	543,101	543,101	-	-	-	-
		Employee benefits	80,957	80,957	-	-	-	-
		Other liabilities	99,801	99,801	-	-	-	-
	Total domestic liabilities		**14,318,347**	**12,348,690**	**1,858,509**	**9,510**	**89,467**	**12,171**
Total liabilities			**14,999,803**	**12,349,043**	**1,864,696**	**9,510**	**89,467**	**687,087**
	Equity	Issued capital	20,000	20,000	-	-	-	-
		BoU recapitalisation funds	410,017	410,017	-	-	-	-
		Reserves	1,182,792	1,182,792	-	-	-	-
	Total Equity		**1,612,809**	**1,612,809**	**-**	**-**	**-**	**-**
Total liabilities & equity			**16,612,612**	**13,961,852**	**1,864,696**	**9,510**	**89,467**	**687,087**
	Net foreign currency position		**30 June 2013**	**(6,344,185)**	**3,602,705**	**1,859,369**	**56,222**	**825,889**

2.15 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.

2.16 CURRENCY RISK SENSITIVITY ANALYSIS

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

Table 37 Currency Risk Sensitivity analysis FY 2013/14

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	255,715	38,357	(38,357)
	Investments at fair value through profit or loss	6,621,526	993,229	(993,229)
	Investments held-for-trading	2,724,923	408,738	(408,738)
	Investments available-for-sale	1,804	271	(271)
	Derivative financial instruments	2,916	437	(437)
	Assets held with IMF	558,598	83,790	(83,790)
		10,165,482	**1,524,822**	**(1,524,822)**
Liabilities	IMF obligations	(694,728)	(104,209)	104,209
	Derivative financial instruments	(12,675)	(1,901)	1,901
		(707,403)	**(106,110)**	**106,110**
Domestic liabilities	Government deposits	1,500,150	225,023	(225,023)
	Commercial banks' deposits	321,168	48,175	(48,175)
		1,821,318	**273,198**	**(273,198)**
Total increase/(decrease)		**30 June 2014**	**1,691,910**	**(1,691,910)**
Impact on profits		**30 June 2014**	**1,691,910**	**(1,691,910)**

Table 38 Currency Risk Sensitivity analysis FY 2012/13

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	216,432	32,465	(32,465)
	Investments at fair value through profit or loss	5,535,701	830,355	(830,355)
	Investments held-for-trading	2,682,812	402,422	(402,422)
	Investments available-for-sale	1,610	242	(242)
	Derivative financial instruments	10,915	1,637	(1,637)
	Assets held with IMF	547,475	82,121	(82,121)
		8,994,945	**1,349,242**	**(1,349,242)**
Liabilities	IMF obligations	(674,916)	(101,237)	101,237
	Derivative financial instruments	(6,187)	(928)	928
		(681,103)	**(102,165)**	**102,165**
Domestic liabilities	Government deposits	1,750,063	262,509	(262,509)
	Commercial banks' deposits	219,595	32,939	(32,939)
		1,969,658	**295,449**	**(295,449)**
Total increase/(decrease)		**30 June 2013**	**1,542,525**	**(1,542,525)**
Impact on profits		**30 June 2013**	**1,542,525**	**(1,542,525)**

At 30 June 2014, if the Shilling had weakened by 15 percent against the major trading currencies with all other variables held constant, profits would have been UGX 1,691,910 million (2012/13: UGX 1,542,525 million) higher 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, losses would have been UGX 1,691,910 million (2012/13: UGX 1,542,525 million) higher with other components of equity remaining the same.

39 EFFECTIVE INTEREST RATES ON FINANCIAL ASSETS AND LIABILLITIES

The effective interest rates of the principal financial assets and liabilities as at 30 June 2014 and 30 June 2013 were in the following ranges.

		30-Jun-2014 %	30-Jun-2013 %
Assets	Investments at fairvalue through profit or loss	0.0071	0.0074
	Investments held-for-trading	0.0018	0.0122
	Assets held for IMF	0.0009	0.0008
	Investments in treasury bills	0.0005	0.0126
	Staff loans	0.0079	0.0093
Liabilities	IMF Obligations	0.0009	0.0008
	Repos	0.0650	0.1000

40 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities are determined using valuation techniques. The fair values are based on net present value, discounted cash flow models and comparison with prices from observable current market transactions and dealer quotes for similar instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Bank uses widely recognised valuation models for determining the fair value of financial instruments such as interest rates yields that use only observable market data and require little management judgment and estimation.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of contracts.

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 and 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.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data
Table 39 and Table 40 show an analysis of financial instruments recorded at fair value by level of their fair value hierarchy:

Table 39: Fair value hierarchy as at 30 June 2014

Financial assets	Level 1 UGX (m)	Level 2 UGX (m)	Level 3 UGX (m)
Investments at fair value through profit or loss	-	6,621,526	-
Investments held-for-trading	-	2,724,923	-
Investments available-for-sale	-	-	1,804
Derivative financial instruments	-	2,916	-
Financial liabilities			
Derivative financial instruments	-	12,675	-

Table 40: Fair value hierarchy as at 30 June 2013

Financial assets	Level 1 UGX (m)	Level 2 UGX (m)	Level 3 UGX (m)
Investments at fair value through profit or loss	-	5,535,701	-
Investments held-for-trading	-	2,682,812	-
Investments available-for-sale	-	-	1,610
Derivative financial instruments	-	10,915	-
Financial liabilities			
Derivative financial instruments	-	6,187	-

Movements in level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets which are recorded at fair value:

Table 41: Reconciliation of the opening and closing values of level 3 financial assets as at 30 June 2014

Financial assets	30-Jun-2013 UGX (m)	Total foreign exchange gain recorded in profit UGX (m)	Additional shares purchased during the year UGX (m)	30-Jun-2014 UGX (m)
Investments available-for-sale	1,610	34	160	1,804

Table 42: Reconciliation of the opening and closing values of level 3 financial assets as at 30 June 2013

Financial assets	30-Jun-2012 UGX (m)	Total foreign exchange gain recorded in profit UGX (m)	Additional shares purchased during the year UGX (m)	30-Jun-2013 UGX (m)
Investments available-for-sale	1,511	99	-	1,610

There were no transfers between levels during the year.

Table 43 below sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized:

Table 43: Fair value of financial instruments not measured at fair value

Financial assets	Level 1 UGX (m)	Level 2 UGX (m)	Level 3 UGX (m)	Total fair values UGX (m)	Total carrying amount UGX (m)
Assets held with IMF	-	558,598	-	558,598	558,598
Investments in government securities	-	233,182	-	233,182	233,182
Loans, advances and drawdowns to government	-	-	2,761,663	2,761,663	2,761,663
Loans and advances to commercial banks	-	-	6,009	6,009	6,009
Staff loans	-	-	53,830	53,830	53,830
Other assets	-	-	179,414	179,414	179,414
Financial liabilities					
IMF obligations	-	694,728	-	694,728	694,728
Other foreign liabilities	-	-	353	353	353
Government deposits	-	-	6,007,624	6,007,624	6,007,624
Commercial banks' deposits	-	-	1,371,783	1,371,783	1,371,783
Repos	-	910,854	-	910,854	910,854
Other liabilities	-	-	168,006	168,006	168,006

41 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-2014 UGX (m)	30-Jun-2013 UGX (m)
Issued Capital	20,000	20,000
BoU recapitalisation	410,017	410,017
Asset revaluation reserve	142,405	143,875
Revenue reserve	(643,532)	(530,357)
General reserve	269,225	257,971
Capital and reserves excluding translations	**198,115**	**301,506**
Translation reserve	1,567,657	1,311,303
Total Reserves	**1,765,772**	**1,612,809**

The Bank was re-capitalized by Government of Uganda in FY 2012/2013 through issuance of treasury securities worth UGX 410,107 million in line with the Bank of Uganda Act.

42 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.

2.17 LOANS TO EXECUTIVE DIRECTORS

The Bank extended a loan to one of the Executive Directors on the Board. The outstanding amount of the loan was UGX 52 million as at 30 June 2014 (30 June 2013: UGX 138 million)

2.18 LOANS TO EXECUTIVE MANAGEMENT

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
At 1 July	1,114	1,007
Advanced during the year	1,383	551
Repayments	(523)	(444)
At 30 June	**1,974**	**1,114**

The Bank extends loan facilities to Executive Management in accordance with the Bank policy. The advances are given at preferential rates ranging from 0 percent to 3 percent as determined by the Board of Directors.

2.19 DIRECTORS EMOLUMENTS

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Directors' fees and emoluments	1,000	917
Remuneration:		
Governor and Deputy Governor	1,331	978
	2,331	**1,895**

2.20 COMPENSATION OF EXECUTIVE MANAGEMENT

	30-Jun-2014 UGX (m)	30-Jun-2013 UGX (m)
Short-term employee benefits	4,086	2,904
Post-employment pension benefits	86	86
	4,172	**2,990**

2.21 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 2014 amounted to UGX 22,939 million. The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was UGX 82,939 million.

43 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.

2.22 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.

2.23 TAXES

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

2.24 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.

2.25 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 33 for the assumptions used.

2.26 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.

44 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting year.

19 LIST OF APPENDICES

Appendix 1: Macro-Economic Indicators

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Real Sector										
GDP at Market Prices (current prices), Shs. billion	16,026	18,172	21,212	24,497	30,101	34,908	39,086	50,193	55,602	60,475
GDP at Market Prices (constant 2002 prices), Shs. billion	13,897	15,396	16,685	18,145	19,461	20,601	21,965	22,715	24,078	25,203
Real GDP growth (Annual Change %)	6.3	10.8	8.4	8.7	7.3	5.9	6.6	3.4	6.0	4.7
GDP per capita (current prices), Shs.	599,279	657,708	742,159	827,823	981,725	1,098,281	1,186,580	1,470,617	1,570,679	1,651,379
GDP per capita (constant 2002 prices), Shs.	519,699	557,235	583,780	613,162	634,701	648,158	666,833	665,530	680,996	688,324
GDP per capita growth rate (%)	3.0	7.3	5.0	5.3	2.0	2.1	2.9	-0.2	2.3	1.1
Prices										
Annual Headline Inflation, (%)										
End of Period (Base 2005/06)	10.7	7.4	5.9	12.5	12.3	4.2	15.7	18.0	3.6	5.0
Period Average (Base 2005/06)	8.0	6.6	7.4	7.3	14.1	9.4	6.5	23.5	5.6	6.7
Exchange Rate (shs/US$)										
End of Period (e.o.p)	1,740.3	1,862.3	1,590.1	1,619.5	2,142.4	2,257.4	2,461.0	2,484.4	2,593.1	2,599.7
Period Average (p.a.)	1,737.7	1,825.1	1,780.0	1,696.5	1,930.0	2,028.9	2,323.4	2,559.1	2,588.9	2,538.3
Interest Rates(% p.a., e.o.p)										
Central Bank Rate								19.8	13.3	11.5
Bank Rate	15.8	13.8	16.6	16.2	10.6	8.4	16.7	24.9	17.9	15.5
Rediscount Rate	14.8	12.8	15.6	15.2	9.6	7.4	15.7	23.9	16.9	14.5
Lending Rate	18.1	18.6	19.4	20.2	20.9	20.8	19.8	25.3	24.5	22.1
91 - day Treasury Bill Discount Rate	8.9	6.9	9.4	8.2	6.0	4.3	12.1	17.2	10.2	9.338
Financial Sector										
Money Supply, M3 (Shs billion)	2,811.1	3,271.6	3,842.0	5,037.8	6,297.6	8,388.4	10,542.4	11,296.2	11,727.9	14,142.2
Money Supply, M2A (Shs billion)	2,157.9	2,565.0	2,993.9	3,895.4	4,920.7	6,502.5	8,056.4	7,720.8	8,512.1	8,702.5
Currency in Circulation (Shs billion)	698.6	837.7	981.1	1,230.0	1,468.7	1,739.0	1,993.2	2,280.3	2,404.6	2,624.1
Base Money (Shs billion)	928.3	1,046.1	1,242.5	1,614.5	1,950.4	2,434.3	2,671.4	3,010.0	3,261.8	3,603.2
M2A growth (% p.a.)	12.1	18.9	16.7	30.1	26.3	30.3	32.4	8.6	9.2	12.1
M3 growth (% p.a.)	8.7	16.4	17.4	31.1	25.0	33.2	35.3	13.8	10.3	12.7
CIC/M2A (%)	32.4	32.7	32.8	31.6	29.8	26.7	24.7	29.5	28.2	30.2
M2A Velocity[a]	7.4	7.1	7.1	6.3	6.1	5.4	4.9	6.5	6.5	6.9
M3 Velocity[a]	5.7	5.6	5.5	4.9	4.8	4.2	3.7	4.4	4.7	4.3
Private Sector Credit (shs. billion)	1,130.1	1,454.7	1,792.5	2,714.8	3,587.7	4,484.6	6,476.2	7,177.3	7,616.5	9,114.4
Lending ratio (Loans/Deposits)	43.5	52.7	56.6	65.4	68.7	63.7	74.8	76.1	76.7	77.1
External Sector										
Exports, US$ millions	886.3	1,041.2	1,473.8	2,073.0	2,216.4	2,317.3	2,297.8	2,660.4	2,912.1	2,685.2
o/w Coffee	144.5	173.4	228.5	348.6	336.7	262.1	371.0	444.2	422.7	404.0
Imports (goods), US$ millions	-1,584.6	-1,969.0	-2,495.2	-3,510.4	-4,062.2	-4,116.8	-4,671.1	-5,241.5	-5,035.1	-5,040.0
Current account balance (US$ million)	52.2	-297.5	-286.3	-865.1	-1,220.1	-1,510.5	-1,753.3	-2,050.7	-1,719.5	-1,603.2
Current account balance (excluding grants, US$ million)	-734.2	-758.0	-825.9	-1,291.7	-1,623.1	-1,956.3	-2,139.1	-2,418.2	-2,055.2	-1,801.7
Overall Balance, US$ million	-229.4	-198.2	-703.8	-562.4	83.6	-229.6	606.0	-746.6	-338.0	-411.9
Debt Service ratio, incl IMF as a percentage of exports of exports of goods & services	14.0	17.3	4.4	3.8	2.9	2.8	2.7	2.4	2.3	2.9
Total External Reserves (US $ million)	1,325.6	1,406.5	2,159.9	2,684.5	2,442.1	2,489.8	2,044.0	2,643.8	2,785.0	3,491.9
Reserve cover (months of future imports of goods & services)	6.0	5.1	5.6	6.0	5.1	4.4	3.2	4.3	4.5	4.8
Macro-economic Linkages										
M1/GDP (%)	9.1	9.4	9.4	10.2	9.9	10.9	10.8	9.1	9.1	9.4
M2A/GDP (%)	13.5	14.1	14.1	15.9	16.3	18.4	18.5	15.5	15.3	15.8
Private sector credit/GDP (%)	7.1	8.0	8.5	11.1	11.9	12.8	14.5	14.5	14.2	14.2
Exports to GDP (%)	9.5	10.5	12.4	14.4	14.2	15.2	15.4	13.6	13.6	11.5
Imports to GDP (%)	17.2	19.8	21.0	24.3	26.0	26.9	31.3	26.9	23.5	21.5
Current A/C balance as a percentage of GDP	0.6	-3.0	-2.4	-6.0	-7.8	-10.0	-11.8	-10.3	-8.0	-6.8
Current A/C balance (excluding grants) as a percentage of GDP	-8.0	-7.6	-6.9	-8.9	-10.4	-12.8	-14.4	-12.4	-9.6	-7.7
Fiscal Deficit (Excluding Grants) to GDP (%)	-8.7	-6.8	-7.0	-4.9	-4.6	-7.2	-6.6	-5.3	-5.7	-5.9

Source: Bank of Uganda

Note:

[a]M2A velocity = GDP/M2A; M3 velocity = GDP/M3)

Appendix 2: Gross Domestic Product by Economic Activity at Current Prices (Billion UGX.)

Industry	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Agriculture, Forestry and fishing	**4,025**	**4,377**	**4,720**	**5,239**	**6,968**	**8,245**	**8,891**	**11,966**	**12,488**	**13,408**
Cash crops	283	348	399	557	524	530	682	973	944	902
Food crops	2,479	2,628	2,666	2,747	4,011	4,987	4,827	6,457	6,708	7,364
Livestock	282	293	323	393	580	585	685	952	1,027	1,080
Forestry	553	611	735	882	1,098	1,270	1,473	2,093	2,245	2,216
Fishing	427	497	597	659	755	873	1,224	1,491	1,564	1,846
Industry	**3,774**	**4,146**	**5,313**	**6,312**	**7,431**	**8,675**	**9,895**	**13,179**	**14,605**	**15,909**
Mining & quarrying	52	47	65	73	81	106	134	175	186	204
Manufacturing	1,125	1,291	1,510	1,790	2,374	2,675	3,363	4,194	4,471	4,678
Formal	819	945	1,098	1,323	1,798	2,004	2,569	3,150	3,400	3,575
Informal	306	346	411	467	576	671	795	1,044	1,071	1,103
Electricity supply	225	264	423	492	545	486	556	624	696	742
Water supply	352	424	529	624	728	982	776	1,695	1,804	1,939
Construction	2,020	2,119	2,786	3,333	3,703	4,427	5,067	6,490	7,448	8,345
Services	**7,273**	**8,580**	**9,961**	**11,489**	**13,973**	**15,888**	**18,049**	**22,265**	**25,092**	**27,436**
Wholesale & Retail Trade; repairs	1,662	2,010	2,411	2,772	3,925	4,229	5,309	6,815	7,058	7,234
Hotels & Restaurants	663	757	887	1,040	1,239	1,614	1,678	2,599	3,008	3,418
Transport/communication	832	1,047	1,316	1,663	1,926	2,240	1,953	2,401	2,834	3,213
Road, rail & water transport	415	484	539	687	797	889	907	1,247	1,376	1,499
Air transport & Support. Services	98	117	140	196	205	207	231	308	363	431
Posts & telecommunications	319	447	637	780	924	1,144	815	846	1,095	1,283
Financial services	409	475	581	794	976	1,064	1,345	1,878	2,089	2,040
Real estate activities	1,170	1,289	1,438	1,636	1,853	2,108	2,380	2,597	3,126	3,670
Other business services	238	283	337	413	472	580	649	762	923	1,001
Public administration & defence	595	725	707	818	920	1,145	1,354	1,428	1,639	1,818
Education	1,133	1,315	1,507	1,491	1,686	1,801	2,088	2,046	2,463	2,845
Health	259	301	317	306	305	317	364	438	453	494
Other personal & community services	313	378	461	557	673	789	929	1,302	1,499	1,702
Adjustments	**954**	**1,070**	**1,194**	**1,458**	**1,729**	**2,100**	**2,250**	**2,440**	**3,417**	**3,722**
FISM	-254	-301	-362	-453	-597	-699	-868	-1,262	-1,302	-1,361
Taxes on products	1,209	1,371	1,555	1,911	2,326	2,799	3,119	3,702	4,719	5,083
Total GDP at market Prices	**16,026**	**18,172**	**21,187**	**24,497**	**30,101**	**34,908**	**39,086**	**50,193**	**55,602**	**60,475**
Percapita GDP (Shs.)	**599,279**	**657,708**	**742,159**	**827,823**	**981,725**	**1,098,281**	**1,186,580**	**1,470,617**	**1,570,679**	**1,651,379**

Source: Uganda Bureau of Statistics

Note: Population numbers obtained from IMF Press Release No. 13/239 (34.5mn at 2011)

Appendix 3: Balance of Payments (million US$)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
A: Current Account Balance (A1+A2+A3)	**52.23**	**-297.50**	**-286.32**	**-865.11**	**-1,220.09**	**-1,525.31**	**-1,755.80**	**-2,013.96**	**-1,716.04**	**-1,743.03**
A1. Goods Account(Trade Balance)	-706.40	-919.54	-1,021.33	-1,437.41	-1,845.82	-1,799.54	-2,373.35	-2,581.07	-2,122.96	-2,354.83
a) Total Exports (fob)	878.22	1,049.43	1,473.82	2,072.95	2,216.40	2,317.30	2,297.77	2,660.41	2,912.11	2,685.21
Coffee	144.53	173.37	228.52	348.63	336.65	262.13	371.04	444.21	422.69	404.00
b) Total Imports (fob)	1,584.62	1,968.97	2,495.16	3,510.37	4,062.22	4,116.84	4,671.12	5,241.48	5,035.07	5,040.04
Government Imports	157.84	119.53	93.88	176.56	308.59	433.19	559.95	483.43	438.11	360.98
Project imports	116.33	67.31	42.28	95.20	189.54	175.93	173.01	303.93	358.62	300.55
Non-Project imports	41.51	52.21	51.61	81.37	119.04	257.26	386.94	179.50	79.50	60.43
Private Sector Imports	1,426.78	1,849.44	2,401.28	3,333.80	3,753.63	3,683.65	4,111.17	4,758.05	4,596.96	4,679.06
Oil imports	157.59	290.43	403.04	543.08	537.43	501.20	678.68	946.96	1,028.07	1,073.53
Non Oil Imports	1,269.19	1,559.01	1,998.23	2,790.72	3,216.20	3,182.46	3,432.50	3,811.09	3,568.89	3,605.53
A2. Services and Primary Income	**-377.76**	**-415.25**	**-443.47**	**-702.02**	**-709.12**	**-843.34**	**-972.77**	**-847.34**	**-1,074.93**	**-613.39**
Services Account (net)	-105.93	-166.52	-214.90	-439.91	-403.06	-487.55	-627.29	-412.27	-414.85	-196.28
Inflows	432.71	532.22	612.13	682.78	929.26	1,152.84	1,530.10	2,011.56	2,080.18	2,632.39
Outflows	538.63	698.74	827.03	1,122.69	1,332.32	1,640.39	2,157.39	2,423.84	2,495.03	2,828.67
Primary Income Account (net)	-271.83	-248.73	-228.57	-262.11	-306.05	-355.78	-345.48	-435.07	-660.07	-417.11
Inflows	42.01	53.48	87.93	115.70	94.33	26.65	21.47	79.85	101.38	105.28
Outflows	313.84	302.22	316.50	377.81	400.38	382.43	366.94	514.91	761.45	522.39
A3. Secondary Income (Net Current transfers)	**1,136.39**	**1,037.29**	**1,178.49**	**1,274.33**	**1,334.84**	**1,117.57**	**1,590.32**	**1,414.45**	**1,481.85**	**1,225.19**
Inflows	1,279.61	1,236.33	1,324.79	1,520.19	1,754.00	1,478.12	1,848.29	1,622.42	1,632.22	1,446.82
Government Inflows	785.57	459.91	539.63	426.60	401.35	430.99	834.80	576.28	343.04	205.43
Grant Disbursements	721.71	402.05	462.38	379.01	359.10	385.14	332.22	351.03	290.23	145.58
Budget Support	402.31	219.07	359.02	232.19	224.39	187.97	172.05	174.74	25.74	30.27
Project Aid	319.40	182.99	103.35	146.81	134.71	197.16	160.18	176.28	264.49	115.31
HIPC Assistance	64.67	58.40	77.25	47.59	43.96	45.87	53.16	49.72	45.53	52.86
Other transfers	0.00	0.00	0.00	0.00	0.00	0.00	449.43	175.53	7.28	6.99
Private Transfers	350.83	577.38	638.87	847.73	933.49	686.58	755.51	838.17	1,138.80	1,019.76
Remittances	316.44	441.08	325.11	546.36	897.30	777.47	751.39	791.97	975.99	937.99
Other (NGOs, IAAs, Insurance, etc)	176.78	334.79	460.05	547.23	453.64	269.64	262.09	254.17	313.19	303.39
Outflows	143.22	199.03	146.30	245.86	419.15	360.54	257.97	207.96	150.37	221.63
B. Capital Account	**0.00**	**126.81**	**3,428.10**	**0.00**	**0.00**	**0.00**	**0.00**	**17.60**	**32.74**	**91.05**
C. Financial Account; excluding financing items	**-489.61**	**-736.09**	**2,424.07**	**-1,147.38**	**-1,168.64**	**-1,541.51**	**-812.16**	**-2,120.07**	**-1,542.71**	**-1,754.47**
Direct Investment	-337.61	-512.04	-718.28	-760.58	-785.22	-690.66	-717.52	-1,213.38	-936.56	-1,080.97
Portfolio Investment	-11.46	5.58	-77.58	-89.05	34.68	31.26	-2.09	-264.67	-19.90	-1.22
Financial Derivatives	0.00	0.00	-0.51	0.12	-6.35	5.34	2.74	-12.32	-0.76	-1.24
Other Investments	-140.53	-229.64	3,220.45	-297.86	-411.76	-887.45	-95.29	-629.70	-585.48	-671.04
Assets	-4.10	-91.04	210.52	-18.87	175.64	85.84	345.32	145.49	129.19	30.56
Liabilities	136.43	138.59	-3,009.93	279.00	587.40	973.29	440.60	775.19	714.67	701.59
D. Errors and Omissions	**-312.43**	**-367.18**	**-13.87**	**280.10**	**-32.19**	**213.38**	**337.69**	**622.84**	**478.63**	**276.00**
E. Overall Balance (A+B+C+D)	**-229.42**	**-198.23**	**-703.85**	**-562.37**	**83.63**	**-229.58**	**605.96**	**-746.55**	**-338.05**	**-378.49**
F. Reserves and related Items	**229.42**	**198.23**	**703.85**	**562.37**	**-83.63**	**229.58**	**-605.96**	**746.55**	**338.05**	**378.49**
Reserve Assets	182.18	24.14	682.48	538.30	-99.20	216.97	-609.56	741.09	332.29	372.04
Use of IMF Credit(Net)	-51.68	-138.80	0.00	0.00	0.00	0.00	0.00	-1.89	-1.84	-1.83
Purchases	2.92	5.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repurchases	-54.60	-144.62	0.00	0.00	0.00	0.00	0.00	-1.89	-1.84	-1.83
Exceptional Financing	4.44	-35.30	-21.37	-24.07	-15.56	-12.61	-3.60	-3.57	-3.91	-4.61
Memorandum items:										
Exchange Rate (UShs per US$, end of period)	1,740.3	1,862.3	1,590.1	1,619.5	2,064.1	2,283.3	2,623.2	2,472.4	2,593.3	2,599.7
Average exchange rate (UShs per 1 US$)	1,739.2	1,824.9	1,780.0	1,696.5	1,930.0	2,028.9	2,323.3	2,557.1	2,591.1	2,580.9
Total Goods and Non-Factor Service exports	1,310.9	1,581.6	2,086.0	2,755.7	3,145.7	3,470.1	3,827.9	4,672.0	4,992.3	5,317.6
Nominal GDP at Market prices (UShs billion))	16,025.5	18,172.3	21,187.0	24,497.0	30,101.0	34,908.4	39,085.7	49,849.0	55,601.6	60,475.1
GDP at Market prices (US $ Million)	9,214.2	9,958.0	11,902.8	14,440.1	15,596.1	15,288.3	14,900.2	19,494.0	21,458.6	23,432.1
Exports as a % of GDP	9.5	10.5	12.4	14.4	14.2	15.2	15.4	13.6	13.6	11.5
Imports as a % of GDP	17.2	19.8	21.0	24.3	26.0	26.9	31.3	26.9	23.5	21.5
Current Account Balance (Excluding Grants)	-734.2	-758.0	-825.9	-1,291.7	-1,623.1	-1,956.3	-2,141.2	-2,414.7	-2,051.8	-1,941.5
Current Account Balance as a percentage of GDP	0.6	-3.0	-2.4	-6.0	-7.8	-10.0	-11.8	-10.3	-8.0	-7.4
Current Account Balance (Excl. Grants) as a %age of GDP	-8.0	-7.6	-6.9	-8.9	-10.4	-12.8	-14.4	-12.4	-9.6	-8.3
BOP overall balance as a percentage of GDP	-2.5	-2.0	-5.9	-3.9	0.5	-1.5	4.1	-3.8	-1.6	-1.6
Total external Debt Stock (end of period)	4,416.3	4,464.4	1,466.8	1,687.0	2,046.4	2,343.4	2,904.9	3,254.1	3,825.2	4,288.6
o/w External arrears	206.7	99.6	101.8	88.7	88.0	82.1	82.7	80.9	81.6	76.0
Total Debt Stock (end of period) as a %age of GDP	47.9	44.8	12.3	11.7	13.1	15.3	19.5	16.7	17.8	18.3
Debt Service (maturities excl. IMF) as a %age of exports of goods	14.6	12.2	6.2	5.1	4.1	4.1	4.4	4.1	3.9	4.9
Debt Service (maturities excl. IMF) as a %age of export of goods and services.	9.8	8.1	4.4	3.8	2.9	2.8	2.7	2.3	2.3	2.8
Debt Service (maturities excl. IMF) as a percentage of GDP	1.4	1.3	0.8	0.7	0.6	0.6	0.7	0.6	0.5	0.6
Debt Service (maturities incl. IMF) as a %age of exports of goods	21.0	26.1	6.2	5.1	4.1	4.1	4.5	4.2	4.0	4.9
Debt Service (maturities incl. IMF) as a %age of export of goods and services.	14.0	17.3	4.4	3.8	2.9	2.8	2.7	2.4	2.3	2.9
Debt Service (maturities incl. IMF) as a percentage of GDP	2.0	2.7	0.8	0.7	0.6	0.6	0.7	0.7	0.6	0.6
Total external reserves (end of period) in months of imports of goods & services	6.0	5.1	5.6	6.0	5.1	4.4	3.2	4.3	4.5	4.5
Debt Stock to Exports ratio (%)	502.9	425.4	99.5	81.4	92.3	101.1	126.4	122.3	131.4	159.7
Total Aid to GDP (%)	9.7	5.5	7.8	3.5	3.6	4.2	3.9	3.3	2.7	1.6

Notes:

1 In the Financial account sign(-): net borrowing from the rest of the world / surplus, sign(+): net lending to the rest of the world.

2 Overall balance sign(-): BOP is over financed or in surplus, sign(+): the BOP is under financed or in deficit.

3 Reserves assets sign(-): draw-down or reduction in reserves , sign(+): build-up or accumulation of reserves.

Source: Bank of Uganda

Appendix 4: International Investment Position: External Assets and Liabilities

End of period (million US$)	2006	2007	2008	2009	2010	2011	2012 Dec	2013 June	2013 Dec	2014 June
Other investment	806.14	967.67	872.17	1,118.36	1,077.69	1,028.44	1,295.94	1,474.69	1,689.52	1,113.91
Loans	5.99	6.78	1.28	0.53	263.25	176.61	30.75	49.99	56.10	52.59
Currency and deposits	799.08	960.89	870.89	1,117.83	814.44	851.83	1,265.18	1,424.70	1,633.41	1,061.32
Other assets	1.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve assets	1,810.91	2,430.86	2,200.73	2,506.38	2,416.54	2,361.80	2,910.11	2,903.68	3,102.98	3,390.23
Liabilities	**4,325.97**	**5,832.90**	**6,914.42**	**8,799.88**	**10,115.46**	**11,647.96**	**13,744.91**	**14,680.92**	**16,064.01**	**16,939.08**
Direct investment in reporting economy	2,668.63	3,460.93	4,189.79	5,031.37	5,575.24	6,469.53	7,674.92	8,292.13	8,869.32	9,446.11
Equity capital and reinvested earnings	2,322.88	3,065.02	3,642.66	4,413.23	4,661.20	5,234.25	6,156.00	6,528.92	6,982.25	7,425.01
Other capital	345.74	395.91	547.13	618.13	914.03	1,235.28	1,518.92	1,763.21	1,887.07	2,021.10
Portfolio investment	51.61	148.29	128.90	194.91	119.59	356.02	335.38	393.60	508.35	596.76
Equity securities	43.77	69.98	37.58	153.09	103.34	179.16	205.84	235.23	274.65	284.63
Debt securities	7.84	78.32	91.32	41.82	16.25	176.86	129.54	158.37	233.69	312.14
Other investment	1,605.73	2,223.67	2,595.72	3,573.60	4,420.09	4,821.90	5,734.61	5,995.07	6,686.15	6,896.19
Loans	1,497.53	2,072.00	2,438.39	3,130.88	3,881.27	4,229.09	5,112.21	5,384.78	6,009.16	6,232.67
Currency and deposits	44.92	66.29	33.90	25.77	74.85	120.25	136.89	133.19	204.69	231.29
International Investment Position, net	**-1,708.92**	**-2,434.37**	**-3,829.45**	**-5,163.09**	**-6,605.01**	**-8,245.04**	**-9,424.00**	**-10,158.84**	**-10,965.20**	**-12,024.41**

Source: Bank of Uganda

Appendix 5: Composition of Exports (Value in million US$)

		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1. Coffee	Value	144.527	173.373	228.518	348.629	336.653	262.131	371.044	444.211	422.689	404.004
	Volume, 60-Kg bags	2.520	2.102	2.536	3.028	3.198	2.744	2.779	3.038	3.374	3.653
	Unit Value	0.956	1.375	1.502	1.919	1.751	1.599	2.225	2.437	2.105	1.846
2. Non-Coffee	**Value**	**608.475**	**666.122**	**972.780**	**1,101.331**	**1,229.031**	**1,350.034**	**1,508.368**	**1,832.863**	**2,020.868**	**1,884.909**
Electricity	Value	8.252	4.684	6.312	11.190	11.108	14.384	13.928	17.277	15.571	27.159
Gold	Value	71.326	101.554	116.142	44.852	27.836	38.476	6.848	11.473	4.942	0.254
Cotton	Value	41.343	12.857	19.673	19.904	20.110	17.034	82.951	77.591	36.455	21.751
Tea	Value	33.130	25.605	45.944	46.757	50.165	70.932	63.603	71.586	86.195	83.136
Tobacco	Value	36.205	30.632	46.737	64.488	62.635	76.615	58.120	57.801	72.723	93.499
Fish & its Products	Value	121.220	147.043	140.667	126.589	111.467	130.563	143.187	137.807	108.609	97.892
Hides & Skins	Value	6.377	7.333	14.694	13.829	8.372	11.279	25.796	39.007	47.077	74.823
Simsim	Value	3.067	5.515	3.950	13.869	13.242	9.621	17.724	13.151	23.540	46.099
Maize	Value	13.293	23.728	27.938	17.961	27.513	27.815	25.594	47.026	54.431	31.258
Beans	Value	4.327	8.280	5.778	5.709	13.775	9.596	11.136	15.223	16.121	20.665
Flowers	Value	31.705	32.668	32.609	38.983	48.537	49.180	47.838	55.549	52.992	58.959
Oil re-exports	Value	33.051	29.613	40.966	23.697	81.984	103.072	104.622	117.590	137.336	141.547
Cobalt	Value	13.703	19.423	16.575	18.944	17.029	16.539	17.151	13.699	15.821	3.781
Others Exports	Value	191.476	217.187	454.795	654.559	735.258	774.928	889.872	1158.084	1349.055	1184.085
3. ICBT Exports	**Value**	**133.336**	**201.747**	**269.225**	**585.196**	**650.713**	**705.133**	**418.358**	**383.334**	**468.549**	**396.284**
Total Value Exports		**886.339**	**1,041.242**	**1,470.523**	**2,035.155**	**2,216.397**	**2,317.298**	**2,297.770**	**2,660.408**	**2,912.106**	**2,685.198**

Source: Bank of Uganda

Appendix 6: Coffee Exports (quantity in 60 kg. bags; value in US$).

	2009/10		2010/11		2011/12		2012/13		2013/14	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
First Quarter	706,961	66,506,535	692,485	84,135,000	684,763	102,084,623	644,606	82,926,245	731,671	74,605,618
Oct	199,011	18,644,339	188,012	23,300,000	215,285	30,455,140	178,024	23,495,286	210,552	22,738,119
Nov	235,171	22,097,487	266,726	32,143,000	227,177	34,660,803	223,401	28,966,727	263,733	26,649,752
Dec	272,779	25,764,709	237,747	28,692,000	242,301	36,968,680	243,181	30,464,232	257,386	25,217,747
Second Quarter	**748,675**	**73,715,391**	**632,244**	**91,915,773**	**658,373**	**100,053,065**	**997,434**	**122,475,812**	**1,094,604**	**103,094,830**
Jan	264,314	25,351,000	215,180	29,981,000	226,462	33,707,009	345,114	42,564,818	391,092	28,846,691
Feb	264,373	26,399,000	193,965	27,832,000	244,319	36,163,095	343,130	42,106,104	355,089	35,470,935
Mar	219,988	21,965,391	223,099	34,102,773	187,592	30,182,961	309,190	37,804,890	348,423	38,777,204
Third Quarter	**564,976**	**56,810,316**	**800,755**	**124,843,075**	**668,825**	**94,254,997**	**1,001,335**	**121,307,703**	**887,955**	**109,805,101**
Apr	152,640	15,546,559	176,561	26,873,000	141,220	21,864,582	247,429	30,326,868	336,676	41,071,820
May	177,380	18,233,343	253,270	40,022,317	252,548	35,771,564	392,385	48,099,268	286,668	35,910,195
Jun	234,958	23,021,102	370,924	57,947,758	275,057	36,618,851	361,521	42,881,567	264,611	32,823,086
Fourth Quarter	**653,257**	**70,150,000**	**1,025,524**	**147,817,967**	**715,785**	**95,764,675**	**938,259**	**106,054,298**	**864,304**	**104,192,273**
Jul	266,245	27,534,000	375,843	54,629,301	306,331	40,801,566	395,564	45,121,046	314,304	37,862,273
Aug	217,284	23,659,000	309,303	44,363,392	232,453	31,470,865	318,394	35,942,943	300,000	36,180,000
Sep	169,728	18,957,000	340,378	48,825,274	177,001	23,492,244	224,301	24,990,309	250,000	30,150,000
Total for Crop year	**2,673,869**	**267,182,242**	**3,151,008**	**448,711,815**	**2,727,746**	**392,157,360**	**3,581,634**	**432,764,058**	**3,578,534**	**391,697,822**

Source: Uganda Coffee Development Authority

Appendix 7: Composition of Imports (million US$)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Animal & Animal Products	7.632	6.739	9.590	13.121	14.441	13.855	16.829	19.603	18.41	23.82
Vegetable Products, Animal, Beverages, Fats & Oil	182.176	206.317	245.712	312.239	322.748	317.767	352.205	444.354	447.09	408.40
Prepared Foodstuff, Beverages & Tobacco	38.972	54.212	91.539	119.777	155.424	151.460	159.911	307.391	222.42	244.04
Mineral Products (excluding Petroleum products)	72.674	116.635	146.212	206.170	293.909	289.926	319.170	263.104	136.12	163.48
Petroleum Products	157.589	290.431	403.044	543.081	537.430	501.196	678.679	946.957	1028.07	1073.53
Chemical & Related Products	142.534	193.173	237.568	299.027	378.660	331.511	368.589	415.368	447.77	471.39
Plastics, Rubber & Related Products	81.810	94.288	124.771	161.283	162.995	169.873	199.767	242.277	245.88	249.41
Wood & Wood Products	72.129	77.965	76.210	106.498	139.154	144.394	123.530	133.221	116.73	117.45
Textile & Textile Products	68.382	78.079	107.151	119.784	121.341	116.040	126.567	136.985	132.97	160.52
Miscelanneous Manufactured Articles	67.919	82.501	117.169	145.223	156.761	147.679	155.376	181.755	230.33	224.33
Base Metals and their Products	127.741	143.749	175.112	285.357	363.853	315.874	321.345	344.905	283.97	315.85
Machinery Equipments, Vehicles & Accessories	365.895	426.123	590.177	956.083	1,035.484	1,097.296	1,224.561	1,256.940	1229.09	1162.69
Arms, Ammunitions & Accessories	0.031	0.061	0.113	0.048	0.079	0.218	0.011	0.031	0.11	0.04
Electricity	0.484	2.621	14.867	12.708	6.432	5.260	5.631	9.092	6.72	7.82
Total	**1,385.97**	**1,772.90**	**2,339.23**	**3,280.40**	**3,688.71**	**3,602.35**	**4,052.17**	**4,701.98**	**4,545.69**	**4,622.77**

Notes:

1. This data is compiled based on the harmonised coding system.
2. Data compiled on a cif basis

Source: Bank of Uganda

Appendix 8: Direction Of Formal Trade (Exports, Million US$).

+U10	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
European Union	294.41	314.94	363.39	480.18	472.06	403.26	497.99	550.04	561.33	509.36
Austria	0.34	0.16	0.04	0.03	0.06	0.24	0.53	0.73	0.70	0.81
Belgium	32.49	37.84	34.99	39.93	32.62	22.53	30.65	28.82	36.66	38.61
Denmark	0.73	0.50	0.34	1.73	3.43	7.36	3.37	1.87	1.49	0.57
France	30.42	40.85	30.82	29.06	24.46	17.10	8.87	11.16	12.60	8.77
Germany	16.07	18.03	20.26	14.55	6.80	13.48	12.59	10.73	23.96	35.68
Italy	1.79	4.79	4.73	3.83	5.23	9.53	15.94	18.37	17.50	23.42
Netherlands	58.10	56.28	63.64	72.90	79.82	84.72	87.78	92.46	104.06	85.39
Poland	0.02	0.00	0.00	0.00	0.83	4.99	4.86	2.64	7.23	1.27
Portugal	0.87	2.67	4.04	2.71	1.84	7.07	7.30	11.95	2.51	3.51
Spain	8.98	5.74	9.29	4.29	4.28	17.19	11.41	12.88	8.28	11.44
Sweden	0.09	0.41	0.07	0.16	0.10	0.17	0.10	1.27	0.81	0.19
United Kingdom	18.51	22.98	12.92	38.69	45.29	36.80	50.24	54.28	33.52	25.15
Others	126.01	124.69	182.23	272.32	267.31	182.09	264.37	302.89	314.41	274.56
Rest of Europe	**68.50**	**16.12**	**18.25**	**20.32**	**26.77**	**27.75**	**37.82**	**51.19**	**57.95**	**54.28**
Bulgaria	0.07	0.00	0.02	0.00	0.00	0.05	0.09	0.06	0.01	0.13
Norway	0.14	0.46	0.45	1.05	0.94	0.41	0.44	0.53	0.56	1.00
Switzerland	64.77	11.37	16.13	16.57	17.50	20.26	31.32	46.15	44.45	43.71
Turkey	0.37	0.84	0.84	2.27	1.67	5.07	4.28	1.25	4.93	5.56
Other	3.15	3.45	0.81	0.43	6.66	1.96	1.69	3.19	5.59	3.88
The Americas	**45.36**	**27.70**	**16.49**	**20.08**	**18.81**	**32.23**	**29.72**	**47.38**	**39.63**	**47.98**
USA	15.74	17.49	12.52	12.22	17.46	29.57	21.97	34.97	30.40	36.42
Canada	1.80	2.53	2.25	2.11	0.82	2.03	2.66	3.04	2.97	8.65
Mexico	0.00	0.01	0.00	0.00	0.00	0.03	0.19	0.21	0.16	0.09
Brazil	0.06	0.00	0.25	1.54	0.12	0.09	0.45	0.02	0.17	0.04
Argentina	0.00	0.01	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.06
Other	27.76	7.67	1.46	4.19	0.41	0.51	4.45	9.14	5.92	2.72
Middle East	**53.36**	**148.75**	**224.74**	**163.04**	**112.74**	**126.59**	**119.74**	**213.05**	**180.42**	**100.17**
Bahrain	0.00	0.00	0.00	0.00	0.08	0.61	0.16	0.57	1.25	1.12
Israel	1.73	5.93	10.57	7.55	7.81	7.11	8.34	9.39	7.16	7.65
Saudi Arabia	4.76	0.01	0.02	2.33	0.11	0.18	0.23	0.81	1.65	0.93
United Arab Emirates	46.08	141.60	211.79	149.54	102.29	115.38	107.94	197.39	163.15	79.16
Jordan	0.06	0.37	0.69	0.74	0.55	1.09	1.23	1.72	1.35	2.04
Other	0.72	0.85	1.66	2.88	1.89	2.22	1.84	3.17	5.86	9.27
Asia	**41.40**	**37.89**	**57.75**	**68.84**	**72.25**	**90.13**	**157.31**	**149.83**	**130.25**	**168.34**
India	1.13	1.73	1.50	7.76	12.36	16.98	18.73	16.47	16.06	19.07
Japan	4.99	3.73	5.19	4.20	4.45	2.04	2.97	5.61	4.33	6.56
Malaysia	0.37	0.17	0.55	0.53	1.26	1.36	1.02	4.21	9.57	9.76
China	3.40	5.40	11.14	11.90	12.31	19.54	24.93	29.36	32.23	58.64
Thailand	0.12	0.00	0.10	0.08	0.02	0.01	1.10	0.19	2.18	0.32
Singapore	12.50	8.56	16.95	16.63	18.23	15.98	47.31	39.21	24.59	19.58
Pakistan	0.56	0.55	1.30	3.61	0.22	1.17	0.49	0.27	0.64	2.09
Korea (Rep)	0.56	0.42	1.28	1.36	1.03	3.36	1.83	0.10	0.66	5.45
Indonesia	0.07	0.05	1.03	0.11	0.46	1.24	0.37	0.00	0.23	1.40
Vietnam	0.12	1.88	4.96	6.39	6.06	8.41	12.36	10.31	4.65	2.82
Taiwan	0.08	0.08	0.16	0.09	0.04	0.05	0.13	0.43	0.27	0.46
Hongkong	13.84	12.04	10.76	13.70	12.24	14.16	29.35	31.07	21.00	29.06
Other	3.66	3.29	2.83	2.47	3.59	5.84	16.72	12.59	13.85	13.12
Comesa	**194.42**	**223.15**	**428.08**	**621.02**	**720.32**	**756.90**	**875.19**	**1,110.84**	**1,282.74**	**1,203.21**
Ethiopia	0.34	0.25	0.10	0.20	1.36	3.06	0.14	8.20	7.92	1.12
Kenya	65.64	58.28	95.69	127.85	153.55	179.75	214.50	226.52	268.86	337.20
Malawi	0.26	0.06	0.08	0.12	0.28	0.10	0.07	0.09	0.57	0.42
Namibia	0.01	0.00	0.01	0.00	0.03	0.00	0.01	0.05	0.12	0.33
Mauritius	0.92	0.36	1.50	0.37	0.27	0.48	2.66	1.33	0.60	1.14
Zambia	0.13	0.32	0.05	0.11	0.11	0.60	0.09	0.88	2.46	1.44
Swaziland	0.04	0.02	0.02	0.09	0.02	0.14	0.62	0.01	1.23	0.30
Burundi	20.23	19.04	34.26	38.79	57.57	56.01	39.69	42.39	50.29	55.24
Rwanda	29.12	23.92	59.25	100.15	145.98	142.80	175.25	208.41	217.43	201.16
Madagascar	0.00	0.01	0.00	0.01	0.00	0.00	0.24	0.03	0.01	0.06
Sudan	20.67	53.88	135.69	205.27	223.28	191.27	258.46	390.65	346.54	129.84
Egypt	3.22	4.41	3.47	1.86	2.61	0.81	3.76	3.69	0.57	0.80
Congo (D.R.)	43.90	45.56	78.66	116.26	135.10	179.31	175.11	210.43	255.07	232.86
South Sudan							0.00	1.92	80.83	239.66
Other	9.94	17.03	19.29	29.97	0.17	2.56	4.59	16.24	18.56	1.63
Rest of Africa	**28.34**	**31.30**	**37.14**	**59.05**	**61.25**	**71.48**	**56.74**	**72.07**	**68.23**	**98.43**
Tanzania	9.41	6.45	1.06	3.55	27.02	39.98	38.98	45.39	54.02	49.88
South Africa	5.66	15.83	11.16	11.51	13.26	19.01	6.37	10.53	8.03	9.11
Nigeria	0.22	0.11	0.10	0.11	0.62	0.49	0.21	0.49	2.55	1.84
Other	13.05	8.90	24.81	43.87	20.34	12.00	11.18	15.67	35.30	37.60
Unclassified	**27.21**	**39.66**	**54.40**	**53.81**	**81.49**	**103.83**	**104.87**	**85.48**	**123.00**	**110.84**
Australia	2.54	5.47	5.27	2.59	1.92	3.21	1.54	2.41	1.57	1.81
Iceland	0.00	0.29	0.16	3.08	0.03	0.00	0.00	0.00	0.00	0.00
Other	24.67	33.90	48.97	48.14	79.54	100.62	103.33	83.07	121.43	109.03
Total	**753.0**	**839.5**	**1,200.2**	**1,486.3**	**1,565.7**	**1,612.2**	**1,879.4**	**2,277.1**	**2,443.6**	**2,292.6**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

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

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Asia	532.53	574.56	766.50	1,191.83	1,477.30	1,648.18	2,039.86	2,240.18	2,616.03	2,688.84
India	124.14	155.50	210.60	381.00	431.15	597.49	716.81	840.33	1,231.76	1,274.84
China	109.38	116.07	150.80	273.71	349.14	353.40	425.18	501.11	534.05	548.60
Japan	139.95	146.13	167.76	218.51	266.83	237.09	310.50	257.69	253.85	275.05
Malaysia	60.92	42.37	43.28	87.06	103.40	79.36	64.64	51.54	40.94	44.23
Korea (Rep)	14.28	19.04	22.01	32.29	55.48	62.88	92.80	95.80	36.85	47.52
Singapore	11.13	16.58	42.99	60.80	91.23	66.06	128.60	49.13	80.88	63.19
Indonesia	8.64	14.16	8.95	19.24	26.87	79.34	143.35	187.99	163.18	184.97
Thailand	15.17	13.54	20.59	23.87	32.34	42.52	31.87	64.66	60.27	57.21
Hongkong	15.74	14.00	26.60	36.22	37.03	33.76	38.32	39.15	32.91	33.74
Russia	0.00	8.83	37.79	25.79	41.38	36.79	30.80	61.76	56.43	56.56
Pakistan	11.44	8.52	15.41	13.85	19.58	25.49	34.01	53.61	50.09	63.98
Taiwan	3.80	2.39	7.74	10.06	6.49	6.91	13.26	20.61	27.63	18.80
Vietnam	15.25	8.44	7.79	5.29	12.50	20.04	4.80	12.23	38.75	8.65
Bangladesh	1.85	1.14	1.24	1.68	2.05	1.59	1.76	1.62	1.92	1.80
Sri Lanka	0.00	0.02	0.06	0.25	0.49	2.60	2.16	1.77	1.19	1.20
Georgia	0.00	0.02	0.10	0.07	0.02	0.18	0.34	0.33	1.42	0.66
Phillipines	0.00	0.52	1.60	1.51	1.24	0.34	0.56	0.53	0.88	1.01
Korea Dem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.64	4.91
Other	0.84	6.81	0.01	0.06	0.07	1.61	0.02	0.25	2.39	1.93
European Union	351.91	429.55	498.58	725.27	728.72	707.43	704.95	630.06	541.73	550.87
Germany	43.73	55.30	62.87	71.87	82.21	115.76	120.16	98.59	110.24	116.19
United Kingdom	99.60	92.03	100.92	111.83	119.94	139.04	131.19	123.44	98.33	94.75
Netherlands	45.56	52.57	54.11	59.46	77.67	70.36	142.22	49.80	67.99	59.40
Italy	28.12	46.49	26.28	69.85	64.07	61.62	52.51	32.28	48.79	36.93
France	31.41	56.60	50.78	118.21	159.70	117.04	66.28	89.75	58.41	66.58
Belgium	38.95	33.90	29.92	45.41	44.29	31.68	32.25	54.05	42.74	47.68
Sweden	23.49	23.24	47.35	92.96	61.61	29.38	68.14	56.32	24.74	22.37
Denmark	12.75	20.25	18.18	42.16	36.50	26.75	23.83	41.23	18.01	20.74
Ireland	5.17	4.94	6.77	7.37	16.56	25.54	15.20	15.72	18.14	18.83
Spain	6.86	4.66	10.57	13.85	13.06	15.08	11.11	12.87	12.97	11.37
Finland	0.00	3.62	25.77	33.90	9.93	7.98	2.99	4.75	2.01	2.37
Austria	1.29	1.86	6.58	5.02	6.83	3.98	8.15	6.62	4.60	5.86
Hungary	0.00	7.14	42.94	30.00	10.32	6.14	11.85	16.48	12.19	8.26
Poland	0.00	0.47	5.00	1.90	3.21	35.41	5.37	9.15	8.16	15.68
Czech Republic	0.00	0.58	1.07	2.88	5.85	2.67	0.88	0.92	1.10	1.10
Malta	0.00	0.00	4.38	0.24	0.00	1.76	0.19	0.02	0.00	0.00
Romania	0.08	1.43	0.61	0.83	0.24	0.83	5.53	5.94	0.65	0.62
Bulgaria	0.00	3.07	2.31	7.69	5.15	3.61	1.24	6.06	1.88	0.34
Slovakia	0.00	1.01	0.14	0.15	0.46	0.16	0.28	0.11	0.47	0.57
Luxembourg	0.00	0.01	0.04	0.00	1.65	0.09	1.45	0.05	0.65	0.75
Cyprus	0.00	0.30	0.59	4.03	7.85	1.51	1.25	1.60	2.53	1.79
Portugal	0.07	0.18	0.39	0.97	0.33	0.12	0.41	0.34	4.46	1.58
Greece	0.00	0.61	0.86	4.51	1.08	0.73	0.73	0.69	0.76	2.71
Lithuania	0.00	0.00	0.02	0.16	0.13	9.60	1.15	0.74	1.00	1.01
Estonia	0.00	0.00	0.00	0.00	0.00	0.03	0.12	0.18	0.38	0.20
Other	14.84	19.30	0.13	0.03	0.08	0.56	0.47	2.37	0.53	13.20
Middle East	148.79	304.29	466.08	560.51	683.05	679.78	643.86	848.49	592.02	568.53
United Arab Emirates	105.79	196.38	320.88	408.46	464.00	371.24	335.76	359.43	348.30	316.42
Kuwait	0.00	3.80	12.77	22.69	34.18	28.07	76.49	16.73	12.39	6.13
Saudi Arabia	18.54	30.67	47.51	59.88	121.99	213.33	162.38	274.62	119.24	117.41
Lebanon	0.00	0.09	0.44	0.43	1.90	3.46	3.94	4.26	3.69	3.92
Bahrain	0.89	51.22	66.44	44.17	34.92	13.45	32.86	87.09	75.07	95.79
Qatar	0.00	1.68	2.49	2.59	3.62	4.21	5.81	4.83	15.13	10.80
Israel	12.19	13.88	9.39	9.85	9.86	11.22	7.76	7.43	5.54	5.79
Iran	0.00	0.84	4.13	8.01	6.11	5.86	4.31	5.25	2.83	3.06
Syrian Arab Rep.	0.00	0.11	0.12	0.13	0.27	0.27	0.76	0.55	0.34	0.20
Jordan	0.25	0.57	0.99	0.76	1.37	0.73	1.29	2.14	2.87	2.83
Iraq	0.00	0.00	0.33	0.02	0.01	0.01	0.02	0.05	0.00	0.00
Oman	0.00	0.05	0.54	3.49	4.75	27.91	12.38	86.10	6.59	6.01
Other	11.14	5.01	0.05	0.06	0.08	0.01	0.11	0.03	0.02	0.15

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Comesa	487.53	472.68	410.21	473.75	544.80	518.08	628.40	796.72	709.57	725.32
Kenya	440.36	422.76	360.69	410.54	468.34	446.81	535.07	680.82	589.45	598.98
Egypt	12.49	13.29	17.31	26.62	36.92	33.04	44.29	44.21	46.20	51.97
Swaziland	16.92	19.19	23.06	22.97	20.08	17.31	16.85	16.63	16.23	18.32
Congo (D.R.C)	2.71	2.41	0.13	0.38	2.23	4.96	6.72	25.58	30.26	24.89
Mauritius	0.00	0.36	2.10	2.47	6.92	3.42	9.85	7.98	7.72	6.29
Rwanda	0.56	0.54	0.61	2.52	2.56	5.32	6.12	8.94	10.42	12.00
Malawi	0.00	0.03	1.61	1.15	1.76	1.55	0.84	3.61	0.23	0.35
Sudan	0.00	0.05	0.16	0.18	0.24	0.96	3.89	4.82	5.90	5.25
Burundi	0.19	0.01	0.47	0.77	0.55	0.54	1.32	1.76	0.79	1.39
Zimbabwe	0.96	0.39	0.67	0.34	1.47	0.36	0.18	0.23	0.54	0.29
Ethiopia	0.35	0.08	0.21	0.20	0.63	0.93	0.60	0.37	0.23	0.14
Namibia	0.00	0.00	0.08	0.06	0.04	0.10	0.04	0.31	0.15	0.26
Zambia	0.64	0.88	1.29	0.63	0.76	0.90	1.61	1.27	1.15	4.36
Eritrea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.02
Other	12.35	12.71	1.80	4.90	2.29	1.73	0.97	0.19	0.22	0.80
Rest of Africa	162.48	164.94	176.88	267.11	304.96	264.43	292.51	340.65	285.41	301.01
South Africa	148.73	141.98	151.35	219.08	258.87	207.40	245.96	232.32	227.79	231.73
Tanzania	11.60	19.06	22.37	44.75	33.29	52.84	32.47	54.82	47.35	54.71
Cote D'Ivoire	0.00	0.21	0.53	0.91	1.12	0.49	0.70	0.82	0.81	0.88
Ghana	0.00	0.02	0.09	0.26	0.59	1.72	8.37	2.07	4.39	4.72
Liberia	0.00	0.00	0.00	0.07	0.76	0.01	0.47	0.24	0.24	2.22
Nigeria	0.00	0.11	0.37	1.34	0.91	0.44	0.63	1.05	0.52	2.72
Benin	0.00	0.00	0.00	0.00	0.01	0.02	0.01	0.06	0.01	0.03
Gabon	0.00	0.00	0.00	0.07	0.06	0.17	0.15	0.22	0.36	0.24
Botswana	0.00	0.01	0.34	0.06	0.16	0.11	0.09	0.14	0.07	0.05
Mali	0.00	0.01	0.01	0.01	0.01	0.10	0.05	0.03	0.04	0.01
Cameroon	0.00	0.01	0.06	0.19	0.09	0.11	0.32	0.27	0.23	0.16
Burkina Faso	0.00	0.02	0.00	0.00	7.94	0.07	0.05	17.37	0.03	0.00
Senegal	0.00	0.05	0.04	0.03	0.01	0.02	0.03	0.12	0.05	0.06
Niger	0.00	0.00	0.10	0.02	0.22	0.19	0.35	0.20	0.13	0.14
Sierra Leone	0.00	0.00	0.00	0.01	0.02	0.03	0.00	0.00	0.04	0.01
Togo	0.00	0.00	0.00	0.00	0.71	0.10	0.07	0.12	0.16	0.25
Tunisia	0.00	0.03	0.05	0.03	0.04	0.12	0.56	30.80	0.75	0.53
Other	2.15	2.59	0.00	0.00	0.00	0.00	0.00	0.51	2.46	2.55
Rest of Europe	23.66	44.46	55.74	115.70	118.19	98.42	72.56	91.67	81.38	64.51
Ukraine	0.00	3.86	16.89	13.43	34.45	45.31	24.04	11.36	19.75	18.69
Turkey	0.00	5.89	12.32	22.82	62.13	21.58	25.29	54.12	24.75	16.86
Switzerland	12.11	19.27	24.88	22.01	15.66	18.55	19.58	23.87	33.79	24.02
Norway	2.44	1.41	1.13	48.35	4.75	3.22	2.02	1.40	2.58	4.16
Serbia	0.00	0.00	0.00	8.59	1.03	0.47	1.21	0.00	0.03	0.01
Croatia	0.00	0.00	0.00	0.16	0.00	8.47	0.09	0.00	0.05	0.03
Moldova Rep.	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00
Other	9.11	14.03	0.52	0.35	0.16	0.82	0.31	0.92	0.43	0.74
Unclassified	183.03	145.34	120.78	174.56	203.24	198.12	286.78	274.23	215.18	146.12
USA	95.15	90.72	76.80	110.66	113.66	101.97	167.50	114.79	121.29	77.27
Brazil	5.39	7.73	8.49	4.90	15.59	52.36	46.66	55.68	27.28	12.67
Canada	30.12	9.38	10.97	27.67	27.63	17.94	22.43	19.49	17.82	16.06
Australia	18.69	27.46	3.88	4.32	3.89	4.56	14.78	27.64	17.83	16.39
Chile	0.00	0.00	0.00	0.00	0.00	0.20	0.59	0.08	0.33	0.08
Peru	0.00	0.00	0.01	0.00	0.02	0.01	0.13	0.00	0.00	0.03
Jamaica	0.00	0.00	0.07	0.00	0.03	0.00	0.07	0.12	0.06	0.08
Colombia	0.00	0.01	0.09	0.06	0.04	4.89	2.96	0.50	0.76	1.25
Mexico	0.07	0.13	0.02	0.12	0.25	0.17	1.08	5.22	0.62	2.98
Panama	0.00	0.00	0.20	0.01	0.05	0.10	0.43	0.00	0.14	0.05
British Virgin Islands	0.00	0.31	0.10	0.00	0.61	11.92	0.49	0.00	0.03	0.00
Argentina	31.88	8.48	14.53	23.58	35.45	1.79	11.77	31.16	19.48	12.97
Dominican Rep.	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.16	0.10	0.10
New Zealand	0.00	0.06	0.37	0.20	0.47	0.43	0.37	1.10	0.46	0.36
Uruguay	0.00	0.00	2.52	1.09	1.23	0.00	5.00	0.07	1.24	0.02
Cuba	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.00	0.27
Liechtenstein	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.04	0.02	0.02
Other	1.73	1.06	2.74	1.93	4.32	1.53	11.19	18.18	7.72	5.50
Total	**1,889.9**	**2,135.8**	**2,494.8**	**3,508.7**	**4,060.3**	**4,114.4**	**4,668.9**	**5,222.0**	**5,041.3**	**5,049.7**

Source: Bank of Uganda

Appendix 10: Government Securities Outstanding by Holder (Face Value million UGX., at end of period)

	Sep11	Dec11	Mar12	Jun12	Sep12	Dec12	Mar13	Jun13	Sep13	Dec13	Mar14	Jun14
Treasury Bonds	**2,438,633.0**	**2,648,579.9**	**2,978,579.9**	**3,199,899.9**	**3,249,899.9**	**3,411,478.9**	**3,666,478.9**	**4,202,229.6**	**4,447,229.6**	**4,552,903.6**	**4,862,903.6**	**5,471,770.1**
Bank of Uganda								105,372.0	105,372.0	105,372.0	17,372.0	230,372.0
Other Depository Corporations[1]	1,230,859.3	1,179,234.6	1,257,220.6	1,255,864.6	1,247,701.5	1,162,175.4	1,239,031.6	1,401,983.9	1,504,479.4	1,589,059.0	1,643,603.4	1,864,993.8
Others[2]	1,207,773.7	1,469,345.3	1,721,359.3	1,944,035.3	2,002,198.4	2,249,303.5	2,427,447.3	2,694,873.7	2,837,378.2	2,858,472.6	3,201,928.2	3,376,404.3
Treasury Bills	**1,444,426.8**	**1,712,428.6**	**2,111,945.4**	**2,478,080.5**	**2,547,222.6**	**2,583,586.8**	**2,396,021.6**	**2,548,025.6**	**2,582,173.8**	**2,801,890.4**	**3,049,223.2**	**2,865,781.7**
Bank of Uganda								347,300.0	236,050.0	177,289.8	155,289.8	0.0
Other Depository Corporations[1]	1,009,744.0	1,027,972.7	1,237,196.7	1,523,112.4	1,874,110.2	2,056,316.0	1,883,987.1	1,888,694.1	2,041,464.0	2,235,930.5	2,424,086.3	2,318,090.4
Others[2]	434,682.8	684,455.9	874,748.7	954,968.1	673,112.4	527,270.8	512,034.5	312,031.5	304,659.8	388,670.1	469,847.1	547,691.3
Total	**3,883,059.8**	**4,361,008.5**	**5,090,525.3**	**5,677,980.4**	**5,797,122.5**	**5,995,065.7**	**6,062,500.5**	**6,750,255.2**	**7,029,403.4**	**7,354,794.0**	**7,912,126.8**	**8,337,551.8**
Bank	**2,240,603.4**	**2,207,207.3**	**2,494,417.3**	**2,778,977.0**	**3,121,811.7**	**3,218,491.4**	**3,123,018.7**	**3,743,350.1**	**3,887,365.4**	**4,107,651.3**	**4,240,351.5**	**4,413,456.2**
Non-Bank	**1,642,456.4**	**2,153,801.2**	**2,596,108.0**	**2,899,003.4**	**2,675,310.8**	**2,776,574.3**	**2,939,481.8**	**3,006,905.1**	**3,142,038.0**	**3,247,142.7**	**3,671,775.3**	**3,924,095.6**

[1]Constitutes Commercial Banks, Credit Institutions and Micro Finance Deposit-Taking Institutions.

[2]Includes National Social Security Fund & others.

Source: Bank of Uganda

Appendix 11: Monetary Survey (billion UGX.)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Net Foreign Assets	8,387.55	8,278.52	8,079.59	8,022.05	8,320.08	8,520.28	8,340.68	8,746.10	8,854.98	8,961.71	8,718.00	8,844.93
Central Bank(net)	8,213.40	8,107.18	8,072.11	8,025.39	8,292.32	8,662.26	8,753.79	9,050.42	9,132.49	9,324.41	9,198.87	9,448.72
Of Which: Official Foreign Assets	7,672.13	7,557.17	7,593.52	7,545.69	7,689.38	7,893.00	8,020.13	8,315.85	8,485.01	8,612.54	8,620.12	8,815.94
Other Depository Corporations(net)	174.15	171.34	7.48	-3.35	27.76	-141.98	-413.12	-304.32	-277.51	-362.69	-480.87	-603.79
Net Domestic Assets (NDA)	**3,645.42**	**4,226.80**	**4,337.78**	**4,407.17**	**4,500.14**	**4,750.26**	**4,899.12**	**4,902.53**	**5,126.45**	**5,069.72**	**5,438.80**	**5,297.29**
Domestic Claims	**7,798.69**	**8,563.20**	**8,549.53**	**8,754.96**	**8,799.48**	**9,057.95**	**9,111.91**	**9,034.96**	**9,231.24**	**9,296.02**	**9,378.24**	**9,756.27**
Claims on Central Government(net)	**-448.03**	**216.62**	**155.21**	**208.94**	**160.28**	**346.00**	**442.43**	**282.79**	**339.87**	**379.11**	**294.20**	**547.91**
Claims on Central Government	11,406.21	11,866.04	11,574.14	11,270.04	11,718.55	12,142.48	12,155.12	12,503.47	12,344.11	12,727.64	12,928.18	7,451.38
Less Liabilities to Central Government	11,854.25	11,649.43	11,418.93	11,061.10	11,558.28	11,796.48	11,712.69	12,220.67	12,004.24	12,348.53	12,633.98	6,903.47
Claims on Other Sectors	**8,246.73**	**8,346.58**	**8,394.32**	**8,546.02**	**8,639.20**	**8,711.95**	**8,669.49**	**8,752.17**	**8,891.36**	**8,916.92**	**9,084.04**	**9,208.37**
Other Financial Corporations	33.56	32.49	17.18	17.85	17.99	36.11	40.80	41.08	42.84	40.97	43.13	37.14
State and Local Government	0.69	0.69	0.67	0.69	0.84	0.81	0.74	0.74	0.76	0.63	0.62	0.67
Public Non Financial Corporations	49.07	62.21	61.18	56.70	49.78	46.45	47.81	47.90	47.00	49.89	51.87	46.82
Private Sector	8,163.41	8,251.19	8,315.29	8,470.79	8,570.59	8,628.59	8,580.14	8,662.45	8,800.77	8,825.42	8,988.42	9,123.74
Of which: Loans	8,142.57	8,230.63	8,300.56	8,459.66	8,558.76	8,618.87	8,567.84	8,652.75	8,790.86	8,817.22	8,979.79	9,114.39
Other Items(Net)	**-4,153.28**	**-4,336.40**	**-4,211.75**	**-4,347.79**	**-4,299.34**	**-4,307.69**	**-4,212.80**	**-4,132.43**	**-4,104.78**	**-4,226.30**	**-3,939.44**	**-4,458.98**
Shares and Other Equity	4,308.12	4,367.75	4,434.32	4,375.72	4,221.05	4,307.54	4,160.64	4,348.77	4,552.45	4,593.74	4,532.84	4,753.26
Consolidation Adjustments	0.71	-29.21	13.85	34.12	18.81	-49.31	7.43	-55.71	26.73	8.57	16.21	-24.99
Other Items(net)	154.13	60.56	208.73	-6.18	-97.10	49.16	-59.58	272.05	420.93	358.87	577.19	319.27
Broad Money-M3	**12,032.96**	**12,505.32**	**12,417.38**	**12,429.21**	**12,820.22**	**13,270.54**	**13,239.80**	**13,648.63**	**13,981.43**	**14,031.44**	**14,156.80**	**14,142.22**
Foreign Currency Deposits	3,304.21	3,426.21	3,488.99	3,417.84	3,480.72	3,687.54	3,640.85	3,840.66	3,994.49	3,997.14	3,960.53	3,946.98
Broad Money-M2	**8,728.76**	**9,079.11**	**8,928.39**	**9,011.37**	**9,339.50**	**9,583.00**	**9,598.95**	**9,807.97**	**9,986.95**	**10,034.29**	**10,196.27**	**10,195.25**
Other Deposits-Local Currency	3,691.33	3,764.45	3,717.32	3,683.59	3,777.39	3,846.50	3,851.30	3,869.13	3,952.08	4,068.43	4,252.78	4,141.83
Narrow Money-M1	**5,037.43**	**5,314.66**	**5,211.06**	**5,327.78**	**5,562.11**	**5,736.51**	**5,747.65**	**5,938.85**	**6,034.87**	**5,965.86**	**5,943.49**	**6,053.42**
Transferable Deposits-Local Currency	2,933.79	3,142.90	3,128.49	3,215.29	3,301.63	3,364.89	3,422.68	3,643.41	3,752.90	3,706.79	3,668.81	3,718.29
Currency Outside Depository Corporations	2,103.64	2,171.76	2,082.58	2,112.49	2,260.48	2,371.62	2,324.97	2,295.43	2,281.97	2,259.07	2,274.68	2,335.12

Source: Statistics Department, Bank of Uganda

Note:
(i) From Feb 2010, the Depository Corporations Survey include data for Credit Institutions and Micro Finance Deposit Taking Institutions.
(ii) From Feb 2010, deposits excluded from broad money comprises Loan Insurance fund / Compulsory Savings held by individuals at Credit Institutions and MDIs
(iii) From Janaury 2011, NFA of ODCs was revised to correct misreporting of nonresident borrowing wrongly classified as borrowing from residents by ODCs.

Appendix 12: Monetary Authority Balance Sheet (billion UGX.)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Net Foreign Assets	**8,213.40**	**8,107.18**	**8,072.11**	**8,025.39**	**8,292.32**	**8,662.26**	**8,753.79**	**9,050.42**	**9,132.49**	**9,324.41**	**9,198.87**	**9,448.72**
Claims on Non Residents	8,922.37	8,785.58	8,933.36	8,985.57	9,259.71	9,946.71	10,099.52	10,439.39	10,646.18	10,883.56	10,717.63	10,167.75
Of Which: Official Reserve Assets	7,672.13	7,557.17	7,593.52	7,545.69	7,689.38	7,893.00	8,020.13	8,315.85	8,485.01	8,612.54	8,620.12	8,815.94
Less Liabilities to Non Residents	708.97	678.40	861.25	960.18	967.39	1,284.45	1,345.72	1,388.97	1,513.69	1,559.15	1,518.76	719.03
Of Which: Short Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.63	0.00
Net Domestic Assets (NDA)	**-4,556.97**	**-4,120.69**	**-4,479.31**	**-4,582.43**	**-4,638.72**	**-4,629.85**	**-4,730.87**	**-4,936.39**	**-4,952.69**	**-5,113.09**	**-4,972.09**	**-5,356.41**
Domestic Claims	**-3,189.78**	**-2,643.94**	**-2,760.99**	**-2,741.45**	**-2,923.25**	**-2,804.03**	**-2,905.22**	**-3,084.74**	**-3,137.19**	**-3,273.38**	**-3,194.14**	**-2,987.01**
Net Claims on Central Government	**-3,243.29**	**-2,699.30**	**-2,815.83**	**-2,797.61**	**-2,979.17**	**-2,858.47**	**-2,959.59**	**-3,142.06**	**-3,195.06**	**-3,332.73**	**-3,256.10**	**-3,049.95**
Claims on Central Government	8,247.48	8,593.46	8,189.17	7,880.34	8,208.82	8,485.93	8,409.94	8,712.08	8,424.36	8,655.47	8,961.71	3,404.86
Of which: Securities Other than Shares	670.42	841.02	641.67	724.43	737.12	796.54	772.45	834.74	629.85	687.40	865.85	1,142.68
Loans	7,577.07	7,752.44	7,547.50	7,155.91	7,471.70	7,689.39	7,637.49	7,877.33	7,794.51	7,968.07	8,095.86	2,262.18
Less Liabilities to Central Government	11,490.77	11,292.76	11,005.00	10,677.95	11,187.99	11,344.40	11,369.54	11,854.14	11,619.43	11,988.21	12,217.81	6,454.81
Of which: Deposits	11,490.77	11,292.76	11,005.00	10,677.95	11,187.99	11,344.40	11,369.54	11,854.14	11,619.43	11,988.21	12,217.81	6,454.81
Claims on Other Sectors	**53.51**	**55.36**	**54.84**	**56.15**	**55.92**	**54.45**	**54.37**	**57.32**	**57.88**	**59.35**	**61.96**	**62.94**
Other Financial Corporations	5.03	5.48	5.48	6.55	6.55	6.37	5.93	6.71	6.71	6.71	8.08	8.31
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	48.48	49.88	49.37	49.60	49.37	48.07	48.45	50.61	51.17	52.65	53.88	54.63
Of which: Loans	48.48	49.88	49.37	49.60	49.37	48.07	48.45	50.61	51.17	52.65	53.88	54.61
Claims on Other Depository Corporations	**50.43**	**51.78**	**52.08**	**52.24**	**52.86**	**44.02**	**45.34**	**45.41**	**45.89**	**47.09**	**49.09**	**44.26**
Of which: Loans	50.43	51.78	52.08	52.24	52.86	44.02	45.34	45.41	45.89	47.09	49.09	44.26
Other Liabilities to ODCs	**283.86**	**454.20**	**351.85**	**486.32**	**502.25**	**572.39**	**572.88**	**730.88**	**482.64**	**539.44**	**714.85**	**933.22**
Of which: Repos	**260.40**	**431.00**	**327.00**	**461.00**	**475.50**	**522.80**	**523.22**	**686.00**	**459.69**	**515.50**	**692.00**	**910.85**
Other Items(Net)	**-1,367.19**	**-1,476.75**	**-1,418.55**	**-1,406.90**	**-1,266.08**	**-1,296.96**	**-1,257.82**	**-1,166.18**	**-1,378.75**	**-1,347.35**	**-1,112.19**	**-1,480.44**
Shares and Other Equity	1,586.92	1,566.19	1,621.65	1,533.11	1,521.96	1,502.56	1,320.23	1,518.06	1,575.99	1,580.44	1,550.28	1,761.52
Other Items(Net)	219.73	89.44	203.10	126.21	255.88	205.60	62.41	351.88	197.24	233.09	438.09	281.07
Monetary Base Incl. foreign currency clearing balances	**3,423.01**	**3,584.07**	**3,592.80**	**3,442.97**	**3,653.60**	**4,032.41**	**4,022.92**	**4,114.03**	**4,179.80**	**4,211.31**	**4,226.78**	**4,092.31**
Monetary Base	**3,222.22**	**3,345.24**	**3,411.72**	**3,266.24**	**3,492.35**	**3,784.65**	**3,708.62**	**3,754.55**	**3,804.13**	**3,774.67**	**3,908.37**	**3,768.96**
Currency In Circulation	2,451.75	2,502.08	2,444.65	2,461.52	2,593.91	2,832.08	2,715.16	2,694.37	2,687.13	2,689.19	2,674.69	2,746.09
Liabilities to ODCs	770.47	843.16	967.07	804.71	898.44	952.57	993.46	1,060.18	1,117.00	1,085.48	1,233.68	1,022.87
Reserve Deposits	770.47	843.16	967.07	804.71	898.44	952.57	993.46	1,060.18	1,117.00	1,085.48	1,233.68	1,022.87
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Clearing Balances	**200.78**	**238.83**	**181.08**	**176.73**	**161.25**	**247.76**	**314.30**	**359.48**	**375.67**	**436.64**	**318.41**	**323.35**

Source: Statistics Department, Bank of Uganda

Note:
(i) SDR Allocation was reclassified from Other Items net to liabilities to non residents
(ii) From Feb 2010, PRGF reclassified from short term foreign liabilities and included as part of Government deposits.
(iii) IMF quota, IMF account number I and Securities eliminated from Central Bank Survey for consistency with Bank of Uganda Balance sheet.
(iv) IMF Account number II reclassified to liabilities to non residents from Other items net.
(v) Claims on Other Financial Corporations previously reported in Other Items net due to limited sectorisation reclassified to Claims on Other Sectors.
(vi) Monetary base includes only the shilling reserve and clearing balances of operating Other despository corporations. The original level of Other depository corporations reserve and clearing balances is retained for comparison purposes only.

Appendix 13: Commercial Bank Balance Sheet (billion UGX.)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Net Foreign Assets	229.2	228.8	63.6	57.0	85.4	-90.9	-362.5	-254.8	-229.1	-314.4	-432.5	-560.2
Claims on Non Residents	1,521.0	1,684.2	1,579.8	1,547.1	1,597.6	1,707.9	1,428.4	1,632.1	1,608.0	1,483.7	1,311.5	1,270.3
Of Which: Foreign Currency	200.9	200.9	190.2	187.7	230.5	248.6	209.0	185.4	220.5	199.9	196.0	196.0
Deposits	1,040.1	1,178.6	1,215.1	1,146.6	1,090.9	1,259.1	978.7	1,135.2	1,125.8	1,070.6	934.0	892.9
Loans	248.6	273.4	119.4	155.1	219.2	141.8	177.5	267.2	218.8	171.2	138.8	136.7
Less Liabilities to Non Residents	1,291.8	1,455.4	1,516.2	1,490.2	1,512.2	1,798.9	1,790.8	1,886.9	1,837.1	1,798.1	1,744.0	1,830.5
Of Which: Deposits	92.6	144.0	144.8	146.5	146.7	271.0	274.4	420.9	326.7	252.6	204.9	298.3
Loans	1,170.5	1,284.0	1,342.5	1,315.2	1,337.6	1,498.6	1,483.4	1,459.9	1,507.0	1,539.8	1,537.2	1,530.2
Net Domestic Assets (NDA)	9,433.2	9,837.9	9,993.4	9,981.4	10,206.6	10,736.6	11,021.0	11,348.1	11,661.8	11,817.4	12,040.3	12,069.8
Domestic Claims	10,640.5	10,846.3	10,933.9	11,114.9	11,343.0	11,526.9	11,680.4	11,780.4	12,027.0	12,222.6	12,217.8	12,387.9
Net Claims on Central Government	2,783.4	2,904.0	2,957.1	2,995.3	3,128.1	3,196.6	3,394.1	3,416.8	3,526.8	3,700.5	3,538.9	3,589.3
Claims on Central Government	3,146.9	3,260.6	3,371.0	3,378.4	3,498.4	3,648.7	3,737.2	3,783.4	3,911.6	4,060.9	3,955.0	4,037.9
Less Liabilities to Central Government	363.5	356.7	413.9	383.2	370.3	452.1	343.2	366.5	384.8	360.3	416.2	448.7
Claims on Other Sectors	7,857.0	7,942.3	7,976.9	8,119.6	8,214.9	8,330.3	8,286.3	8,363.5	8,500.1	8,522.1	8,678.9	8,798.6
Other Financial Corporations	28.4	26.9	11.6	11.2	11.3	29.7	34.8	34.3	36.1	34.2	35.0	28.8
State and Local Government	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.6	0.6	0.7
Public Non Financial Corporations	49.1	62.2	61.2	56.7	49.8	46.4	47.8	47.9	47.0	49.9	51.9	46.8
Private Sector	7,778.8	7,852.5	7,903.4	8,051.0	8,153.0	8,253.4	8,203.0	8,280.6	8,416.3	8,437.4	8,591.4	8,722.4
Of which: Loans	7,758.0	7,831.9	7,888.7	8,039.9	8,141.1	8,243.6	8,190.7	8,270.9	8,406.4	8,429.2	8,582.8	8,713.0
Claims on the Central Bank	1,593.4	1,827.0	1,864.7	1,838.9	1,903.1	2,173.5	2,309.2	2,483.9	2,396.4	2,488.8	2,679.6	2,656.6
Currency	330.3	313.9	345.3	331.6	317.1	443.4	375.5	383.0	388.9	413.2	385.0	393.2
Reserve Deposits	1,002.4	1,081.7	1,192.0	1,045.7	1,089.2	1,186.0	1,367.2	1,434.5	1,547.8	1,559.6	1,605.0	1,353.0
Other Claims	260.7	431.4	327.4	461.6	496.8	544.1	566.4	666.5	459.7	516.0	689.6	910.5
Labilities to the Central Bank	57.1	57.4	57.2	57.1	57.6	49.7	50.2	51.1	50.9	52.1	60.1	52.9
Other Items(Net)	-2,743.5	-2,778.0	-2,748.0	-2,915.2	-2,981.9	-2,914.1	-2,918.3	-2,865.1	-2,710.7	-2,841.9	-2,797.0	-2,921.9
Shares and Other Equity	2,600.5	2,662.4	2,671.6	2,701.0	2,566.9	2,682.4	2,712.5	2,701.2	2,842.3	2,876.5	2,843.8	2,850.0
Other Items(Net)	-143.0	-115.6	-76.4	-214.2	-415.0	-231.7	-205.8	-163.8	131.7	34.5	46.8	-71.9
Deposits Liabilities to the Public	9,662.4	10,066.7	10,057.1	10,038.4	10,291.9	10,645.6	10,658.5	11,093.3	11,432.7	11,503.0	11,607.7	11,509.6
Deposits Included in Broad Money	9,662.4	10,066.7	10,057.1	10,038.4	10,291.9	10,645.6	10,658.5	11,093.3	11,432.7	11,503.0	11,607.7	11,509.6
Foreign Currency Deposits	3,293.2	3,413.7	3,476.2	3,405.4	3,467.5	3,674.5	3,626.8	3,828.4	3,980.8	3,985.0	3,947.9	3,933.8
Transferable Deposits	1,917.4	2,012.2	2,067.8	1,970.5	2,045.0	2,228.7	2,221.3	2,369.7	2,498.8	2,507.5	2,497.6	2,343.4
Other Deposits	1,375.8	1,401.6	1,408.4	1,434.9	1,422.5	1,445.8	1,405.6	1,458.7	1,482.1	1,477.5	1,450.3	1,590.4
Local Currency Deposits	6,369.2	6,652.9	6,580.9	6,633.0	6,824.5	6,971.1	7,031.7	7,264.9	7,451.9	7,518.1	7,659.9	7,575.8
Transferable Deposits	2,933.8	3,142.9	3,128.5	3,215.3	3,301.6	3,364.9	3,422.7	3,643.4	3,752.9	3,706.8	3,668.8	3,718.3
Other Deposits	3,435.4	3,510.0	3,452.4	3,417.7	3,522.8	3,606.3	3,609.0	3,621.5	3,699.0	3,811.3	3,991.1	3,857.5
Deposits Excluded from Broad Money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Bank of Uganda

Appendix 14: Foreign Assets and Liabilities (million US$).

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Central Bank												
Claims on Non Residents	3452.77	3391.87	3488.19	3560.00	3667.96	3934.69	4080.28	4113.13	4175.71	4316.56	4190.30	3911.15
Of Which: Official Reserve Assets	2968.95	2917.61	2965.02	2989.53	3045.92	3122.29	3240.19	3276.45	3328.05	3415.84	3370.23	3391.16
Liabilities to Non Residents	274.36	261.91	336.29	380.42	383.20	508.10	543.68	547.25	593.71	618.38	593.79	276.58
Other Depository Corporations												
Claims on Non Residents	588.88	650.64	617.26	613.22	633.27	675.87	577.42	643.72	631.27	589.21	513.50	489.44
Of Which: Foreign Currency	77.84	77.70	74.45	74.47	91.42	98.41	84.62	73.33	86.73	79.61	77.02	75.82
Deposits	402.71	455.34	474.67	454.41	432.41	498.26	395.56	447.66	441.88	425.05	365.48	343.84
Loans	96.20	105.57	46.62	61.45	86.82	56.10	71.70	105.27	85.82	67.92	54.28	52.59
Less Liabilities to Non Residents	521.48	584.50	614.34	614.55	622.28	732.04	744.33	763.62	740.12	733.06	701.51	721.69
Of Which: Deposits	35.83	55.58	56.55	58.04	58.11	107.18	110.86	165.85	128.15	100.18	80.13	114.75
Loans	470.35	514.14	542.29	540.92	548.81	609.76	616.56	591.91	607.19	627.09	617.17	602.77
Domestic (Forex) Liabilities:Foreign Currency Deposits	1278.66	1322.77	1362.34	1354.12	1378.78	1458.70	1470.93	1513.22	1566.74	1585.32	1548.46	1518.25

Source: Bank of Uganda

Appendix 15: Monetary Survey Key Ratios and Growth Rates

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Ratios to M3												
Foreign Currency Deposits(%)	27.46	27.40	28.10	27.50	27.15	27.79	27.50	28.14	28.57	28.49	27.98	27.91
Currency Outside Depository(%)	17.48	17.37	16.77	17.00	17.63	17.87	17.56	16.82	16.32	16.10	16.07	16.51
Shilling Demand deposits(%)	24.38	25.13	25.19	25.87	25.75	25.36	25.85	26.69	26.84	26.42	25.92	26.29
Shilling time & savings Deposits(%)	30.68	30.10	29.94	29.64	29.46	28.99	29.09	28.35	28.27	29.00	30.04	29.29
Money Multiplier (M3 / Base)	3.73	3.74	3.64	3.81	3.67	3.51	3.57	3.64	3.68	3.72	3.62	3.75
Money Multiplier (M2 / Base)	2.71	2.71	2.62	2.76	2.67	2.53	2.59	2.61	2.63	2.66	2.61	2.71
M2/M3	0.73	0.73	0.72	0.73	0.73	0.72	0.73	0.72	0.71	0.72	0.72	0.72
Shilling Time and Savings Deposits / Total Shilling Deposits (%)	55.72	54.50	54.30	53.39	53.36	53.34	52.95	51.50	51.29	52.33	53.69	52.69
Shilling Time and Savings Deposits / Total Deposits (%)	37.18	36.43	35.97	35.71	35.77	35.29	35.29	34.08	33.78	34.56	35.79	35.08
Shilling Demand Deposits / Total Shilling Deposits (%)	44.28	45.50	45.70	46.61	46.64	46.66	47.05	48.50	48.71	47.67	46.31	47.31
Shilling Demand Deposits / Total Deposits (%)	29.55	30.41	30.27	31.17	31.27	30.87	31.36	32.09	32.08	31.49	30.88	31.49
VULNERABILITY M3/RESERVES	1.57	1.65	1.64	1.65	1.67	1.68	1.65	1.64	1.65	1.63	1.64	1.60
VULNERABILITY M2/RESERVES	1.14	1.20	1.18	1.19	1.21	1.21	1.20	1.18	1.18	1.17	1.18	1.16

Source: Bank of Uganda

Appendix 16: Commercial Bank's Shilling Denominated Loans and Advances to the Private Sector

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Agriculture	57,151	63,583	69,676	90,418.9	102,236	177,709	242,315	283,402	295,015	390,639
Production	50,104	24,395	33,807	47,823.9	40,217	102,573	118,454	117,401	110,716	151,280
Crop Finance	7,047	39,188	35,868	42,595	62,019	75,136	123,861	166,001	184,299	239,359
Manufacturing	**168,065**	**135,746**	**194,799**	**190,624**	**341,671**	**405,307**	**521,955**	**422,811**	**414,077**	**411,258**
Foods, Beverages,Tobacco	99,885	76,883	80,462	76,481	175,788	205,114	272,904	214,969	221,648	222,423
Textiles, Apparel and Leather	9,671	2,654	15,169	7,702	5,469	17,622	18,793	15,738	9,624	13,907
Wood, Wood Products & Furniture	4,559	9,534	8,159	0.0	5,085	3,999	3,643	3,874	1,699	6,562
Paper, Paper Products, Printing & Publishing						16,545	17,235	17,837	17,659	17,018
Chemicals, Pharmaceuticals, Plastic and Rubber Products	15,108	11,712	12,135	5,934	21,341	14,362	35,526	34,754	21,423	20,117
Basic and Fabricated Non-Metal and Metal Products	9,931	7,287	13,111	7,406	37,508	43,781	52,913	50,641	57,422	48,647
Building & Construction Materials.	14,491	12,744	31,189	29,948	28,194	52,926	73,482	38,922	32,011	25,042
Other Manufacturing Industries	14,420	14,933	34,574	58,103	68,287	50,958	47,458	46,076	52,591	57,542
Trade & Other Services	**525,726**	**705,422**	**208,596**	**237,859**	**541,275**	**632,130**	**927,345**	**942,986**	**949,498**	**1,018,799**
Wholesale	58,108	42,171	52,146	73,699	173,177	266,252	371,057	366,332	365,323	322,367
Retail	46,135	119,930	156,450	164,160	368,098	270,194	407,506	449,073	445,181	583,231
Transport	**49,465**	**63,223**	**93,808**	**150,395**	**170,642**	**264,169**	322,636	246,504	165,763	182,325
Electricity & Water	**247**	**1,070**	**4,037**	**510**	**20,694**	**33,605**	**30,649**	**18,104**	**36,001**	**22,872**
Building and Construction	**29,347**	**66,382**	**152,955**	**346,156**	**464,240**	**650,616**	**996,647**	**1,067,191**	**1,013,422**	**1,081,954**
Mining and Quarrying	**126**	**730**	**17,266**	**5,899**	**8,610**	**9,667**	**12,644**	**14,171**	**14,083**	**11,051**
Personal Loans			**306,349**	**394,647**	**699,058**	**871,865**	**999,623**	**1,052,718**	**985,418**	**1,441,429**
Other Services			**314,826**	**610,219**	**446,322**	**383,192**	**180,031**	**204,512**	**314,982**	**72,840**
Total	**830,126**	**1,036,155**	**1,362,311**	**2,026,728**	**2,794,749**	**3,428,261**	**4,632,843**	**4,676,813**	**4,626,628**	**5,062,074**

Source: Bank of Uganda

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Appendix 17: Commercial Banks' Forex Denominated Loans and Advances to the Private Sector

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	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Agriculture	56,900	72,012	52,135	75,155	60,876	114,888	181,126	162,194	266,933	413,332
Production	19,236	29,872	14,229	14,928	12,045	55,297	104,376	103,775	125,722	136,175
Crop Finance	37,664	42,141	37,906	60,227	48,831	59,591	76,751	58,418	141,211	277,157
Manufacturing	60,505	104,579	62,606	149,087	207,627	213,150	398,161	580,177	689,079	790,180
Foods, Beverages,Tobacco	28,454	50,385	26,890	40,701	72,254	88,114	150,565	265,091	202,914	212,972
Textiles, Apparel and Leather	4,666	7,537	0	1,599	3,314	7,400	10,172	19,211	26,273	25,406
Wood, Wood Products & Furniture	805	1,901	1,184	1,494	166	7,854	15,034	8,929	11,158	14,031
Paper, Paper Products, Printing & Publishing	0	0	0	0	0	15,685	38,540	37,229	71,182	78,340
Chemicals, Pharmaceuticals, Plastic and Rubber Products	2,121	1,020	5,593	841	44,913	28,209	44,819	72,668	69,493	103,650
Basic and Fabricated Non-Metal and Metal Products	1,288	405	262	9,747	8,341	23,361	24,398	43,120	76,786	103,937
Building & Construction Materials.	3,385	21,832	13,135	17,071	4,494	6,527	74,307	101,140	150,626	139,878
Other Manufacturing Industries	19,786	21,499	15,542	77,634	74,144	35,999	40,326	32,789	80,647	111,967
Trade & Other Services	**55,121**	**76,073**	**75,905**	**98,311**	**205,370**	**137,348**	**221,940**	**252,544**	**247,319**	**803,913**
Wholesale	45,882	46,378	51,242	37,463	55,767	89,886	124,448	158,527	143,185	267,444
Retail	9,238	29,696	24,663	60,847	149,603	47,462	97,492	94,017	104,134	167,596
Transport	**16,269**	**29,649**	**18,326**	**38,787**	**39,854**	**89,533**	**183,819**	**227,892**	**278,885**	**287,658**
Electricity & Water	**1,849**	**500**	**2,538**	**22,921**	**2,092**	**18,884**	**30,261**	**56,274**	**76,373**	**84,710**
Building and Construction	**9,356**	**16,649**	**51,374**	**68,909**	**131,159**	**194,667**	**339,937**	**614,316**	**771,884**	**958,971**
Mining and Quarrying	**537**	**20**	**26,742**	**3,798**	**2,094**	**27,866**	**6,703**	**16,918**	**13,393**	**11,001**
Personal Loans	0	0	**19,895**	**28,156**	**95,180**	**90,013**	**32,750**	**59,278**	**70,729**	**82,503**
Other Services	0	0	**155,251**	**234,350**	**82,693**	**98,341**	**134,532**	**107,005**	**80,517**	**38,926**
Total	**200,537**	**299,483**	**464,772**	**719,474**	**826,944**	**1,110,708**	**1,883,380**	**2,540,221**	**3,049,799**	**3,721,808**

Source: Bank of Uganda

Appendix 18: Commercial Banks' Activities (UGX. billion)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Liabilities												
Total Deposits	10,204.9	10,656.8	10,650.9	10,601.6	10,855.8	11,352.1	11,230.6	11,688.5	12,094.2	12,141.6	12,276.2	12,230.9
Private Demand Deposits	2,958.9	3,154.2	3,147.7	3,235.0	3,316.4	3,387.3	3,445.9	3,661.5	3,773.6	3,731.0	3,683.7	3,735.2
Private Time & Savings Deposits	3,478.4	3,566.4	3,499.2	3,466.3	3,565.9	3,648.1	3,638.0	3,662.2	3,738.2	3,856.5	4,032.1	3,912.5
Foreign Exchange deposits	3,324.0	3,449.0	3,506.7	3,436.7	3,496.3	3,706.5	3,655.8	3,863.0	4,015.1	4,021.7	3,979.2	3,956.4
Government Deposits	363.5	356.7	413.9	383.2	370.3	452.1	343.2	366.5	384.8	360.3	416.2	448.7
Inter bank deposits (excluding own)	80.3	130.5	83.2	80.5	106.9	158.1	147.7	135.2	182.4	172.2	165.2	178.2
Foreign Liabilities	1,148.2	1,312.9	1,373.2	1,349.1	1,371.4	1,632.6	1,625.6	1,745.5	1,698.1	1,658.0	1,605.7	1,693.0
Borrowing at Bank of Uganda	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	1.8
Items in Transit	0.3	0.3	0.5	0.4	0.1	0.8	0.1	7.1	0.3	4.2	0.2	3.5
Capital and Reserves	2,396.5	2,400.8	2,371.1	2,361.9	2,361.0	2,439.3	2,753.7	2,701.2	2,805.8	2,805.7	2,746.0	2,746.7
Other Liabilities	1,958.0	1,859.2	1,863.2	1,875.1	1,804.5	1,823.2	1,699.4	1,723.4	1,572.7	1,606.2	1,818.8	1,964.1
Total	**15,707.8**	**16,230.0**	**16,258.9**	**16,188.1**	**16,392.7**	**17,248.0**	**17,309.4**	**17,865.7**	**18,171.1**	**18,215.7**	**18,451.9**	**18,640.1**
Assets												
Cash held	330.3	313.9	345.3	331.6	317.1	443.4	375.5	383.0	388.9	413.2	385.0	393.2
Balances with Bank of Uganda	1,263.0	1,528.1	1,519.4	1,507.3	1,586.0	1,730.1	1,933.6	2,100.9	2,007.5	2,075.6	2,294.6	2,263.5
Foreign Assets	1,489.6	1,653.0	1,524.7	1,497.0	1,540.5	1,649.5	1,365.1	1,587.8	1,565.1	1,441.8	1,268.7	1,225.6
Government Securities	3,146.9	3,260.6	3,371.0	3,378.4	3,498.4	3,648.7	3,737.2	3,783.4	3,911.6	4,060.9	3,955.0	4,037.9
Advances and Discounts	7,807.7	7,894.9	7,950.5	8,097.3	8,191.8	8,290.9	8,239.2	8,319.5	8,454.2	8,479.7	8,635.3	8,760.5
Investments in Stocks and Shares	48.1	48.1	64.7	68.0	67.6	68.7	75.4	76.6	76.1	74.3	75.9	75.8
Other Assets	1,622.1	1,531.4	1,483.2	1,308.4	1,191.4	1,416.6	1,583.2	1,614.6	1,767.7	1,670.3	1,837.3	1,883.6
Total	**15,707.8**	**16,230.0**	**16,258.9**	**16,188.1**	**16,392.7**	**17,248.0**	**17,309.4**	**17,865.7**	**18,171.1**	**18,215.7**	**18,451.9**	**18,640.1**

Source: Bank of Uganda

Appendix 19: Structure of Interest Rates (annual percentage)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Net Foreign Assets	229.2	228.8	63.6	57.0	85.4	-90.9	-362.5	-254.8	-229.1	-314.4	-432.5	-560.2
Claims on Non Residents	1,521.0	1,684.2	1,579.8	1,547.1	1,597.6	1,707.9	1,428.4	1,632.1	1,608.0	1,483.7	1,311.5	1,270.3
Of Which: Foreign Currency	200.9	200.9	190.2	187.7	230.5	248.6	209.0	185.4	220.5	199.9	196.0	196.0
Deposits	1,040.1	1,178.6	1,215.1	1,146.6	1,090.9	1,259.1	978.7	1,135.2	1,125.8	1,070.6	934.0	892.9
Loans	248.6	273.4	119.4	155.1	219.2	141.8	177.5	267.2	218.8	171.2	138.8	136.7
Less Liabilities to Non Residents	1,291.8	1,455.4	1,516.2	1,490.2	1,512.2	1,798.9	1,790.8	1,886.9	1,837.1	1,798.1	1,744.0	1,830.5
Of Which: Deposits	92.6	144.0	144.8	146.5	146.7	271.0	274.4	420.9	326.7	252.6	204.9	298.3
Loans	1,170.5	1,284.0	1,342.5	1,315.2	1,337.6	1,498.6	1,483.4	1,459.9	1,507.0	1,539.8	1,537.2	1,530.2
Net Domestic Assets (NDA)	9,433.2	9,837.9	9,993.4	9,981.4	10,206.6	10,736.6	11,021.0	11,348.1	11,661.8	11,817.4	12,040.3	12,069.8
Domestic Claims	10,640.5	10,846.3	10,933.9	11,114.9	11,343.0	11,526.9	11,680.4	11,780.4	12,027.0	12,222.6	12,217.8	12,387.9
Net Claims on Central Government	2,783.4	2,904.0	2,957.1	2,995.3	3,128.1	3,196.6	3,394.1	3,416.8	3,526.8	3,700.5	3,538.9	3,589.3
Claims on Central Government	3,146.9	3,260.6	3,371.0	3,378.4	3,498.4	3,648.7	3,737.2	3,783.4	3,911.6	4,060.9	3,955.0	4,037.9
Less Liabilities to Central Government	363.5	356.7	413.9	383.2	370.3	452.1	343.2	366.5	384.8	360.3	416.2	448.7
Claims on Other Sectors	7,857.0	7,942.3	7,976.9	8,119.6	8,214.9	8,330.3	8,286.3	8,363.5	8,500.1	8,522.1	8,678.9	8,798.6
Other Financial Corporations	28.4	26.9	11.6	11.2	11.3	29.7	34.8	34.3	36.1	34.2	35.0	28.8
State and Local Government	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.8	0.6	0.6	0.7
Public Non Financial Corporations	49.1	62.2	61.2	56.7	49.8	46.4	47.8	47.9	47.0	49.9	51.9	46.8
Private Sector	7,778.8	7,852.5	7,903.4	8,051.0	8,153.0	8,253.4	8,203.0	8,280.6	8,416.3	8,437.4	8,591.4	8,722.4
Of which: Loans	7,758.0	7,831.9	7,888.7	8,039.9	8,141.1	8,243.6	8,190.7	8,270.9	8,406.4	8,429.2	8,582.8	8,713.0
Claims on the Central Bank	1,593.4	1,827.0	1,864.7	1,838.9	1,903.1	2,173.5	2,309.2	2,483.9	2,396.4	2,488.8	2,679.6	2,656.6
Currency	330.3	313.9	345.3	331.6	317.1	443.4	375.5	383.0	388.9	413.2	385.0	393.2
Reserve Deposits	1,002.4	1,081.7	1,192.0	1,045.7	1,089.2	1,186.0	1,367.2	1,434.5	1,547.8	1,559.6	1,605.0	1,353.0
Other Claims	260.7	431.4	327.4	461.6	496.8	544.1	566.4	666.5	459.7	516.0	689.6	910.5
Labilities to the Central Bank	57.1	57.4	57.2	57.1	57.6	49.7	50.2	51.1	50.9	52.1	60.1	52.9
Other Items(Net)	-2,743.5	-2,778.0	-2,748.0	-2,915.2	-2,981.9	-2,914.1	-2,918.3	-2,865.1	-2,710.7	-2,841.9	-2,797.0	-2,921.9
Shares and Other Equity	2,600.5	2,662.4	2,671.6	2,701.0	2,566.9	2,682.4	2,712.5	2,701.2	2,842.3	2,876.5	2,843.8	2,850.0
Other Items(Net)	-143.0	-115.6	-76.4	-214.2	-415.0	-231.7	-205.8	-163.8	131.7	34.5	46.8	-71.9
Deposits Liabilities to the Public	9,662.4	10,066.7	10,057.1	10,038.4	10,291.9	10,645.6	10,658.5	11,093.3	11,432.7	11,503.0	11,607.7	11,509.6
Deposits Included in Broad Money	9,662.4	10,066.7	10,057.1	10,038.4	10,291.9	10,645.6	10,658.5	11,093.3	11,432.7	11,503.0	11,607.7	11,509.6
Foreign Currency Deposits	3,293.2	3,413.7	3,476.2	3,405.4	3,467.5	3,674.5	3,626.8	3,828.4	3,980.8	3,985.0	3,947.9	3,933.8
Transferable Deposits	1,917.4	2,012.2	2,067.8	1,970.5	2,045.0	2,228.7	2,221.3	2,369.7	2,498.8	2,507.5	2,497.6	2,343.4
Other Deposits	1,375.8	1,401.6	1,408.4	1,434.9	1,422.5	1,445.8	1,405.6	1,458.7	1,482.1	1,477.5	1,450.3	1,590.4
Local Currency Deposits	6,369.2	6,652.9	6,580.9	6,633.0	6,824.5	6,971.1	7,031.7	7,264.9	7,451.9	7,518.1	7,659.9	7,575.8
Transferable Deposits	2,933.8	3,142.9	3,128.5	3,215.3	3,301.6	3,364.9	3,422.7	3,643.4	3,752.9	3,706.8	3,668.8	3,718.3
Other Deposits	3,435.4	3,510.0	3,452.4	3,417.7	3,522.8	3,606.3	3,609.0	3,621.5	3,699.0	3,811.3	3,991.1	3,857.5
Deposits Excluded from Broad Money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Bank of Uganda

Appendix 20: Foreign exchange rates (UGX. per US$)

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Year/Month	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
2009	2,022.20	2,030.96	2,026.58	2,030.49	107.93	98.78
2010	2,170.24	2,179.44	2,174.80	2,177.47	116.28	108.70
2011	2,509.01	2,522.73	2,515.87	2,522.75	132.87	113.99
2012	2,493.89	2,504.29	2,499.09	2,503.31	125.88	101.26
2013	2,578.46	2,586.96	2,582.71	2,586.46	123.22	98.91
Fiscal Year Average						
2010/11	2,315.90	2,324.95	2,320.43	2,323.43	124.08	114.09
2011/12	2,541.81	2,557.94	2,549.87	2,557.15	132.50	107.39
2012/13	2,580.33	2,589.22	2,584.78	2,591.12	126.12	102.11
2013/14	2,533.11	2,537.23	2,535.17	2,538.03	114.68	91.76
Monthly Average						
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	104.81	97.17
Feb	1,989.75	1,988.74	1,988.74	1,996.54	106.93	99.00
Mar	2,078.14	2,078.95	2,078.55	2,086.37	112.12	104.50
Apr	2,079.85	2,100.12	2,089.99	2,083.00	112.13	104.99
May	2,164.33	2,170.20	2,167.27	2,174.57	115.03	108.85
Jun	2,243.60	2,253.67	2,248.64	2,257.44	117.92	112.30
Jul	2,249.12	2,264.98	2,257.05	2,255.85	118.74	114.08
Aug	2,222.09	2,227.85	2,224.97	2,230.94	118.15	113.34
Sep	2,246.66	2,253.74	2,250.20	2,251.30	119.76	113.84
Oct	2,258.01	2,263.37	2,260.69	2,264.82	122.44	117.11
Nov	2,284.59	2,287.46	2,286.03	2,289.31	123.85	117.62
Dec	2,297.87	2,318.52	2,308.20	2,303.93	123.14	116.52
2011 Jan	2,323.64	2,330.42	2,327.03	2,332.47	124.51	116.49
Feb	2,328.38	2,333.10	2,330.74	2,341.93	124.77	115.58
Mar	2,383.02	2,403.94	2,393.48	2,393.31	127.16	114.14
Apr	2,362.46	2,367.13	2,364.80	2,367.59	127.11	112.18
May	2,381.39	2,392.35	2,386.87	2,387.68	127.78	112.12
Jun	2,453.60	2,456.56	2,455.08	2,461.04	131.15	116.55
Jul	2,575.07	2,578.04	2,576.56	2,587.23	137.83	120.38
Aug	2,750.97	2,765.83	2,758.40	2,753.23	145.96	125.08
Sep	2,795.01	2,802.88	2,798.95	2,814.02	145.85	117.34
Oct	2,793.62	2,807.07	2,800.35	2,805.37	143.32	114.11
Nov	2,515.92	2,588.65	2,552.29	2,582.18	132.54	105.87
Dec	2,444.99	2,446.84	2,445.92	2,446.91	126.05	101.37
2012 Jan	2,402.37	2,410.12	2,406.25	2,414.19	124.59	101.95
Feb	2,327.57	2,350.05	2,338.81	2,327.97	121.98	98.80
Mar	2,464.71	2,477.85	2,471.28	2,485.02	129.54	105.48
Apr	2,495.06	2,503.41	2,499.24	2,506.21	130.12	105.34
May	2,464.63	2,479.21	2,471.92	2,479.05	127.05	104.93
Jun	2,471.78	2,485.29	2,478.54	2,484.36	124.94	104.05
Jul	2,468.50	2,474.22	2,471.36	2,474.18	120.73	101.47
Aug	2,484.52	2,490.67	2,487.60	2,492.04	121.85	102.25
Sep	2,505.75	2,511.93	2,508.84	2,515.88	123.80	102.83
Oct	2,570.15	2,576.88	2,573.52	2,579.43	127.05	104.19
Nov	2,608.44	2,617.96	2,613.20	2,622.95	128.22	105.79
Dec	2,663.19	2,673.91	2,668.55	2,673.48	130.66	107.37
2013 Jan	2,672.50	2,681.87	2,677.19	2,683.79	130.87	106.60
Feb	2,644.79	2,656.03	2,650.41	2,657.55	129.03	105.26
Mar	2,627.11	2,636.40	2,631.76	2,636.89	127.36	103.24
Apr	2,570.81	2,575.86	2,573.34	2,578.01	125.04	100.22
May	2,562.56	2,583.18	2,572.87	2,586.11	124.77	99.93
Jun	2,585.66	2,591.74	2,588.70	2,593.08	124.06	100.08
Jul	2,582.48	2,590.27	2,586.38	2,588.90	122.95	99.41
Aug	2,573.03	2,579.33	2,576.18	2,578.87	121.82	96.47
Sep	2,564.69	2,572.00	2,568.35	2,568.86	120.67	94.68
Oct	2,530.13	2,537.22	2,533.67	2,534.39	118.47	93.72
Nov	2,519.63	2,525.55	2,522.59	2,523.27	117.06	93.56
Dec	2,508.06	2,514.13	2,511.10	2,512.94	116.58	93.76
2014 Jan	2,495.07	2,500.98	2,498.03	2,499.90	108.44	87.39
Feb	2,473.55	2,448.88	2,461.22	2,471.96	107.22	86.27
Mar	2,528.20	2,535.08	2,531.64	2,534.22	110.09	87.74
Apr	2,523.24	2,530.63	2,526.93	2,529.79	110.08	87.41
May	2,525.49	2,532.59	2,529.04	2,532.39	110.45	89.09
Jun	2,573.79	2,580.13	2,576.96	2,580.86	112.32	91.59

Source: Bank of Uganda

Appendix 21: Bureaux and Inter-bank Transactions

(million US$)

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
2007/08	1,502.09	1,563.95	8,040.38	7,920.32
2008/09	1,798.32	1,584.24	7,021.61	7,183.36
2009/10	1,857.24	1,636.06	5,486.00	5,472.45
2010/11	1,871.85	1,735.10	6,493.76	6,599.90
2011/12	2,735.49	2,486.76	7,206.12	6,656.53
2012/13	3,878.37	3,704.34	7,870.56	7,191.50
2013/14	3,864.42	3,735.52	8,457.91	7,648.87
2009 Jan	151.45	128.59	420.36	409.75
Feb	144.27	120.48	369.90	380.11
Mar	145.65	121.41	445.96	455.26
Apr	144.22	112.74	333.34	341.79
May	143.11	112.14	382.39	412.15
Jun	147.66	129.01	419.27	425.02
Jul	164.46	146.28	408.77	421.44
Aug	161.07	141.67	404.15	412.82
Sep	146.38	134.76	419.75	428.03
Oct	146.17	141.10	433.50	430.54
Nov	144.56	131.51	389.91	379.66
Dec	164.73	149.62	481.61	451.24
Total	**1,803.72**	**1,569.30**	**6,499.80**	**6,540.40**
2010 Jan	152.72	133.57	412.98	412.53
Feb	155.26	127.68	470.37	460.82
Mar	144.27	120.48	524.54	560.71
Apr	151.36	137.18	473.83	434.11
May	176.54	138.32	530.10	544.83
Jun	149.71	133.91	536.49	535.72
Jul	150.24	144.99	538.48	509.93
Aug	159.42	135.93	566.05	588.93
Sep	155.93	150.27	494.88	487.37
Oct	146.96	133.85	497.11	478.47
Nov	153.68	133.98	520.57	551.59
Dec	171.25	168.18	628.07	584.95
Total	**1,867.34**	**1,658.33**	**6,193.48**	**6,149.96**
2011 Jan	148.75	140.34	524.23	633.65
Feb	131.13	119.63	461.58	454.23
Mar	162.13	152.09	638.62	634.80
Apr	139.80	131.33	514.66	522.23
May	172.72	164.42	524.73	544.67
Jun	179.83	160.09	584.78	609.08
Jul	172.32	151.99	551.06	549.11
Aug	196.26	164.72	592.20	612.72
Sep	200.50	173.49	605.05	614.64
Oct	182.56	168.17	598.72	538.52
Nov	209.54	179.18	566.07	551.13
Dec	208.28	205.17	628.05	572.76
Total	**2,103.83**	**1,910.62**	**6,789.74**	**6,837.54**
2012 Jan	188.40	165.89	707.07	529.41
Feb	208.97	185.16	612.38	536.28
Mar	296.68	291.13	557.67	550.98
Apr	241.84	237.14	527.27	496.73
May	313.69	269.93	663.03	568.63
Jun	316.44	294.80	597.55	535.62
Jul	294.35	281.61	628.63	435.23
Aug	357.19	328.79	573.61	570.82
Sep	307.67	299.00	512.88	468.74
Oct	308.71	297.45	609.50	581.80
Nov	362.71	316.40	684.65	661.06
Dec	308.11	292.32	690.00	556.78
Total	**3,504.76**	**3,259.62**	**7,364.23**	**6,492.08**
2013 Jan	340.06	329.32	653.50	553.01
Feb	329.42	320.14	626.85	537.25
Mar	321.72	313.27	668.26	669.04
Apr	339.50	330.85	800.26	745.12
May	307.59	306.20	785.05	774.09
Jun	301.33	288.99	637.37	638.56
Jul	347.29	338.2	727.89	696.86
Aug	324.67	318.2	714.82	682.54
Sep	303.82	298.26	706.31	646.57
Oct	302.23	303.1	649.34	631.39
Nov	310.75	303.44	689.59	588.14
Dec	325.63	323.85	793.33	648.11
Total	**3,854.03**	**3,773.81**	**8,452.58**	**7,810.68**
2014 Jan	343	333.53	855.87	761.13
Feb	274.51	205.63	680.72	649.68
Mar	343.38	333.38	679.29	607.89
Apr	326.17	328.65	647.18	523.02
May	317.42	311.22	668.22	608.20
Jun	345.55	338.06	645.34	605.34

Source: Bank of Uganda