Annual Report 2009/2010

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ABBREVIATIONS

AfDB	African Development Bank
AFRACA	African Rural and Agricultural Credit Association
ALSI	All Share Index
AML	Anti-Money Laundering
ATM	Automated Teller Machine
Bank	The Central Bank of Uganda
BOP	Balance of Payments
BOU	Bank of Uganda
BSA	Bank Supervision Application
CDS	Central Depository System
COMESA	Common Market for Eastern and Southern Africa
CPI	Cost Price Index
CRB	Credit Reference Bureau
CSD	Central Securities Depository
DFD	Development Finance Department
DPF	Deposit Protection Fund
DRS	Disaster Recovery Site
EAC	East African Community
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
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
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
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Information Technology
LAN	Local Area Network
MAC	Monetary Affairs Committee
MCP	Management Committee on Projects
MCPC	Monetary and Credit Policy Committee
MDI	Microfinance Deposit Taking Institutions
MFHP	Monetary and Fiscal policy Harmonization Program
MIS	Management Information System
MOFPED	Ministry of Finance Planning & Economic Development
NBFI	Non-Bank Financial Institutions
NEER	Nominal Effective Exchange Rate
NIC	National Insurance Corporation
NPSS	National Payment System Secretariat
NPV	Net Present Value
NSSF	National Social Security Fund
OMO	Open Market Operations
OPEC	Organization of Petroleum Exporting Countries
PSI	Policy Support Instrument
PSIS	Private Sector Investment Survey
PSPC	Payment System Policy Committee
RBS	Retirement Benefits Scheme
REER	Real Effective Exchange Rate
Repo	Repurchase Order Agreement
RTGS	Real Time Gross Settlement System
SDR	Special Drawing Rights
SPF	Special Provident Fund
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication
UBOS	Uganda Bureau of Statistics
UIA	Uganda Investment Authority
UNIS	Uganda National Inter-bank Settlement System
USE	Uganda Securities Exchange

REGISTERED ADDRESSES

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE
Plot 37/43
Kampala Road
P. O. Box 7120
Kampala

SOLICITORS
MMAKS
P. O. Box 7166
Kampala

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

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

1 GOVERNOR

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

2 GOVERNOR'S FOREWORD

The main macroeconomic policy objectives of the Bank of Uganda in 2009/10 were to reduce core inflation towards the medium term target of 5 percent and to support aggregate demand which had slackened as a result of the global recession. The weakening of aggregate demand threatened to pull output growth down below its potential level.

In the previous financial year, core inflation had been driven up to double digit levels, partly as a result of the rise in global fuel and food prices. However, monthly core inflation rates began to fall sharply by the end of the first quarter of 2009/10. This allowed the Bank to begin easing monetary policy. The objective of easing monetary policy was to provide a boost to aggregate demand, growth of which was slowing as a result of weaker external demand and private sector consumption, by reducing interest rates to stimulate bank lending to the private sector.

The rapid appreciation of the nominal exchange rate in the first half of the financial year threatened to further weaken aggregate demand, because of its adverse impact on price incentives for net exports. Consequently the Bank intervened in November and December 2009 to stem the exchange rate appreciation by purchasing foreign currency.

In the second half of the financial year there were indications that aggregate demand growth was beginning to recover. As interest rates on government securities fell, bank lending to the private sector accelerated. Unfortunately bank lending rates themselves were not reduced significantly, despite the fall in securities yields. Provisional national account estimates indicate that real output grew by about 5.8 percent in 2009/10, which although still below the potential growth rate of 6-7 percent is nevertheless better than had been feared earlier in the year.

Meanwhile core inflation fell faster than had been expected, to an annual rate of 4.5 percent by June 2010. Headline inflation declined even more rapidly, to an annual rate of 3.2 percent in June 2010, because food crop prices fell sharply when better weather boosted harvests.

Despite the difficult external environment facing the economy, which was characterized by weak export demand, a fall in current transfers, a stagnation of foreign direct investment and volatile portfolio capital flows, the Bank was able to increase its gross international reserves by almost

$200 million in 2009/10. Reserve accumulation benefitted from a special allocation of Special Drawing Rights (SDRs) by the IMF in September 2009, which for Uganda amounted to the equivalent of $224 million. At the end of the financial year, the Bank's international reserves stood at the equivalent of 4.9 months' of imports of goods and services.

The Bank also reformed its monetary policy operating procedures in 2009/10 with the aim of adopting a more flexible approach to the application of quantitative monetary targets, in particular to take account of shifts in the demand for money, and to enhance stability in the domestic money markets through more regular interventions in the money markets using short term repurchase agreements. These reforms are intended to be the initial steps towards the eventual adoption of an inflation targeting monetary policy operating framework by the Bank.

Aggregate demand is expected to continue to recover in 2010/11, boosted by higher spending in both the public and private sectors. This is likely to put upward pressure on interest rates and eventually on inflation. The key challenge for monetary policy will be to ensure that, as real output growth returns to its potential level, core inflation remains anchored around its target of 5 percent. During the course of 2010/11 the Governments and Central Banks of the five partner states of the East African Community will begin negotiating a protocol for the establishment of the East African Monetary Union.

Prof E. Tumusiime-Mutebile

GOVERNOR

3 BOARD OF DIRECTORS

Prof. Emmanuel Tumusiime-Mutebile
Re-appointed 1 January 2006
Governor, Chairman of the following;
Board of Directors
Executive Committee
Payment System Policy Committee
Finance Committee
Monetary and Credit Policy Committee
Board of Trustees of BOU Retirement Benefits Scheme
Foreign Exchange Reserve Management Policy Committee

Louis Kasekende (PhD)
Re-appointed 16 January 2010
Deputy Governor, Chairman of the following;
Strategy & Finance Committee
Human Resources Management Committee
Procurement & Disposal Committee
Financial Markets Operations Subcommittee
Effective Information Management Committee
Risk Management Committee

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

Prof. J. Waswa Balunywa
Principal, Makerere University Business School
Chairman of the Audit and Governance Committee of the Board.
Member of :
Audit and Governance Committee
Finance Committee and
Staffing Committee of the Board

Hon. Manzi Tumubweinee
Chairman of the Finance Committee of the Board
Member of :
Works Committee
Audit and Governance Committee and
Staffing Committee of the Board

Mrs. Benigna Mukiibi
Chairperson Works Committee
Member of :
Finance Committee,
Staffing Committee and Audit and Governance Committee of the Board

4 MANAGEMENT STRUCTURE AND FUNCTIONS

Board of Directors

Prof. E. Tumusiime-Mutebile
Governor

Louis Kasekende (PhD)

Mr. G.W. Nyeko

Ag Bank Secretary (From Jul 13, 2009)

Board Affairs
Communications
Corporate Services
Legal Counsel

Mr. J. Mubangizi

Executive Director Administration

Human Resources
Medical
Administrative Services
Security

Mr. B. Patrick Kagoro

Executive Director Finance

Accounts
Information Technology Development
Payments & Settlements

Mr. Elias B Kasozi

Executive Director Operations

Banking
Currency
Financial Markets

Dr. D. A. Kihangire

Ag. Executive Director Research

Research
Trade & External Debt

Mrs. Justine Bagyenda

Executive Director Bank Supervision

Commercial Banking &
Non Banking Financial Institutions

Mr. P K Byabakama

Chief Internal Auditor

Internal Audit

Dr P Musinguzi

Executive Director General Duties

Dr Brownbridge

Economic Advisor to the Governor

5 MANAGEMENT OF THE BANK

5.1 EXECUTIVE MANAGEMENT

Governor: Prof. Emmanuel Tumusiime-Mutebile

Terms of appointment: Serves a 5-year renewable contract. Re-appointed by the President of the Republic of Uganda for another term of five-years with effect from 1st January 2006.

Deputy Governor:	Louis Kasekende (PhD)
	Deputy Governor (Appointed 16 January 2010)
Dr. Martin Brownbridge	Economic Adviser to the Governor (Appointed 1 July 2009)

Executive Directors:	**Function**
Mr. Johnson Mubangizi	Administration
Dr. David A. Kihangire	Research and Policy (Ag.)
Mrs. Justine Bagyenda	Supervision
Mr. Elias B Kasozi	Operations
Mr. Patrick Kagoro	Finance
Mr. Patrick Byabakama Kaberenge	Chief Internal Auditor (Acted as Deputy Governor from 1 July 2009 to 15 January 2010)
Mr. George W. Nyeko	Bank Secretary (Ag.)
Dr. Polycarp Musinguzi	General Duties, Deputy Governor's Office

5.2 SENIOR MANAGEMENT

Director/Head of Department	**Department**
Mr. Joseph Kijjambu	Administrative Services (Ag.)
Mr. John Chemonges	Banking
Mr. Steven Kabugu	Chief Accountant
Mr. Apollo Obbo	Commercial Banking
Mr. Juma Yusuf Walusimbi	Communications
Mr. Emmanuel Kalule	Corporate Strategy
Mrs. Naomi Nasasira	Currency
Mr. Stephen Kaboyo	Financial Markets
Mrs. Eva MweneBirinda	Human Resources
Ms. Deborah T Kabahweza	Internal Audit (Acted as Chief Internal Auditor from 1 July 2009 to 15 January 2010)
Mrs. Margaret Kaggwa Kasule	Legal Counsel
Mr. Richard Mayebo	Information Technology
Dr. Tendo Nsereko	Medical
Mr. Elliot Mwebya	Payments and Settlements
Mr. Anthony Opio	Non-Banking Financial Institutions
Mrs. Mary Katarikawe	Research (Ag.)
Dr. Asiimwe Rwekikiga	Security
Mr. Yoweri Wasswa Kajubi	Statistics
Dr. Henry Opondo	General Duties, Deputy Governor's Office

6 STATEMENT OF VISION, MISSION AND VALUES

6.1 MISSION

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

6.2 VISION

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

6.3 VALUES

The core values of Bank of Uganda are:

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

6.3.1 COMMITMENT TO SERVING PUBLIC INTEREST

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

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

6.3.2 TRANSPARENCY AND ACCOUNTABILITY

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

Consequently, we shall:

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

6.3.3 LEADERSHIP BY EXAMPLE

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

Consequently, we shall:

- Commit time and other resources to succession planning and to developing managers into leaders that believe in, are committed to, and practise our values;
- Demonstrate our commitment to lead by acting with unwavering resolve to do whatever must be and can be done;
- Be honest, work hard and act with humility;
- Accept responsibility for our actions; and
- Inculcate a culture of delegation

6.3.4 CONTINUOUS LEARNING AND IMPROVEMENT

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

Consequently, we shall:

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

6.3.5 PROFESSIONAL DISCIPLINE AND TEAMWORK

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

Consequently, we shall:

- Enforce zero tolerance for unethical behaviour;
- Cherish our integrity;
- Take all the necessary steps to protect the confidentiality of our customers, employees, and other stakeholders;
- Never disclose any confidential information except where we are required to do so by law;
- Be impartial in all our decisions;
- Provide equal opportunity to everyone regardless of gender, race, ethnicity, religion, or physical disability;
- Be mindful of the concerns and needs of minority groups;
- Support a fair and impartial hearing to any aggrieved stakeholder;
- Provide a safe and healthy working environment for all staff;
- Commit time and other resources to building, maintaining and refining effective teamwork;
- Place our collective goals above our individual goals;
- Encourage participatory decision-making;
- Take collective responsibility for our decisions; and
- Reward teamwork

7 CORPORATE GOVERNANCE STATEMENT

The Bank of Uganda upholds and is committed to the international best practice and principles of good corporate governance. This is achieved through checks and balances that ensure that the values of transparency, accountability, professional and ethical conduct, teamwork, equity and fairness and integrity in all its activities are upheld.

a) The Bank carries out its work through various Board and management committees; and

b) The Bank's compliance with the principles of good corporate governance is reflected through a properly constituted Board of Directors, Board Committees and management sub-committees as provided for under the objectives of corporate governance.

7.1 REGULATORY PROVISION

The Bank of Uganda Act (Cap 51, Laws of Uganda, 2000) sections 7 and 10 state that the governing body of the Bank shall be a Board of Directors, which shall:

a) Be responsible for the general management of the affairs of the Bank;
b) Ensure the functioning of the Bank and the implementations of its functions;
c) Formulate the policies of the Bank;
d) Do anything required to be done by the Bank under the Act; and
e) Do anything that is within, or incidental to the functions of the Bank.

7.2 THE BOARD OF DIRECTORS

The Board of Directors consists of:

a) The Governor who is the Chairman;

b) The Deputy Governor who is the Deputy Chairman;

c) And not more than five non-executive directors.

The Governor, Deputy Governor and all the non-executive Board of Directors are appointed by the President with the approval of Parliament. The members of Board hold office for a term of five-years but shall be eligible for re-appointment. At least 10 meetings of the Board must be held in one financial year. All the scheduled meetings of the Board during the period under review were held to conduct Board business as per the agreed work programme for the year. The following are significant matters handled by the Board during the year for noting:

a) Approval of the introduction of new

information technology tools in banking applications to improve on efficiency in banking operations and to be in line with new developments.

b) Adoption of the Balanced Score Card system for strategic planning and as a management tool for effective allocation, control and management of resources.

c) Introduction of a new family of banknotes to replace the old banknotes in order to:

- Take advantage of new technological development in the currency printing industry;
- Introduce new and better security features in the banknotes;
- Comply with international best practice that requires issuing authorities to change their currency family at least once in every ten years;
- Harmonize the design and size of the Banknotes.

d) Approved construction of a new Currency Centre Building in Kabale to replace the old one.

e) Complied with the statutory requirements, in particular, presentation of the Annual Report of the Bank for the year ending 30 June 2010 within the deadline of three months.

7.3 BOARD COMMITTEES

The Board of Directors over the years established a number of committees for the effective discharge of its duties. After a general review of the Terms of Reference of the committees, the Staffing Committee was renamed Human Resource and Compensation Committee of the Board (HRCCB) and the Works Committee was renamed Capital Projects Committee of the Board (CPCB).

7.3.1 HUMAN RESOURCE & COMPENSATION COMMITTEE OF THE BOARD (HRCCB)

The Human Resource and Compensation Committee of the Board (HRCCB) consists of the Deputy Governor as Chairman and three non-Executive Directors with the Bank Secretary providing secretarial services. The Executive Director Administration attends the HRCCB meetings while other senior staff may attend by invitation. The committee considers management proposals for recruitment, promotion, training, discipline and all other relevant staff matters affecting the operations of the Bank before they are presented to the main Board for ratification.

Although meetings are held quarterly, ad hoc or special meetings may be held depending on the need. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.3.2 FINANCE COMMITTEE OF THE BOARD (FCB)

The Finance Committee consists of the Deputy Governor and three non-Executive Directors, one of whom is the Chairperson. The Bank Secretary is the secretary to the committee while the Executive Director Finance is an ex-officio member. Meetings are held on a quarterly basis but special meetings may be convened when necessary. The committee reviews the budget presented by management and reviews performance reports of the Bank against the approved budget, before presentation to the Board. The committee supervises the Bank's financial discipline by examining financial plans, commitments and budgets presented by management. The Committee also reviews budget performance reports. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.3.3 CAPITAL PROJECTS COMMITTEE OF THE BOARD (CPCB)

The Capital Projects Committee of the Board (CPCB) includes the Deputy Governor and three non-executive directors (one of whom is the Chairperson). The Bank Secretary is the secretary to the committee. The Executive Director Administration and any other senior staff or consultants may attend the meetings on invitation. Meetings are held on a quarterly basis but special meetings may be convened depending on the committee's work programme for the year or to review on-going projects and reports. The terms of reference of the committee are to oversee and monitor construction and major maintenance work projects and office/residential buildings of the Bank. The committee also screens all proposals for major capital projects, property acquisition and disposals before they are presented to the main Board. All the scheduled meetings in the period under review were held including special meetings called from time to time.

7.3.4 AUDIT AND GOVERNANCE COMMITTEE (AGCB)

The Audit and Governance Committee is made up of four non-executive directors (one of whom is the Chairperson) with the Bank Secretary as the secretary to the committee. The Chief Internal Auditor and the Executive Director Finance are ex-officio members. A representative of the External

Auditors and an official from the Accountant General's Office attend the Audit and Governance committee meetings on invitation. Meetings are held on a quarterly basis but special meetings can be convened whenever necessary. The terms of reference of the committee are to assist the Board to fulfil its fiduciary responsibilities by providing assurances as to the quality and integrity of the financial data and any other data that the Bank provides to the Board, policy makers, regulatory entities, development partners and the public. In addition, the activities are also aimed at providing assurance to the efficiency and effectiveness in utilising Bank resources. The Committee also determines the scope of work of the Internal Audit Function. The Internal Audit Charter provides the framework for the operations of the Audit and Governance Committee and enhances the independence from management of the internal audit role within the Bank.

7.4 BANK MANAGEMENT COMMITTEES

The Bank management has a number of Management Committees to ensure coordinated policy developments and their implementation after Board approval. The committees engender teamwork and tap expertise throughout the Bank. In addition, there are various sub-committees to supplement the work of the main committees. The management committees are:

7.4.1 EXECUTIVE COMMITTEE (EXCOM)

The Executive Committee (EXCOM) of Management includes the Governor as Chairman, the Deputy Governor as Deputy Chairman, all Executive Directors and the Bank Secretary as the secretary. Senior staff may attend by invitation. Meetings are held bi-weekly. The terms of reference of the committee are to initiate and propose Bank policies to the Board and its committees. The committee is also responsible for overseeing the implementation of Bank policies as well as the operations of the Bank.

7.4.2 MANAGEMENT COMMITTEE (MC)

The Management Committee is composed of all the Executive Directors and Heads of Department. The Executive Director Administration is the Chairperson and Director Human Resources is the Secretary.

The terms of reference for the committee are:

- To review general implementation of work programmes;
- To consider implementation of Bank

policies and management decisions;

- To receive and consider reports from Departments to ensure the smooth running of the Bank; and
- Make appropriate recommendations to EXCOM.

7.4.3 STRATEGY & FINANCE COMMITTEE (SFC)

Strategy and Finance Committee's main objective is to review strategy and finance issues, and approve actions or make recommendations regarding the mobilization of financial, human and other resources which are required for the implementation of the strategic plan. The committee formulates required action plans, monitors the implementation of these plans and evaluates results to modify the plans where necessary. Much of its work is executed in relevant sub-committees that handle major goals that have been approved for implementation.

The current five-year Strategic Plan (SP-2008-2013) was implemented with effect from July 2008 and is reviewed on an annual basis using the "rolling plan" approach. The membership of the committee consists of the Deputy Governor, as Chairman, Executive Director Finance as an alternate Chairman, all Executive Directors, Legal Counsel, Chief Accountant and the Director Strategy and Risk Management as the secretary.

7.4.4 MONETARY AND CREDIT POLICY COMMITTEE (MCPC)

The Monetary and Credit Policy Committee (MCPC) has the following membership: the Governor (Chairman), the Deputy Governor (Deputy Chairman), Executive Directors Operations, Research, Supervision, General Duties, Economic Advisor, Directors Financial markets, Communications, Statistics and the Director Research as secretary. Other senior staff may attend on invitation.

The terms of reference are to:

- Formulate and direct the conduct of monetary policy in order to deliver price stability and support Government objectives for sustainable growth;
- Direct the conduct of the financial markets operations;
- Ensure that liquidity conditions in the money market are consistent with the broad objective of price stability;
- Review developments in the foreign exchange market and formulate policies to promote stability in the market;
- Seek harmonisation and coordination of fiscal policies with monetary policies to support macroeconomic stability;
- Address any other issues that have

implications for the stability of the macro-economy, including appraising policy recommendations from the Bank's functions, Government departments and other fora.

The committee meets on a weekly basis to review market developments and to take monetary policy and credit decisions.

7.4.5 PROCUREMENT AND DISPOSAL COMMITTEE (PDC)

The Procurement and Disposal Committee comprises of the Deputy Governor as Chairman, Executive Directors Administration, Finance, General Duties, Legal Counsel, Director IT, Chief Accountant and the Director Administrative Services who is the secretary. The terms of reference of the committee are to provide standards and procedures for transparent procurement of goods, stores, materials, equipment, construction works and contractors, buildings, capital goods, currency notes and coins, consultants and services and any other matter incidental thereto in pursuance or connected with Bank business in an efficient and cost effective manner. The committee invites tenders publicly through a transparent bid process, evaluates the bids and then awards contracts for the supply of goods and services to successful bidders in line with approved policies, rules and regulations. The committee also disposes of Bank assets in accordance with Bank policy.

7.4.6 PAYMENT SYSTEM POLICY COMMITTEE (PSPC)

The Payment System Policy Committee (PSPC) consists of the Governor who is Chairman, the Executive Directors of Finance, Supervision and Operations and the Directors of Information Technology Department (DIT), Legal Counsel and the Director Payment and Settlements Department acts as secretary to the PSPC. The Bank constituted the PSPC to guide, oversee and direct the payment system development process.

The Bank liaises closely with the members of the Uganda Bankers Association to enable the smooth co-ordination and implementation of new rules, regulations and products in the National Payments system.

7.4.7 PROJECT MANAGEMENT COMMITTEE

The Management Committee on Projects (MCP) is made up of the Deputy Governor who is the Chairman, Executive Director Administration, Executive Director Finance, Chief Accountant, Director Administrative Services, and Director IT. The committee promotes the efficient implementation of all Bank projects. It establishes guidelines for approving projects in the budget, scrutinizes projects before acceptance, sets the prioritization and methodology for the management of each project; evaluates on-going projects; and conducts ex-post evaluation of finished projects.

7.4.8 RISK MANAGEMENT COMMITTEE

The Risk Management Committee membership is composed of the Deputy Governor as Chairman with Executive Directors, Directors IT, Security, Administration, Strategy and Risk Management, Deputy Director Risk Management as Secretary. The committee is charged with the task of developing the BOU Risk Management Programme incorporating the identification of risk exposure and prioritizing them, defining strategies for managing and controlling the risks and communicating the risk management plan to staff. The committee is also responsible for the formulation and rehearsal of business continuity plans at the Bank as well as monitoring and evaluating the information security policy awareness and programme and risk management policy implementation.

7.4.9 THE MEDICAL BOARD

The Medical Board comprises seven members who are external consultant doctors with one of them as chairman and the Director Medical Department who is its secretary. The committee advises the Governor on medical policy and treatment of staff outside the country.

7.4.10 THE FOREIGN EXCHANGE RESERVE MANAGEMENT POLICY COMMITTEE

The Foreign Exchange Reserve Management Policy Committee’s main role is to oversee the implementation of policies and strategies approved by the Board for Foreign Exchange Reserves Management and review outcome reports. Its membership consists of the Governor as Chairman, Executive Directors of Research, Operations, Finance functions; the Director Financial Markets who also is the committee’s secretary.

8 RISK MANAGEMENT STATEMENT

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

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

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

8.1 OPERATIONAL RISK

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

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

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

8.2 REPUTATIONAL RISK

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

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

8.3 CUSTODIAL RISK

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

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

8.4 LEGAL RISK

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

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

8.5 CURRENCY RISK

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

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

8.6 LIQUIDITY RISK

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

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

8.7 SETTLEMENT RISK

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

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

8.8 INTEREST RATE RISK

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

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

8.9 CREDIT RISK

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

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

8.10 BUSINESS CONTINUITY RISK

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

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

9 LEGAL FRAMEWORK

9.1 ESTABLISHMENT

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

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

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

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

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

The Bank's principal responsibilities are to:

a) Formulate and implement Monetary Policy directed to economic objectives of achieving and maintaining economic stability;
b) Act as adviser to Government on monetary policy;
c) Act as financial adviser to Government and manager of the public debt;
d) Where appropriate, act as agent in financial matters for the Government;
e) Supervise, regulate, control and discipline financial institutions, insurance companies and pension funds institutions;
f) Issue currency notes and coins;
g) Maintain external assets reserve; and
h) Be the Banker to Government and Financial Institutions.

9.2 CAPITAL

Under section 14 of the Bank of Uganda Act, the authorised capital of the Bank shall be thirty billion shillings and shall be subscribed by the Government from time to time. The issued and paid up capital of the

Bank shall be a minimum of twenty billion shillings. As at 30 June 2010, the paid up capital of the Bank was twenty billion shillings.

9.3 GENERAL RESERVE FUND

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

9.4 DISTRIBUTION OF THE BANK NET PROFITS AND LOSSES

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

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

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

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

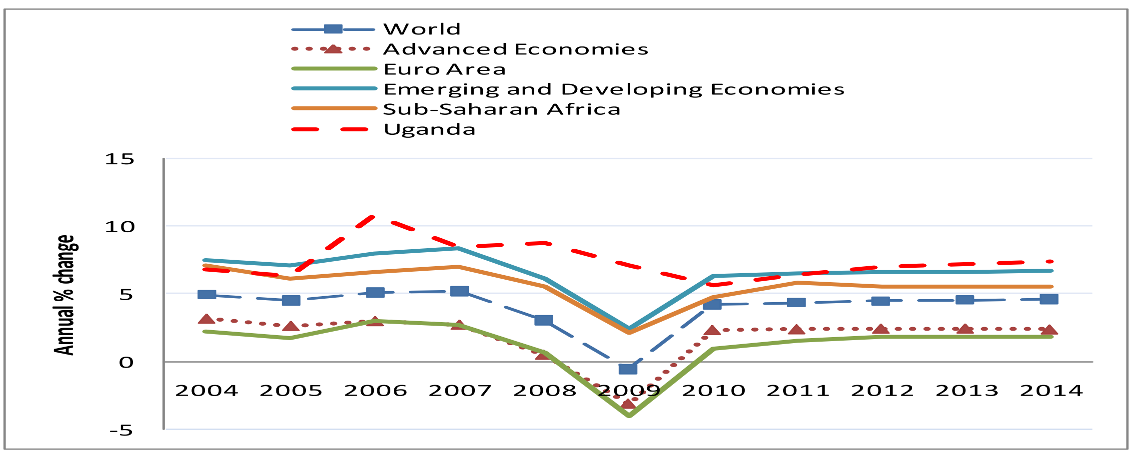
10 THE GLOBAL ECONOMIC PROSPECTS AND POLICY FOR THE DOMESTIC ECONOMY

10.1 GLOBAL OUTPUT AND POLICIES IN MAJOR COUNTRY GROUPS

The global economy continued to improve in 2009/10. After contracting by 0.6 percent in the second half of 2008/09, as the sharp contraction of 3.2 percent in the advanced countries more than offset the expansion of 2.4 percent in emerging and developing economies, resurgence in global output was recorded in 2009/10. The resurgence is largely attributed to expansionary macroeconomic policies and the gradual improvements in financial market conditions. However, as indicated in Figure **1**, the extent of recovery varied across different country groups. Robust growth in emerging and developing economies contrast sharply with slower paces of recovery in advanced countries. The International Monetary Fund (IMF) projects that this scenario will remain the same for most of the 2010/11-2011/12 period.

Countries responded to the global recession in diverse ways. Advanced countries undertook unconventional monetary policies which included quantitative easing in addition to the fiscal stimuli provided by governments. In emerging Asian countries, spearheaded by India and China, by the reduction in foreign demand for their exports, massive fiscal stimulus and accommodative monetary policies were implemented. However, in other emerging and developing countries where output expansion was robust, a less accommodating monetary policy stance were executed, especially in the second half of 2009/10.

Figure 1 Global real GDP growth



Source: IMF WEO Database, April 2010

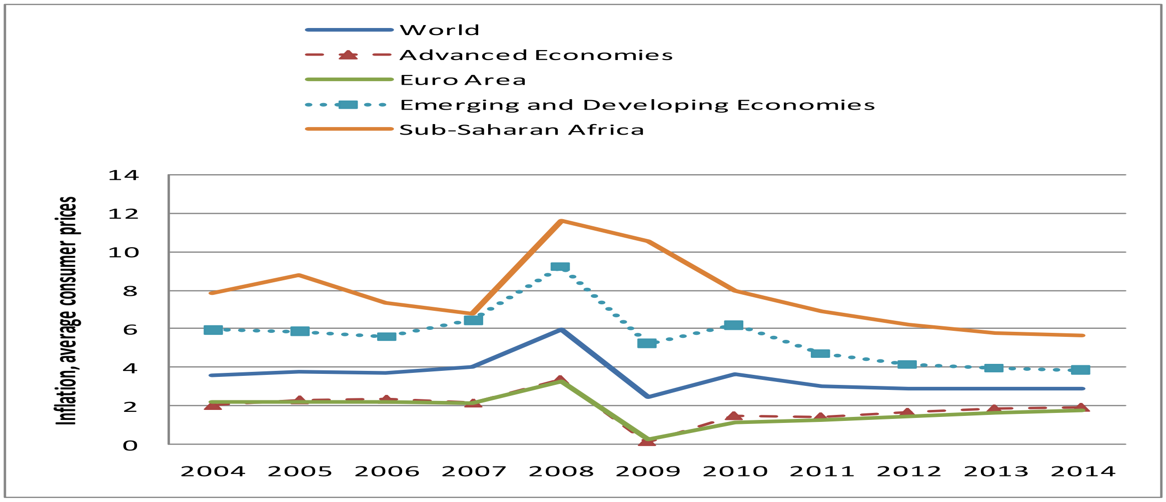
The risks to world economic recovery however remain. This stem from the current food crisis that is likely to increase pressure on prices of goods, financial and real assets in emerging markets, particularly in China, India and Brazil. For advanced economies, the main risks to global economic recovery emanates from persistent high unemployment and the mounting public debt, particularly in the Euro Area.

10.2 GLOBAL INFLATION

Inflationary pressures generally remained subdued in 2009/10, but with varying trends in the different country groups on account of low levels of capacity utilization, particularly in advanced economies and well-anchored inflation expectations. In the advanced economies, particularly in the Euro area, Core inflation declined to under 1.0 percent, down from about 2.0 percent peak recorded in 2008. In the United States, core inflation fell from 1.7 percent in January 2009 to 0.9 percent in April 2010 on account of housing costs whose twelve month deviation dipped from 1.8 percent to -0.7 percent. In addition, the decline in the unit labor costs of non-farm business by about 5.0 percent between the fourth Quarter of 2008 and the first quarter of 2010 fostered disinflation in the United States.

In the main emerging countries such as China, India and Brazil, consumer price trends were largely affected by international energy and foodstuff prices. The average consumer price index declined by 0.7 percent in 2009, after rising by 5.9 percent in 2008. However, an upturn was witnessed in the latter part of 2009 and the first half of 2010 due to higher food prices. In the East Africa community countries,

Figure 2 Global inflation and forecasts



Source: IMF WEO Database, April 2010

inflationary pressures slowed during the year on account of increases in food supplies due to good weather conditions and prudent monetary and fiscal policies implemented by most countries.

The International Monetary Fund (IMF) projections indicate that inflationary pressures are expected to remain subdued, particularly in advanced economies at between 1.3 percent and 1.5 percent in 2010 and 2011, respectively. This is on account of the still low levels of capacity utilization and well anchored expectations. On the other hand, in emerging and developing countries, inflation is expected to edge up to 6.3 percent in 2010 before declining to 5.0 percent in 2011. The global inflation developments and forecasts are shown in Figure 2.

10.3 INTERNATIONAL FINANCIAL AND FOREIGN EXCHANGE MARKETS

The international financial markets rebounded both in the emerging and high income countries, thanks to strong expansionary macroeconomic policies and measures to support the financial system. Financial market conditions eased progressively, at the same time fostering the recovery of world economic activity. Portfolio investment began to flow into the emerging markets and developing countries more rapidly than had been expected. These investments were attracted by good growth prospects and wide interest rate spreads compared to the advanced economies.

Equity prices around the world also gained strongly, although they remained below their pre-crisis peaks. On the other hand, credit spreads narrowed while government bond yields rose during the same period. In addition, interbank lending rates dropped, reflecting easing liquidity conditions in the global money markets. However, the financial crisis related discretionary fiscal stimulus, which amounted to about 2.0 percentage points of GDP in 2009 and 1.9 percentage points in the first half of 2010 caused higher levels of net borrowing in the Euro area. This caused an abrupt deterioration in public finances, which in turn fuelled uncertainty over their sustainability. The uncertainty over government finances trickled to the international financial markets, as investor confidence declined following concerns about the rising debt levels in countries such as Portugal, Ireland, Italy, Greece and Spain in April 2010. As a result, sovereign bond yields rose, and credit spreads, which had stabilized for most of the year widened.

In the emerging markets and developing countries, the low levels of interest rates in advanced economies and risk aversion worldwide encouraged a rapid recovery of international financial inflows. Stock market indices rose, spreads on the yields of sovereign debts reduced and countries with more flexible exchange rate regimes experienced strong currencies.

10.4 WORLD TRADE AND BALANCE OF PAYMENTS

In the first half of 2009, the contraction in global trade, which occurred simultaneously in all main economies, affected both goods (which declined by 11.8 percent in volumes and 23.0 percent in value terms) and services (which declined by 12.0 percent in value terms). However, in the second quarter of 2009 and early parts of 2010, there were signs of recovery in world trade, driven mainly by imports in the emerging Asian economies, particularly China.

10.5 PROSPECTS AND POLICY FOR THE DOMESTIC ECONOMY

The International Monetary Fund (IMF) projections indicate that the global economy will grow by 4.5 percent and 4.3 percent in 2010 and 2011, respectively. Advanced economies are expected to expand by 2.3 percent in 2010 and 2.5 percent in 2011, while growth in emerging and developing economies is projected to be over 6.3 percent during 2010. The projected global growth and the general turn around in the world economic and financial systems will provide Uganda with prospects for export growth and capital inflows, which will help boost growth.

11 MACROECONOMIC DEVELOPMENTS AND POLICIES IN UGANDA

11.1 MACROECONOMIC POLICY OBJECTIVES

11.1.1 OVERALL MACROECONOMIC OBJECTIVES

Macroeconomic policy in 2009/10 focused on expanding public infrastructure while alleviating the impact of the external shocks on domestic activity, increasing production and productivity and reducing poverty by making investments in infrastructure supporting growth.

11.1.2 MONETARY POLICY

(a) Objectives and framework

BOU's monetary policy remained focused at maintaining core inflation at 5 percent per annum, while at the same time supporting aggregate demand that had slackened partly due to the global recession. The Reserve Money Program (RMP) continued to guide the conduct of monetary policy. BOU continued to use Net Domestic Assets (NDA) of the central bank as an interim operating target but maintained base money as an indicative target for purposes of controlling money supply deemed to cause inflation. During the review period, broad money M2 was projected to grow by 21.2 percent and reserve money by 21.0 percent. This growth in monetary aggregates was considered consistent with the expansion in real GDP that was projected at 6.3 percent and core inflation anticipated to decline to 5.0 percent. BOU continued to pursue a flexible exchange rate policy regime. BOU intervened in the inter-bank foreign exchange market (IFEM) primarily to dampen short term volatility in the exchange rate.

(b) Challenges

While the BOU met its June 2010 target on core inflation, aggregate demand in the economy was relatively subdued, output was below potential, and the growth in the private sector credit remained sluggish for most of the year. Fiscal expenditure was much lower than anticipated since Government could not provide a fiscal stimulus as had earlier been planned due to implementation of measures aimed at increasing efficiency in Government expenditure. As a result of the slowdown in economic activity due to subdued aggregate demand, BOU pursued an accommodative monetary policy stance for the greater part of the year aimed at boosting aggregate demand but mindful of the price stability objective.

In terms of liquidity management, the liquidity management strategy had for a while faced the challenges that come with lumpy and uneven government expenditures and tax revenues, as well as unanticipated swings in market conditions. As a result, excess reserves of the banking system as well as domestic money market rates were very volatile. To address these challenges, effective September 2009, BOU adopted a more flexible approach to the implementation of the RMP. This involved delinking daily short-term liquidity management or fine-tuning money market operations, from the structural management of liquidity. Accordingly, BOU increased the assessment and projection of liquidity conditions from a quarterly to a monthly basis.

(c) Monetary policy instruments

The central bank continued to use Treasury bills and bonds as the main instruments of monetary policy. Daily sales of foreign exchange to the IFEM were also utilized to

Table 1 Real GDP Performance (Percentage Growth)

	2005/06	*2006/07*	*2007/08*	*2008/09*	*2009/10*
Total GDP at market prices	10.8	8.4	8.7	7.2	5.8
Agriculture, forestry and fishing	0.5	0.1	1.3	2.5	2.1
Cash crops	-10.6	5.4	9.0	5.6	-2.9
Food crops	-0.1	-0.9	2.4	2.6	2.7
Livestock	1.6	3.0	3.0	3.0	3.0
Forestry	4.1	2.0	2.8	6.3	2.4
Fishing	5.6	-3.0	-11.8	-7.0	2.6
Industry	14.7	9.6	8.8	5.8	8.9
Mining & quarrying	6.1	19.4	3.0	4.3	12.8
Manufacturing	7.3	5.6	7.3	10.0	5.9
Electricity supply	-6.5	-4.0	5.4	10.6	8.9
Water supply	2.4	3.5	3.8	5.7	2.7
Construction	23.2	13.2	10.5	3.7	10.9
Services	12.2	8.0	9.7	8.8	5.8
Wholesale & retail trade; repairs	12.3	10.4	14.7	9.7	-0.3
Hotels & restaurants	8.7	11.3	10.7	4.5	4.5
Transport & communications	17.1	17.7	21.3	14.3	15.1
Financial services	31.7	-11.9	17.1	25.4	21.1
Real estate activities	5.6	5.6	5.6	5.7	5.7
Other business services	12.5	10.6	10.8	12.4	10.4
Public administration & defence	15.8	-6.3	12.1	5.5	3.9
Education	9.4	10.6	-6.5	4.3	-0.5
Health	12.9	2.7	-4.8	-3.2	11.0
Other personal & community services	14.1	13.4	12.8	12.3	11.8
Adjustments	17.6	27.9	17.5	10.0	3.1
FISIM	34.2	-13.8	15.9	27.1	50.8
Taxes on products	19.5	22.3	17.3	11.6	8.2

Source: Uganda Bureau of Statistics

sterilize liquidity. The Repurchase Agreement (REPO) served as a short term liquidity fine tuning instrument. The cash reserve requirement ratio remained unchanged at 9.5 percent of total deposit liabilities. In line with the trends in the Treasury bill market and a revision of the margin within the BOU rates, the Rediscount and Bank rates registered a gradual downward trend, particularly in Q2 and Q3 of 2009/10. The Rediscount and Bank Rates fell to 7.40 percent and 8.40 percent, respectively in June 2010 compared to 9.59 percent and 10.59 percent in June 2009.

11.2 MACROECONOMIC DEVELOPMENTS AND POLICIES

11.2.1 GDP PERFORMANCE

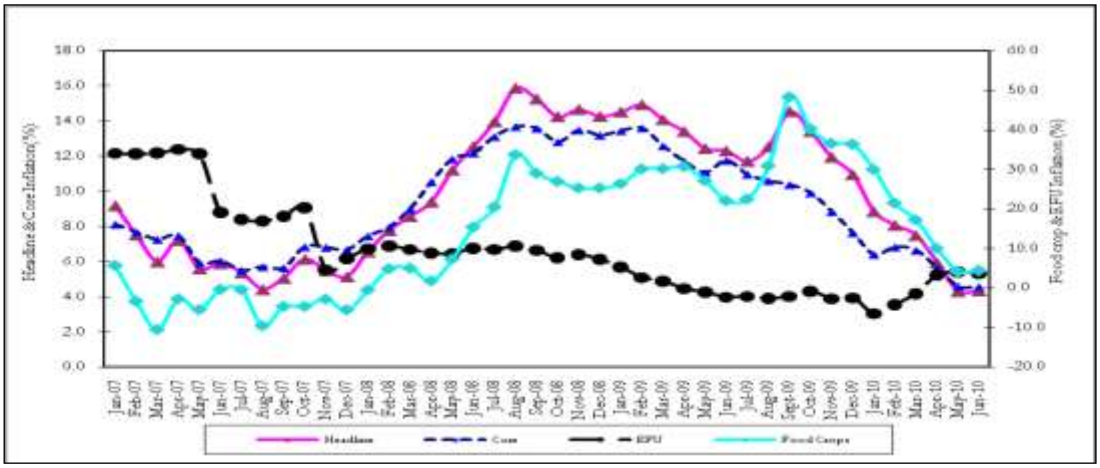
The Ugandan economy is estimated to have grown by 5.8 percent in 2009/10. This was 1.4 percentage points lower than the 7.2 percent growth realized in 2008/09. Notwithstanding this decline, this growth rate was robust given that it was achieved amidst an adverse international economic environment. The performance of the economy was largely driven by the industry and service sectors, which grew by 8.9 percent and 5.8 percent, respectively. Within the services sector, financial services grew by 21.1 percent down from 25.4 percent in 2008/09. The Agricultural sector grew by 2.1 percent, largely due to the adverse weather conditions experienced in the first half of the financial year. A detailed sectoral analysis of GDP performance is presented in Table **1**

11.2.2 INFLATION

Annual headline inflation declined to 4.2 percent in June 2010 from 12.3 percent in June 2009. The inflation outturn was largely driven by the decline in food prices, low global inflation, and sluggish aggregate demand. After peaking at about 30.0 percent in September 2009, annual food inflation declined gradually to 1.9 percent in June 2010. This decline was largely driven by favorable weather conditions that led to improved food production.

Annual core inflation1 declined from 11.7 percent in June 2009 to 4.5 percent in June 2010 and June 2010. The decline in core inflation was largely driven by subdued aggregate demand in the economy. Annual Energy, Fuel, and Utilities (EFU) inflation, on the other hand, declined from -2.3 percent in June 2009 to -6.5 percent in January 2010, before rising to 3.9 percent in June 2010. The decline in EFU inflation in the first part of the year was on account of the fall in world oil prices. However this trend reversed as crude oil prices started increasing towards the end of 2009. The developments in the domestic consumer inflation are depicted in Figure **3**.

Figure 3 Annual inflation developments: (JAN 2007 – JUNE 2010)



Source: Uganda Bureau of Statistics

11.2.3 EXCHANGE RATE

The Uganda shilling depreciated against the US Dollar by 5.1 percent in 2009/10, from an average rate of UShs. 1,930.03 per US$ in 2008/09 to UShs. 2,028.88 per US$. The shilling first appreciated in the first half of 2009/10 from an average rate of UShs. 2,137.88 per US$ for the month of June 2009 to an average of UShs. 1,873.78 per US$ for the month of December 2009 before depreciating to an average of UShs. 2,257.44 per US$ in June 2010.

The appreciation observed in the first half of the review period was due to the unwinding of the long dollar positions of commercial banks amidst dollar inflows from offshore investors, NGOs and export proceeds. On the contrary, the shilling depreciated in the second half of 2009/10 on account of the US Dollar gaining against major international currencies and excessive dollar demand from the manufacturing and energy sectors. These developments in the interbank foreign exchange market in addition to the strengthening of the dollar in the months of

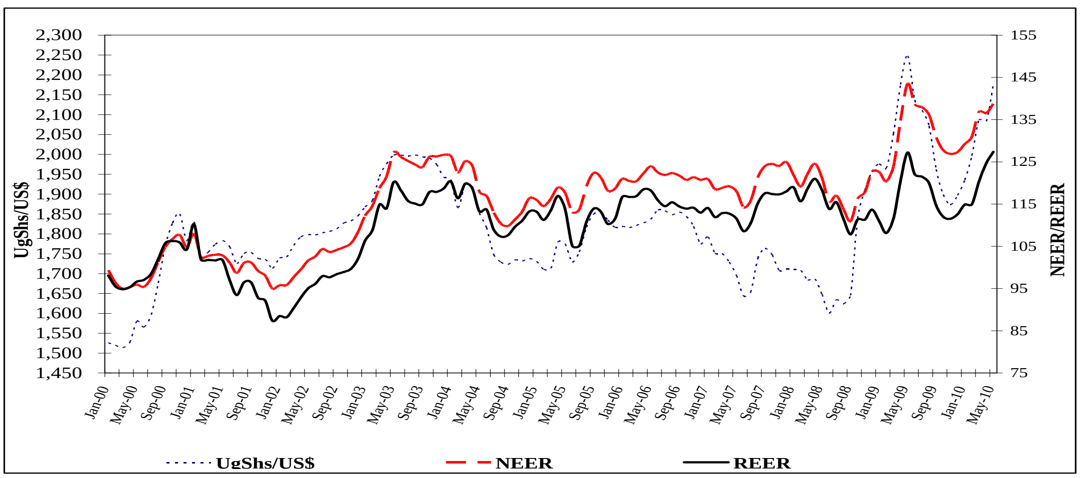
[1] which excludes the more volatile components such as food crop and fuel.

May and June resulted into the depreciation of the shilling.

The actions of the central bank to dampen volatility in the inter-bank foreign exchange market (IFEM) resulted into a net sale of US$ 37.7 million in the period under review compared to a net sale of US$ 235 million in the same period in 2008/09. Commercial banks' purchases of foreign exchange from the non bank public declined by 1.6 percent while sales increased by 3.6 percent in comparison to respective increases of 40.8 percent and 43.0 percent in the corresponding period in 2008/09.

The Nominal Effective Exchange Rate (NEER) which measures the relative strength of the Uganda shilling against a weighted basket of currencies major trading partners, depreciated by 7.8 percent compared to depreciation of 5.7 percent in 2008/09. On a bilateral basis, the shilling depreciated in 2009/10 by 6.9 percent, 12.7 percent, 4.0 percent, 4.5 percent, 24.0 percent, and 7.9 percent, against the Euro, the Japanese Yen, the Pound Sterling, the Kenyan Shilling, the South African Rand and the Indian Rupee, respectively. As a result of the developments in the NEER and inflation differential between Uganda and its trading partners, the Real Effective Exchange Rate (REER) depreciated by 3.1 percent in 2009/10 compared to an appreciation of 6.4 percent registered in 2008/09. The developments in the exchange rates are indicated in Figure **3**.

Figure 4 Nominal and the Real Effective Exchange Rate



Source: Bank of Uganda

11.2.4 EXTERNAL SECTOR

The overall BOP performance in 2009/10 was an improvement of US$ 258.7 million from a deficit of US$ 45.7 million in 2008/09 to a surplus of US$ 213.8 million. The improved performance was due to increased capital flows that resulted in a surplus of US$ 1,663.8 million on the capital and financial account during 2009/10 compared to a surplus of US$ 1,132.8 million in 2008/09. The increase in capital inflows was on the asset side in form of a higher draw-down on foreign currency accounts held abroad of US$ 184.5 million in 2009/10 compared to the build-up during 2008/09 of US$ 63.8 million. The drawdown was intended to finance foreign expenditures at a time when there was scarcity in the money markets. On the liability side, there were higher loan inflows to both the public and private sector amounting to US$ 306 million and US$ 240 million compared to US$ 279 million and US$ 61 million respectively in 2008/09. In addition to the higher loans, foreign currency deposits at banks increased by about US$ 123.9 million and the IMF allocated SDR's equivalent to US$ 224 million towards increasing global liquidity.

The current account deficit however worsened to about 9.7 percent as a share of GDP in 2009/10 from 6.1 percent in 2008/09. In nominal terms, the current account deficit amounted to US$ 1,216.7 million in 2009/10 from a deficit of US$ 552.3 million in 2008/09. The worsening of the current account was mainly driven by an increase in imports of services, decline in current transfers and a marginal decline in exports of goods of US$ 390.8 million or 29.5 percent from US$ 1,323.4 million in 2008/09 to US$ 1,730.7 million in 2009/10. The reduction in current transfer inflows (particularly NGO inflows) of US$ 220.5 million or 12.7 percent from US$ 1,730.7 million in 2008/09 to US$ 1,519.3 million in 2009/10 also contributed significantly to the deterioration of the current account. The current account deficit, (excluding official grants) as a ratio of GDP also widened from 6.3 percent in 2008/09 to 10.0 percent in 2009/10.

Other developments in the balance of payments included stagnation in both imports and exports of goods with imports amounting to US$ 4,030.3 million compared to US$ 4,059.2 million in 2008/09 and exports amounting to US$ 2,803.4 million compared to US$ 2,884.8 million. The declines were mainly due to low demand as suggested by the fall in volume indices of 22.5 percent and 2.8 percent for imports and exports respectively relative to 2008/09. Exports of services increased by 12.7 percent to US$ 998 million from US$ 886 million as the tourism sector owing to the resilience of the tourism sector. Workers remittances fell to US$ 820 million from US$ 883 million in 2008/09 and income earnings on foreign denominated assets continued to decline while income payments on foreign denominated liabilities increased, worsening the net income position.

The developments on the current and capital and financial accounts of the balance of payments resulted in a net saving in the financing items from which the build-up in reserves excluding valuation gains was estimated at US$ 198.3 million. The stock of reserves including valuation changes was estimated at US$ 2,523.5 million, which is able to finance about 5 months of imports of goods and services. The detailed BOP

Table 2 Balance of Payments

	2005/6	2006/7	2007/8	2008/9	2009/10
A. Current Account Balance (A1+A2+A3+A4)	**-314.53**	**-315.92**	**-350.12**	**-552.27**	**-1,216.68**
A1. Goods Account (Trade Balance)	**-927.72**	**-995.27**	**-896.68**	**-1,174.35**	**-1,226.89**
a) Total Exports (fob)	1,041.24	1,499.89	2,612.82	2,884.87	2,803.43
b) Total Imports (fob)	-1,968.97	-2,495.16	-3,509.50	-4,059.22	-4,030.32
Services and Income	**-424.10**	**-499.14**	**-727.77**	**-705.48**	**-1,065.73**
A2. Services Account (services net)	**-175.36**	**-270.57**	**-473.63**	**-437.32**	**-715.94**
a) Inflows(credit)	523.37	556.46	648.39	886.12	998.30
b) Outflows(debit)	-698.74	-827.03	-1,122.03	-1,323.44	-1,714.25
A3. Income Account (Income net)	**-248.73**	**-228.57**	**-254.14**	**-268.16**	**-349.79**
a) Inflows(credit)	53.48	87.93	115.70	92.95	23.88
b) Outflows(debit)	-302.22	-316.50	-369.84	-361.11	-373.66
A4. Current Transfers (net)	**1,037.29**	**1,178.49**	**1,274.33**	**1,327.56**	**1,075.94**
a) Inflows (Credit)	1,236.33	1,324.79	1,520.19	1,739.72	1,519.27
b) Outflows (Debits)	-199.03	-146.30	-245.86	-412.15	-443.33
B. Capital & Financial Account Balance (B1+B2)	**880.70**	**1,061.22**	**1,191.72**	**1,132.80**	**1,663.78**
B1. Capital Account	**126.81**	**3,428.10**	**0.00**	**0.00**	**0.00**
a) Capital Transfers inflows (credit)	126.81	3,428.10	0.00	0.00	0.00
B2. Financial Account; excl. financing items	**753.89**	**-2,366.89**	**1,191.72**	**1,132.80**	**1,663.78**
a) Direct Investment	**512.04**	**718.28**	**760.58**	**666.31**	**654.40**
i) Direct investment abroad	0.00	0.00	0.00	0.00	0.00
ii) Direct investment in Uganda	512.04	718.28	760.58	666.31	654.40
b) Portfolio Investment	**-5.58**	**77.58**	**66.30**	**-39.07**	**-39.99**
c) Financial derivatives (net)	**0.00**	**0.51**	**-0.12**	**6.35**	**-5.34**
d) Other Investment	**247.43**	**-3,163.27**	**364.95**	**499.22**	**1,054.71**
Assets	109.22	-155.37	81.50	-61.74	184.79
Monetary authorities	0.00	15.41	0.00	0.00	0.00
General government	-3.30	-134.69	254.46	52.36	232.67
Banks	48.52	-36.09	-161.96	-54.10	-80.88
Other sectors	64.00	0.00	-11.00	-60.00	33.00
Liabilities	138.22	-3,007.90	283.45	560.96	869.92
Monetary authorities	0.00	0.00	0.00	0.00	224.00
General government	59.81	-3,104.12	172.26	279.27	306.64
Banks	26.24	19.61	23.32	181.58	62.26
Other sectors	52.16	76.61	87.88	100.11	277.02
d) Errors and Omissions	**-367.94**	**-41.45**	**-278.60**	**-626.24**	**-233.33**
C. Overall Balance (A+B)	**198.23**	**703.85**	**562.99**	**-45.70**	**213.77**
D. Reserves & related items	**-198.23**	**-703.85**	**-562.99**	**45.70**	**-213.77**
a) Reserve assets	-24.14	-682.48	-538.93	61.27	-198.27
b) Use of Fund credit and loans	-138.80	0.00	0.00	0.00	0.00
c) Exceptional Financing	-35.30	-21.37	-24.07	-15.56	-15.50

Source: BOU

table is provided in the appendix while a summary is shown in Table **2**.

11.2.5 FISCAL DEVELOPMENTS

(a) Fiscal Strategy

Amidst the effects of the global financial and economic crisis, the fiscal strategy for the financial year 2009/10 focused on making interventions to stimulate production and regional trade, with special emphasis on improving agricultural productivity, agro processing, value addition, infrastructure and human development. Faced with uncertainty with regard to external assistance, these interventions were expected to be largely financed through increased domestic revenue mobilization and an improvement in the efficiency in the utilization of development expenditures.

(b) Revenues and Expenditure

The implementation of the aforementioned interventions was constrained by slow execution of key projects due to the implementation of measures aimed at ensuring efficiency, a shortfall in domestic revenue collections and lower than expected donor project disbursements. Domestic revenue collections, which amounted to 12.7 percent of GDP was lower than the target of 12.9 percent of GDP, mainly on account of poor performance of trade taxes due to a slower pace of growth in economic activity. Donor resources, in the form of grants and loans, contributed 27.0 percent of total budget resources relative to the budgeted contribution of 35.8 percent. However, the shortfall in domestic revenue was offset by a shortfall in expenditures, which resulted from the slow execution of key projects. Hence the overall budget resource envelope, excluding domestic financing, was approximately 1.5 percent of GDP

Table 3 Selected Indicators of the Central Government Operations

Percent	2007/08	2008/09	Projection 2009/10	Provisional 2009/10
Revenue & Grants/GDP	16.3	15.5	16.5	15.4
Domestic Revenue/GDP	13.3	12.6	12.9	12.7
Donor Assistance/GDP	4.9	5.3	7.2	5.0
Donor Assistance/Total Budget	27.2	30.8	35.8	27.0
Total expenditure /GDP	17.6	16.4	20.0	18.3
Capital Formation/ Total Budget	14.9	16.9	22.4	19.7
Expenses/ Total budget	84.7	80.6	79.1	81.8
Budget deficit (including grants)/GDP	-1.9	-1.7	-3.6	-3.0
Budget deficit (excluding grants)/GDP	-4.9	-4.6	-7.2	-5.7

Source: Background to the Budget (BTTB) 2010-2011

lower than budgeted.

Total expenditures and net lending amounted to 18.3 percent of GDP, 1.7 percentage points lower than the budgeted amount but higher than the expenditures of 16.4 percent of GDP recorded in the previous fiscal year. The shortfalls in expenditures were caused by delayed implementation of some key projects and low donor disbursement to projects. Development expenditure was below target by 2.7 percent of GDP while the current expenditure was above the budgeted amount by 7.7 percent of GDP largely attributed to higher than budgeted pension payments in the bid to ensure that no new pension arrears arose. The priority expenditures in the Poverty Action Fund were fully implemented.

Compared to the 2008/09 outturn, total expenditures in 2009/10 were higher by 1.9 percent of GDP. In line with the fiscal strategy aimed at addressing structural bottlenecks and stimulating the economy, development expenditures grew as a share of GDP, by 1.7 percent while recurrent expenditures grew marginally by 0.1 percent of GDP. Due to the constraints highlighted, this growth in development and recurrent expenditures was not to the full extent planned in the budget.

(c) Budget Deficit and Financing

The overall fiscal deficit, including grants, amounted to 3.0 percent of GDP in 2009/10. Since the shortfall in total expenditure more than offset the shortfall in revenues and grants, the deficit was lower than anticipated by 0.6 percent of GDP. The fiscal deficit was financed through net external borrowing equivalent to 1.8 percent of GDP and net domestic financing amounting to 1.2 percent of GDP. The fiscal deficit excluding grants, which provides a more appropriate measure of the fiscal stance, amounted to 5.7 percent of GDP in 2009/10.

12 FINANCIAL SECTOR DEVELOPMENTS

12.1 COMMERCIAL BANKS' ACTIVITIES

The banking sector continued to grow in terms of size, number of institutions and outreach during the year 2009/2010. A new commercial bank, ABC Capital Bank, was licensed during the year and this brought to 8 the number of new banks licensed since the moratorium against licensing new banks was lifted in 2005. Therefore, the number of commercial banks in the country increased to 22 with a total network of 390 branches (including sub-branches and agencies) at the end of June 2010, from 349 branches at the end of June 2009. The health of the banking sector also remained largely untainted with the ratio of non-performing loans to total credit at 3.0 percent at end June 2010 compared to 4.0 percent at end June 2009. The overall capital position of the sector remained satisfactory with a slight growth in core capital. The percentage of core capital to Risk Weighted Assets (RWA) was maintained at 19.3 percent in June 2010. Bank of Uganda continued to implement measures geared towards strengthening the supervision of financial institutions in order to ensure that the financial sector remains safe and sound.

12.1.1 ASSETS OF COMMERCIAL BANKS

Total assets of the banking sector grew by 22.7 percent from Shs 8,273.2 billion in June 2009 to Shs 10,443.0 billion in June 2010. Between June 2009 and June 2010, the net foreign assets of commercial banks grew by 8.6 percent in contrast to a decline of 19.5 percent observed in the corresponding period last year, on account of rise in total foreign assets. Similarly, commercial banks' net domestic assets increased by 24.5 percent mainly due to the growth in the credit extended to the private sector. Commercial banks' claims on Central Government increased by 21.6 percent in the period ended June 2010 compared to an increase of 14.5 percent in the year ended June 2009 due to an increase in holdings of government securities.

12.1.2 OUTSTANDING LOANS AND ADVANCES TO THE PRIVATE SECTOR

During 2009/10, commercial banks' stock of outstanding credit to the private sector increased by 25.0 percent relative to a growth of 32.2 percent registered in the previous fiscal year. The personal and household loans sector accounted for the largest share of total credit from commercial banks at 21.2 percent. The Trade & commerce, building and construction and agriculture sectors accounted for 19.2 percent, 18.6 percent and 6.4 percent, respectively. Mining & quarrying and electricity & water sectors accounted for the lowest share of total credit over the period under review however, loans to these sectors more than doubled during the financial year 2009/10. Table **4** shows the outstanding loans and advances, and percentage shares by sectors.

Table 4 Outstanding loans and advances by sector

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

Source: Bank of Uganda

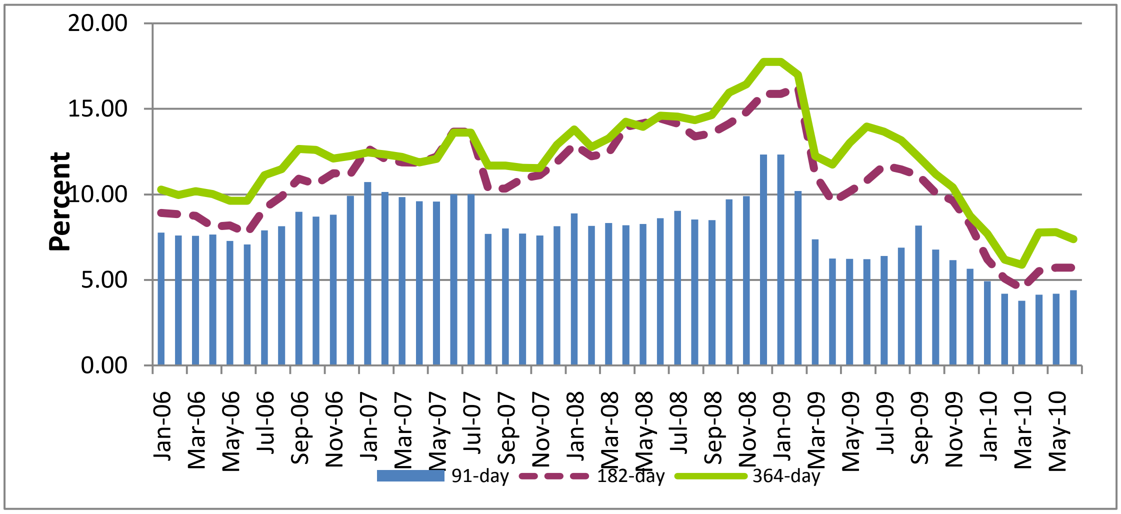
12.1.3 LIABILITIES OF COMMERCIAL BANKS

Total deposits held by commercial banks stood at Shs. 4,968.5 billion at end June 2010 from Shs. 3,675.3 billion as at end June 2009. This represented an increase of 35.2 percent compared to an increase of 30.3 percent in 2008/09. Private sector's demand deposits expanded by 35.4 percent, while time and savings deposits increased by 35.0 percent in 2009/10 compared to increases of 21.5 percent and 39.3 percent in 2008/09, respectively. The increase in time and savings deposits indicated the public's continued confidence in the banking system and the deposit mobilisation efforts by the commercial banks. Foreign exchange deposits also grew by 36.6 percent in 2009/10 relative to a growth of 20.5 percent in 2008/09.

12.1.4 DEVELOPMENTS IN THE DOMESTIC SECURITIES MARKET

BOU conducted regular auctions of Treasury bills and bonds in the period under review. Interest rates in both primary Treasury bill and bond markets steadily declined as liquidity conditions eased reflecting an accommodative monetary policy stance implemented in 2009/10. In the Treasury bill market, demand was consistently highest for longer dated securities which could be an indication of low and stable

Figure 5 Treasury Bills' Effective Yield Rates



Source: Bank of Uganda

inflation expectations by market agents. In the second half of the year 2009/10, four bonds were sold at a premium, further highlighting the high demand for and confidence in government securities, as well as the limited availability of alternative risk-free opportunities for long-term investment. The average yields-to-maturity on the 2-year and 3-year bonds declined in 2009/10 to 11.6 percent each, compared to respective yields of 18.6 and 14.8 percent recorded in the previous year. At end June 2010, the outstanding stock of Treasury bonds amounted to Shs. 1,563.9 billion. Likewise, the average effective yields on the 91-day, 182-day, and 364-day Treasury bills in the primary market declined to 4.4 percent, 5.7 percent, and 7.4 percent, respectively in June 2010 from 6.2 percent, 10.8 percent and 14.0 percent in June 2009. Figure **5** depicts the evolution of the effective yield rates on Treasury bills.

Trading in the secondary market for Treasury bills increased to Shs. 1,006.3 billion in 2009/10 from Shs. 868.7 billion in 2008/09. Over the same period, total trading in the secondary market for Treasury bonds remained stable at Shs. 955.5 billion and Shs. 956.0 billion in 2009/10 and 2008/09, respectively. The increase in secondary market activity was largely on account of the continued active use of the signed Horizontal Repo Agreement (HRA) to secure interbank lending transactions, the ease with which securities can be transferred on the Central Depository System (CDS), and the periodic ranking of primary dealers by Bank of Uganda which motivates the primary dealers in the key areas of primary and secondary market development.

The vertical Repo market, capturing the Repo transactions between commercial banks and the central bank continued to be used for short-term liquidity management in the intra auction periods. In the early part of 2009/10, Bank of Uganda issued reverse repos worth Shs. 2,117.0 billion to address the tight liquidity conditions then, attributed to reduced government spending between July 2009 and January 2010. In the second half of the financial year, Repo issues rose significantly to Shs. 4,508.1 billion, compared to issues worth Shs. 1,758.8 billion in the corresponding period in 2008/09 mainly due to the to the introduction of the flexible RMP framework in September 2009, which required more frequent Central Bank intervention in the money market to smooth out daily liquidity fluctuations. The weighted interest rates in the vertical REPO market trended downwards to a simple average of 3.9 percent from 5.3 percent recorded in 2008/09, partly reflecting the accommodative monetary policy stance adopted for most of the financial year.

12.1.5 COMMERCIAL BANKS' RATES

Commercial banks' weighted average lending rates on shilling denominated loans were relatively stable in 2009/10. However, with the lending interest rates remaining high while time deposits rates and discount rates declined, the spread between the time deposit and lending rates widened. BOU and government remain committed to deepening and diversifying the financial sector through increased competition. Measures aimed at reducing lending rates which included full operationalization of a credit reference bureau and moral suasion through monthly meetings with the chief executives of commercial banks, among others were implemented in the period under review. Developments in the commercial banks' interest rates are shown in the Table **5**.

12.2 MONETARY AGGREGATES

12.2.1 BASE MONEY

By end June 2010, base money, which is composed of commercial banks' deposits at the central bank plus currency issued, had expanded by about 24.8 percent on an annual basis compared to an increase of 20.8 percent, in the corresponding period of

Table 5 Commercial banks' weighted interest rates (% p.a)

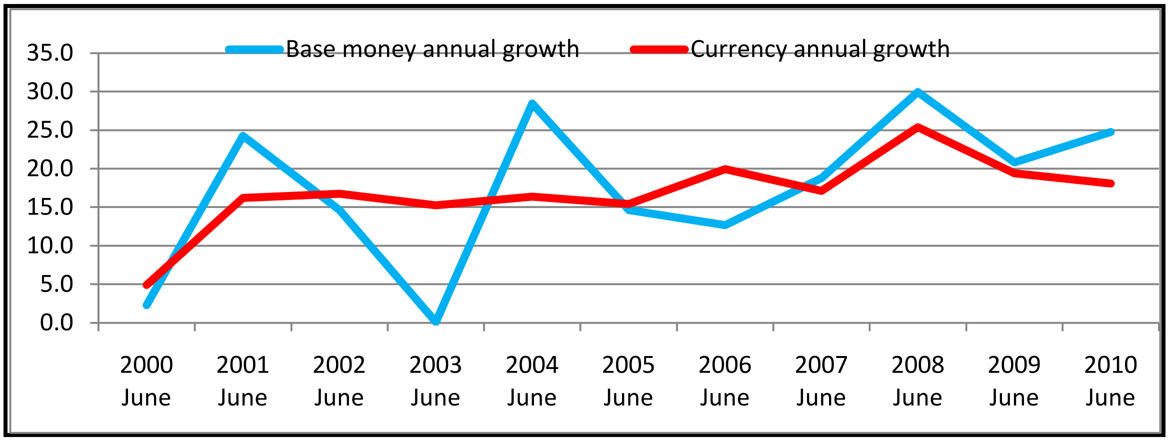
Weighted Average	June 2008	June 2009	Sept 2009	Dec 2009	Mar 2010	June 2010
Lending	20.18	21.80	20.69	20.01	21.13	20.61
Demand deposits	1.29	1.26	1.23	1.28	1.26	1.28
Saving deposits	2.10	2.36	2.36	2.25	2.31	2.44
Time deposits	10.85	10.72	8.49	9.23	7.70	7.50
Spread (lending rate – time rate)	9.33	11.08	12.20	10.77	13.43	13.12

Source: Bank of Uganda

2008/09. The higher growth in base money was largely as a result of the monetary policy easing. This is illustrated by developments in the annual growth rate of the base money, which rose from 4 percent in January 2010 to 24.8 percent in June 2010. Figure 4 shows the annual growth in base money and currency in circulation from June 2001 to June 2010.

By early 2009, broad money and credit growth were gradually moderating, reflecting slower economic growth. Following the global recession and the intensification of the global financial turmoil, and the knock-on effects on Ugandan economy, the annual growth rate of broad money declined to 17.7 percent December 2009, while that of loans to the

Figure 6 Base money and currency annual growth rates



private sector decreased to 17 percent. This joint decline pointed to a stronger deceleration in the pace of underlying monetary expansion reflecting a slump in economic activities. In light of these developments, Bank of Uganda eased monetary policy to moderate this deceleration. In particular, the economic slump and the monetary policy reaction triggered a sharp change in interest rates. The ensuing change in the opportunity cost of holding money induced portfolio reallocations into non-monetary assets, thereby dampening M2 growth. Money

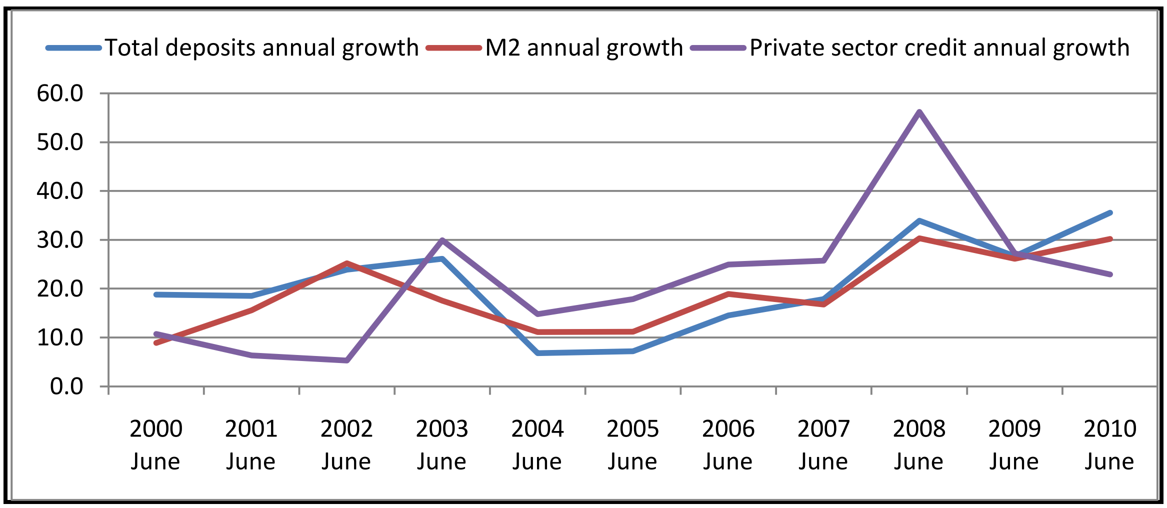
12.2.2 MONEY SUPPLY

Monetary aggregates have fluctuated substantially since early 2007. Monetary aggregates strengthened substantially to reach historically high levels in 2008. This is illustrated by the annual growth rates of M2 and loans to the private sector, which, at the end of the Financial Year 2007/08, stood at around 30 percent and 56 percent respectively (see Figure **6**). Given that loans are one of the main counterparts of money, this joint strengthening signalled a strong pace of underlying monetary growth.

growth, which, by and large, is governed by the liquidity, return and risk characteristics of a broad spectrum of assets, was strongly affected by this reconfiguration of interest rates.

To obtain a better understanding of broad money developments we also look at the development in the net foreign assets and net domestic assets. This broader analysis is necessary to put developments in broad money into perspective.

Figure 7 Monetary and private sector credit annual growth rates June 2000 – June 2010



Source: Bank of Uganda

12.2.3 NET FOREIGN ASSETS

The net foreign assets of the banking system contributed 67.3 percent of M3 growth. The central Bank's net foreign assets grew by 11.7 percent from Shs. 5,119.5 billion at end June 2009 to Shs. 5,718.8 billion at end June 2010. The foreign reserves of the central bank rose by 12.8 percent from Shs. 5,040.5 billion at end June 2009 to Shs. 5,685.1 billion at end June 2010 while its foreign liabilities decreased from Shs. 22.6 billion to Shs. 20.9 billion during the period under review. The increase in foreign reserves of the central bank was largely due to the revaluation gains realised as a result of the depreciation of the Uganda shilling in the period under review. Figure **7** summarizes developments in the monetary aggregates of the banking system over the period June 2001 to June 2010.

12.2.4 NET DOMESTIC ASSETS

The net domestic assets (NDA) of the banking system, excluding revaluation, followed a trend similar to that registered in the previous financial year. The net domestic assets almost doubled in 2009/2010 mainly due to an increase in the banking system's claims on the private sector together with the deterioration in the government position with the banking system. The banking system's claims on the private sector grew by 25.1 percent, compared to a growth of 31.6 percent in the previous year while its net claims on the Central Government declined by 60.3 percent compared to a decline of 32.8 percent observed in 2008/09.

12.3 CREDIT INSTITUTIONS

During 2009/10, the overall financial conditions of all non-bank financial institutions continued to register satisfactory performance against the CAMELS prudential rating. Overall, there was increase in the activities of the credit institutions in the period under review as depicted by their assets and liabilities. The branch network of these institutions expanded and measures to mobilize deposits were intensified in 2009/10.

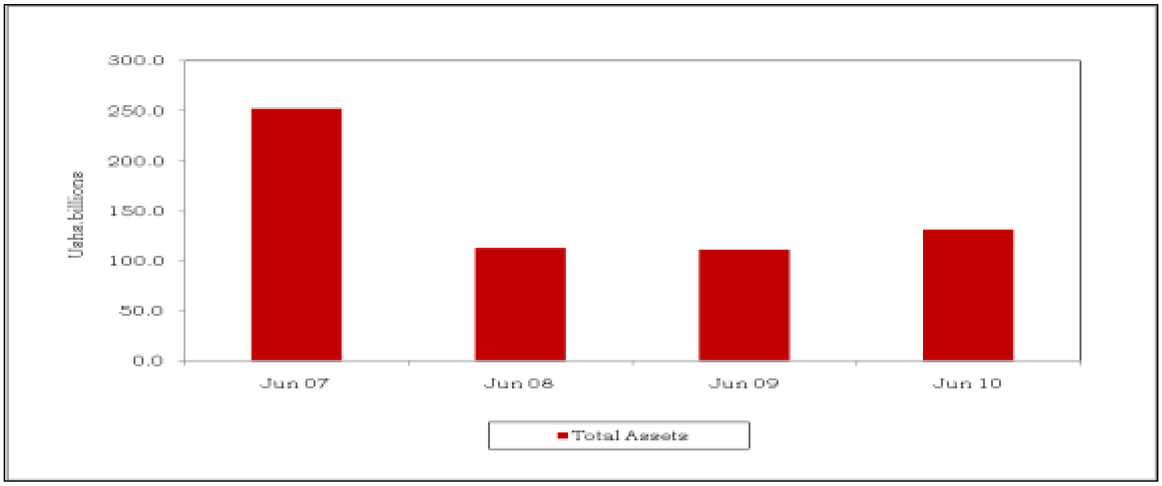
12.3.1 ASSETS OF CREDIT INSTITUTIONS

The assets of credit institutions grew by 17.8 percent in 2009/10 on account of increased deposits with financial institutions and outstanding loans and advances. Figure **8** shows the developments in the assets of Credit Institutions.

12.3.2 DEPOSIT LIABILITIES

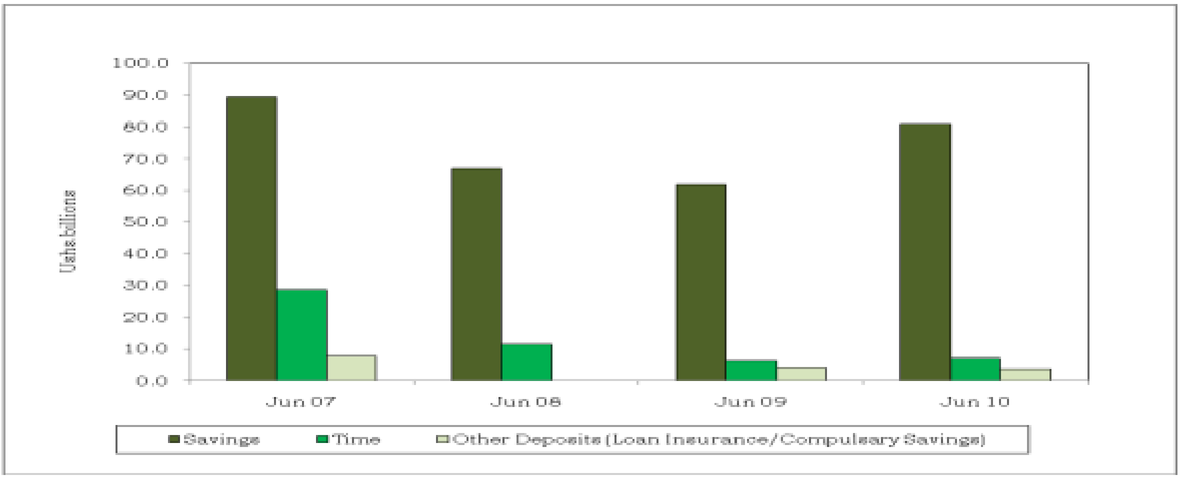
During 2009/10, total deposits with the credit institutions increased by 26.5 percent in contrast to a decline of 7.5 percent in 2008/09. Of these, total private sector deposits grew by 28.7 percent in contrast to a 12.7 percent decline observed during the preceding year. The increase in total deposits was mainly due to the increase in saving deposits in 2009/10. Figure **9** shows the developments in the deposits of credit institutions.

Figure 8 Credit Institutions' Total Assets (Shs Billion)



Source: Bank of Uganda

Figure 9 Total Deposit Liabilities of Credit Institutions



Source: Bank of Uganda

12.3.3 LOANS AND ADVANCES TO THE PRIVATE SECTOR

The stock of outstanding loans and advances to the private sector increased by 29.2 percent in 2009/10 compared to an increase of 26.7 percent in 2008/09. The trade and commerce sector held the biggest share of loans offered by Credit Institutions, equivalent to 37.5 percent of total loans. Figure **10** shows the developments in the loans and advances of Credit Institutions.

12.4 MICRO FINANCE DEPOSIT-TAKING INSTITUTIONS

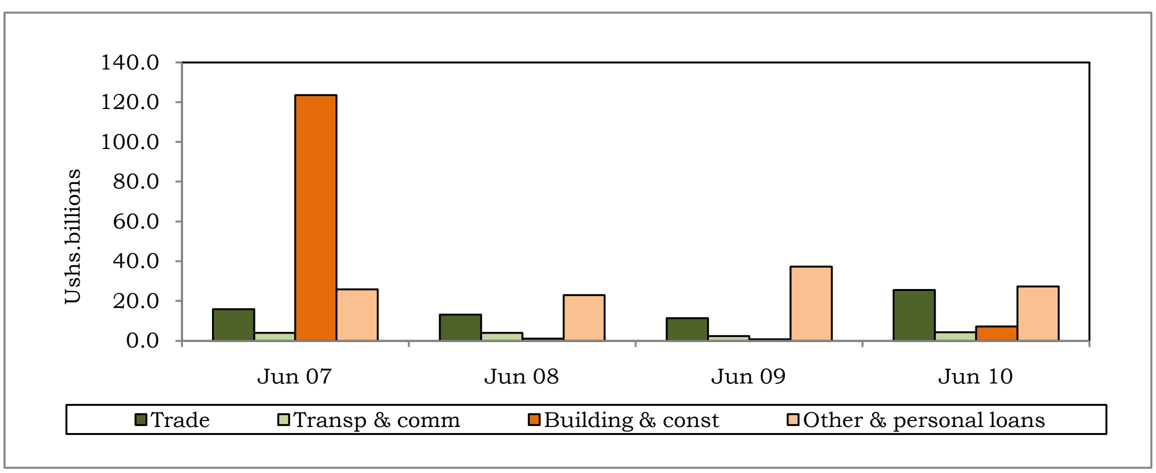
12.4.1 ASSETS

Total assets of the MDIs grew by 12.9 percent in 2009/10, in contrast to a decline of 35.0 percent in 2008/09. The increase in total assets was mainly due to the growth of the MDIs' loans to the private sector.

12.4.2 LIABILITIES

There was an increase of 15.1 percent in the total deposits of MDIs in 2009/10 in

Figure 10 Outstanding loans and advances of credit institutions



Source: Bank of Uganda

contrast to a decline of 21.6 percent in 2008/09. The increase was mainly due to the growth in total private sector deposits. Both the private sector's time and savings deposits grew by 25.9 percent and 34.3 percent, respectively in 2009/10. MDIs total borrowings declined by 2.2 percent in 2009/10, compared to a decline of 62.2 percent in 2008/09.

12.4.3 LOANS AND ADVANCES TO THE PRIVATE SECTOR

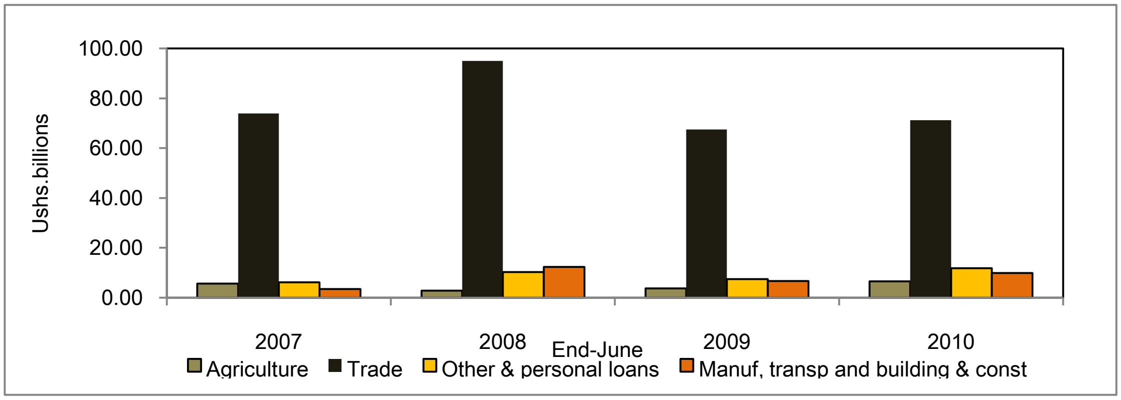
The stock of outstanding loans and advances grew by 16.5 percent compared to a decline of 29.2 percent registered in the previous year. The trade and commerce sector accounted for the biggest share of credit from the MDIs, accounting for 71.6 percent of total outstanding loans by end-June 2010. Figure **11** shows the evolution of MDIs' credit to the various sectors.

12.4.4 ACTIVITIES AT THE UGANDA SECURITIES EXCHANGE

The Uganda Securities Exchange (USE) market rebounded from the effects of the global financial market turmoil of 2008/09. Resulting from renewed confidence by foreign and local investors in the Ugandan market, the all share index (ALSI) at the USE rose by 29.5 percent from a closing position of 790.8 in 2008/09 to 1,023.82 in June 2010. The market capitalization increased by 29.7 percent to Shs. 9,991.9 billion from Shs. 7,701.8 billion at end of 2008/09. However, the turnover declined by 33.6 percent and this could be explained by the public's preferences, and market forces of demand and supply.

During the period under review, USE listed the National Insurance Company Ltd Initial Public Offer (IPO) that was launched at the end of December 2009 and two corporate bonds; a seven year Stanbic Bank bond and an Eastern and Southern Africa Trade and Development Bank (PTA Bank) bond. To ease operations, USE applied to operate a

Figure 11 The Evolution of MDI's Credit to Sectors (Shs Billion)



Source: Bank of Uganda

Securities Central Depository which was approved by the Capital Markets Authority (CMA) in December 2009. In preparation for the transition to electronic clearing and settlement system, the USE embarked on a sequence of public awareness and capacity building initiatives.

Table 6 Trading at the Uganda Securities Exchange

	2006/07	2007/08	2008/09	2009/10	Percentage change (%)
Volume of shares traded (Shs. Million)	273.9	326.7	169.9	186.9	10.0
Turnover (Shs. Million)	48,425	91,714	47,907	31,821	-33.6
Market capitalization (Shs. Billion)	4,569.4	6,376.0	7,701.8	9,991.9	29.7
All share Index	846.8	1095.9	790.8	1,023.82	29.5

Source: Capital Markets Authority

Furthermore, in an effort to expand the market, USE embarked on attracting listings on its Alternative Investment Market Segment (AIMS). USE in partnership with the Financial Markets Development Program of the World Bank and Private Sector Foundation of Uganda initiated the SME re-launch and listing program. The SME project included identifying eligible issuers, training, and offering technical assistance to the identified SMEs with the potential to list.

12.4.5 FINANCIAL DEPTH

An improvement in financial depth was observed in 2009/10 as portrayed by the financial indicators. The ratio of broad money (M3) to GDP increased to 24.0 percent relative to 20.9 percent in 2008/09. The ratio of currency in circulation to broad money (M2A) declined to 22.5 percent in 2009/10 from 25.3 percent in 2008/09, while the ratio of financial savings (which comprise time and savings deposits plus certificates of deposits) to M2A increased to 40.9 percent in 2009/10 compared to a ratio of 39.5 percent recorded in 2008/09. Private sector credit as a ratio of GDP, also improved to 13 percent in 2009/10, compared to 12 percent and 11.2 percent recorded in the preceding year and 2006/07, respectively.

13 REGIONAL INTEGRATION

13.1 OVERVIEW

During 2009/10, the EAC Central Banks continued to make significant strides towards monetary and exchange rate policy coordination and harmonization, financial markets integration, payments systems harmonization and coordinated financial sector surveillance and supervision, which are the integral ingredients of a Monetary Union. The EAC Common Market Protocol negotiations were concluded. The BOU, together with other Partner States' Central Banks actively participated in these negotiations, especially on issues related to the macroeconomic and financial sector policy, free movement of capital, trade in financial services, preservation of intellectual property rights and approximation of financial sector policies and regulations. A comprehensive study on the EAC Monetary Union (EAMU) was concluded during the year. Guided by the recommendations of this study, the EAC Central Banks intensified efforts geared towards the realization of EAMU. A priority action plan of activities and programmes to be undertaken during the transition to the EAMU was developed.

13.2 MONETARY AND EXCHANGE RATE POLICY COORDINATION AND HARMONIZATION

Concerted efforts at monetary policy coordination and harmonization continued during the year. Guided by the strategic objectives of attaining a common monetary and exchange rate policy, currency convertibility, and macroeconomic convergence, specific priority activities to be undertaken during the transition to EAMU were identified. Going forward, the EAC Central banks will now embark on developing a framework for harmonizing the conduct of monetary and exchange rate policy; reviewing the current macroeconomic convergence criteria and developing a surveillance and enforcement mechanism; harmonizing definitions, concepts and methodologies for production of relevant statistics; and developing a mechanism for monitoring compliance with the application of harmonized compilation methods.

13.3 FINANCIAL SECTOR SUPERVISION AND SURVEILLANCE

Strong and sound financial sectors are a prerequisite for any sustainable monetary integration. This premise is deeply rooted in the EAC monetary integration agenda. In 2009/10, various activities and programmes were undertaken to ensure that all the financial sectors remain robust in the region as a whole.

In this regard, efforts aimed at harmonizing the regulatory and supervisory frameworks continued unabated. With respect to anti money Laundering (AML) all the five Partner States have made significant strides towards enacting the relevant legislations. BOU together with other Central Banks in the region have also decided that in order to promote financial stability in the region as a whole, a common and harmonized set of criteria should be used across the board. Going forward, the EAC Central Banks will embark on developing harmonized criteria and standards, common financial soundness indicators, and harmonized standards for National Financial Stability Assessment frameworks.

13.4 FINANCIAL MARKETS

The EAC partner states are implementing their Financial Markets Development Plans (FMDPs), as the foundation for the comprehensive development of financial markets in the region as a whole. During 2009/10, BOU devoted significant effort towards the implementation of its FMDP. To date, the EAC Central Banks are in the process of developing a framework for harmonizing monetary and exchange rate operations. Efforts are also underway to promote efficiency and investor confidence in the regional financial markets by improving financial markets infrastructure through such initiatives as a regional central Securities Depository (CSD). The regional CSD is expected to promote the financial market regional integration.

13.5 MONETARY UNION INITIATIVES

The comprehensive study on EAMU, conducted by the Consultants from the European Central Bank (ECB) and National Experts from the EAC Central Banks was concluded and validated in March 2010. The study designed model Monetary Union Protocol, a model East African Central Bank Statute, and a Model Statute for the EAC Monetary Institute, which is a precursor of the EAC Central Bank. These instruments have been adopted by the EAC Council of Ministers as a basis for the EAC Monetary Union negotiations. The High Level Task Force (HLTF) to negotiate these legal instruments has been constituted and negotiations are scheduled to commence in the first quarter of 2010/11.

14 RESERVES MANAGEMENT

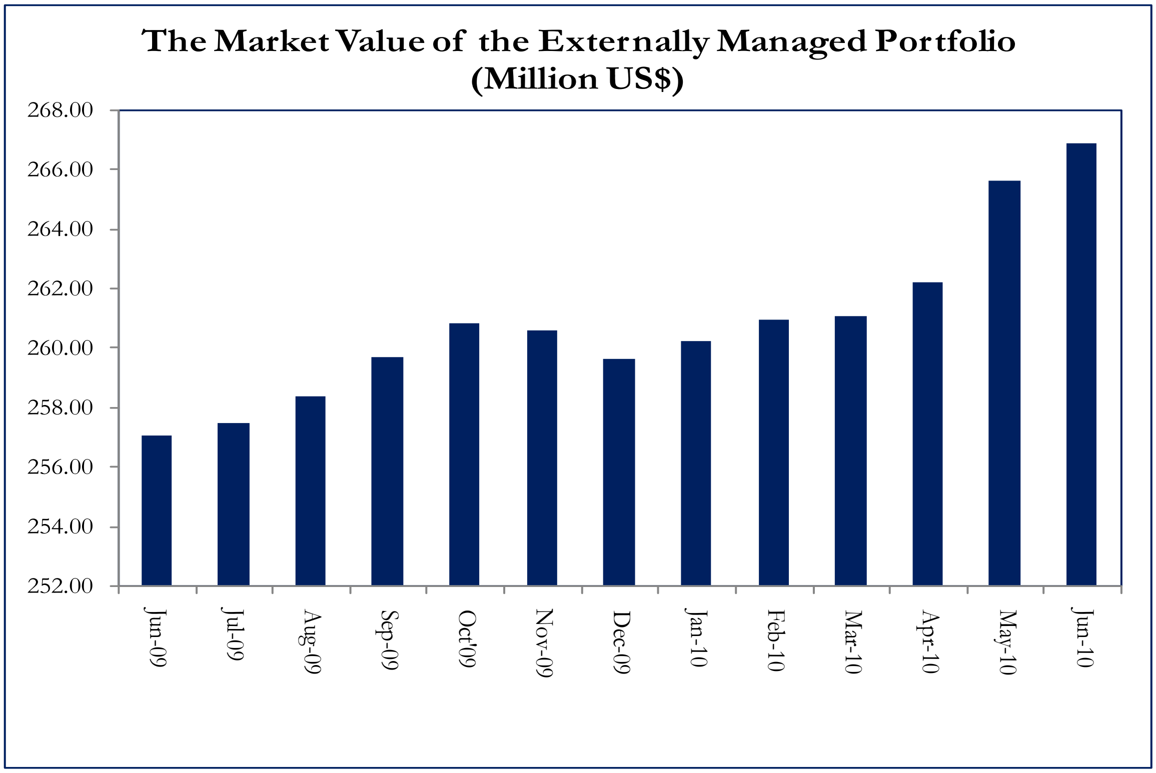
14.1 INTRODUCTION

The global economic downturn that was sparked off by the financial crisis and hit the peak in September 2008 prompted G7 Central Banks to cut interest rates to record low levels to shore-up economic recovery. For instance, the Bank of England cut its policy rate from 5 percent in June 2008 to the current level of 0.5 percent, the European Central Bank reduced its rate from 4.25 percent to 1 percent, while the Federal Reserve Bank cut its rate from 5.25 percent to a target range of 0 – 0.25 percent over the same period. In addition, governments around the world provided unprecedented liquidity to support their respective banking systems. These developments significantly affected the return on the Bank of Uganda reserves. The Bank of Uganda continued to manage the foreign exchange reserves in line with the objectives of capital preservation, liquidity, and reasonable and consistent returns as stipulated in the foreign exchange reserves management policy framework that was approved by the Board of Directors.

14.2 DEVELOPMENTS IN THE RESERVE PORTFOLIO

The reserve portfolio is divided into two portions: the internally managed and externally managed portfolios. The performance of the externally managed fund, which is

Figure 12 The Trend of the Market Value of the Externally Managed Portfolio

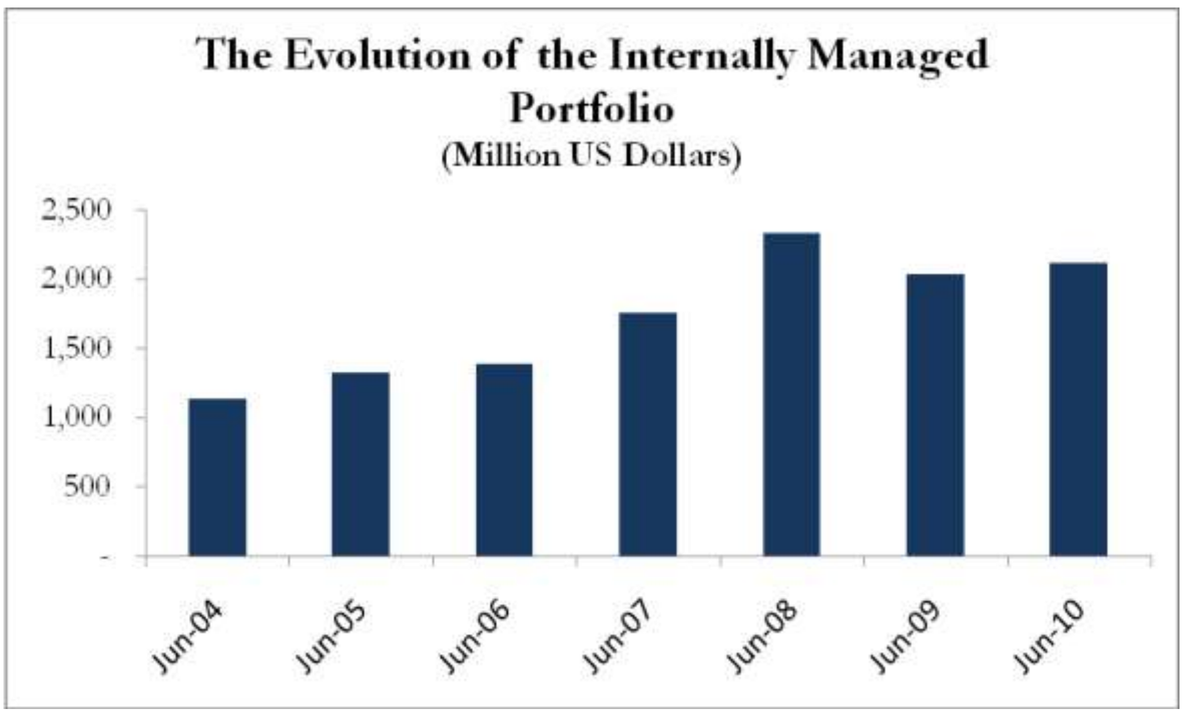


approximately 10 percent of the total foreign exchange holdings is measured against a customized JP Morgan 1-5 year benchmark and in line with investment guidelines laid down by BOU. The market value of the externally managed fund moved from US$257.04M at the beginning of July 2009 to US$266.94M at the end of June 2010, registering an annual increase of 3.84 percent. The trend of the fund's market value is shown in Figure **12**.

The fund's return for the year to June 2010 was 2.83 percent compared to an index return of 2.50 percent. In terms of bond market exposure, the fund is mainly concentrated in the core Euro zone markets and other G10 government bond markets with zero exposure to the peripheral euro zone markets of Greece, Portugal, Ireland, Italy and Spain, which suffered a sovereign debt crisis that sharply intensified in the quarter ended June 2010 raising concerns of default. However, after negotiations, the Euro zone policy makers and the IMF agreed to provide a joint rescue package for the debt stricken countries in early June 2010, stemming off the crisis from spreading to other markets.

The internally managed portfolio market value moved from US$2,036.45M at the beginning of July 2009 to US$2,117.67M at the end of June 2010, registering an annual increase of 3.99 percent as illustrated in Figure **13**.

Figure 13 The Evolution of the Market Value of the Internally Managed Portfolio



The chart shows that the portfolio value slightly increased in the year under review. Total inflows for the year under review amounted to US$828.82M which comprised of donor inflows, interest income, net purchases of foreign exchange from projects and purchases of foreign exchange under intervention in the IFEM. Total outflows amounted to US$747.60M which comprised of BOU payments for imports and services, sales of foreign exchange under sterilisation in the IFEM, government imports and services and Treasury debt payments.

Bank of Uganda's internally managed portfolio remains highly liquid. However, this is likely to change shortly as Bank of Uganda commences investing in longer dated instruments. As at end June 2010, US$101.81M was held in the liquidity tranche in the form of repurchase agreements, overnight deposits and current account balances. A total of US$50.00M was held in the emergency tranche, in the form of deposits and treasury bills of up to 3 months. The investment tranche had the biggest holding with US$1,965.86M held in the bank deposits, Treasury bills, the World Bank Central Bank Facility (CBF) and Equity at Afri-Exim Bank. The biggest part of the Banks' credit risk is with commercial banks. Thus, the Operations Function continued to manage credit risk in accordance with the policy guidelines as well as closely monitoring credit developments in the international financial markets. In addition, a credit risk management report is prepared on a quarterly basis to keep management abreast of key developments in this area. As at end-June 2010, the portfolio's credit profile was in compliance with the policy parameters and specifications as set out in BOU's reserve management guidelines.

14.3 POLICY ACTIONS

At the peak of the financial crisis, the BOU like other investors adopted the flight-to-quality strategy by investing with only highly rated commercial banks with government guarantees and moved the bulk of the investments to multilateral institutions such as the BIS to ensure safety of the reserves. This strategy impacted on the performance of the portfolio due to low returns offered by these institutions. The sale of foreign exchange through intervention in the Inter-Bank Foreign Exchange Market (IFEM) in order to ensure exchange rate stability also partly led to a deceleration in the growth of the internally managed portfolio. However, during the period under review, the Foreign Exchange Reserve Management Policy Committee (FERMPC) and the Board approved commencement of trading in new products, such as the Euro Commercial Paper (ECP), Money Market Funds, and highly rated Corporate Bonds. The decision was driven by the need to enhance income in view of the ultra low interest rate environment in the global financial markets. All the necessary arrangements on the part of both BOU and the prospective counterparties have been finalized to facilitate commencement of business. The Bank is also in the process of outsourcing for a consultant to help in reviewing the Reserve Management Policy document and the setting up of a fixed income trading desk to enhance returns on the Reserve Investments.

14.4 OUTLOOK

Economic activities appear set to rebound over the remainder of 2010 supported by the low interest rates and the fiscal stimulus. The recovery in investment and consumer spending and balance sheet restructuring in most finance houses suggest that recent signs of steady improvement should be sustained. However, given the diminished concerns over the risk of inflation in a number of the G7 countries, interest rates are likely to remain on hold for some time despite the improving economic data.

15 DOMESTIC FINANCIAL MARKETS DEVELOPMENTS

15.1 OVERVIEW

In order to improve the execution of monetary policy, Bank of Uganda issues a mixture of Open market operations instruments mainly the Repo consisting maturities of up to 60 days, T-Bills that consisted of 91-, 182-, and 364-day Treasury bills and bond issuances in 2, 3, 5, and 10 years. These longer dated securities have since 2004 proved to be efficient liquidity management tools particularly in providing an excellent vehicle for the sterilization of structural liquidity injected into the economy by the fiscal operations of the Government. They have further helped lengthen the yield curve thereby facilitating pricing of other risky capital instruments in the market. During the year 2009/2010, the Bank's monetary and financial policies supported the development of financial and money markets, particularly Government securities.

15.2 TREASURY BILLS AND BONDS

During 2009/10, the Bank of Uganda issued bills and bonds in different tenures for monetary policy implementation. As at end June 2010, the total stock of treasury bills stood at UShs 1,241.4 billion whereas Treasury bond stock stood at UShs 1,563.8 billion accounting for 42 percent and 58 percent respectively as shown in Figure **14** against the domestic debt strategy desired instrument mix of bills-to-bonds ratio of 40: 60.

Figure 14 The Outstanding Stock versus the Bond Bill Ratio 2004-2010

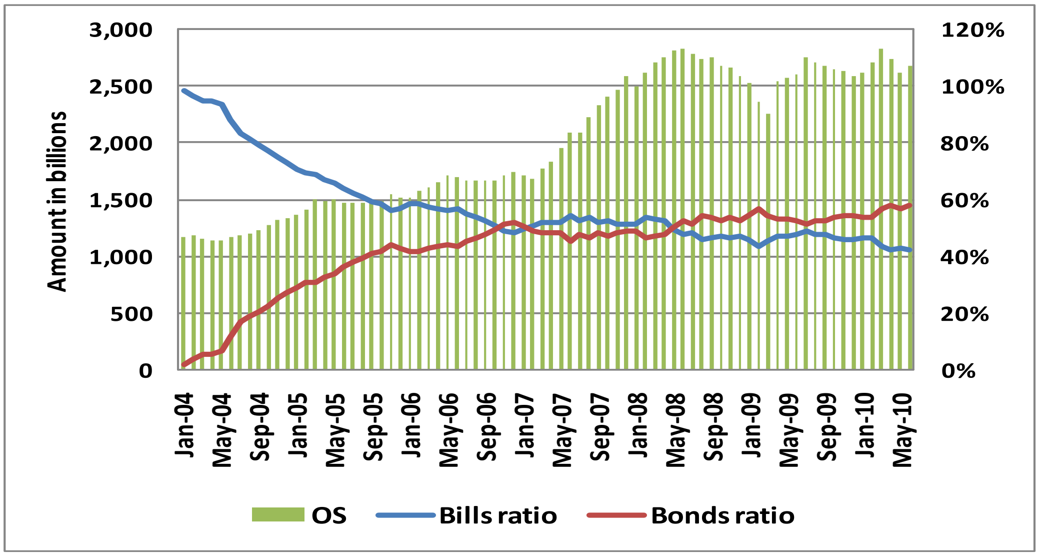
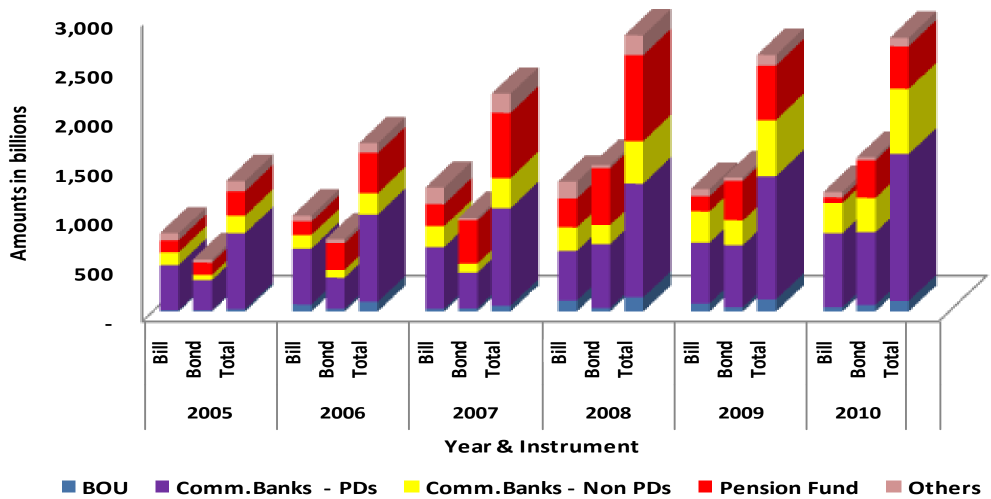


Figure 15 Holdings of Government Securities by Category 2005 -2010



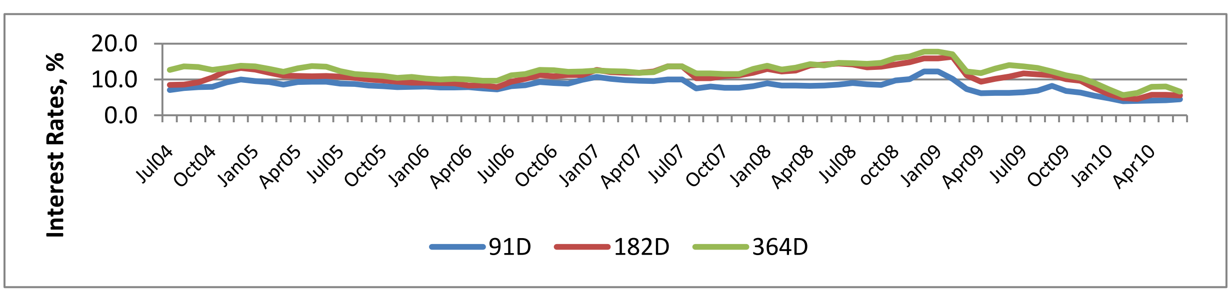
15.3 INVESTOR BASE

The composition of the investor base as at 30-June-2010 was mainly the Primary Dealer Banks, Non-Primary Dealer Banks, Pension funds, BOU and others with a distribution of 61.9 percent, 25.6 percent, 15.6 percent. 3.8 percent and 3.1 percent respectively, with the Pension sector more interested in the long term securities with 24.2 percent versus 4.6 percent of the short term as illustrated in the Figure 15.

15.4 TREASURY BILL RATES

By end June 2010, the effective yields on the 91-, 182-, and 364-day Treasury bills stood at 4.456, 5.571 and 6.581 percent, respectively, which was a significant drop compared to the corresponding rates of 6.405, 11.038 and 14.032 percent by end-June 2009. Similarly, the discount rates on the 91-, 182-, and 364-day Treasury bills dropped from 6.161, 10.202 and 12.308 percent to 4.336, 5.349 and 6.175 percent, respectively by end-June 2010.

Figure 16 Treasury Bill Effective Yield Rates (JULY 2004 – JUNE 2010)



Source: Bank of Uganda

16 DEVELOPMENTS IN THE NATIONAL PAYMENT SYSTEM (NPS)

In 2009/10 Financial Year, Bank of Uganda in conjunction with other stakeholders, registered significant achievements in the development and modernization of the national payment system.

During the year, a client-based RTGS system was upgraded to a web-based system with richer functionality, local foreign currency clearing (LCFF) was implemented and the user requirements for the East African Cross Border Payment System (EAPS) were finalised.

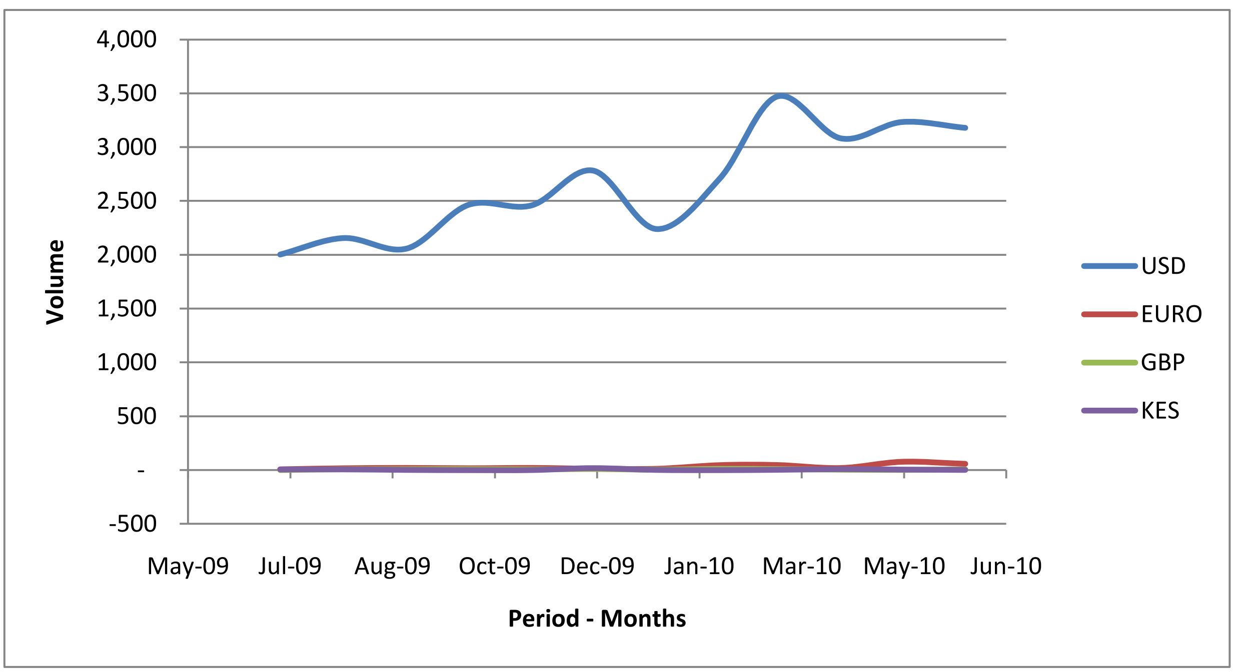
In the same period, BOU embarked on the implementation of a new and more robust Central Securities Depository (CSD), and there was significant growth in electronically generated non-cash payments, including mobile payments.

16.1 RTGS UPGRADE

Bank of Uganda implemented a Real-Time Gross Settlement (RTGS) System, referred to as the Uganda National Inter-bank Settlement System (UNISS), in February 2005. An RTGS system facilitates safe and immediate transfer of funds from one bank/financial institution to another. It is a critical national economic infrastructure that significantly impacts a country's macro-economic stability and growth.

In August 2009, the client-based RTGS System *Version 3* that had been operational since 2005 was upgraded to the latest *Version 5.03*, which is web-based and relatively more cost-effective.

Figure 17 LFCC Volume Monthly July 2009 - June 2010



16.2 EAST AFRICAN PAYMENT SYSTEM (EAPS)

The user requirements for the East African Cross Border Payment System (EAPS) were finalized in the last financial year. Development work on the system is nearing completion and the system is expected to go live in the first quarter of 2011.

Implementation of EAPS has become a strategic imperative in view of the increasing regional economic integration and the planned establishment and operationalization of the East African Monetary Union (EAMU).

16.3 IMPLEMENTATION OF A NEW CSD

CMA Small Systems, a Swedish-based software company was last year awarded the contract to implement a new, robust and efficient Central Securities Depository (CSD) with advanced risk management features that are in line with global trends and practices.

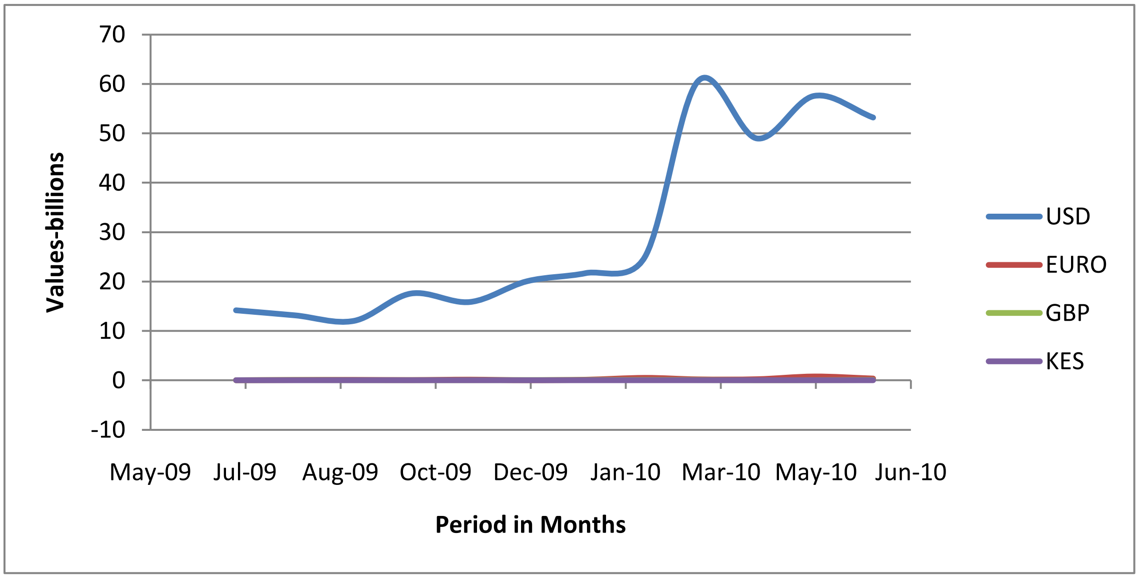
The new system, compared to the existing one, is rich in functionality. It will support the electronic submission of bids by primary dealers, while retail investors will have a secure gateway to electronically submit bids to their primary dealers.

The system, which provides for a vast array of reports in various formats, includes a reporting tool that will enable users to generate customized reports under different scenarios. The new CSD System is expected to be operational by March 2011.

16.4 LOCAL FOREIGN CURRENCY CLEARING (LFCC)

In July 2009, Bank of Uganda in conjunction with other stakeholders registered yet another

Figure 18 LFCC Monthly Values July 2009 to June 2010



significant milestone in the development and modernization of the national payment system. At the beginning of July last year, the clearing of foreign currency-denominated instruments in the local clearing house was implemented.

Until then, only the Uganda Shilling (UGX) was being cleared. However, effective 1 July 2009, four foreign currencies (i.e. US Dollars, British Pound, Euro, Kenya Shilling) are cleared in the local clearing house. Generally, the transaction volumes and values of foreign currency-denominated instruments cleared in the local clearing house have grown; with the US Dollar instruments registering the highest growth (see graphs below).

It should however be noted that unlike the other three foreign currencies, the performance of the British Pound in the clearing house was largely subdued throughout the last financial year.

16.5 CAPPING OF AMOUNTS ON FOREIGN CURRENCY INSTRUMENTS

To mitigate the possible precipitation of settlement risk, the amount written on foreign currency-denominated cheques was capped at the equivalent of about USD 10,000/=. Furthermore, the *failure to settle* contribution computed for each bank takes into consideration both the Uganda Shilling and foreign currency clearing obligations.

16.6 INCREASE IN THE USE OF ELECTRONIC PAYMENT INSTRUMENTS

In line with global trends, the transaction volumes and values of electronically-originated non-cash payment instruments steadily grew in

Figure 19 Values per Payment Stream in UGX Billion

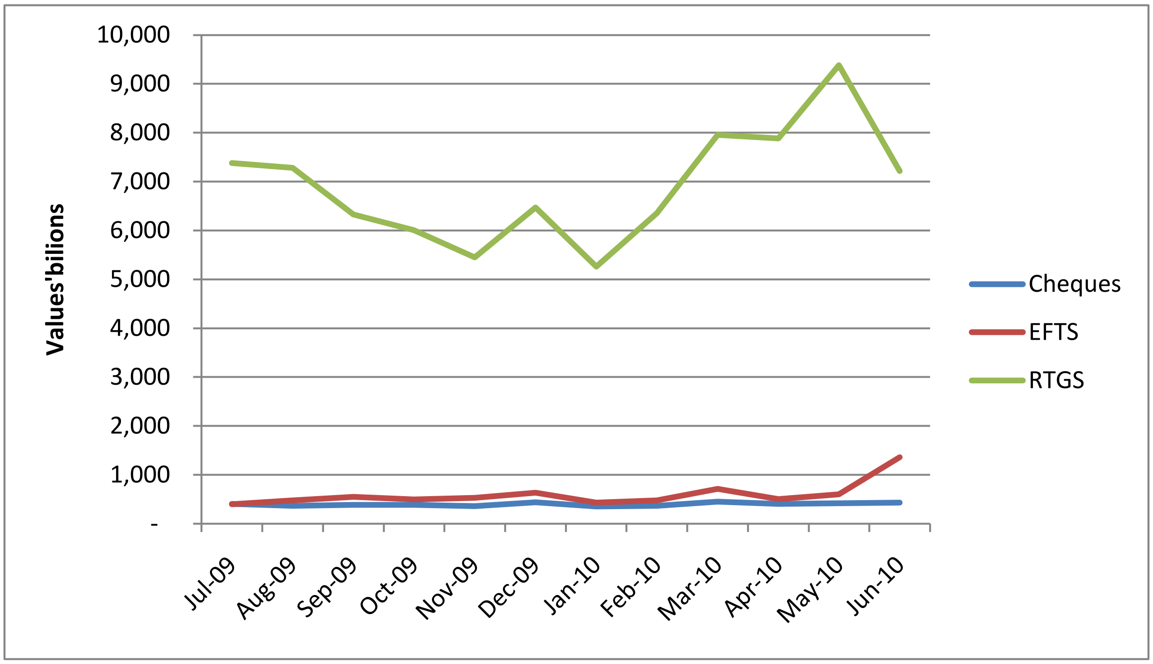
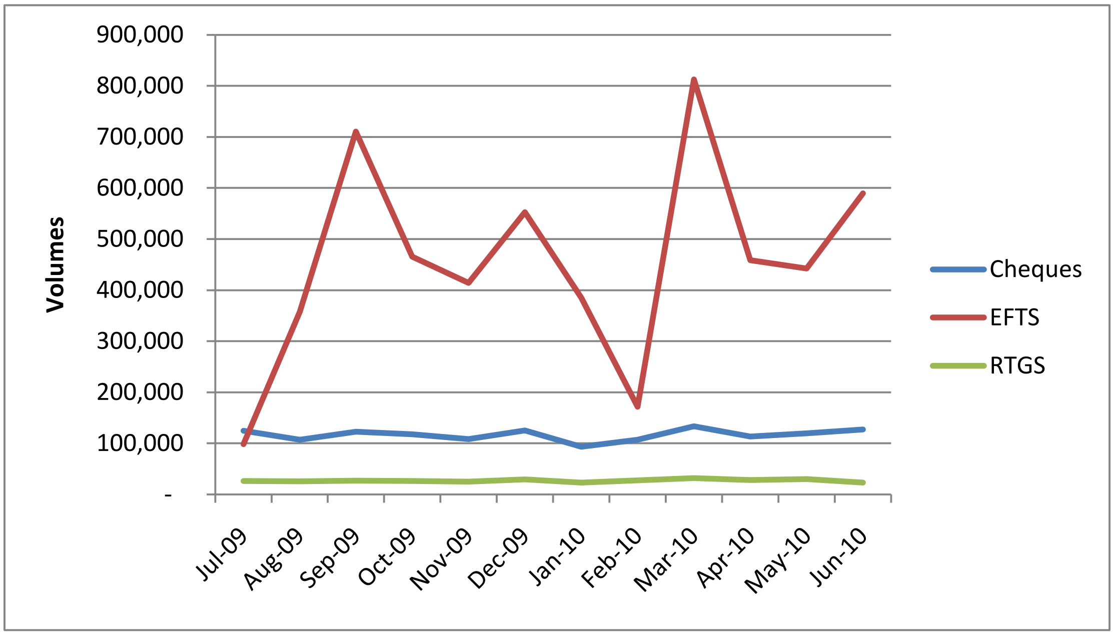


Figure 20 Volumes per Payment Stream



the 2009/10 Financial Year.

Although the RTGS volumes (i.e. number of RTGS transactions) remained relatively stable, the RTGS values rose from about UGX7.5 trillion in July 2009 to nearly 9.4 trillion (25.3% increase) in May 2010 before easing to over 7 trillion in June 2010.

In the same period, the EFT volumes registered a sharp increase from around 100,000 in July 2009 to just over 800,000 (over 700% increase) in March 2010, before easing to about 600,000 in June 2010. The EFT transaction values also show an upward trend, rising from UGX400 billion in July 2009 to over 1.3 trillion in June 2010.

Figure 21 Volume by Payment Stream

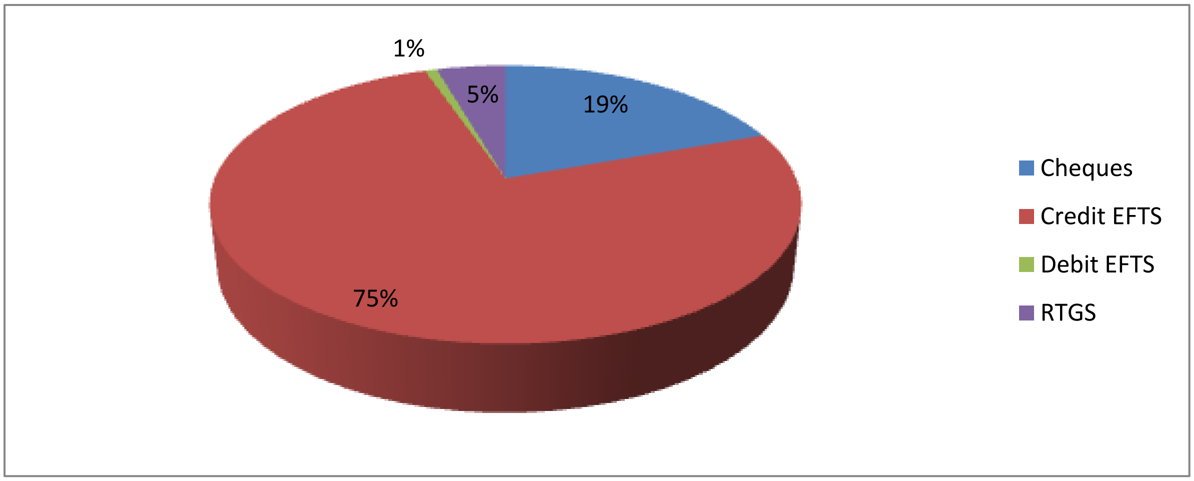
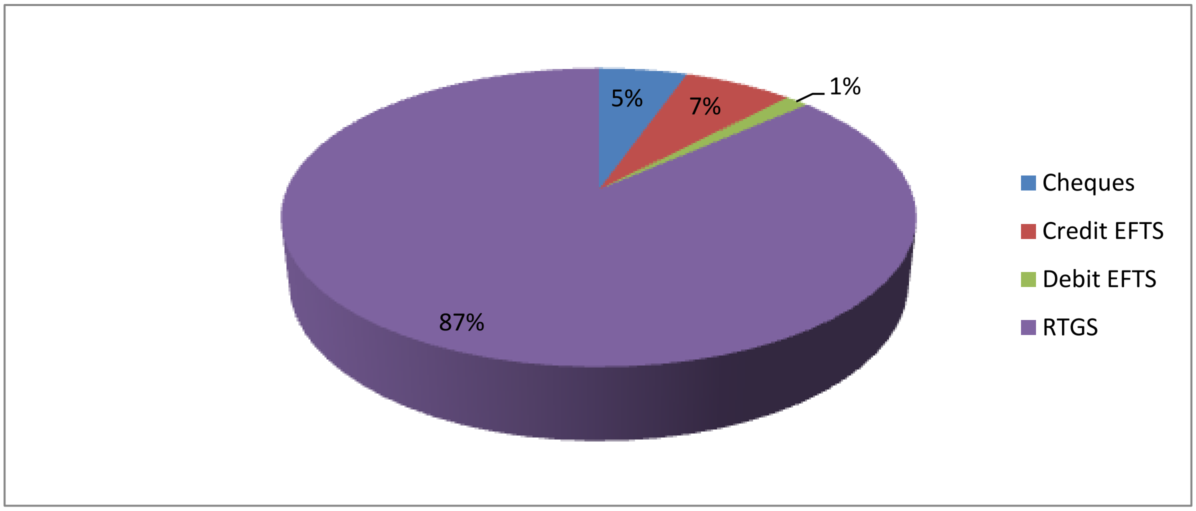


Figure 22 Values by Payment Stream



16.7 PROPORTION OF EACH PAYMENT STREAM TO TOTAL VALUES AND VOLUMES

In the 2009/10 FY, RTGS transactions constituted 87% of the total inter-bank value of non-cash payments transacted through the RTGS, EFT and cheque payment streams. However, in terms of volumes, RTGS contributed 5% of the total volume of the three payment streams. This is consistent with both regional and international practice as RTGS payments tend to be low in volume but high in value. Indeed, some RTGS systems, inspite of the low volumes, turn over the equivalent of their respective country's gross domestic product in three to four days!

In terms of volume, the EFT payment stream contributed 76% (75% credit EFTs and 1% debit EFTS) of the total number of items transacted in the last financial year, while cheques contributed 19% (see pie charts below). The growing dominance of the EFT system in the volume category is largely attributed to the use of the system in paying salaries of Government employees. Other organisations have also adopted the system in making salary and other payments.

It should be noted that while the utilization of electronically originated non-cash payments (RTGS & EFTs) increased over the last one year, cheque usage in terms of both volume and value remained relatively stable. The increasing domination of RTGS and EFT payments should be encouraged and reinforced as they are generally safer, more efficient and convenient than paper-based instruments like cheques.

16.8 MOBILE PAYMENTS

By 30 June 2010, there were three mobile network operators (MNOs) in Uganda offering mobile payment services. Pioneered by MTN in Uganda, mobile payments are now also offered by ZAIN and UTL.

The penetration of mobile payment services to the upcountry and rural areas is expected to expand the access of modern payment services to the rural and unbanked communities.

According to MTN, by end of August 2010, MTN Mobile Money had 1.2 million subscribers, transferring a monthly average of UGX 130 billion (about USD 60 million), with 60% of the value destined to rural areas at an average transaction value of USD 21. These figures indicate that mobile payment services are being substantially used by the lower end of the market.

16.9 SWIFT-BASED LINKAGE OF RTGS SYSTEM AND STOCK EXCHANGE

BoU is working with Uganda Securities Exchange (USE) to link the RTGS system with the electronic central securities depository of the Uganda Securities Exchange so as to achieve Delivery versus Payment (DVP).

DVP mitigates against the possible occurrence of both principal and credit risks as the transfer of funds from the buyer to the seller of securities is synchronized with the transfer of securities from the seller to the buyer of securities. The SWIFT-based automated linkage to facilitate the achievement of DvP between the RTGS and USE's CSD is expected to go live in the last quarter of 2010.

17 INTERNAL AUDIT FUNCTION

During the year 2009/10 Internal Audit Function continued to focus on its mission of providing independent assurance and consulting services to the Board and Management of the Bank. The work plan 2009/10 was drawn to cover the Customer, Financial, Internal processes and Sustainability perspectives of the Strategic Plan SP2013. Overall, 41 tasks were completed in the year. In addition to these, other tasks outside the work-plan were performed.

Operational, financial and compliance audits were executed in Banking, Currency, Non-Bank Financial Institutions, Accounts, Research, Payments and Settlements, Statistics and Financial Markets, Human Resources, Administrative Services, Communications and Security departments.

System audits covered evaluation of databases and application controls of the Central Depository System (CDS), online currency processing machines, Integrated Financial System (IFS), Debt Management and Financial Analysis System (DMFAS), and Real Time Gross Settlement system. Technical reviews for new applications were also conducted throughout the year.

In line with the IMF Safeguards Assessment guidelines, quarterly reviews of the reconciliation between the Monetary Authority Balance sheet and the BOU Balance sheet were conducted. Follow-up of management implementation of External and Internal auditors' recommendations was conducted on quarterly basis.

Overall there was adequate assurance that a sufficient framework of key controls was in operation for Bank objectives to be achieved.

18 INFORMATION TECHNOLOGY DEVELOPMENTS

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

Two notable developments took place during the year, i.e.:

The department, previously known as the Management Information Systems (MIS) department was renamed as the Information Technology (IT) department, to reflect its current roles and responsibilities.

The Bank's IT Steering Committee (known as the Effective Information Management Committee), was upgraded from a sub-committee of the Strategic Planning Committee, to a full Management Committee.

18.1 BUSINESS AUTOMATION

During the year, the Bank implemented the BOU Banking System (BBS) – an off-the-shelf core banking system intended improve service delivery to the Bank's customers through the automation of banking operations. The core modules successfully went live in July 2010. The Bank is now working with Oracle Financial Services Software to complete the implementation of the Internet Banking modules, which will further improve the experience of its customers.

The Bank also successfully upgraded the Real Time Gross Settlements (RTGS) system used to effect interbank payments in real time. The new system went live in August 2009 and will be the basis for regional initiatives to facilitate cross-border payments in the East African Community (EAC).

The Bank completed its Document Conversion and Retrieval Services project, in which the bank's historical records were converted to digital and microfilm formats. The project was handed over by CSX Metrofile Ltd to Bank staff that now carry out the conversion on an ongoing basis.

The Bank also completed its Integrated Library Management and Integrated Access System (ILMIAS) project, for the management of the library and other information sources during the year. The project was implemented by CBS Kenya Ltd.

Last year, the bank utilized the Oracle Human Resources Management System (HRMS) Talent Management modules to conduct on-line performance appraisals for staff in three departments. Based on the results of the pilot, the talent management system was rolled out to all departments during the financial year, and used to carry out annual performance appraisals for all staff.

Works in progress include the implementation of an off-the-shelf Central Securities Depository (CSD) System supplied by CMA Small Systems AB for the management of government securities, which is expected to be completed in FY2010/11, and the Electronic Document Management System (EDMS) supplied and implemented by Microsoft Corporation which will be launched in four pilot departments in FY2010/11.

18.2 IT INFRASTRUCTURE

The Bank installed selected systems at its Business Resumption Site facilities, and exercised them on a number of occasions during the year, including a disaster rehearsal that was conducted in November 2009. The Bank continued to effect improvements to other aspects of its IT infrastructure, in response to business requirements and security and maintenance imperatives.

18.3 IT GOVERNANCE

Under the regional initiative to improve IT Governance at the central banks in the East African Community (EAC), the Bank continued with IT process improvements based on the *Control Objectives for IT and related Technologies (COBIT)* framework. Notable developments in this regard include:

- The documentation and validation of computer emergency response procedures. These have been instituted in the IT department.
- The documentation of updated incident management procedures, and documented service level management (SLM) procedures to conform to IT Infrastructure Library (ITIL) best practices. These procedures shall be operationalised in FY2010/11.
- The documentation of procedures for the formulation and selection of IT projects to conform to PRINCE2 project management best practices. These procedures will be used on a trial basis in FY2010/11.

19 OPERATING FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

19.1 INTRODUCTION

The financial statements of the Bank include the statement of comprehensive income, statement of financial position, statement of changes in shareholder's equity, statement of cash flows and the accompanying notes. This report discusses and analyses the Bank's financial statements for the year ended 30 June 2010.

19.2 STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows that the Bank posted a net income of UShs.62,773 million in 2009/10 compared to UShs.137,750 million in 2008/09. There is a noted decrease of 54 percent in income and which is largely attributed to a decline in interest income from short term deposits and investments with foreign banks. A detailed analysis of the Statement of Comprehensive Income is presented below.

19.2.1 NET INTEREST INCOME

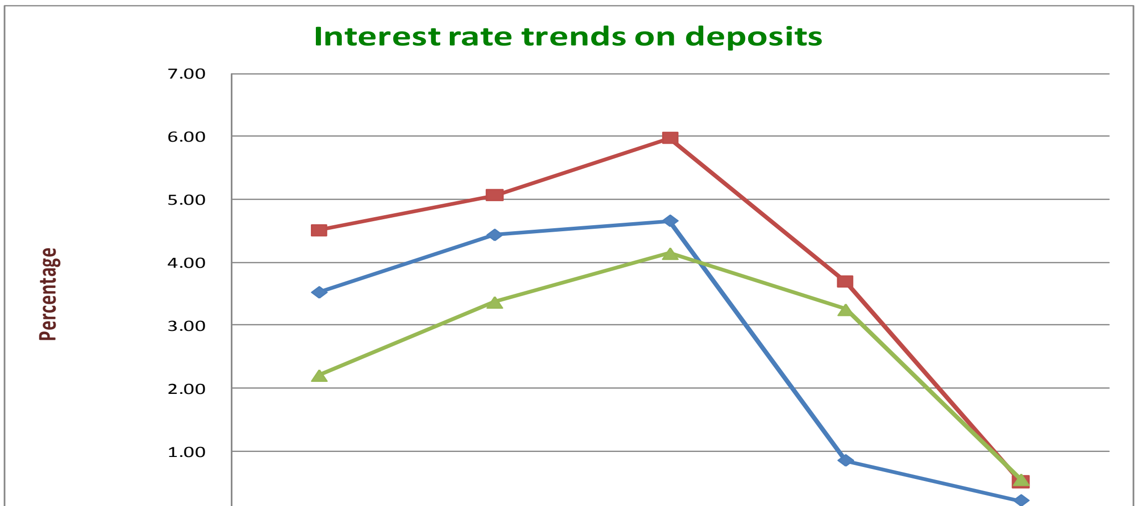
During the year, the Bank recorded net interest income of UShs.36,956 million; a decrease of 67 percent compared to UShs.113,525 million in 2008/09. Out of the total interest income for the year, UShs.18,107 million was earned from short term investments and deposits with foreign commercial institutions that are internally managed by the Bank, while UShs.12,411 million was earned from investments managed by the Bank's appointed Fund Managers. Interest income on government amounted to UShs.4,868 million while interest on short term money deposits and on staff loans and advances realized UShs.985 million and UShs.1,882 million respectively. Interest income from foreign investments accounted for 80 percent while local income accounted for 20 percent.

The capacity to generate reasonable returns/ (income) on the foreign reserves is constrained by the depressed global money markets in which the Bank largely invests. The Bank's overriding principle has been preservation of capital, liquidity, consistent and reasonable returns hence funds are invested in highly rated commercial banks that have either considerable government stakes or explicit government guarantees, which have been offering low interest rates. The effective interest rates for the USD, GBP and the Euro averaged 0.36 percent, 0.56 percent and 0.51 percent during the year as compared to 0.25 percent, 0.7 percent and 1 percent, respectively, in 2008/09. The Figure **23** below shows the global trends in interest rates for five years .The trends reveal that interest rates have gradually dropped from a highest 6 percent in financial year 2007/08 to below 1 percent during the financial year 2009/10. This has therefore exposed all the short term money market investments to a high reinvestment risk.

19.2.2 NON INTEREST INCOME

Commissions and discounts income is reported net of commissions and discounts paid by the Bank. The net commissions and discounts earned by the Bank, increased by 7 percent to UShs.25,817 million in 2009/10, from UShs.24,225 million in 2008/09. Commissions and discounts earned amounted to UShs.27,850 million as compared to UShs.26,334 million in

Figure 23 Trends in Foreign Interest Rates over a Five Year Period



	2005/06	2006/07	2007/08	2008/09	2009/10
USD Deposits	3.52	4.44	4.66	0.85	0.21
GBP Deposits	4.51	5.07	5.97	3.69	0.51
EURO Deposits	2.21	3.37	4.14	3.25	0.56

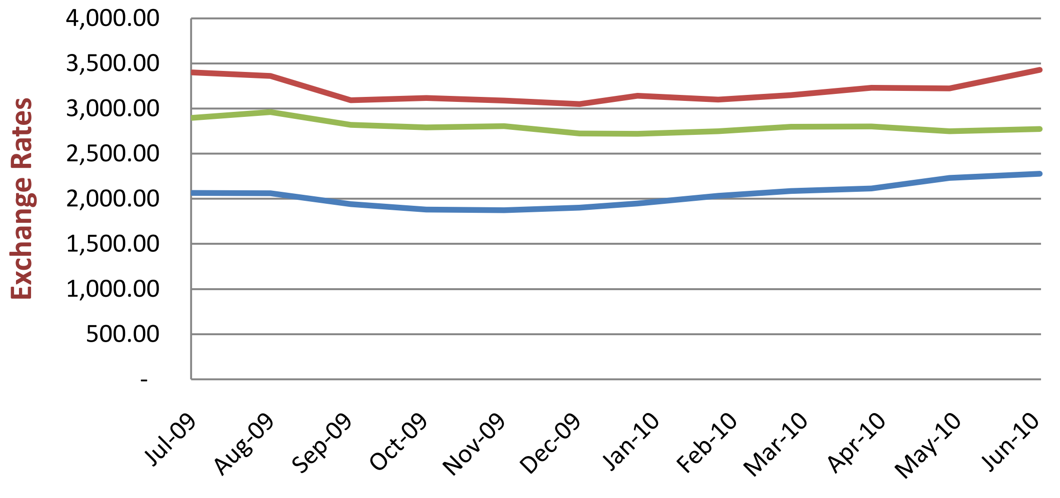
Source: Bank of Uganda

Interest expenses relate to interest paid to International Monetary Fund (IMF), being charges on Special Drawing Rights (SDR) allocations to the Government of Uganda (GOU), as regularly advised by IMF. The interest expense amounted to UShs.1,297 million, which was in line with 2008/09.

2008/09.

Commissions and other expenses of UShs.2,033 million, comprise of reserve management fees paid to external fund managers and training costs related to reserves management.

Figure 24 Trends in Exchange Rates



	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
USD	2,064	2,060	1,939	1,882	1,873	1,903	1,947	2,032	2,084	2,114	2,229	2,277
GBP	3,399	3,361	3,090	3,116	3,089	3,047	3,142	3,099	3,148	3,229	3,223	3,429
EURO	2,895	2,962	2,820	2,789	2,805	2,722	2,719	2,747	2,797	2,799	2,749	2,773

19.2.3 NET OPERATING INCOME

Net operating income reduced by 81 percent from UShs.905,085 million in 2008/09 to UShs.172,705 million in 2009/10. This includes a translation gain of UShs.109,932 million resulting from the revaluation of the Bank's financial assets and liabilities denominated in foreign currencies compared to UShs.767,335 million recorded in FY 2008/09. The translation gains/losses are included in the Statement of Comprehensive Income to comply with IAS 21. The Uganda Shilling depreciated against United States Dollar by 11 percent moving to UShs.2,277.37 as at 30 June 2010 from UShs.2074.61 at the beginning of July 2009. The exchange rates for the GBP and the Euro were UShs.3,429.72 and UShs.2,773.61, respectively, as at 30 June 2010. Figure **24** shows the trend in exchange rates during the financial year 2009/10.

19.2.4 OPERATING EXPENDITURE

The Bank's total operating expenditure increased by 49 percent from UShs.138,134 million in 2008/09 to UShs.205,310 million in 2009/10. The increase is largely attributed to the increase in currency issuance costs during the year.

Operating expenditure comprises of general and administration costs at UShs.91,825 million, currency costs at UShs.93,597 million, impairment of loans and advances at UShs.971 million, financial and professional charges at UShs.7,088 million and depreciation at UShs.11,829 million.

Currency costs increased during the year from UShs.30,967 million in 2008/09, an increase of 202 percent. The Ugandan economy registered a robust economic growth necessitating a commensurate increase in issuance of notes and coins to support and also sustain the economic activities. During the last quarter of the financial year, a new family of Bank notes was launched and issued into circulation. The public received the notes with great exhilaration.

Depreciation increased by 47 percent from UShs.8,062 million in 2008/09 to UShs.11,829 million in 2009/10. This is largely attributed to the significant additions in capital items as well as reclassifications from work in progress.

19.2.5 DEFICIT FOR THE YEAR

Overall, the Bank registered a deficit of UShs.30,292 million in 2009/10 compared to a surplus of UShs.770,220 million in 2008/09. The Bank of Uganda Act requires the Bank to distinguish between profit/loss arising from exchange rate fluctuations and income arising from normal operations. Out of this deficit, UShs.109,932 million relates to foreign exchange translation gains, and actuarial gains of Ushs. 2,313 million leaving a net operating deficit of UShs. 142,537 million compared to a deficit of UShs.384 million in 2008/09.

Figure **25** depicts the total operating income/loss and actual net surplus before translation gains/losses over the period 2006/07 to 2009/10. The trends in the income and expenditure patterns for the

Figure 25 Operating Results before Exchange Losses/Gains

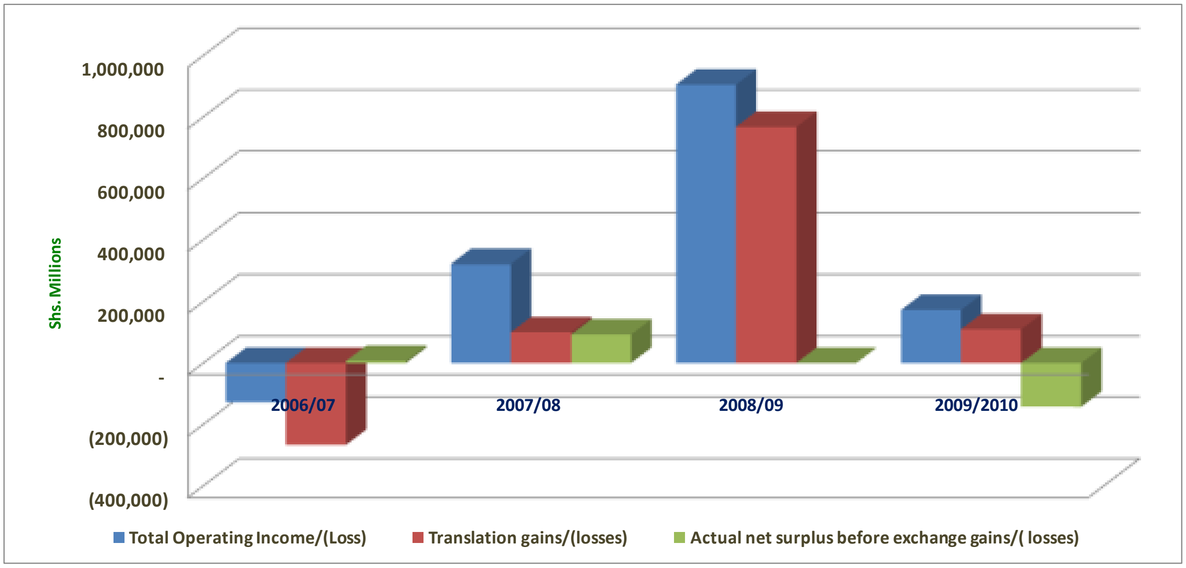
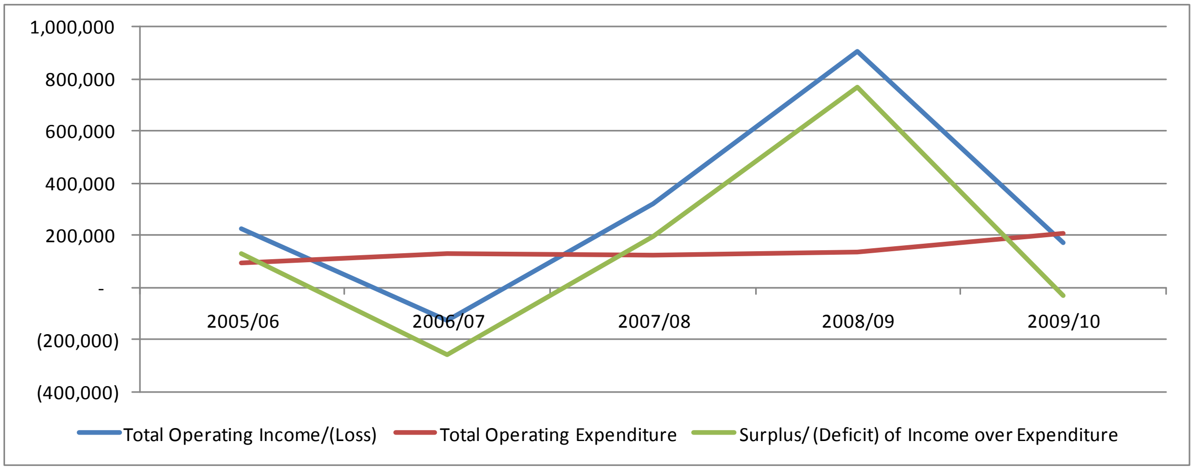


Figure 26 Income and Expenditure Trends



years 2006/07 to 2009/10, are given in Table **7** while Figure **26** shows the trends in the total income, total expenditure and the surplus/(deficit) over the same period.

19.3 CAPITAL EXPENDITURE

Capital expenditure for the year ended 2009/10 totalled to UShs.26,740 million compared to UShs.18,970 million in 2008/09. UShs.13,440 million was spent on IT related projects, representing 50 percent of the total capital expenditure. The major IT projects in this category comprise of Bank of Uganda Banking System (BBS), Document Conversion and Retrieval Systems, Integrated Library Management Information and Access System (ILMIAS), and Central Securities Depository (CSD). During the year, a new plot of land was purchased for the construction of a new residence for the Governor at a cost of UShs.5,920 million.

Building works and renovations amounted UShs.1,887 million, constituting 22 percent of the total capital expenditure for the year. Also, management approved the construction of a walk way canopy between the New Building and Plot 45 Kampala Road and UShs.210 million has so far been spent on this project. The ground breaking for the construction of Kabale Currency Centre took place during the year and UShs.2,003 million has so far been spent on construction.

Table 7 Income and Expenditure Trends (Millions of Shillings)

	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Budget 2010/11
Income						
Interest Income	95,849	118,536	195,207	114,804	38,253	129,539
Interest Expense (IMF charges)	(3,490)	(3,220)	(2,116)	(1,279)	(1,297)	(2,300)
Net Interest Income	**92,359**	**115,316**	**193,091**	**113,525**	**36,956**	**127,239**
Commissions & Discounts	14,530	25,281	29,237	26,334	27,850	11,861
Commissions & other Expenses	(1,479)	(1,786)	(1,198)	(2,109)	(2,033)	(2,145)
Net Commissions & Discounts	**13,051**	**23,495**	**28,039**	**24,225**	**25,817**	**9,716**
Net Interest Income & Commissions	105,410	138,811	221,130	137,750	62,773	136,955
Translation Gains/(Losses)	120,235	(266,789)	99,876	767,335	109,932	-
Total Operating Income/(Loss)	**225,645**	**(127,978)**	**321,006**	**905,085**	**172,705**	**136,955**
Expenditure						
General & Administration Costs	(58,870)	(85,445)	(72,407)	(90,763)	(91,825)	(87,365)
Currency costs	(13,832)	(16,168)	(23,212)	(30,967)	(93,597)	(66,136)
Provision for Impairment Costs	(6,868)	(19,276)	(10,836)	(762)	(971)	-
Financial & Professional Charges	(1,712)	(1,464)	(3,388)	(7,580)	(7,088)	(10,750)
Depreciation	(13,930)	(9,840)	(18,247)	(8,062)	(11,829)	(11,456)
Total Operating Expenditure	**(95,212)**	**(132,193)**	**(128,090)**	**(138,134)**	**(205,310)**	**(175,707)**
Surplus/ (Deficit) of Income over Expenditure	**130,433**	**(260,171)**	**192,916**	**766,951**	**(32,605)**	**(38,752)**
Actuarial gains on defined benefit pension oblig	185	(1,543)	296	3,269	2,313	-
Total comprehensive income	**130,618**	**(261,714)**	**193,212**	**770,220**	**(30,292)**	**(38,752)**
Add/(Less) Un realized exchange losses/(gains)	(120,235)	266,789	(99,876)	(767,335)	(109,932)	-
Add/(Less) actuarial losses/(gains)	(185)	1,543	(296)	(3,269)	(2,313)	-
Actual net surplus/(deficit) before exchange loss	**10,198**	**6,618**	**93,040**	**(384)**	**(142,537)**	**(38,752)**
Capital Expenditure	12,169	10,723	27,522	18,970	26,740	18,554

The introduction of new family of notes during the year, necessitated the upgrade of our BPS 1000 note processing machines. UShs.1,313 million was spent on the acquisition of the M-feature Detector , which is a component of the new machines that is able to detect new features that come with the new notes. UShs.584 million was also spent on the purchase and installation of Generator Synchronization Panels at the Headquarters. The Bank also embarked on the replacement of Lifts in the new building. By the close of the financial year, UShs.1,473 million had been spent.

During the year, UShs.408 million was spent on new furniture and equipment, while UShs.1,267 million was spent on the purchase of two (2) new armoured land rovers.

Figure 27 below shows the trends in capital expenditure over the five year period.

19.4 2010/11 APPROVED BUDGET

The Bank projects to earn total income of UShs.141,000 million during the financial year 2010/11. The recurrent expenditure for the financial year 2010/11 is projected at UShs.166 billion before depreciation and IMF charges. Depreciation and IMF charges are projected at UShs.11,455 million and UShs.2,300 million respectively.

The capital budget is projected at UShs.19,600 million in 2010/11. An amount of UShs.5,769 million will be spent on IT related projects, UShs.9,630 million on building works, UShs.1,034 million on office equipment and UShs.2,121 million on plant and equipment during the financial year 2010/11.

The Bank's approved capital budget for

Figure 27 Capital Expenditure Trends

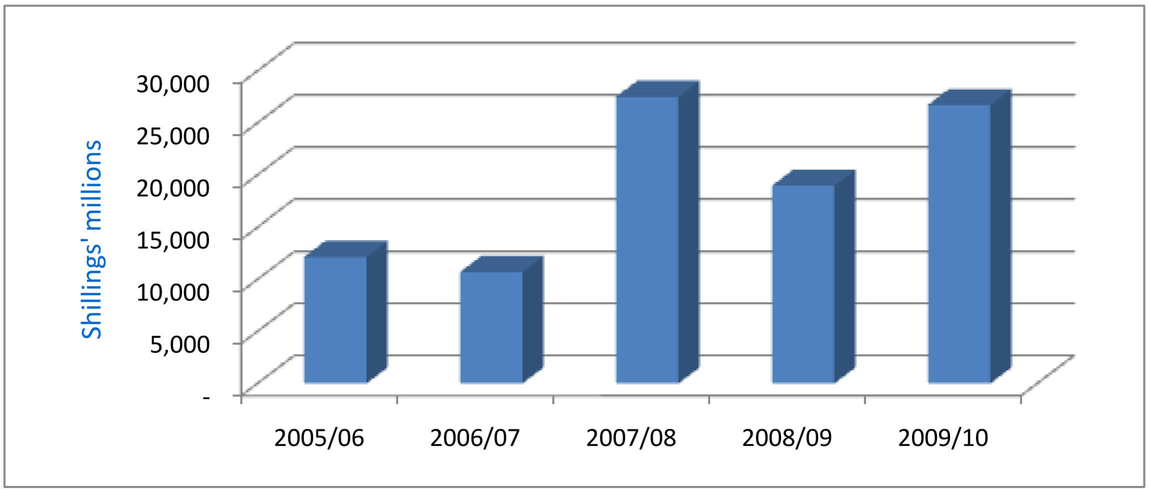
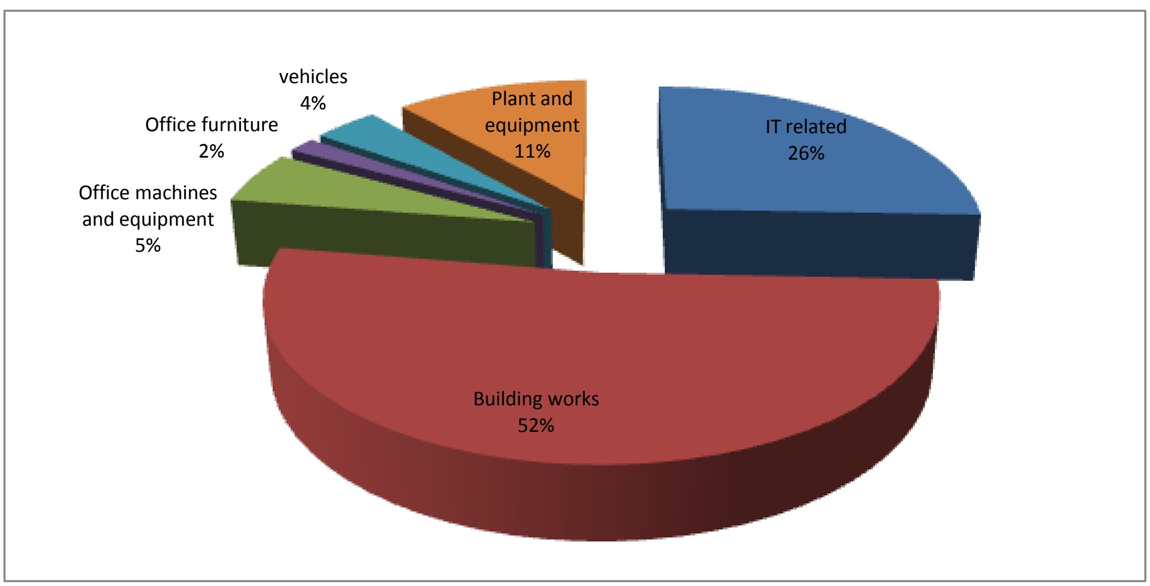


Figure 28 Approved Capital Budget 2009/10



2009/10 is depicted in Figure 28 while the approved recurrent budget for 2009/10 is depicted in Table **7**.

19.5 STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Bank shows the position of the Bank's assets and liabilities as well as its net worth or shareholder's funds at the reporting date. A detailed discussion of these items is presented below:

19.5.1 ASSETS

The Bank's total assets increased by 14 percent from UShs.8,884,488 million as at 30 June 2009 to UShs.10,088,252 million as at 30 June 2010. The total assets comprise of both foreign assets at 63 percent and domestic assets at 37 percent.

19.5.1.1 FOREIGN ASSETS

During the year ended 30 June 2010, the foreign assets increased by 11 percent from UShs.5,724,014 million as at 30 June 2009 to UShs.6,367,550 million. This increase in foreign assets is largely attributed to an increase in assets held with IMF as a result of increased allocations of SDR 143.7 million which was approved by IMF in response to the global economic crisis.

Cash held with foreign institutions decreased by 34 percent from USD73.5 million as at 30 June 2009 to USD48.5 million as at 30 June 2010. In Shilling terms, there was a reduction of 28 percent from UShs.152,499 million as at 30 June 2009 to UShs.110,363 million as at 30 June 2010.

The internally managed foreign denominated investment portfolio, decreased by 5 percent from USD2,099 million as at 30 June 2009 to USD1,985 million as at 30 June 2010**.** These investments are mainly in low risk financial instruments in highly rated financial institutions.

Foreign denominated assets managed by appointed fund managers increased by 3 percent from USD257 million as at 30 June 2009 to USD266 million as at 30 June 2010. The increase in the funds held by the fund managers is largely explained by the reinvestment opportunities in fixed income instruments. In Shilling terms, the assets increased from UShs.533,327 million to UShs.607,960 million as at 30 June 2010.

Assets held with IMF increased by 80 percent from SDR180 million to SDR324 million in June 2010. In Shilling terms, the assets grew by 88 percent. This was as a result of the increased allocation of SDR143.7 million by IMF as well as the depreciation of the Uganda Shilling against the SDR.

19.5.1.2 DOMESTIC ASSETS

The Bank's holdings in domestic assets as at

30 June 2010 increased by 18 percent to UShs.3,720,702 million from UShs.3,160,474 million as at 30 June 2009. Loans and advances to government, which account for 83 percent of domestic assets, increased by 24 percent from UShs.2,574,965 million as at 30 June 2009 to UShs.3,188,022 million as at 30 June 2010. The balance on Uganda Consolidated Fund (UCF) account increased by 10 percent from UShs.2,202,197 million as at 30 June 2009 to UShs.2,440,367 million as at 30 June 2010. The increase was consistent with government's fiscal strategy.

Loans and advances to commercial banks decreased by 48 percent from UShs.158,130 million as at 30 June 2009 to UShs.81,955 million as at 30 June 2010. The drop is explained by the repayment of short term loans previously advanced to commercial banks and the SWAP arrangement with Tropical Bank was not renewed.

19.5.2 LIABILITIES

The Bank's total liabilities increased by 16 percent from UShs.7,764,801 million as at 30 June 2009 to UShs.8,998,497 million as at 30 June 2010. The total liabilities comprise of both foreign and domestic liabilities.

19.5.2.1 FOREIGN LIABILITIES

Foreign liabilities comprise of the IMF Quota of SDR 180.5 million and SDR allocation of SDR.173 million.

During the year ended 30 June 2010, the IMF in response to the global economic crisis approved an increase in SDR allocations to Uganda of SDR 143.7 million. The additional SDR allocation consisted of a general allocation of SDR 133.8 million, which became effective on 28 August 2009 and a special one-time allocation of SDR 9.9 million, which became effective on 9 September 2009. This in terms of Uganda Shillings, caused an increase of 75 percent in foreign liabilities after translation from UShs.675,198 million as at 30 June 2009 to 1,187,880 million as at 30 June 2010, coupled with the depreciation of the Uganda Shilling against the SDR from UShs.3,216.29 on 30 June 2009 to UShs.3,359.44 on 30 June 2010.

19.5.2.2 DOMESTIC LIABILITIES

Overall, domestic liabilities increased by 10 percent from UShs.7,089,603 million as at 30 June 2009 to UShs.7,810,617 million as at 30 June 2010. Domestic liabilities comprise of government deposits, which account for 71 percent, currency-in-circulation at 22 percent and the balance represents deposits from financial institutions.

The increase in domestic liabilities is largely explained by increase in currency in circulation which increased by 18 percent to

UShs.1,738,981 million in June 2010 compared to UShs.1,468,641 million as at June 2009. Currency in circulation increased in support of increased economic activity causing a high demand for the local unit. The increase in currency in circulation was consistent with the easing monetary policy implemented by the Central Bank during the year.

In addition there was a notable increase in Government capital accounts by 14 pecent. During the year the bank issued bills and bonds in different tenures for monetary policy implementation.

19.5.3 SHAREHOLDERS FUNDS

The cumulative shareholder's funds reduced by 3 percent from UShs.1,119,687 million as at 30 June 2009 to UShs.1,089,755 million as at 30 June 2010. The drop in shareholder's funds is attributed to a deficit of UShs.142,537 million recorded in the year ended 30 June 2010 and which was transferred to BOU revenue reserves. In July 2009, the Board approved appropriation of UShs.1,800 million from the reserves to the Sinking Fund while earnings under the Earmarked Funds increased by UShs.2,160 million.

20 DIRECTORS' REPORT

20.1 INTRODUCTION

The Directors are pleased to present their report for the year ended 30 June 2010. The report of the performance of the Bank fulfils the provisions of the Bank of Uganda Act (Cap. 51) Laws of Uganda, which require the Bank to make a report on its activities and operations during the preceding year, within three months after the end of each financial year.

20.2 NATURE OF BUSINESS

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

20.3 OPERATING FINANCIAL RESULTS

The Directors present the financial statements for the year ended 30 June 2010 as set out on pages 76 to 127 of this report. The Bank registered a deficit of UShs.30,292 million compared to a surplus of UShs.770,220 million in 2008/09. The deficit in 2009/10 is largely attributed to after effects of global economic crisis with interest rates continuing to be well below pre-crisis levels and the pursuit of a clean note policy in line with Bank of Uganda mandate resulting into increase in currency costs during the year. Reserve holdings continued to decrease from USD 2.35 billion as at 30 June 2009 to USD 2.25 billion as at close of the financial year.

The net operating income for the year was UShs.62,773 million, compared to UShs.137,750 million registered in 2008/09. In line with the BOU Act and IFRS, the net surplus/(deficit) is further analysed in the statement of comprehensive income to distinguish between profits/(losses) arising from exchange rate fluctuations and those arising from normal operations. The net deficit for the financial year 2009/10 was UShs.142,537 million before adjusting for a non cash flow translation gain of UShs.109,932 million and actuarial gains of UShs.2,313 million.

The major source of the Bank's income continues to be interest earned on foreign reserve investments, and foreign exchange trading.

20.4 DIVIDEND

Due to the slow recovery in the global financial markets and continued uncertainty of the future income, the Directors do not recommend payment of a dividend to government for the year ended 30 June 2010.

20.5 DIRECTORS

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

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

None of the Directors had any financial interests in the Bank at any time during the year.

20.6 AUDITORS

In accordance with Section 43 of the Bank of Uganda Act (Cap. 51) Laws of Uganda the financial statements shall be audited once every year by the Auditor General or an auditor appointed by him to act on his behalf. For the year ended 30 June 2010, Messrs Ernst & Young, Certified Public Accountants were reappointed to act on behalf of the Auditor General.

By order of the Board

G W Nyeko

Ag. Bank Secretary

14 September 2010

21 STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors, according to the Bank of Uganda Act, are responsible for general management of the affairs of the Bank, among other duties. They are therefore required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its operating results for that year. 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 76 to 127, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. 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 2010 and of its net deficit for the year ended on that date. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

DIRECTOR	DIRECTOR
14 September 2010	14 September 2010

22 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT

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

22.1 REPORT ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA FOR THE YEAR ENDED 30 JUNE 2010

The financial statements of Bank of Uganda set out on pages 76 to 127 which comprise the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes have been audited.

22.2 DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Bank of Uganda Act (Cap 51) laws of Uganda 2000. This responsibility includes: designing, implementing and maintaining such internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting appropriate accounting policies; and making accounting

estimates that are reasonable in the circumstances.

22.3 AUDITOR'S RESPONSIBILITY

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the Auditor complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

22.4 OPINION

In my opinion the accompanying financial statements give a true and fair view of the Bank of Uganda as at 30 June 2010 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the requirements of the Bank of Uganda Act (Cap 51) laws of Uganda 2000.

John .F. S. Muwanga

AUDITOR GENERAL

KAMPALA

20 September 2010

23 FINANCIAL STATEMENTS

23.1 STATEMENT OF COMPREHENSIVE INCOME

Year ended		Note	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Operating income				
	Interest income	3	38,253	114,804
	Interest expense	4	(1,297)	(1,279)
Net interest income			**36,956**	**113,525**
	Commissions, discounts & other income	5	27,850	26,334
	Commissions & other expenses	6	(2,033)	(2,109)
Net commissions & discounts			**25,817**	**24,225**
Net interest income & commissions			**62,773**	**137,750**
	Foreign exchange revaluation gain	7	109,932	767,335
Net operating income			**172,705**	**905,085**
Expenses	General & administration costs	8	(91,825)	(90,763)
	Currency costs	10	(93,597)	(30,967)
	Impairment of loans & advances	11	(971)	(762)
	Financial and professional charges	12	(7,088)	(7,580)
	Depreciation	21	(11,829)	(8,062)
			(205,310)	**(138,134)**
Net (deficit)/surplus			**(32,605)**	**766,951**
Other comprehensive income				
	Actuarial gains on defined - benefit pension plan	29	2,313	3,269
Total comprehensive income for the year			**(30,292)**	**770,220**

23.2 STATEMENT OF FINANCIAL POSITION

As at		Note	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Foreign assets	Cash and cash equivalents	14	110,365	152,499
	Investments at fair value through profit or loss	15 (a)	4,559,290	4,456,618
	Investments held-for-trading	15 (b)	607,960	533,327
	Investments available-for-sale	15 (c)	1,080	1,008
	Assets held with IMF	16	1,088,855	580,562
Total foreign assets			**6,367,550**	**5,724,014**
Domestic assets	Investments in treasury bills	17	200,000	200,000
	Loans and advances to government	18	3,188,022	2,574,965
	Loans and advances to commercial banks	19	81,955	158,130
	Staff loans	20	18,039	12,328
	Employee benefits	29	3,048	736
	Property, plant and equipment	21	128,649	113,834
	Leasehold land	22	17,637	17,637
	Other assets	23	83,352	82,844
Total domestic assets			**3,720,702**	**3,160,474**
Total assets			**10,088,252**	**8,884,488**
Liabilities	Foreign liabilities			
	IMF obligations	16	1,187,786	675,104
	Other foreign liabilities	24	94	94
Total foreign liabilities			**1,187,880**	**675,198**
Domestic liabilities	Currency in circulation	25	1,738,981	1,468,641
	Government deposits	26	5,059,200	4,910,332
	Commercial banks' deposits	27	863,025	506,237
	International Bank for Reconstruction & Dev't (IBRD)	28	876	2,249
	Other liabilities	30	148,535	202,144
Total domestic liabilities			**7,810,617**	**7,089,603**
Total liabilities			**8,998,497**	**7,764,801**
Equity	Issued capital	31	20,000	20,000
	Reserves	32	1,048,523	1,080,615
	Earmarked funds	33	21,232	19,072
Total Equity			**1,089,755**	**1,119,687**
Total liabilities & equity			**10,088,252**	**8,884,488**

The financial statements on pages 76 to 127 were approved by the Board of Directors on 14 September 2010 and were signed on its behalf by:

Chairman Director Director

23.3 STATEMENT OF CHANGES IN EQUITY

	Issued capital	Asset revaluation reserve	Revenue reserve	General reserve	Dividend paid to government	Totals
	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)
At 1 July 2008	**20,000**	**49,202**	**241,018**	**20,175**	**40,000**	**370,395**
Surplus for the year	-	-	766,951	-	-	766,951
Other comprehensive income	-	-	3,269	-	-	3,269
Total comprehensive income	**-**	**-**	**770,220**	**-**	**-**	**770,220**
Revaluation surplus release	-	(891)	891	-	-	-
Dividend paid to Government	-	-	-	-	(40,000)	(40,000)
At 30 June 2009	**20,000**	**48,311**	**1,012,129**	**20,175**	**-**	**1,100,615**
At 1 July 2009	**20,000**	**48,311**	**1,012,129**	**20,175**	**-**	**1,100,615**
Deficit for the year	-	-	(32,605)	-	-	(32,605)
Other comprehensive income	-	-	2,313	-	-	2,313
Total comprehensive income	**-**	**-**	**(30,292)**	**-**	**-**	**(30,292)**
Revaluation surplus release	-	(417)	417	-	-	-
Asset disposals	-	(100)	100	-	-	-
Transfer to Sinking Fund.	-	-	(1,800)	-	-	(1,800)
At 30 Jun 2010	**20,000**	**47,794**	**980,554**	**20,175**	**-**	**1,068,523**

GENERAL RESERVE FUND

According to Section 16(1) of the Bank of Uganda Act (Cap. 51), Laws of Uganda 2000, the Bank is required to maintain a General Reserve Fund and the amount maintained in this account is determined by the Board from time to time. There were no reviews done during the year.

ASSET REVALUATION RESERVE

The asset revaluation reserve account represents the balance of property, plant and equipment revaluation surpluses net of deficits on subsequent revaluations and the revaluation surplus release to revenue reserves.

REVENUE RESERVE

The movement in revenue reserve represents the net surplus or deficit transferred from the statement of comprehensive income.

23.4 STATEMENT OF CASH FLOWS

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

Year ended		30-Jun-2010	30-Jun-2009
		UShs (m)	UShs (m)
Cash flows from operating activities			
	Total comprehensive income for the year	(30,292)	770,220
	Depreciation	11,829	8,062
	Write back of amortisation of leasehold land	-	(167)
	Profit on sale of fixed Assets	(73)	(184)
	Transfer to Sinking Fund	(1,800)	-
	Increase in earmarked funds	2,160	1,586
		(18,176)	**779,517**
Foreign Assets	Increase in investments at fair value through profit or loss	(102,672)	(488,635)
	Increase in investments held-for-trading	(74,633)	(142,991)
	Increase in investments available-for-sale	(72)	(358)
	Increase in assets held with IMF	(508,293)	(102,495)
Increase in total foreign assets		**(685,670)**	**(734,479)**
Domestic Assets	Increase in loans and advances to government	(613,057)	(665,520)
	Decrease/(increase) in loans and advances to commercial banks	76,175	(23,422)
	(Increase)/decrease in staff loans	(5,711)	545
	Increase in other assets	(508)	(44,004)
Increase in total domestic assets		**(543,102)**	**(732,401)**
Increase in total assets		**(1,228,772)**	**(1,466,880)**
Foreign liabilities	Increase in IMF obligations	512,682	102,062
Increase in other foreign liabilities		**512,682**	**102,062**
Domestic Liabilities	Increase in currency in circulation	270,340	238,701
	Increase in government deposits	148,868	463,474
	Increase in commercial banks' deposits	356,788	44,355
	(Decrease)/increase in other liabilities	(53,609)	12,545
Increase in total domestic liabilities		**722,386**	**759,075**
Increase in total liabilities		**1,235,068**	**861,137**
Net Cash (used in)/ from Operating Activities		**(11,880)**	**173,774**
Cash flows from investing activities:			
	Proceeds from sale of property, plant and equipment	173	193
	Acquisition of property, plant and equipment	(26,741)	(20,820)
Net Cash used in Investing Activities		**(26,568)**	**(20,627)**
Cash flows from financing activities:			
	Transfer to Government (dividends)	-	(40,000)
Net Cash from Financing Activities		**-**	**(40,000)**
(Decrease)/increase in cash and cash equivalents		**(42,134)**	**109,877**
	Add: Cash and Cash Equivalents at the beginning of the year	152,499	42,622
Cash and Cash Equivalents at 30 June		**110,365**	**152,499**

24 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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.

I. 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

II. 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 Bank of Uganda Act.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the Board to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. The Board identifies all significant accounting policies and those that involve high judgment as documented in note 43.

Adoption of new and revised standards

The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations. The adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Bank. They did, however, give rise to additional disclosures and changes in presentation.

IAS 1 Revised Presentation of Financial Statements

This standard requires an entity to present all owner changes in equity and all non-owner changes to be presented in either one statement of comprehensive income or in two separate statements of income and comprehensive income. The revised standard also requires that the income tax effect of each component of comprehensive income be disclosed. In addition, it requires entities to present a comparative statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the financial statements.

The Bank has elected to present comprehensive income in one statement of comprehensive income. The Bank has not provided a restated comparative set of financial position for the earliest comparative period, as it has not adopted any new accounting policies retrospectively, or has made a retrospective restatement or retrospectively reclassified items in the financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The amendments to IFRS 7 were issued in March 2009 to enhance fair value and liquidity disclosures. With respect to fair value, the amendments require disclosure of a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value and specific disclosures related to the transfers between levels in the hierarchy and detailed disclosures related to level 3 of the fair value hierarchy. In addition, the amendments modify the required liquidity disclosures with respect to derivative transactions and assets used for liquidity management.

New and amended standards and interpretations applicable to the June 2010 year-ends

The following new standards, amendments and interpretations applicable for annual periods beginning on 1 July 2009 were not relevant to the Bank's operations.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
- IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (Amendment)
- IFRS 3 Business Combinations (Revised)

- IFRS 7 Financial Instruments: Disclosures (Amendments)
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (Revised)
- IAS 23 Borrowing Costs (Revised)
- IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
- IAS 27 Consolidated and Separate Financial Statements (Amendment)
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendment)
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- Improvements to International Financial Reporting Standards (issued 2008)
- Improvements to International Financial Reporting Standards (issued 2009)

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued but are not yet effective. They will be effective for the Bank's accounting periods beginning on or after 1 July 2010:

New and amended standards and interpretations applicable to June 2011 year-ends

- IFRS 1 First-time Adoption of International Financial Reporting Standards –Additional Exemptions for First-time Adopters (Amendments)
- IFRS 1 First-time Adoption of International Financial Reporting Standards –Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IFRS 2 Group Cash-settled Share-based Payment Arrangements
- IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to International Financial Reporting Standards (issued 2009)

New and amended standards and interpretations issued that are effective subsequent to June 2011 year-ends

- IFRS 9 Financial Instruments
- IAS 24 Related Party Disclosures (Revised)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The Bank has not early adopted any of them.

The Directors have assessed the relevance of the new standards, interpretations and amendments to existing standards with respect to the Bank's operations and concluded that they will not have an impact on the Bank's financial statements.

III. 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.

IV. REVENUE RECOGNITION

Income is recognized in the period in which it is earned.

a. *Interest*

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

b. *Commission income*

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

c. *Other income*

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

V. RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

a. *Recognition*

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

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

i. Financial instruments held-to-maturity

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

ii. 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 the statement of comprehensive income.

iii. 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 transferred directly to other comprehensive income. Losses that offset previous increases are charged to the statement of comprehensive income.

iv. Loans and Receivables

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

The Bank provides loan facilities to staff to help them acquire or improve property and purchase motor vehicles. Staff are also eligible to obtain advances for various purposes. Building and property improvement loans given to staff out of the sinking fund are initially recognized at fair value and subsequently measured at amortized cost. The fair value gain or loss on initial recognition accrues to the fund. This fund is reflected as an earmarked fund but the loans are included as receivables of the Bank.

v. Derivatives and financial instrument through profit or loss

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

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

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

b. *Measurement*

i. Initial Measurement

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

ii. 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 the equity reserve and statement of comprehensive income respectively.

c. *Derecognition*

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

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

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

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

VI. IMPAIRMENT

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

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

a. *Financial Assets*

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

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

b. *Non-Financial Assets*

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generated unit to which the asset belongs.

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

VII. 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 credited to 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 and 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 on freehold land	2%
Computers, vehicles, plant and machinery	25%
Bullion vans	10%
Furniture and equipment	20%
Notes processing machines	10%

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

VIII. LEASE HOLD 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 substance over form principle, the Bank has considered these assets as finance lease. 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.

IX. 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.

X. CURRENCY PRINTING COSTS

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

XI. 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.

XII. 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.

XIII. PROVISIONS

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

XIV. BORROWINGS

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

XV. 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.

XVI. REPURCHASE AND SALE AGREEMENT

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

XVII. FOREIGN CURRENCY TRANSLATION

Financial Assets and liabilities denominated in foreign currencies are translated into Uganda Shillings at the exchange rate ruling as at the statement of financial position date. Transactions in foreign currencies are translated into Uganda Shillings at the exchange rate ruling at the date of each transaction. The resulting differences from conversion and translation are dealt with through the statement of comprehensive income in the year in which they arise. The Bank's functional and reporting currency is Uganda Shillings.

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

XIX. BANK OF UGANDA RETIREMENT BENEFITS SCHEME

The Bank of Uganda Retirement Benefit Scheme which was established under an irrevocable trust in 1995 is governed by the Board's appointed trustees. The scheme is a Defined Benefit Scheme where the employee contributes 2 percent of the total pensionable pay and the Bank (employer) contributes the balance required to reach the level recommended by the Actuaries. Currently the Bank contributes 17.1 percent of the employees' total pensionable pay.

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

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

XX. OFFSETTING

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

XXI. TAXES

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

XXII. COMPARATIVES

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

3. INTEREST INCOME

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Short term deposits with foreign banks	17,635	90,823
Investments in treasury bills with foreign banks	472	4,857
Operating income-externally managed funds-strategic fixed	12,411	15,172
Interest on short term money market deposits (local)	985	1,961
Interest income on government loans	4,868	-
Demand loans & staff advances (local)	1,882	1,991
	38,253	**114,804**

4. INTEREST EXPENSES

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Interest paid to IMF (SDR allocation charges)	1,297	1,279
	1,297	**1,279**

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

5. COMMISSIONS, DISCOUNTS AND OTHER INCOME

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Income from foreign exchange trading	10,698	15,387
Commissions & discounts- domestic	889	1,060
Disposal of vehicles	117	160
Disposal of property, plant and equipment	(44)	24
Licence and cheque fees	345	302
Sale of receipt books	360	325
Sale of currency	133	9
Rental income	156	271
Real time gross & national interbank settlement systems	885	602
Fines, penalties & hire of bullion vans	573	100
Write back of amounts previously written off/provisions	12,429	7,054
Other income	1,309	1,040
	27,850	**26,334**

6. COMMISSIONS & OTHER EXPENSES

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Reserve management fees and other charges	2,033	2,109
	2,033	**2,109**

7. FOREIGN EXCHANGE REVALUATION GAIN

The unrealized foreign exchange gain arises from translation of foreign currency transactions at the transaction date foreign currency exchange rates, and revaluation of financial assets and liabilities denominated in foreign currencies to Uganda Shillings at the foreign exchange rates applicable on the statement of financial position date.

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-2010	30-Jun-2009
US Dollars	2,277.33	2,074.61
Euro	2,773.61	2,916.49
GBP	3,429.72	3,433.06
SDR	3,359.44	3,216.29

8. GENERAL & ADMINISTRATION COSTS

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Staff costs (note 9)	65,802	66,742
Audit fees	115	137
Communication expenses	2,487	2,433
Water & electricity	656	543
Ground rates & buildings insurance	511	815
Repairs & maintainance.- premises & equip.	3,739	2,948
Motor vehicle expenses	1,761	1,734
Travel costs	3,494	3,490
Corporate contributions	3,610	3,167
Publicity & public awareness costs	2,323	1,728
Printing & stationery	1,497	1,427
Inspection costs	589	541
General & administration costs	49	443
Furniture & equip repairs	317	474
Office expenses-uniforms	201	175
J Mubiru memorial lecture	81	92
Intervention costs in forex market	4,045	3,451
Directors' fees and emoluments	548	423
	91,825	**90,763**

9. STAFF COSTS

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Salaries,wages & allowances	42,537	42,295
NSSF- contribution & provision	3,292	3,166
Staff pension fund - contributions	4,526	4,337
Gratuity	1,687	2,492
Death in service insurance	539	770
Staff welfare including medical	4,550	4,536
Training	8,671	9,146
	65,802	**66,742**

The average number of persons employed during the year was 1,059 (2009: 1,004). The analysis is shown below;

	30-Jun-2010 No of Staff	30-Jun-2009 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	8	8
Directors	20	19
Other	1,029	975
	1,059	**1,004**

10. CURRENCY COSTS

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Notes printing	83,300	25,623
Coins minting	6,800	2,405
Stock movement	448	562
Currency accessories	337	743
Currency machine maintenance	2,298	1,000
Cheque printing	50	61
Bullion van maintenance	364	573
	93,597	**30,967**

11. IMPAIRMENT OF LOANS & ADVANCES

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Other	971	762
	971	**762**

12. FINANCIAL AND PROFESSIONAL CHARGES

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Consultancy costs	1,808	1,469
Litigation fees & legal damages	762	266
Staff loans fair valuation	1,857	3,804
RTGS	39	16
Valuers' fees	2	3
Liquidation expenses	16	9
Software license & maintenance	2,604	2,013
	7,088	**7,580**

13. NET (DEFICIT)/SURPLUS FOR THE YEAR

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

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Audit fees	115	137
Directors' emoluments	476	351
Directors' fees	72	72
Depreciation	11,829	8,062
Litigation fees & legal damages	762	266
Other income	(1,309)	(1,040)

14. CASH AND CASH EQUIVALENTS

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

Foreign cash held in banking relates to foreign cash balances that were held in the banking hall as at year end.

Cash from external financial institutions relates to cash balances held with external financial institutions.

15. INVESTMENTS IN SECURITIES

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

(a) At fair value through profit or loss:

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

Foreign cash collateral is in respect of irrevocable commitments under import letters of credit or facilities granted to the Bank and Uganda Government. Special Drawing Rights (SDR) holdings are holdings of IMF units of currency. The World Bank one year deposit is recallable at a short notice.

(b) Held-for-trading:

Investments held-for-trading represent foreign denominated assets managed by appointed fund managers, Strategic Fixed Income.

The externally managed fund portfolio of Financial Instruments is classified as "Held-for-Trading" and is stated at fair value, with changes in fair value recognized immediately in profit or loss.

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

(c) Available-for-sale investment:

The investment in African Export Import (Afrexim) Bank is in respect of 100 Class A equity shares at a par value of US $ 400,000. While the investment is classified as available for sale, its fair value is not reliably determinable due to the lack of quoted market prices or other information based on which a fair value estimate can be derived. Accordingly, the investment is stated at cost, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment in Note VI.a). 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 2010.

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

Assets	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
International monetary fund quota (SDR180.5million)	1,088,855	580,562
	1,088,855	**580,562**
Liabilities		
IMF quota	673,229	580,541
Special drawing rights allocation	514,557	94,563
	1,187,786	**675,104**

The International Monetary Fund Quota refers to the Uganda Government total membership capital subscription to the International Monetary Fund. The Quota is stated at its historic cost and reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are transferred directly to the statement of comprehensive income.

The liabilities relate to loans obtained from International Monetary Fund by Government and managed on behalf of the Government by the Bank at interest rates determined by the Fund as advised from time to time. The liabilities and assets are not secured by collateral and the repayment terms are not fixed.

During the year, the IMF in response to the global economic crisis approved an increase in SDR allocations to Uganda of SDR 143.7 million. The additional SDR allocation consisted of a general allocation of SDR 133.8 million which became effective on 28 August 2009 and a special one-time allocation of SDR9.9 million which became effective on 9 September 2009.

17. INVESTMENTS IN TREASURY BILLS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Treasury bills for repos (zero coupon)	200,000	200,000
	200,000	**200,000**

Zero Coupon Treasury bills represent a loan originated by the Bank to Government of Uganda so as to provide a pool of instruments to the Bank for fine tuning of liquidity in the market through the issue of vertical repurchase (repos) agreements with primary dealer commercial banks. These are zero coupons and thus amortized cost is the cost amount. As at 30 June 2010 there were no Repos outstanding.

18. LOANS AND ADVANCES TO GOVERNMENT

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government ministries	14,974	95,925
Government project accounts	17	1,015
Uganda Consolidated Fund	2,440,406	2,202,197
Other government capital	197,461	161,249
Deferred government expenditure	21,091	21,091
Special loan to government (Gulf Stream)*	47,629	80,633
Other loans to government (Classified)	449,897	22,729
Development Finance Scheme loans	13,972	-
EFT salary	2,575	-
Provision for impairment losses	-	(9,874)
Total	**3,188,022**	**2,574,965**
Provision for impairment losses;		
At 1 July	(9,874)	(24,863)
Write off of provisions	9,874	14,989
At 30 June	**-**	**(9,874)**

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

*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.

19. LOANS AND ADVANCES TO COMMERCIAL BANKS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Short term loans to commercial banks	-	40,000
Development finance loans to commercial banks	83,796	113,887
Swap receivable - due from financial institutions	-	6,483
Insurance Companies	15	19
Loans to parastatals	358	359
	84,169	**160,748**
Less: provision for impairment loss	(2,214)	(2,618)
Net loans and advances	**81,955**	**158,130**
Provision for impairment loss:		
At 1 July	(2,618)	(50,976)
Write-back of provision on written off loans	404	48,358
At 30 June	**(2,214)**	**(2,618)**

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. During the year UShs 10,512 million was disbursed under the Agricultural Credit Facility (ACF) scheme through the respective accredited financial institutions. The securities held on these loans are in terms of promissory notes from participating commercial banks. The Bank has the option to recover the loan directly from the account of the respective commercial bank in the event of default. As at 30 June 2010, the loans were performing as per the agreements and there were no signs of impairment noted.

20. STAFF LOANS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Staff loans, advances and imprest to staff	5,737	5,517
Staff building loans	6,240	4,190
Staff loans, advances at fair value	**11,977**	**9,707**
Deferred staff cost	6,768	3,315
Staff loans, advances at cost	**18,745**	**13,022**
Provision for impairment (see below)	(706)	(694)
	18,039	**12,328**
Provision for impairment:		
Adjustment	(694)	(1,260)
Recoveries/write back of provisions	(12)	566
At 30 June	**(706)**	**(694)**

As is commonly done by Central Banks, the Bank provides loans and advances to staff at interest rates below the market rates. The rates range from 3 percent to 6 percent, depending on the loan type. The loans and advances have maturity terms ranging between 3 months and 20 years, depending on whether or not staff are on permanent and pensionable terms. The loans and advances have been marked to market and the fair value adjustment is deferred over the loan repayment periods. Apart from the house loans which are secured by mortgages, salary advances are not secured. However there is an undertaking by the staff that in the event of default the Bank can recover the outstanding balance from the retirement benefits. All mortgages are covered by an insurance policy of an amount that is twice the outstanding loan balances.

21. PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Computer Equipment	Motor Vehicles	Work- In-Progress	Totals
	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	UShs (m)	**UShs (m)**
Cost or Valuation								
As at 1 July 2008	5,173	58,632	68,345	4,780	22,317	11,695	5,825	**176,767**
Additions	-	3,769	3,077	585	5,625	1,518	6,246	**20,820**
Reclassification	-	5,650	-	-	-	175	(5,825)	**-**
Disposals	-	-	(240)	(24)	(521)	(1,141)	-	**(1,926)**
As at 1 July 2009	5,173	68,051	71,182	5,341	27,421	12,247	6,246	**195,661**
Additions	5,920	1,887	3,568	408	2,960	1,267	10,731	**26,741**
Reclassification	-		1,153	-	1,597	-	(2,750)	**-**
Disposals	(100)	-	(155)	(28)	(353)	(231)	-	**(867)**
As at 30 June 2010	10,993	69,938	75,748	5,721	31,625	13,283	14,227	**221,535**
Depreciation								
As at 1 July 2008	-	104	46,018	4,028	16,744	8,784	-	**75,678**
Charge for the year		1,203	2,706	293	2,759	1,101		**8,062**
Disposals		-	(236)	(23)	(513)	(1,141)	-	**(1,913)**
As at 1 July 2009	-	1,307	48,488	4,298	18,990	8,744	-	**81,827**
Adjustment	-	(6)	-	-	-	-	-	**(6)**
Charge for the year		1,320	5,046	371	3,946	1,146		**11,829**
Disposals		-	(152)	(28)	(353)	(231)	-	**(764)**
As at 30 June 2010	-	2,621	53,382	4,641	22,583	9,659	-	**92,886**
Net Carrying Amount								
As at 30 June 2010	10,993	67,317	22,366	1,080	9,042	3,624	14,227	**128,649**
As at 30 June 2009	5,173	66,744	22,694	1,043	8,431	3,503	6,246	**113,834**

The last valuation was conducted as at 30 June 2008 by independent and certified professional valuers, Bageine & Company. The above revaluation figures were extracted from the valuation report dated 18 July 2008. The valuation was based on market values defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The Bank revalues its land and buildings after every 5 years.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	30-Jun-2010	**30-Jun-2009**
	UShs (m)	**UShs (m)**
Cost	73,138	67,219
Accumulated depreciation and impairment	11,660	10,509
Net carrying amount	**61,478**	**56,710**

Capital work-in-progress represents continuing works on the Kabale Currency Centre. Items disposed of were in respect of vehicles and furniture, which had a nil book value. All gains on disposal are credited directly to the statement of comprehensive income.

22. LEASEHOLD LAND

		30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Cost:	**At 1 July**	**17,637**	**17,633**
	Adjustment	-	4
	At 30 June	**17,637**	**17,637**
Amortisation:	**At 1 July**	-	**167**
	Amortisation for the year	-	(52)
	Adjustment	-	(115)
	At 30 June	**-**	**-**
	Net book value	**17,637**	**17,637**

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

23. OTHER ASSETS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Consumable store stock	1,748	1,635
Prepayments & accrued income	745	23,868
Derivative asset	-	12
Deferred currency costs (***)	81,278	57,682
Receivable from Government of Uganda	3,904	3,904
Sundry debtors	311	27
Provisions for impairment losses	(4,634)	(4,284)
	83,352	**82,844**
Provisions for impairment losses:		
At 1 July	(4,284)	(4,347)
(Additional provisions)/write offs during the year	(350)	63
At 30 June	**(4,634)**	**(4,284)**

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

24. OTHER FOREIGN LIABILITIES

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

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

25. CURRENCY IN CIRCULATION

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

Currency in circulation represents notes and coins issued by Bank of Uganda as at 30 June 2010 while cash held in Banking relates to cashiers' cash on hand as at year end.

26. GOVERNMENT DEPOSITS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government income accounts	-	69
Government deposit forex accounts	-	6,975
Government deposit letters of credit accounts	122,251	60,243
Government ministries accounts	341,571	994,039
Government projects accounts	1,327,628	961,172
Special diversiture revolving fund	18	18
Government of Uganda managed funds through DFS	163,519	166,051
IMF accounts	20,157	19,297
Government capital accounts	3,084,056	2,702,467
EFT cash suspense accounts	-	1
	5,059,200	**4,910,332**

As a banker to Government, BOU maintains government accounts. The accounts maintained relate to government ministries and the government projects. The above deposit balances represent the amounts outstanding on these government accounts as at 30 June 2010. The Bank does not pay interest on these accounts. The deposits are payable on demand and therefore the carrying amount approximates their fair value. Included in the Government Capital Accounts are

Treasury bills and Treasury Bonds held at the Bank. The securities are re-discountable at the Bank rediscount rate.

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

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Government Deposits	5,059,200	4,910,332
Government Loans and Advances (see note 18)	(3,188,022)	(2,584,839)
Net Uganda Consolidated Fund Position	**1,871,178**	**2,325,493**

27. COMMERCIAL BANK DEPOSITS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Current accounts by commercial banks	695,210	481,639
Cash recovered from closed commercial banks	166	166
Collection from closed banks loans	17,649	18,208
Swap payable due to financial institutions	-	6,224
Repos collection account	150,000	-
	863,025	**506,237**

Current accounts relate to the cash balances held by the commercial banks with Bank of Uganda in line with statutory obligations. The Bank does not pay interest on these account balances. Additionally, as a statutory obligation, the Bank is the custodian of monetary policy. As at 30 June 2009, the Bank had re-entered into a currency SWAP arrangement amounting to USD 3 million with one of the commercial bank which was settled in this year.

28. INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT (IBRD)

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

The IBRD balance relates to notes substituted as Government of Uganda's national currency subscription to IBRD capital stock and now held in IBRD's securities custody account with the Bank of Uganda as a depository. As at 30 June 2010, the total obligation was UShs 875 million.

29. RECOGNISED RETIREMENT BENEFITS PLAN

The Bank employees are eligible for retirement benefits under a defined benefit plan provided through a separate funded arrangement. The asset in respect of defined benefit pension plans is the is the fair value of plan assets at the statement of financial position date minus the present value of the defined benefit obligation, together with adjustments for unrecognised actuarial gains/losses. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method every 3 years. The last actuarial review and valuation was carried out by Callund Consulting Limited as at 30 June 2008.

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

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

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Present value of defined benefit obligations	133,817	80,978
Fair value of plan assets	(74,949)	(62,985)
Present value of unfunded benefits obligation	**58,868**	**17,993**
Unrecognised actuarial gain/ (loss)	(61,917)	(18,735)
Unrecognised transitional loss	-	-
	(3,049)	**(742)**
Adjustment on GL	1	6
Employee benefits receivable	**(3,048)**	**(736)**

During the year, the Bank's net receivable in respect to the plan was calculated by a qualified actuary using the projected unit credit method. Actuarial gains and losses are charged to the statement of comprehensive income over the remaining lives of employees participating in the scheme in accordance with the Bank's accounting policy.

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

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Current service cost	1,532	374
Interest cost	5,609	5,121
Expected return on plan assets	(4,472)	(4,427)
Net actuarial (gains)losses recognised in the year	(119)	169
Total included in staff costs	**2,550**	**1,237**
Employer contribution	(4,863)	(4,506)
Actuarial gains on defined benefit pension obligations	**(2,313)**	**(3,269)**

The principle actuarial assumptions in real terms are as follows:

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

30. OTHER LIABILITIES

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Deposits from other institutions	9	310
Uninvested pension fund cash	3,073	4,017
Deposit protection fund	17,919	26,834
Accounts payable	(26,464)	10,244
Other creditors	127,501	91,379
IMF debt relief	21,070	68,188
UCBL sales proceeds	3,412	3,412
Provision for UCBL excluded liabilities	1,359	1,359
Provision for NSSF	656	3,258
Govt ministries Eft salary clearing accounts	-	(9,754)
Govt ministries cash clearing accounts	-	2,897
	148,535	**202,144**

Uninvested pension fund cash relates to the Bank's contribution in respect of staff retirement benefits scheme that has not been invested.

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

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

UCBL SALES PROCEEDS

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

The Bank completed the desolution of Uganda Commercial Bank Ltd (UCBL) on 21 February 2003 with the sale of the majority shares (80 percent) to Standard Bank Investment Corporation (Stanbic) through its subsidiary Stanbic (U) Ltd. Under the sale agreement, the Bank, on behalf of the shareholders, undertook to fulfil certain warranties, such as the payment of retrenchment costs for up to five hundred staff. The provision for excluded liabilities of UShs 1,412 million has been set aside to cover other incidentals.

31. AUTHORISED AND ISSUED SHARE CAPITAL

		30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Authorised	30,000,000,000 of ushs 1.00 each	30,000	30,000
Issued and fully paid	20,000,000,000 of ushs 1.00 each	20,000	20,000

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

32. RESERVES

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Asset revaluation reserve	47,794	49,018
Revenue reserve	980,554	1,011,422
General reserve	20,175	20,175
	1,048,523	**1,080,615**

The distributable deficit is arrived at as follows:

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
Total comprehensive (loss)/income for the year	**(30,292)**	**770,220**
Unrealised foreign exchange gain	(108,037)	(763,928)
Unrealised gain on revaluation of investments	(1,895)	(3,407)
Actuarial gains on defined benefit pension obligations	(2,313)	(3,269)
Deficit available for distribution	**(142,537)**	**(384)**

33. EARMARKED FUNDS

	30-Jun-2010 UShs (m)	30-Jun-2009 UShs (m)
At 1 July	7,835	9,185
Repayment/borrowing - EFF capital movement	-	3,046
Transfer EFF to UDBL	-	(4,412)
Income net of expenses	-	16
	7,835	**7,835**
Provision on EFF loans	40	-
At 30 June	**7,875**	**7,835**
Accumulated staff building loan fund	13,357	11,237
	21,232	**19,072**

I. EARMARKED DEVELOPMENT FUNDS

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

II. EARMARKED BUILDING LOAN FUND

The Bank setup a staff building revolving fund for the purpose of providing building loans to staff in order to facilitate ownership of homes. Although this fund is reflected as an earmarked fund, the loans are included as receivables of the Bank. The Bank set up a revolving fund out of its reserves. The interest on loans accrues to the staff building loan fund and all loan losses and provisions are borne by the fund. The fund is managed internally. The loans are discounted at adjusted market interest rates to account for the concessionary element. The abridged statement of financial position of the fund is as given below.

		30-Jun-2010 USh s (m)	30-Jun-2009 USh s (m)
Assets	Loans to staff at fair value	12,830	4,190
	Deferred Asset	6,590	3,067
		19,420	**7,257**
Loans to staff at cost	Cash with BOU	(6,063)	3,980
		13,357	**11,237**
Represented by:	Capital fund	11,237	8,301
	Interest income	2,120	2,936
		13,357	**11,237**

34. 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 guarantees and indemnities in connection with liquidity support operations.

I. LEGAL PROCEEDINGS

The Bank is a litigant in various cases for breach of contract arising in the normal course of business amounting to UShs 600 million (2009: UShs 970 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.

II. CAPITAL COMMITMENTS

As at 30 June 2010, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UShs. 19,000 million compared to UShs. 23,000 million as at 30 June 2009.

35. FINANCIAL RISK MANAGEMENT

The Bank is involved in policy-orientated activities. Therefore, the Bank's risk management framework differs from the risk management frameworks for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, foreign exchange risk, and interest rate risk. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to maintain an effective foreign exchange intervention capability. Profiles for managing interest rate, credit, foreign currency, and liquidity are noted. Like most other central banks, the nature of the Bank's operations creates exposures to a range of operational risks and reputational risks.

The Board seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring, and managing risk exposure. The Foreign Exchange Reserve

Management Policy Committee (FERMPC), comprising the Governor and senior management, is responsible for advising on the monitoring and management of the business strategy, risks, and performance of all statement of financial position-related activities. This review includes the appropriateness of risk-return tradeoffs underlying the business strategy and portfolio structure. Specialist staff conduct the Bank's foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined Reserves Management Policy/Framework, including limits and delegated authorities set by the Governor. The policy is subject to regular review by FERMPC.

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

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

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

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

The Bank has exposure to the following risks:

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

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

I. 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.

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.

II. 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.

a. *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.

b. *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).

c. *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.

d. *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.

e. *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.

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

Table 8 Credit Risk Profile

Loans and Advances	**Government**		**Commercial Banks**		**Staff Loans**	
In millions of shillings	**30-Jun-2010**	**30-Jun-2009**	**30-Jun-2010**	**30-Jun-2009**	**30-Jun-2010**	**30-Jun-2009**
Carrying Amount	3,188,022	2,574,965	81,955	158,130	18,039	12,328
Individually Impaired:						
Government ministries	-	9,874	-	-	-	-
Closed commercial banks	-	-	2,214	2,618	-	-
Staff loans	-	-	-	-	706	694
Gross Amount	-	9,874	2,214	2,618	706	694
Allowance for impairment	-	(9,874)	(2,214) -	2,618	(706)	(694)
Carrying amount	-	-	-	-	-	-
Past due but not impaired:						
Low-fair risk	3,188,022	2,574,965	-	-	-	-
Watch list	-	-	-	-	-	-
Carrying amount	3,188,022	2,574,965	-	-	-	-
Past due comprises:						
30 - 60 days	-	11	-	-	-	-
60 - 90 days	-	1,589	-	-	-	-
90 - 180 days	-	1,240	-	-	-	-
180 days+	3,188,022	2,572,125	-	-	-	-
Carrying amount	3,188,022	2,574,965	-	-	-	-
Neither past due nor impaired:						
Carrying amount	-	-	81,955	158,130	18,039	12,328
Total carrying amount	3,188,022	2,574,965	81,955	158,130	18,039	12,328

36. LIQUIDITY RISK

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

Table 9 Liquidity profile 2009/10

		30-Jun-2010	0-3 Months	4-6 Months	7-9 Months	Above 9 Months
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	110,365			
	Investments at fair value through profit or loss	4,559,290	4,490,969			68,321
	Investments held-for-trading	607,960	607,960			
	Investments available-for-sale	1,080	-			1,080
	Assets held with IMF	1,088,855	-			1,088,855
	Total foreign assets	**6,367,550**	**5,209,294**	**-**	**-**	**1,158,256**
Domestic assets	Investments in treasury bills	200,000				200,000
	Loans and advances to government	3,188,022	3,188,022			
	Loans and advances to commercial banks	81,955				81,955
	Staff loans	18,039				18,039
	Employee benefits	3,048				3,048
	Property, plant and equipment	128,649				128,649
	Leasehold land	17,637				17,637
	Other assets	83,352	83,352			
	Total domestic assets	**3,720,702**	**3,271,374**	**-**	**-**	**449,328**
	Total assets	**10,088,252**	**8,480,668**	**-**	**-**	**1,607,584**
Foreign liabilities	IMF obligations	1,187,786				1,187,786
	Other foreign liabilities	94				94
	Total foreign liabilities	**1,187,880**	**-**	**-**	**-**	**1,187,880**
Domestic liabilities	Currency in circulation	1,738,981	1,738,981			
	Government deposits	5,059,200	5,059,200			
	Commercial banks' deposits	863,025	863,025			
	International Bank for Reconstruction & Dev't (IBRD)	876	876			
	Other liabilities	148,535	148,535			
	Total domestic liabilities	**7,810,617**	**7,810,617**	**-**	**-**	**-**
	Total liabilities	**8,998,497**	**7,810,617**	**-**	**-**	**1,187,880**
Equity	Issued capital	20,000				20,000
	Reserves	1,048,523				1,048,523
	Earmarked funds	21,232				21,232
	Total Equity	**1,089,755**	**-**	**-**	**-**	**1,089,755**
	Total liabilities & equity	**10,088,252**	**7,810,617**	**-**	**-**	**2,277,635**
	Net liquidity gap	**30-Jun-2010**	**670,051**	**-**	**-**	**(670,051)**

Table 10 Liquidity profile 2008/09

		30-Jun-2009	0-3 Months	4-6 Months	7-9 Months	Above 9 Months
		TOTAL				
		UShs (m)	**UShs. (m)**	**UShs. (m)**	**UShs. (m)**	**UShs. (m)**
Foreign assets	Cash and cash equivalents	152,499	152,499			
	Investments at fair value through profit or loss	4,456,618	4,394,380			62,238
	Investments held-for-trading	533,327	533,327			
	Investments available-for-sale	1,008	-			1,008
	Assets held with IMF	580,562	-			580,562
	Total foreign assets	**5,724,014**	**5,080,206**	**-**	**-**	**643,808**
Domestic assets	Investments in treasury bills	200,000				200,000
	Loans and advances to government	2,574,965	2,574,965			
	Loans and advances to commercial banks	158,130				158,130
	Staff loans	12,328				12,328
	Employee benefits	736				736
	Property, plant and equipment	113,834				113,834
	Leasehold land	17,637				17,637
	Other assets	82,844	82,844			
	Total domestic assets	**3,160,474**	**2,657,809**	**-**	**-**	**502,665**
	Total assets	**8,884,488**	**7,738,015**	**-**	**-**	**1,146,473**
Foreign liabilities	IMF obligations	675,104				675,104
	Other foreign liabilities	94				94
	Total foreign liabilities	**675,198**	**-**	**-**	**-**	**675,198**
Domestic liabilities	Currency in circulation	1,468,641	1,468,641			
	Government deposits	4,910,332	4,910,332			
	Commercial banks' deposits	506,237	506,237			
	International Bank for Reconstruction & Dev't (IBRD)	2,249	2,249			
	Other liabilities	202,144	202,144			
	Total domestic liabilities	**7,089,603**	**7,089,603**	**-**	**-**	**-**
	Total liabilities	**7,764,801**	**7,089,603**	**-**	**-**	**675,198**
Equity	Issued capital	20,000				20,000
	Reserves	1,080,615				1,080,615
	Earmarked funds	19,072				19,072
	Total Equity	**1,119,687**	**-**	**-**	**-**	**1,119,687**
	Total liabilities & equity	**8,884,488**	**7,089,603**	**-**	**-**	**1,794,885**
	Net liquidity gap	**30-Jun-2009**	**648,412**	**-**	**-**	**(648,412)**

MANAGEMENT OF LIQUIDITY RISK

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

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

37. 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.

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 11 Interest risk analysis 2009/10

		30-Jun-2010	0-3 Months	4-6 Months	7-9 Months	> 9 Months	Non-Interest Bearing
		UShs (m)	**UShs. (m)**	**UShs. (m)**	**UShs. (m)**	**UShs. (m)**	**UShs. (m)**
Foreign assets	Cash and cash equivalents	110,365	110,365				
	Investments at fair value through profit or loss	4,559,290	4,559,290		-	68,321	
	Investments held-for-trading	607,960	607,960				
	Investments available-for-sale	1,080	-			1,080	
	Assets held with IMF	1,088,855	-			1,088,855	
	Total foreign assets	**6,367,550**	**5,277,615**	**-**	**-**	**1,158,256**	**-**
Domestic assets	Investments in treasury bills	200,000					200,000
	Loans and advances to government	3,188,022					3,188,022
	Loans and advances to commercial banks	81,955				81,955	
	Staff loans	18,039					18,039
	Employee benefits	3,048				3,048	
	Property, plant and equipment	128,649					128,649
	Leasehold land	17,637					17,637
	Other assets	83,352					83,352
	Total domestic assets	**3,720,702**	**-**	**-**	**-**	**85,003**	**3,635,699**
	Total assets	**10,088,252**	**5,277,615**	**-**	**-**	**1,243,259**	**3,635,699**
Foreign liabilities	IMF obligations	1,187,786				1,187,786	1,187,786
	Other foreign liabilities	94					94
	Total foreign liabilities	**1,187,880**	**-**	**-**	**-**	**1,187,786**	**1,187,880**
Domestic liabilities	Currency in circulation	1,738,981					1,738,981
	Government deposits	5,059,200					5,059,200
	Commercial banks' deposits	863,025					863,025
	International Bank for Reconstruction & Dev't (IBRD)	876					876
	Other liabilities	148,535					148,535
	Total domestic liabilities	**7,810,617**	**-**	**-**	**-**	**-**	**7,810,617**
	Total liabilities	**8,998,497**	**-**	**-**	**-**	**1,187,786**	**8,998,497**
Equity	Issued capital	20,000					20,000
	Reserves	1,048,523					1,048,523
	Earmarked funds	21,232					21,232
	Total Equity	**1,089,755**	**-**	**-**	**-**	**-**	**1,089,755**
	Total liabilities & Equity	**10,088,252**	**-**	**-**	**-**	**1,187,786**	**10,088,252**

Table 12 Interest risk analysis 2008/09

		30-Jun-2009	0-3 Months	4-6 Months	7-9 Months	> 9 Months	Non-Interest Bearing
		TOTAL					
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	152,499				
	Investments at fair value through profit or loss	4,456,618	4,456,618		-	62,238	
	Investments held-for-trading	533,327	533,327				
	Investments available-for-sale	1,008	-			1,008	
	Assets held with IMF	580,562	-			580,562	
	Total foreign assets	**5,724,014**	**5,142,444**	**-**	**-**	**643,808**	**-**
Domestic assets	Investments in treasury bills	200,000					200,000
	Loans and advances to government	2,574,965					2,574,965
	Loans and advances to commercial banks	158,130				158,130	
	Staff loans	12,328					12,328
	Employee benefits	736				736	
	Property, plant and equipment	113,834					113,834
	Leasehold land	17,637					17,637
	Other assets	82,844					82,844
	Total domestic assets	**3,160,474**	**-**	**-**	**-**	**158,866**	**3,001,608**
	Total assets	**8,884,488**	**5,142,444**	**-**	**-**	**802,674**	**3,001,608**
Foreign liabilities	IMF obligations	675,104				675,104	675,104
	Other foreign liabilities	94					94
	Total foreign liabilities	**675,198**	**-**	**-**	**-**	**675,104**	**675,198**
Domestic liabilities	Currency in circulation	1,468,641					1,468,641
	Government deposits	4,910,332					4,910,332
	Commercial banks' deposits	506,237					506,237
	International Bank for Reconstruction & Dev't (IBRD)	2,249					2,249
	Other liabilities	202,144					202,144
	Total domestic liabilities	**7,089,603**	**-**	**-**	**-**	**-**	**7,089,603**
	Total liabilities	**7,764,801**	**-**	**-**	**-**	**675,104**	**7,764,801**
Equity	Issued capital	20,000					20,000
	Reserves	1,080,615					1,080,615
	Earmarked funds	19,072					19,072
	Total Equity	**1,119,687**	**-**	**-**	**-**	**-**	**1,119,687**
	Total liabilities & Equity	**8,884,488**	**-**	**-**	**-**	**675,104**	**8,884,488**
	On balance Sheet interest Sensitivity Gap	**30-Jun-2009**	**5,142,444**	**-**	**-**	**127,570**	**(5,882,880)**

INTEREST RATE RISK SENSITIVITY

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase or decrease as a result of such changes which may cause either an increase or decrease in profit or loss.

The impact on financial assets and liabilities of an increase or decrease in interest rates by 0.5% would be as follows;

Table 13 Interest risk sensitivity analysis FY 2009/10

		30-Jun-2010	As at 30 June 2010	
		CARRYING AMOUNTS	0.5% Increase	0.5% decrease
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	5,518	(5,518)
	Investments at fair value through profit or loss	4,559,290	227,965	(227,965)
	Investments held-for-trading	607,960	30,398	(30,398)
	Investments available-for-sale	1,080		
	Assets held with IMF	1,088,855		
	Total foreign assets	**6,367,550**	**263,881**	**(263,881)**
Domestic assets	Investments in treasury bills	200,000		
	Loans and advances to government	3,188,022	2,381	(2,381)
	Loans and advances to commercial banks	81,955		
	Staff loans	18,039	29	(29)
	Employee benefits	3,048		
	Property, plant and equipment	128,649		
	Leasehold land	17,637		
	Other assets	83,352		
	Total domestic assets	**3,720,702**	**2,410**	**(2,410)**
	Total assets	**10,088,252**	**266,291**	**(266,291)**
Foreign liabilities	IMF obligations	1,187,786		
	Other foreign liabilities	94		
	Total foreign liabilities	**1,187,880**	**-**	**-**
Domestic liabilities	Currency in circulation	1,738,981		
	Government deposits	5,059,200		
	Commercial banks' deposits	863,025		
	International Bank for Reconstruction & Dev't (IBR	876		
	Other liabilities	148,535		
	Total domestic liabilities	**7,810,617**	**-**	**-**
	Total liabilities	**8,998,497**	**-**	**-**
Equity	Issued capital	20,000		
	Reserves	1,048,523		
	Earmarked funds	21,232		
	Total Equity	**1,089,755**	**-**	**-**
	Total liabilities & equity	**10,088,252**	**-**	**-**
	Net interest increase/(decrease)	**30-Jun-2010**	**266,291**	**(266,291)**
	Impact on profits	**30-Jun-2010**	**266,291**	**(266,291)**

Table 14 Interest risk sensitivity analysis FY 2008/09

		30-Jun-2009	As at 30 June 2009	
		CARRYING AMOUNTS	0.5% Increase	0.5% decrease
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	762	(762)
	Investments at fair value through profit or loss	4,456,618	22,283	(22,283)
	Investments held-for-trading	533,327	2,667	(2,667)
	Investments available-for-sale	1,008		
	Assets held with IMF	580,562		
	Total foreign assets	**5,724,014**	**25,712**	**- 25,712**
Domestic assets	Investments in treasury bills	200,000		
	Loans and advances to government	2,574,965	403	(403)
	Loans and advances to commercial banks	158,130		
	Staff loans	12,328	4	(4)
	Employee benefits	736		
	Property, plant and equipment	113,834		
	Leasehold land	17,637		
	Other assets	82,844		
	Total domestic assets	**3,160,474**	**407**	**(407)**
	Total assets	**8,884,488**	**26,119**	**(26,119)**
Foreign liabilities	IMF obligations	675,104		
	Other foreign liabilities	94		
	Total foreign liabilities	**675,198**	-	-
Domestic liabilities	Currency in circulation	1,468,641		
	Government deposits	4,910,332		
	Commercial banks' deposits	506,237		
	International Bank for Reconstruction & Dev't (IBR	2,249		
	Other liabilities	202,144		
	Total domestic liabilities	**7,089,603**	-	-
	Total liabilities	**7,764,801**	-	-
Equity	Issued capital	20,000		
	Reserves	1,080,615		
	Earmarked funds	19,072		
	Total Equity	**1,119,687**	-	-
	Total liabilities & equity	**8,884,488**	-	-
	Net interest increase/(decrease)	**30-Jun-2009**	**26,119**	**(26,119)**
	Impact on profits	**30-Jun-2009**	**26,119**	**(26,119)**

38. 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 15 Currency risk profile 2009/10

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	-	33,853	22,962	52,798	752
	Investments at fair value through profit or loss	4,559,290	-	1,741,556	1,763,365	1,054,369	
	Investments held-for-trading	607,960	-	607,960			
	Investments available-for-sale	1,080	-	911		169	
	Assets held with IMF	1,088,855	-				1,088,855
	Total foreign assets	**6,367,550**	**-**	**2,384,280**	**1,786,327**	**1,107,336**	**1,089,607**
Domestic assets	Investments in treasury bills	200,000	200,000				
	Loans and advances to government	3,188,022	3,188,022				
	Loans and advances to commercial banks	81,955	81,955				
	Staff loans	18,039	18,039				
	Employee benefits	3,048	3,048				
	Property, plant and equipment	128,649	128,649				
	Leasehold land	17,637	17,637				
	Other assets	83,352	83,352				
	Total domestic assets	**3,720,702**	**3,720,702**	**-**	**-**	**-**	**-**
	Total assets	**10,088,252**	**3,720,702**	**2,384,280**	**1,786,327**	**1,107,336**	**1,089,607**
Foreign liabilities	IMF obligations	1,187,786	-				1,187,786
	Other foreign liabilities	94	-	94			
	Total foreign liabilities	**1,187,880**	**-**	**94**	**-**	**-**	**1,187,786**
Domestic liabilities	Currency in circulation	1,738,981	1,738,981				
	Government deposits	5,059,200	5,059,200				
	Commercial banks' deposits	863,025	863,025				
	International Bank for Reconstruction & Dev't (	876	876				
	Other liabilities	148,535	148,535				
	Total domestic liabilities	**7,810,617**	**7,810,617**	**-**	**-**	**-**	**-**
	Total liabilities	**8,998,497**	**7,810,617**	**94**	**-**	**-**	**1,187,786**
Equity	Issued capital	20,000	20,000				
	Reserves	1,048,523	1,048,523				
	Earmarked funds	21,232	21,232				
	Total Equity	**1,089,755**	**1,089,755**	**-**	**-**	**-**	**-**
	Total liabilities & equity	**10,088,252**	**8,900,372**	**94**	**-**	**-**	**1,187,786**
	Net foreign currency position	**30-Jun-2010**	**(5,179,670)**	**2,384,186**	**1,786,327**	**1,107,336**	**(98,179)**

Table 16 Currency risk profile 2008/09

		TOTAL	UGX	USD	GBP	EURO	OTHER
		UShs (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)	UShs. (m)
	Foreign assets						
Foreign assets	Cash and cash equivalents	152,499	-	10,267	23,793	118,271	168
	Investments at fair value through profit or loss	4,456,618	-	1,705,718	1,655,641	1,095,259	
	Investments held-for-trading	533,327	-	533,327			
	Investments available-for-sale	1,008	-	839		169	
	Assets held with IMF	580,562	-				580,562
	Total foreign assets	**5,724,014**	**-**	**2,250,151**	**1,679,434**	**1,213,699**	**580,730**
Domestic assets	Investments in treasury bills	200,000	200,000				
	Loans and advances to government	2,574,965	2,574,965				
	Loans and advances to commercial banks	158,130	158,130				
	Staff loans	12,328	12,328				
	Employee benefits	736	736				
	Property, plant and equipment	113,834	113,834				
	Leasehold land	17,637	17,637				
	Other assets	82,844	82,844				
	Total domestic assets	**3,160,474**	**3,160,474**	**-**	**-**	**-**	**-**
	Total assets	**8,884,488**	**3,160,474**	**2,250,151**	**1,679,434**	**1,213,699**	**580,730**
Foreign liabilities	IMF obligations	675,104	-				675,104
	Other foreign liabilities	94	-	94			
	Total foreign liabilities	**675,198**	**-**	**94**	**-**	**-**	**675,104**
Domestic liabilities	Currency in circulation	1,468,641	1,468,641				
	Government deposits	4,910,332	4,910,332				
	Commercial banks' deposits	506,237	506,237				
	International Bank for Reconstruction & Dev't (IBRD)	2,249	2,249				
	Employee benefits	-	-				
	Other liabilities	202,144	202,144				
	Total domestic liabilities	**7,089,603**	**7,089,603**	**-**	**-**	**-**	**-**
	Total liabilities	**7,764,801**	**7,089,603**	**94**	**-**	**-**	**675,104**
Equity	Issued capital	20,000	20,000				
	Reserves	1,080,615	1,080,615				
	Dividend payable to Government						
	Earmarked funds	19,072	19,072				
	Total Equity	**1,119,687**	**1,119,687**	**-**	**-**	**-**	**-**
	Total liabilities & Equity	**8,884,488**	**8,209,290**	**94**	**-**	**-**	**675,104**
	Net foreign currency position	**30-Jun-2009**	**(5,048,816)**	**2,250,057**	**1,679,434**	**1,213,699**	**(94,374)**

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.

Currency Risk Sensitivity Analysis

The impact on financial assets of 10% appreciation or depreciation of the Uganda Shilling would be as follows**:**

Table 17 Currency Risk Sensitivity analysis FY 2009/10

		CARRYING AMOUNTS	10% APPRECIATION	10% DEPRECIATION
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	110,365	11,037	(11,037)
	Investments at fair value through profit or loss	4,559,290	455,929	(455,929)
	Investments held-for-trading	607,960	60,796	(60,796)
	Investments available-for-sale	1,080	108	(108)
	Assets held with IMF	1,088,855	108,886	(108,886)
		6,367,550	**636,755**	**(636,755)**
Foreign liabilities	IMF obligations	(1,187,786)	(118,779)	118,779
		(1,187,786)	**(118,779)**	**118,779**
Domestic liabilities	Government deposits	(145,374)	(14,537)	14,537
	Commercial banks' deposits	(34,172)	(3,417)	3,417
		(179,546)	**(17,955)**	**17,955**
Total increase/(decrease)		**30-Jun-2010**	**500,022**	**(500,022)**
Impact on profits		**30-Jun-2010**	**500,022**	**(500,022)**

Table 18 Currency Risk Sensitivity analysis FY 2008/09

		CARRYING AMOUNTS	10% APPRECIATION	10% DEPRECIATION
		UShs (m)	UShs. (m)	UShs. (m)
Foreign assets	Cash and cash equivalents	152,499	15,250	(15,250)
	Investments at fair value through profit or loss	4,456,618	445,662	(445,662)
	Investments held-for-trading	533,327	53,333	(53,333)
	Investments available-for-sale	1,008	101	(101)
	Assets held with IMF	580,562	58,056	(58,056)
		5,724,014	**572,401**	**(572,401)**
Foreign liabilities	IMF obligations	(675,104)	(67,510)	67,510
		(675,104)	**(67,510)**	**67,510**
Domestic liabilities	Government deposits	(102,001)	(10,200)	10,200
	Commercial banks' deposits	(5,655)	(566)	566
		(107,656)	**(10,766)**	**10,766**
Total increase/(decrease)		**30-Jun-2009**	**494,125**	**(494,125)**
Impact on profits		**30-Jun-2009**	**494,125**	**(494,125)**

At 30 June 2010, if the Shilling had weakened by 10% against the major trading currencies with all other variables held constant, profits would have been UShs 500,022 million (2008/09: UShs. 494,125 million) lower with other components of equity remaining the same.

Conversely, if the Shilling had strengthened by 10% against the major trading currencies with all other variables held constant, profits would have been UShs 500,006 million (2008/09: UShs 494,125 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 2010 and 30 June 2009 were in the following ranges.

		30-Jun-2010	30-Jun-2009
		%	%
Assets	Government securities	4.00	7.00
Deposits	USD	0.36	0.24
	GBP	0.56	0.32
	Euro	0.64	0.64

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

As at 30 June 2010, the Bank's investments in financial instruments included term deposits with external financial institutions, Treasury Bills, Repurchase agreements, Foreign Cash Collateral and World Bank one year deposit recallable at short notice and measured at fair value through profit or loss.

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

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

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

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

The following are the financial instruments measured at fair value:

Hierarchy

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Level 1 - Investments at fair value through profit or loss	4,559,290	4,456,618
Level 2 - Investments held-for-trading	607,960	533,327
Level 3 - Investments available-for-sale	1,080	1,008
	5,168,330	**4,990,953**

During the reporting period ending 30 June 2010, there was no transfer between level 1 and level 2 fair vale measurements, and no transfer into or out of level 3 fair value measurements.

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-2010 UShs (m)	30-Jun-2009 UShs (m)
Issued Capital	20,000	20,000
Reserves		
Asset revaluation reserve	47,794	49,018
Revenue reserve	980,554	1,011,422
General reserve	20,175	20,175
	1,068,523	**1,100,615**

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.

I. LOANS TO DIRECTORS

The Bank extended loans to Executive Directors of the Board. The outstanding amount on the loans was 27 million as at 30 June 2010.

II. LOANS TO EXECUTIVE MANAGEMENT

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
At 1 July	291	319
Advanced during the year	88	184
Repayments	(196)	(212)
At 30 June	**183**	**291**

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

III. DIRECTORS EMOLUMENTS

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Directors' fees and emoluments	179	423
Remuneration:		
Governor and Deputy Governor	703	710
	882	**1,133**

IV. COMPENSATION OF EXECUTIVE MANAGEMENT

	30-Jun-2010 UShs(m)	30-Jun-2009 UShs(m)
Short-term employee benefits	1,282	1,138
Post-employment pension benefits	130	75
	1,412	**1,213**

V. 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 2010 amounted to UShs 16,257 million. The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was UShs 3,073 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.

I. 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.

II. TAXES

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

III. 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.

IV. PENSION OBLIGATION

The cost of the defined benefit employee benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. See Note 29 for the assumptions used.

V. 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.

25 LIST OF STATISTICAL APPENDIX TABLES

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Appendix 1: Macroeconomic Indicators

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Real Sector									
GDP at Market Prices (current prices), Shs. billion	10,907	12,438	13,972	16,026	18,172	21,187	24,497	30,101	34,580
GDP at Market Prices (constant 2002 prices), Shs. billion	11,493	12,237	13,070	13,897	15,396	16,685	18,145	19,448	20,567
Real GDP growth (Annual Change %)	8.5	6.5	6.8	6.3	10.8	8.4	8.7	7.2	5.8
GDP per capita (current prices), Shs.	453,151	500,516	544,529	604,859	664,269	750,066	839,911	999,498	1,112,031
GDP per capita (constant 2002 prices), Shs.	477,499	492,412	509,354	524,538	562,792	590,685	622,115	645,756	661,402
GDP per capita growth rate (%)	5.1	3.1	3.4	3.0	7.3	5.0	5.3	3.8	2.4
Prices									
Annual Headline Inflation, (%)									
End of Period (Base 2005/06)	-2.5	10.2	0.8	10.7	7.4	5.9	12.5	12.3	4.2
Period Average (Base 2005/06)	-2.0	5.7	5.0	8.0	6.6	7.4	7.3	14.1	9.4
Exchange Rate (shs/US$)									
End of Period (e.o.p)	1,797.2	2,002.8	1,788.8	1,740.3	1,862.3	1,590.1	1,619.5	2,142.4	2,283.3
Period Average (p.a.)	1,754.6	1,882.9	1,934.9	1,737.7	1,825.1	1,780.0	1,696.5	1,930.0	2,028.7
Interest Rates(% p.a., e.o.p)									
Bank Rate	8.3	19.6	12.9	15.8	13.8	16.6	16.2	10.6	8.4
Rediscount Rate	7.3	18.6	11.9	14.8	12.8	15.6	15.2	9.6	7.4
Lending Rate	17.6	18.3	20.9	18.1	18.6	19.4	20.2	21.8	20.2
91 - day Treasury Bill Discount Rate	5.3	17.7	6.3	8.9	6.9	9.4	8.2	6.0	4.3
Financial Sector									
Money Supply, M3 (Shs billion)	1,935.5	2,388.4	2,587.3	2,811.1	3,271.6	3,842.0	5,037.8	6,297.6	8,288.5
Money Supply, M2A (Shs billion)	1,490.6	1,749.2	1,924.9	2,157.9	2,565.0	2,993.9	3,895.4	4,920.7	6,407.1
Currency in Circulation (Shs billion)	407.2	461.4	529.3	605.1	744.9	863.6	1,074.5	1,245.4	1,438.6
Base Money (Shs billion)	630.0	630.6	809.9	928.3	1,046.1	1,242.5	1,614.5	1,950.4	2,433.1
M2A growth (% p.a.)	24.9	17.3	10.0	12.1	18.9	16.7	30.1	26.3	30.2
M3 growth (% p.a.)	22.2	23.4	8.3	8.7	16.4	17.4	31.1	25.0	31.5
CIC/M2A (%)	27.3	26.4	27.5	28.0	29.0	28.8	27.6	25.3	22.5
M2A Velocity	13.7	14.1	13.8	13.5	14.1	14.1	15.9	16.3	18.5
M3 Velocity	17.7	19.2	18.5	17.5	18.0	18.1	20.6	20.9	24.0
Private Sector Credit (shs. billion)	661.7	848.6	1,010.0	1,150.2	1,475.5	1,812.9	2,736.1	3,599.5	4,502.3
Lending ratio (Loans/Deposits)	36.8	39.9	41.0	43.8	53.4	57.6	66.4	69.3	62.0
External Sector									
Exports, US$ millions	470.0	506.3	670.9	886.3	1,041.2	1,499.9	2,596.0	2,809.7	2,708.9
o/w Coffee	85.3	105.5	114.1	144.5	173.4	228.5	348.6	336.7	262.1
Imports (goods), US$ millions	-1,004.3	-1,126.6	-1,269.8	-1,584.6	-1,969.0	-2,495.2	-3,509.5	-4,059.2	-4,030.3
Current account balance (US$ million)	-282.9	-264.8	118.8	60.4	-314.5	-315.9	-367.1	-627.5	-1,311.3
Current account balance (excluding grants, US$ million)	-768.5	-776.1	-576.0	-726.0	-775.0	-855.5	-793.7	-1,030.6	-1,740.9
Overall Balance, US$ million	135.0	36.6	520.8	555.7	566.2	745.3	824.7	584.3	326.5
Debt Service ratio, incl IMF as a percentage of exports of exports of goods & services	16.8	18.1	16.1	14.0	17.5	4.5	3.2	2.4	2.6
Total External Reserves (US $ million)	872.9	964.2	1,133.4	1,325.6	1,406.5	2,159.9	2,684.5	2,442.1	2,498.7
Reserve cover (months of future imports of goods & services)	6.4	6.9	6.4	6.0	5.1	5.6	6.0	5.1	4.8
Macro-economic Linkages									
M1/GDP (%)	9.4	9.5	9.5	9.1	9.4	9.4	10.2	9.9	10.9
M2A/GDP (%)	13.7	14.1	13.8	13.5	14.1	14.1	15.9	16.3	18.5
Private sector credit/GDP (%)	6.1	6.8	7.2	7.2	8.1	8.6	11.2	12.0	13.0
Exports to GDP (%)	7.6	7.7	9.3	9.6	10.5	12.6	17.8	18.0	16.0
Imports to GDP (%)	-16.2	-17.1	-17.6	-17.2	-19.8	-21.0	-24.1	-26.0	-23.8
Current A/C balance as a percentage of GDP	-4.6	-4.0	1.6	0.7	-3.2	-2.7	-2.5	-4.0	-7.8
Current A/C balance (excluding grants) as a percentage of GDP	-12.4	-11.7	-8.0	-7.9	-7.8	-7.2	-5.4	-6.6	-10.3
Fiscal Deficit (Excluding Grants) to GDP (%)	7.4	7.0	-10.4	-8.7	-6.8	-7.0	-4.9	-4.6	-5.7

Source: Bank of Uganda

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

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Agriculture, Forestry and fishing	**3,329**	**4,025**	**4,377**	**4,720**	**5,239**	**6,968**	**8,270**
Cash crops	296	283	348	399	557	524	530
Food crops	1,968	2,479	2,628	2,666	2,747	4,011	5,062
Livestock	247	282	293	323	393	580	587
Forestry	499	553	611	735	882	1,098	1,220
Fishing	319	427	497	597	659	755	870
Industry	**3,205**	**3,774**	**4,146**	**5,313**	**6,312**	**7,431**	**8,519**
Mining & quarrying	39	52	47	65	73	81	97
Manufacturing	978	1,125	1,291	1,510	1,790	2,374	2,660
Formal	698	819	945	1,098	1,323	1,798	2,004
Informal	279	306	346	411	467	576	656
Electricity supply	195	225	264	423	492	545	566
Water supply	314	352	424	529	624	728	823
Construction	1,679	2,020	2,119	2,786	3,333	3,703	4,373
Services	**6,626**	**7,273**	**8,580**	**9,961**	**11,489**	**13,973**	**15,691**
Wholesale & Retail Trade; repairs	1,475	1,662	2,010	2,411	2,772	3,925	4,258
Hotels & Restaurants	593	663	757	887	1,040	1,239	1,487
Transport/communication	739	832	1,047	1,316	1,663	1,926	2,218
Road, rail & water transport	385	415	484	539	687	797	812
Air transport & Support. Services	79	98	117	140	196	205	202
Posts & telecommunications	275	319	447	637	780	924	1,204
Financial services	415	409	475	581	794	976	1,068
Real estate activities	1,065	1,170	1,289	1,438	1,636	1,853	2,107
Other business services	209	238	283	337	413	472	556
Public administration & defence	600	595	725	707	818	920	1,024
Education	1,028	1,133	1,315	1,507	1,491	1,686	1,830
Health	241	259	301	317	306	305	354
Other personal & community services	261	313	378	461	557	673	789
Adjustments	**812**	**954**	**1,070**	**1,194**	**1,458**	**1,729**	**2,100**
FISM	-260	-254	-301	-362	-453	-597	-699
Taxes on products	1,072	1,209	1,371	1,555	1,911	2,326	2,799
Total GDP at market Prices	**13,972**	**16,026**	**18,172**	**21,187**	**24,497**	**30,101**	**34,580**
Percapita GDP (Shs.)	**544,529**	**604,859**	**664,269**	**750,039**	**839,911**	**999,498**	**1,112,031**

Source: Uganda Bureau of Statistics

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

Industry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Agriculture, Forestry and fishing	**2,752**	**2,808**	**2,821**	**2,824**	**2,862**	**2,935**	**2,997**
Cash crops	260	246	220	232	253	267	259
Food crops	1,550	1,547	1,545	1,531	1,567	1,608	1,650
Livestock	227	234	237	244	252	259	267
Forestry	423	451	469	478	492	523	535
Fishing	292	331	350	339	299	278	285
Industry	**2,984**	**3,329**	**3,820**	**4,186**	**4,555**	**4,819**	**5,248**
Mining & quarrying	37	46	49	59	61	63	71
Manufacturing	909	994	1,067	1,127	1,209	1,330	1,409
Formal	647	724	780	817	893	1,000	1,061
Informal	261	271	287	310	316	330	348
Electricity supply	175	179	167	161	169	187	204
Water supply	293	304	311	322	335	354	363
Construction	1,571	1,805	2,225	2,517	2,782	2,884	3,200
Services	**6,419**	**6,815**	**7,644**	**8,253**	**9,057**	**9,857**	**10,429**
Wholesale & Retail Trade; repairs	1,645	1,762	1,978	2,183	2,504	2,748	2,741
Hotels & Restaurants	582	620	675	751	831	868	908
Transport/communication	700	768	900	1,059	1,285	1,469	1,691
Road, rail & water transport	374	399	450	493	595	672	691
Air transport & Support. Services	73	87	93	106	125	120	119
Posts & telecommunications	253	283	357	461	565	676	881
Financial services	254	287	378	333	389	488	592
Real estate activities	1,043	1,100	1,161	1,227	1,296	1,369	1,447
Other business services	196	214	241	261	289	324	358
Public administration & defence	561	531	615	577	646	681	708
Education	966	1,009	1,104	1,220	1,141	1,190	1,184
Health	227	240	271	278	264	256	284
Other personal & community services	245	282	322	365	412	462	517
Adjustments	**915**	**946**	**1,112**	**1,422**	**1,670**	**1,837**	**1,894**
FISM	-93	-129	-173	-150	-173	-220	-332
Taxes on products	1,008	1,075	1,285	1,571	1,843	2,058	2,226
Total GDP at market Prices	**13,070**	**13,897**	**15,396**	**16,685**	**18,145**	**19,448**	**20,567**
Percapita GDP (Shs.)	**509,354**	**524,538**	**562,792**	**590,685**	**622,115**	**645,756**	**661,402**

Source: Uganda Bureau of Statistics

Appendix 4: Balance of Payments (million US$)

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A: Current Account Balance (A1+A2+A3)	**-451.13**	**-391.29**	**-251.93**	**-282.85**	**-264.79**	**118.84**	**60.35**	**-314.53**	**-315.92**	**-367.06**	**-576.08**	**-1,263.86**
A1. Goods Account(Trade Balance)	-446.73	-477.42	-493.08	-534.22	-620.31	-598.84	-698.28	-927.72	-995.27	-913.49	-1,198.04	-1,273.95
a) Total Exports (fob)	549.14	444.67	448.22	470.04	506.34	670.92	886.34	1,041.24	1,499.89	2,596.01	2,861.18	2,756.37
Coffee	306.74	186.87	109.64	85.25	105.47	114.13	144.53	173.37	228.52	348.63	336.65	262.13
b) Total Imports (fob)	-995.87	-922.09	-941.30	-1,004.27	-1,126.65	-1,269.77	-1,584.62	-1,968.97	-2,495.16	-3,509.50	-4,059.22	-4,030.32
Government Imports	-217.11	-190.03	-121.93	-135.45	-139.99	-1,269.77	-1,584.62	-1,968.97	-2,495.16	-3,509.50	-4,059.22	-4,030.32
Project imports	-164.30	-114.88	-89.60	-110.84	-105.36	-121.90	-116.33	-67.31	-42.28	-95.20	-189.54	-170.60
Non-Project imports	-52.81	-75.14	-32.32	-24.62	-34.62	-38.92	-41.51	-52.21	-51.61	-81.37	-119.04	-249.47
Private Sector Imports	-558.37	-568.92	-737.70	-753.57	-906.91	-1,088.17	-1,385.97	-1,772.90	-2,339.23	-3,280.40	-3,688.71	-3,513.56
Oil imports	-90.00	-119.35	-136.13	-123.23	-134.41	-139.16	-157.59	-290.43	-403.04	-543.08	-537.43	-486.01
Other Imports	-220.39	-163.15	-81.67	-115.25	-79.75	-20.77	-40.81	-76.54	-62.04	-52.53	-61.92	-96.70
A2. Services and Income	**-380.81**	**-362.31**	**-391.96**	**-432.40**	**-414.74**	**-275.13**	**-377.76**	**-424.10**	**-499.14**	**-727.89**	**-705.60**	**-1,065.85**
Services Account (net)	-273.11	-222.45	-211.25	-298.40	-277.61	-60.41	-105.93	-175.36	-270.57	-473.75	-437.44	-716.07
Inflows	186.00	198.80	213.79	218.81	240.22	337.53	432.71	523.37	556.46	648.27	886.00	998.18
Outflows	-459.11	-421.25	-425.03	-517.21	-517.83	-397.94	-538.63	-698.74	-827.03	-1,122.03	-1,323.44	-1,714.25
Income Account (net)	-107.70	-139.86	-180.72	-134.00	-137.13	-214.71	-271.83	-248.73	-228.57	-254.14	-268.16	-349.79
Inflows	47.24	42.09	46.15	29.47	20.26	40.04	42.01	53.48	87.93	115.70	92.95	23.88
Outflows	-154.94	-181.95	-226.86	-163.47	-157.39	-254.76	-313.84	-302.22	-316.50	-369.84	-361.11	-373.66
A3. Current Transfers	**541.93**	**448.45**	**633.11**	**683.78**	**770.26**	**992.81**	**1,136.39**	**1,037.29**	**1,178.49**	**1,274.33**	**1,327.56**	**1,075.94**
Inflows	541.93	724.54	809.25	1,077.92	970.10	1,126.50	1,279.61	1,236.33	1,324.79	1,520.19	1,739.72	1,519.27
Government Inflows	438.46	366.79	537.43	485.67	511.27	694.81	786.38	460.46	539.63	426.60	403.06	429.59
Grant Disbursements	438.46	366.79	483.00	425.94	447.90	633.19	721.71	402.05	462.38	379.01	359.10	385.14
BOP Support	63.96	109.79	151.92	147.63	180.85	358.97	402.31	219.07	359.02	232.19	224.39	187.97
Project Aid	374.50	257.00	331.08	278.31	267.05	274.23	319.40	182.99	103.35	146.81	134.71	197.16
HIPC Assistance	0.00	0.00	54.43	59.73	63.37	61.62	64.67	58.40	77.25	47.59	43.96	44.46
Private Transfers	103.47	357.75	271.83	592.25	458.83	431.69	493.23	775.87	785.17	1,093.59	1,336.66	1,089.67
Remittances	73.69	264.17	201.15	438.26	309.71	289.35	316.44	441.08	325.11	546.36	883.02	820.03
Other (BOU)	3.89	0.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other (NGOs, IAAs, Insurance, etc)	25.89	92.82	70.67	153.98	149.12	142.34	176.78	334.79	460.05	547.23	453.64	269.64
Outflows	-165.52	-276.09	-176.14	-394.14	-199.84	-133.69	-143.22	-199.03	-146.30	-245.86	-412.15	-443.33
B. Capital and Financial Account Balance (B1+B2)	**330.47**	**307.69**	**276.14**	**417.82**	**301.36**	**401.97**	**495.33**	**880.70**	**1,061.22**	**1,191.72**	**1,132.80**	**1,663.78**
B1. Capital Account (Transfers)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126.81	3,428.10	0.00	0.00	0.00
B2. Financial Account; excluding financing items	330.47	307.69	276.14	417.82	301.36	401.97	495.33	753.89	-2,366.89	1,191.72	1,132.80	1,663.78
Direct Investment	145.27	176.55	133.39	190.13	185.60	248.80	337.61	512.04	718.28	760.58	666.31	654.40
Portfolio Investment	0.00	0.25	0.00	0.75	-0.22	7.76	11.46	-5.58	77.58	66.30	-39.07	-39.99
Financial Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.51	-0.12	6.35	-5.34
Other Investments	185.20	130.90	142.75	226.95	115.98	145.41	146.25	247.43	-3,163.27	364.95	499.22	1,054.71
Assets	-4.98	1.20	-13.19	-10.14	-152.30	-44.60	5.42	109.22	-155.37	81.50	-61.74	184.79
Liabilities	190.18	129.70	155.94	237.09	268.28	190.01	140.84	138.22	-3,007.90	283.45	560.96	869.92
C. Overall Balance (A+B)	**-120.66**	**-83.59**	**24.22**	**134.97**	**36.57**	**520.81**	**555.68**	**566.17**	**745.29**	**824.66**	**556.72**	**399.92**
D. Financing Items	**120.66**	**83.59**	**-24.22**	**-134.97**	**-36.57**	**-520.81**	**-555.68**	**-566.17**	**-745.29**	**-824.66**	**-556.72**	**-399.92**
Monetary Authorities	**33.63**	**102.90**	**-16.47**	**-106.27**	**-52.33**	**-182.99**	**-229.42**	**-198.23**	**-703.85**	**-562.99**	**45.70**	**-213.77**
Reserve Assets[1]	10.18	40.58	-33.30	-98.11	-30.92	-143.37	-182.18	-24.14	-682.48	-538.93	61.27	-198.27
Use of IMF Credit(Net)	-34.22	-15.54	-20.86	-32.94	-41.76	-48.85	-51.68	-138.80	0.00	0.00	0.00	0.00
Purchases	23.27	34.92	23.66	0.00	1.98	5.77	2.92	5.82	0.00	0.00	0.00	0.00
Repurchases	57.49	50.46	44.52	32.94	43.74	54.63	54.60	144.62	0.00	0.00	0.00	0.00
Exceptional Financing	57.67	77.86	37.69	24.78	20.36	9.24	4.44	-35.30	-21.37	-24.07	-15.56	-15.50
Current maturities	68.17	79.97	7.07	2.63	2.56	5.01	2.80	-32.19	-23.31	-13.98	-15.56	-15.50
Rescheduling	0.00	0.00	2.34	2.75	3.32	3.39	2.80	-24.37	-23.05	-15.38	-15.10	-12.08
Cancellation	15.33	50.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulation of Areas[2]	52.84	29.33	4.73	-0.12	-0.77	1.62	0.00	-7.82	-0.26	1.40	-0.47	-3.42
Old Arrears	20.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears settlement[3]	-30.88	-2.11	-1.95	-7.41	-5.62	-7.86	-0.29	-5.02	0.00	-11.80	0.00	0.00
Other (Deferred Debt Payment to countires not accepted HIPC terms)	0.00	0.00	32.57	29.56	23.41	12.09	1.93	1.91	1.94	1.72	0.00	0.00
Errors and Omissions	**87.03**	**-19.31**	**-7.75**	**-28.71**	**15.76**	**-337.83**	**-326.26**	**-367.94**	**-41.45**	**-261.67**	**-602.42**	**-186.15**
Memorandum items:												
Exchange Rate (shs per US$, end of period)	1,452.56	1,571.7	1,723.8	1,797.2	2,002.8	1,788.8	1,740.3	1,862.3	1,590.1	1,619.5	2,064.1	2,283.3
Average exchange rate (UShs per 1 US$)	1,362.03	1,512.8	1,762.9	1,754.6	1,882.9	1,934.9	1,739.2	1,824.9	1,780.0	1,696.5	1,930.0	2,028.9
Total Goods and Non-Factor Service exports	731.21	643.5	662.0	688.8	746.6	1,008.5	1,319.0	1,564.6	2,056.3	3,244.3	3,695.7	3,707.1
Nominal GDP at Market prices (Ug.Shs billion))	8,202.74	9,364.3	10,296.4	10,906.8	12,438.2	13,972.3	16,025.5	18,172.3	21,187.0	24,709.0	30,101.0	34,580.0
GDP at Market prices (US $ Million)	6,022.45	6,190.1	5,840.5	6,216.3	6,606.0	7,221.4	9,214.2	9,958.0	11,902.8	14,565.1	15,596.1	16,903.8
Exports as a % of GDP	9.12	7.2	7.7	7.6	7.7	9.3	9.6	10.5	12.6	17.8	18.0	16.0
Imports as a % of GDP	-16.54	-14.9	-16.1	-16.2	-17.1	-17.6	-17.2	-19.8	-21.0	-24.1	-26.0	-23.8
Current Account Balance (Excluding Grants)	-891.25	-758.1	-789.4	-768.5	-776.1	-576.0	-726.0	-775.0	-855.5	-793.7	-979.1	-1,693.5
Current Account Balance as a percentage of GDP	-7.52	-6.3	-4.3	-4.6	-4.0	1.6	0.7	-3.2	-2.7	-2.5	-3.7	-7.5
Current Account Balance (Excl. Grants) as a %age of GDP	-14.80	-12.2	-13.5	-12.4	-11.7	-8.0	-7.9	-7.8	-7.2	-5.5	-6.3	-10.0
BOP overall balance as a percentage of GDP	-2.03	-1.4	0.4	2.2	0.6	7.2	6.0	5.7	6.3	5.7	3.6	2.4
Total external Debt Stock (end of period)	3,499.60	3,580.0	3,395.2	3,825.2	4,215.5	4,464.9	4,416.3	4,464.4	1,466.8	1,687.0	2,046.4	2,343.4
o/w External arrears	241.50	185.40	199.21	333.86	321.76	342.8	206.7	99.6	101.8	88.7	88.0	
Total Debt Stock (end of period) as a %age of GDP	58.11	57.8	58.1	61.5	63.8	61.8	47.9	44.8	12.3	11.6	13.1	13.9
Debt Service (maturities excl. IMF) as a %age of exports	20.95	27.7	15.2	17.3	17.8	15.8	14.5	12.3	6.1	4.0	3.2	3.4
Debt Service (maturities excl. IMF) as a %age of export of Goods and Services.	15.73	19.17	10.29	11.79	12.03	10.5	9.7	8.2	4.4	3.2	2.4	2.5
Debt Service (maturities excl. IMF) as a percentage of GDP	1.91	1.99	1.17	1.31	1.36	1.5	1.4	1.3	0.8	0.7	0.6	0.6
Debt Service (maturities incl. IMF) as a %age of exports	32.31	39.8	25.5	24.6	26.7	24.1	20.8	26.3	6.1	4.0	3.2	3.5
Debt Service (maturities incl. IMF) as a %age of export of Goods and Services.	24.27	27.5	17.3	16.8	18.1	16.1	14.0	17.5	4.5	3.2	2.4	2.6
Debt Service (maturities incl. IMF) as a percentage of GDP	1.10	1.09	1.96	1.86	2.04	2.2	2.0	2.7	0.8	0.7	0.6	0.6
Total External Reserves (US$ million, end of period)	748.1	719.4	738.7	872.9	964.2	1,133.4	1,325.6	1,406.5	2,159.9	2,684.5	2,442.1	2,489.8
Total external reserves (end of period) in months of imports of goods & services	6.68	6.3	5.8	6.4	6.9	6.4	6.0	5.1	5.6	6.0	5.1	4.8
Debt Stock to Exports ratio (%)	637.29	805.1	757.5	813.8	832.5	665.5	498.3	428.8	97.8	65.0	72.8	85.0
Total Aid to GDP (%)			11.1	11.5	11.3	11.4	9.7	5.5	7.8	3.4	3.6	3.8
Foreign Exchange Intervention (net, US$ million)	-24.84	-117.25	-174.3	-199.0	-246.6	-140.9	-70.3	-156.9	92.2	102.6	-234.6	51.1

Notes:
[1] sign(-): increase in reserves, sign(+): decrease in reserves.
[2] sign(-): arrears reduction, sign(+): accumulation of arrears out of current maturities.
[3] Includes settlement through exceptional financing and by cash.

Source: Bank of Uganda

Appendix 5: International Investment Position: External Assets and Liabilities

End of period (million US$)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assets	**960.65**	**1,070.11**	**1,230.06**	**1,171.14**	**1,839.71**	**2,069.17**	**2,013.62**	**2,617.04**	**3,400.63**	**3,090.84**	**3,889.60**
Other investment	199.83	265.60	248.60	240.08	764.24	761.74	669.42	806.13	969.77	874.00	1,120.35
Loans	0.00	0.00	0.00	0.00	0.00	0.98	9.97	5.99	6.78	1.28	0.53
Currency and deposits	199.83	265.60	248.60	240.08	764.24	759.69	658.38	799.07	962.99	872.72	1,119.82
Other assets	0.00	0.00	0.00	0.00	0.00	1.07	1.07	1.07	0.00	0.00	0.00
Reserve assets	760.82	804.52	981.46	931.06	1,075.47	1,307.43	1,344.20	1,810.91	2,430.86	2,216.84	2,769.25
Liabilities	**4,773.49**	**4,394.31**	**4,783.55**	**5,314.15**	**6,109.72**	**6,900.60**	**6,857.35**	**4,769.26**	**5,825.72**	**6,928.58**	**8,383.85**
Direct investment in reporting economy	666.85	807.10	962.30	1,146.95	1,349.14	1,644.56	2,024.37	2,668.63	3,460.93	4,269.86	4,853.30
Equity capital and reinvested earnings	451.30	539.90	700.30	842.05	996.04	1,301.89	1,683.12	2,322.88	3,065.02	3,722.72	4,257.64
Other capital	215.55	267.20	262.00	304.90	353.10	342.66	341.24	345.74	395.91	547.13	595.66
Portfolio investment	0.00	0.25	0.25	0.66	22.81	29.26	33.86	65.00	215.32	173.80	188.72
Equity securities	0.00	0.25	0.25	0.66	0.66	24.64	24.64	43.77	69.98	37.58	153.09
Debt securities	0.00	0.00	0.00	0.00	22.15	4.62	9.22	21.24	145.34	136.22	35.63
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.74	2.50	14.86	71.47	68.68	23.16
Money-market instruments	0.00	0.00	0.00	0.00	22.15	3.88	6.72	6.38	73.87	67.54	12.46
Other investment	4,106.64	3,586.96	3,821.00	4,166.53	4,737.77	5,226.78	4,799.13	2,035.63	2,149.47	2,484.93	3,341.83
Loans	4,069.37	3,528.50	3,769.28	4,105.84	4,672.89	5,157.41	4,725.59	1,918.78	1,947.39	2,234.08	2,818.31
Currency and deposits	31.43	51.08	47.40	54.96	47.27	65.07	49.39	78.96	148.08	161.71	166.87
Other liabilities	5.84	7.39	4.32	5.74	17.60	4.31	24.15	37.89	54.01	89.13	356.66
International Investment Position, net	**-3,812.84**	**-3,324.19**	**-3,553.49**	**-4,143.01**	**-4,270.01**	**-4,831.43**	**-4,843.74**	**-2,152.22**	**-2,425.10**	**-3,837.74**	**-4,494.25**

Source: Bank of Uganda

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

		1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Coffee	**Value**	**186.870**	**109.644**	**85.254**	**105.473**	**114.129**	**144.527**	**173.373**	**228.518**	**348.629**	**336.653**	**262.131**
	Volume, 60-Kg bags	3.039	2.840	3.156	2.993	2.552	2.520	2.102	2.536	3.028	3.198	2.744
	Unit Value	1.025	0.643	0.450	0.587	0.745	0.956	1.375	1.502	1.919	1.755	1.592
Non-Coffee	**Value**	**245.646**	**322.043**	**384.788**	**394.502**	**519.239**	**608.475**	**666.122**	**972.780**	**1,101.331**	**1,150.462**	**1,298.373**
Electricity	Value	13.761	16.668	13.940	15.473	12.639	8.252	4.684	6.312	11.190	11.108	14.384
	Volume(gigawatts)	209.887	224.859	195.509	251.058	198.597	131.049	52.171	56.625	67.446	72.700	81.976
	Unit value	0.066	0.074	0.071	0.062	0.064	0.063	0.090	0.111	0.167	0.153	0.175
Gold	Value	39.393	58.487	56.668	48.184	58.487	71.326	101.554	116.142	44.852	27.836	38.476
Cotton	Value	22.499	14.079	18.000	16.880	42.836	41.343	12.857	19.673	19.904	20.110	17.034
	Volume ('000 mtons)	21.435	12.144	22.500	16.361	29.565	42.132	11.673	15.849	11.874	20.034	10.399
	Unit value (US $/kg)	1.050	1.159	0.800	1.032	1.449	0.981	1.101	1.241	1.594	1.559	1.753
Tea	Value	31.876	35.933	26.851	29.455	39.250	33.130	25.605	45.944	46.757	50.165	70.932
	Volume ('000 mtons)	23.957	28.091	30.301	31.136	36.179	34.008	27.118	41.115	44.430	48.269	52.982
	Unit value (US $/kg)	1.331	1.279	0.886	0.946	1.085	0.974	0.944	1.117	1.052	1.041	1.329
Tobacco	Value	22.432	27.644	32.270	39.891	36.160	36.205	30.632	46.737	64.488	62.635	76.615
	Volume ('000 mtons)	10.309	12.772	17.622	23.478	24.914	28.632	22.116	19.610	26.885	24.407	48.633
	Unit value (US $/kg)	2.176	2.164	1.831	1.699	1.451	1.264	1.385	2.383	2.399	2.626	1.623
Fish & its Products	Value	18.643	50.112	80.848	83.783	88.815	121.220	147.043	140.667	126.589	111.467	130.563
	Volume ('000 mtons)	9.816	22.313	27.375	24.128	29.138	37.836	38.616	35.642	27.992	23.550	24.505
	Unit value (US $/kg)	1.899	2.246	2.953	3.472	3.048	3.204	3.808	3.947	4.537	4.771	5.317
Hides & Skins	Value	6.147	22.700	19.649	4.182	5.860	6.377	7.333	14.694	13.829	8.372	11.279
	Volume ('000 mtons)	8.292	17.847	23.293	15.672	22.650	23.780	25.361	25.985	18.768	13.880	7.052
	Unit value (US $/kg)	0.741	1.272	0.844	0.267	0.259	0.268	0.289	0.565	0.737	0.771	1.522
Simsim	Value	0.825	0.657	0.468	1.550	3.382	3.067	5.515	3.950	13.869	13.242	9.621
	Volume ('000 mtons)	1.050	1.490	1.307	4.927	5.384	4.453	9.515	5.024	10.747	12.159	9.342
	Unit value (US $/kg)	0.786	0.441	0.358	0.315	0.628	0.689	0.580	0.786	1.210	1.311	1.078
Maize	Value	4.010	6.134	13.068	8.163	18.759	13.293	23.728	27.938	17.961	27.513	27.815
	Volume ('000 mtons)	11.740	29.586	89.973	33.823	97.636	52.489	119.455	115.379	83.857	102.582	117.568
	Unit value (US $/kg)	0.342	0.207	0.145	0.241	0.192	0.253	0.199	0.242	0.220	0.264	0.241
Beans	Value	4.818	2.041	1.449	5.491	4.866	4.327	8.280	5.778	5.709	13.775	9.596
	Volume ('000 mtons)	12.167	14.423	4.101	19.240	17.259	14.171	30.699	15.539	20.767	40.465	25.730
	Unit value (US $/kg)	0.396	0.142	0.353	0.285	0.282	0.305	0.270	0.372	0.294	0.361	0.375
Flowers	Value	8.290	13.221	15.907	17.040	27.157	31.705	32.668	32.609	38.983	48.537	49.180
	Volume ('000 mtons)	2.177	3.472	4.288	4.737	6.053	6.677	7.176	6.823	6.299	6.725	9.278
	Unit value (US $/kg)	3.808	3.808	3.709	3.597	4.486	4.749	4.552	4.779	6.178	7.217	6.652
Oil re-exports	Value	7.901	11.116	7.251	11.690	34.317	33.051	29.613	40.966	23.697	54.877	51.411
Cobalt	Value	7.336	12.784	10.945	1.916	2.686	13.703	19.423	16.575	18.944	17.029	16.539
	Volume ('000 mtons)	248.877	533.102	674.490	139.320	101.540	518.770	741.690	658.880	717.610	668.791	683.390
	Unit value (US $/kg)	29.476	23.980	16.227	13.753	26.453	26.414	26.187	25.156	26.398	25.498	24.370
Others Exports	Value	57.716	50.468	87.474	110.804	144.024	191.476	217.187	454.795	654.559	683.796	774.928
Informal Exports	**Value**	0.000	**0.000**	**0.000**	**6.364**	**37.556**	**133.336**	**201.747**	**298.588**	**1,146.048**	**1,322.606**	**1,195.868**
Total Value Exports		**432.516**	**431.687**	**470.042**	**506.339**	**670.923**	**886.339**	**1,041.242**	**1,499.886**	**2,596.008**	**2,809.721**	**2,756.372**

Source: Bank of Uganda

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

	2004/05		2005/06		2006/07		2007/08		2008/09		2009/10	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
First Quarter	**606,220**	**28,912,780**	**484,093**	**38,601,230**	**655,008**	**58,525,330**	**643,959**	**68,134,931**	**745,264**	**77,842,118**	**706,961**	**66,506,535**
Oct	185,933	8,241,652	121,696	9,279,495	155,571	13,357,091	172,576	17,649,992	179,564	21,003,596	199,011	18,644,339
Nov	182,881	8,301,451	182,053	14,472,486	250,728	22,960,240	198,864	21,000,153	266,722	27,598,387	235,171	22,097,487
Dec	237,406	12,369,677	180,344	14,849,249	248,709	22,207,999	272,519	29,484,786	298,978	29,240,135	272,779	25,764,709
Second Quarter	**625,258**	**37,756,877**	**550,436**	**50,423,763**	**803,626**	**72,735,896**	**958,469**	**113,049,853**	**907,145**	**85,611,665**	**748,675**	**73,715,391**
Jan	214,723	11,455,547	228,714	19,679,281	316,128	28,367,743	360,875	39,727,037	329,211	30,469,346	264,314	25,351,000
Feb	215,118	12,390,484	165,762	16,113,588	222,099	20,145,787	318,346	37,024,608	321,355	31,204,062	264,373	26,399,000
Mar	195,417	13,910,846	155,960	14,630,894	265,399	24,222,366	279,248	36,298,208	256,579	23,938,257	219,988	21,965,391
Third Quarter	**660,664**	**50,211,106**	**457,061**	**39,261,991**	**566,505**	**55,181,243**	**746,775**	**96,846,371**	**680,371**	**62,559,330**	**564,976**	**56,810,316**
Apr	211,388	15,347,589	146,642	13,744,275	137,156	12,955,518	237,226	31,755,492	205,725	19,084,254	152,640	15,546,559
May	220,025	16,777,749	123,321	10,967,328	184,560	17,906,947	231,442	29,486,780	220,620	20,264,161	177,380	18,233,343
Jun	229,251	18,085,768	187,098	14,550,388	244,789	24,318,778	278,107	35,604,099	254,026	23,210,915	234,956	23,030,414
Fourth Quarter	**612,748**	**45,265,472**	**510,384**	**42,075,091**	**658,261**	**66,260,281**	**861,207**	**110,381,390**	**725,190**	**65,272,204**		
Jul	251,013	18,690,961	176,310	13,711,673	268,864	28,339,099	325,080	42,017,500	265,927	23,395,338		
Aug	219,447	16,541,894	175,526	14,393,571	230,849	23,921,182	324,127	41,571,890	260,275	23,576,802		
Sep	142,288	10,032,617	158,548	13,969,847	158,548	14,000,000	212,000	26,792,000	198,988	18,300,064		
Total for Crop year	**2,504,890**	**162,146,235**	**2,001,974**	**170,362,075**	**2,683,400**	**252,702,750**	**3,210,410**	**388,412,545**	**3,057,970**	**291,285,317**		

Source: Uganda Coffee Development Authority

Appendix 8: Composition of Imports (million US$)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Animal & Animal Products	6.439	5.143	40.222	9.555	9.077	10.008	8.374	11.673	15.591	16.966	16.615
Vegetable Products, Animal, Beverages, Fats & Oil	94.461	87.755	179.850	147.135	181.353	238.629	256.369	299.296	370.821	379.930	381.411
Prepared Foodstuff, Beverages & Tobacco	41.098	41.656	39.829	33.078	44.589	51.131	67.215	111.340	142.353	182.437	181.772
Mineral Products (excluding Petroleum products)	34.892	30.686	40.836	64.560	71.742	94.866	144.433	177.962	245.095	345.709	347.939
Petroleum Products	143.025	163.560	146.092	160.966	166.661	190.867	347.822	482.687	650.397	643.629	631.184
Chemical & Related Products	89.564	101.673	114.180	135.487	165.930	186.357	240.208	289.199	355.205	445.016	397.843
Plastics, Rubber & Related Products	49.727	45.885	54.687	59.307	76.177	106.989	117.051	151.879	191.699	191.437	203.823
Wood & Wood Products	41.681	44.609	51.144	52.644	66.422	94.735	96.654	92.739	126.544	163.447	173.182
Textile & Textile Products	59.017	48.336	67.828	69.845	76.794	89.653	96.878	130.258	142.437	142.734	139.283
Miscelanneous Manufactured Articles	46.300	37.892	46.511	61.087	80.442	89.158	102.102	142.442	172.702	183.858	177.205
Base Metals and their Products	73.524	75.404	81.081	96.956	110.468	166.976	178.271	213.201	339.222	429.587	379.245
Machinery Equipments, Vehicles & Accessories	256.659	248.014	288.388	326.702	383.005	478.199	528.234	718.378	1,137.014	1,216.463	1,317.232
Arms, Ammunitions & Accessories	0.136	0.214	0.447	0.078	0.285	0.043	0.074	0.138	0.057	0.091	0.261
Electricity	0.000	0.000	0.000	0.000	0.000	0.607	3.232	18.108	15.079	7.569	6.314
Total	**936.522**	**930.828**	**1,151.095**	**1,217.400**	**1,432.945**	**1,798.218**	**2,186.917**	**2,839.301**	**3,904.216**	**4,348.873**	**4,353.309**

Notes:

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

Source: Bank of Uganda

Appendix 9: Direction of Formal Trade (Exports, million US$).

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
European Union	**171.189**	**192.587**	**183.849**	**218.198**	**294.390**	**314.939**	**363.389**	**480.181**	**471.231**	**398.266**
United Kingdom	0.204	0.124	0.341	0.865	0.337	0.163	0.044	0.027	0.064	0.240
Belgium	22.052	29.068	11.292	16.346	32.494	37.842	34.992	39.926	32.619	22.532
France	1.617	0.747	1.229	0.310	0.730	0.501	0.338	1.729	3.434	7.356
Italy	6.948	4.920	2.967	11.302	30.417	40.850	30.824	29.061	24.460	17.098
Germany	17.955	12.635	7.844	6.642	16.070	18.029	20.258	14.547	6.798	13.476
Portugal	9.361	5.922	5.131	2.847	1.788	4.791	4.734	3.832	5.232	9.531
Spain	35.297	50.107	43.540	43.703	58.095	56.280	63.638	72.900	79.815	84.719
Sweden	2.104	0.474	1.307	1.481	0.871	2.673	4.042	2.706	1.836	7.065
Netherlands	24.063	9.663	6.160	3.571	8.984	5.738	9.292	4.287	4.283	17.190
Denmark	0.209	0.134	0.447	0.410	0.093	0.406	0.073	0.158	0.098	0.170
Austria	24.951	20.852	9.656	22.064	18.505	22.976	12.922	38.689	45.285	36.797
Others	26.428	57.941	93.935	108.657	126.006	124.690	182.232	272.319	267.307	182.092
Rest of Europe	**29.854**	**38.567**	**36.869**	**47.036**	**68.521**	**16.122**	**18.245**	**20.324**	**27.598**	**32.741**
Bulgaria	0.010	0.000	0.000	0.053	0.074	0.000	0.020	0.000	0.000	0.052
Norway	0.782	1.181	0.594	0.221	0.141	0.459	0.450	1.051	0.938	0.405
Switzerland	20.277	34.969	30.578	36.840	64.766	11.366	16.127	16.571	17.503	20.256
Turkey	0.000	0.000	0.000	0.000	0.370	0.843	0.839	2.274	1.668	5.072
Poland	0.571	0.518	3.359	2.061	0.024	0.000	0.000	0.000	0.828	4.993
Other	8.214	1.899	2.338	7.861	3.146	3.454	0.809	0.428	6.661	1.963
The Americas	**5.732**	**14.332**	**29.044**	**39.291**	**45.364**	**27.698**	**16.491**	**20.078**	**18.814**	**32.231**
USA	3.762	6.854	9.343	16.581	15.737	17.487	12.516	12.222	17.462	29.568
Canada	1.241	1.251	0.961	3.199	1.797	2.525	2.250	2.112	0.818	2.034
Mexico	0.000	0.000	0.000	0.000	0.003	0.006	0.004	0.001	0.000	0.032
Brazil	0.035	0.000	0.028	0.050	0.063	0.000	0.251	1.536	0.124	0.085
Argentina	0.000	0.002	0.000	0.006	0.000	0.011	0.010	0.016	0.000	0.000
Other	0.694	6.225	18.712	19.455	27.764	7.669	1.460	4.191	0.410	0.512
Middle East	**6.774**	**9.250**	**15.327**	**24.225**	**53.359**	**148.746**	**224.740**	**163.039**	**112.736**	**126.592**
Bahrain	0.000	0.015	0.000	0.000	0.000	0.000	0.002	0.000	0.082	0.607
Israel	2.098	2.433	4.116	2.454	1.731	5.927	10.571	7.547	7.807	7.114
Saudi Arabia	0.794	0.043	0.358	0.060	4.762	0.007	0.022	2.329	0.107	0.175
United Arab Emirates	3.130	5.535	10.281	18.313	46.084	141.598	211.793	149.542	102.294	115.382
Jordan	0.200	0.548	0.000	0.000	0.064	0.367	0.691	0.738	0.553	1.094
Other	0.552	0.676	0.572	3.398	0.718	0.847	1.661	2.883	1.893	2.220
Asia	**33.462**	**36.143**	**27.884**	**36.259**	**41.400**	**37.885**	**57.747**	**68.835**	**72.254**	**90.127**
India	2.140	0.216	0.861	0.553	1.130	1.734	1.495	7.761	12.355	16.975
Japan	6.645	10.439	12.852	6.696	4.988	3.732	5.194	4.203	4.449	2.041
Malaysia	0.554	0.730	0.444	1.510	0.372	0.165	0.552	0.530	1.258	1.356
China	0.336	1.145	0.174	2.375	3.397	5.399	11.136	11.896	12.312	19.538
Thailand	0.234	0.061	0.015	0.005	0.124	0.003	0.104	0.080	0.015	0.009
Singapore	1.090	1.582	4.254	8.843	12.497	8.557	16.953	16.631	18.229	15.983
Pakistan	1.708	1.803	0.253	0.250	0.555	0.546	1.304	3.611	0.221	1.167
Korea (Rep)	0.121	0.209	0.561	0.835	0.563	0.416	1.281	1.358	1.033	3.355
Indonesia	0.148	0.002	0.002	0.000	0.072	0.050	1.028	0.114	0.455	1.241
Vietnam	0.025	0.000	0.014	0.072	0.119	1.881	4.957	6.391	6.057	8.412
Taiwan	0.170	0.153	0.215	0.484	0.081	0.078	0.155	0.085	0.042	0.047
Hongkong	20.291	19.752	8.017	11.721	13.841	12.035	10.762	13.701	12.242	14.162
Other	0.000	0.051	0.222	2.915	3.661	3.289	2.826	2.474	3.586	5.841
Comesa	**94.014**	**93.169**	**119.582**	**168.484**	**203.834**	**229.599**	**429.132**	**624.573**	**747.339**	**796.880**
Ethiopia	0.000	0.066	0.293	0.407	0.335	0.248	0.099	0.195	1.360	3.059
Kenya	49.830	43.880	69.383	71.825	65.638	58.279	95.687	127.850	153.552	179.752
Malawi	0.014	0.018	0.326	0.134	0.261	0.064	0.084	0.118	0.282	0.102
Namibia	0.005	0.007	0.008	0.000	0.008	0.002	0.009	0.000	0.030	0.003
Mauritius	0.000	0.054	0.770	0.859	0.924	0.359	1.498	0.373	0.269	0.481
Zambia	0.000	2.396	0.992	0.073	0.127	0.318	0.054	0.106	0.111	0.599
Swaziland	0.000	0.172	0.055	0.684	0.038	0.022	0.018	0.085	0.017	0.140
Burundi	2.863	6.598	6.193	12.135	20.230	19.043	34.264	38.786	57.565	56.013
Rwanda	13.496	11.461	15.615	20.932	29.123	23.917	59.254	100.149	145.982	142.796
Madagascar	0.000	0.000	0.000	0.000	0.002	0.007	0.000	0.012	0.000	0.003
Tanzania	6.065	6.283	5.714	8.580	9.413	6.454	1.057	3.552	27.022	39.976
Sudan	5.892	6.040	6.119	15.980	20.670	53.881	135.689	205.268	223.275	191.270
Egypt	3.367	2.937	1.811	1.674	3.222	4.408	3.474	1.858	2.607	0.814
Congo (D.R.)	12.418	12.268	10.602	20.020	43.902	45.563	78.656	116.256	135.101	179.309
Other	0.064	0.989	1.701	15.181	9.941	17.034	19.289	29.965	0.166	2.563
Rest of Africa	**12.146**	**42.952**	**45.251**	**65.304**	**18.926**	**24.846**	**40.455**	**55.500**	**34.225**	**31.499**
South Africa	11.269	38.890	31.747	39.033	5.663	15.833	11.163	11.513	13.259	19.008
Nigeria	0.491	0.171	0.082	0.083	0.218	0.109	0.104	0.113	0.623	0.492
Other	0.386	3.891	13.422	26.188	13.045	8.904	29.188	43.874	20.343	11.999
Unclassified	**78.516**	**43.042**	**42.169**	**34.571**	**27.209**	**39.660**	**51.099**	**17.430**	**2.918**	**4.718**
Australia	6.491	4.402	7.063	5.067	2.540	5.470	5.270	2.591	1.919	3.205
Iceland	0.000	0.000	0.000	0.101	0.000	0.293	0.159	3.078	0.030	0.000
Other	72.025	38.640	35.106	29.403	24.669	33.897	45.670	11.761	0.969	1.513
Total	**431.687**	**470.042**	**499.975**	**633.368**	**753.003**	**839.495**	**1,201.298**	**1,449.960**	**1,487.115**	**1,513.054**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

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

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
European Union	**220.996**	**241.071**	**230.388**	**296.489**	**351.824**	**461.128**	**595.654**	**873.373**	**815.963**	**731.157**
Germany	30.459	32.023	40.190	36.009	43.730	60.732	75.090	85.749	88.408	122.661
United Kingdom	94.632	72.895	74.827	94.195	99.595	100.343	121.328	133.590	140.900	148.387
Ireland	3.073	1.447	2.037	6.845	5.169	5.299	6.849	9.656	18.184	28.907
Belgium	20.421	18.732	26.216	24.718	38.952	36.903	36.227	54.527	49.300	34.027
France	19.486	17.163	12.415	23.743	31.408	62.944	60.802	141.757	179.816	132.767
Italy	15.034	38.759	23.806	19.188	28.117	48.639	31.520	83.186	72.361	61.623
Portugal	0.000	0.323	0.088	0.187	0.066	1.120	0.466	1.238	0.372	0.133
Spain	3.301	5.690	9.870	13.106	6.862	5.010	12.710	16.455	14.128	16.872
Sweden	7.377	18.333	10.909	29.133	23.488	25.656	57.417	110.628	70.124	31.638
Netherlands	12.314	21.477	18.454	29.806	45.556	57.923	64.753	71.343	84.315	78.180
Denmark	9.408	8.153	7.354	11.932	12.748	21.070	21.769	50.619	41.761	28.702
Austria	2.711	4.311	0.993	1.779	1.294	1.988	7.719	6.015	7.491	4.598
Other	2.780	1.765	3.229	5.848	14.839	33.501	99.004	108.610	48.803	42.662
Rest of Europe	**12.415**	**17.910**	**11.294**	**15.377**	**23.734**	**54.894**	**69.939**	**137.269**	**128.639**	**145.804**
Romania	0.612	0.677	0.065	0.455	0.078	1.584	0.343	0.031	0.028	0.397
Norway	3.830	4.939	0.882	3.006	2.436	1.571	1.352	57.459	4.832	3.603
Poland	0.000	0.127	0.080	0.960	0.000	0.344	0.000	0.000	3.207	35.873
Switzerland	7.902	9.808	8.307	6.484	12.113	22.026	29.910	26.166	18.828	20.379
Other	0.071	2.359	1.960	4.472	9.107	29.369	38.334	53.613	101.744	85.552
The Americas	**46.918**	**48.727**	**60.300**	**111.847**	**163.642**	**126.541**	**139.938**	**193.534**	**204.794**	**183.135**
Argentina	1.312	0.091	1.869	6.551	31.877	8.736	17.451	28.124	44.808	1.419
USA	29.156	38.384	47.007	85.581	95.148	98.403	92.361	123.063	111.157	102.986
Canada	7.379	7.820	7.213	11.915	30.120	9.920	13.196	32.919	31.259	19.770
Mexico	0.398	0.162	0.030	0.165	0.073	0.140	0.025	0.002	0.083	0.179
Brazil	5.057	1.246	1.833	7.280	5.390	8.254	10.226	5.800	16.937	58.498
Other	3.616	1.024	2.348	0.355	1.034	1.088	6.679	3.626	0.550	0.283
Middle East	**64.896**	**78.895**	**89.867**	**106.004**	**148.790**	**334.926**	**558.382**	**667.456**	**748.739**	**753.569**
Bahrain	3.186	0.011	0.063	0.196	0.889	56.320	79.832	52.736	36.847	14.055
Israel	2.460	2.842	1.566	7.111	12.187	14.622	11.174	11.855	10.674	12.609
Saudi Arabia	7.400	9.160	10.475	16.967	18.536	33.700	56.976	71.176	137.177	237.068
United Arab Emirates	49.884	63.425	73.138	68.716	105.788	216.948	384.168	486.164	505.280	410.892
Jordan	0.093	0.026	0.087	0.225	0.248	0.630	1.171	0.898	1.209	0.821
Other	1.873	3.431	4.538	12.789	11.142	12.706	25.061	44.627	57.552	78.124
Asia	**241.742**	**282.216**	**358.079**	**418.230**	**532.526**	**624.735**	**918.356**	**1,423.317**	**1,618.499**	**1,834.522**
Hongkong	14.926	19.897	19.301	11.405	15.744	15.153	31.862	44.810	42.257	37.607
Korea (Rep)	4.834	5.224	6.126	8.253	14.283	20.829	26.349	38.189	62.656	97.426
Singapore	5.014	4.407	8.974	12.643	11.125	18.597	51.597	72.527	101.268	72.574
Malaysia	21.956	26.270	35.446	48.564	60.924	45.985	51.785	104.773	115.132	87.391
Indonesia	4.185	3.722	2.970	5.521	8.642	15.120	10.765	23.964	30.183	87.197
India	57.299	64.600	86.734	109.779	124.144	151.433	252.206	454.860	471.029	661.546
Pakistan	5.249	7.139	16.357	15.128	11.438	8.170	18.477	17.225	21.479	28.302
Japan	74.173	94.997	104.789	100.413	139.947	157.796	201.234	260.939	298.374	261.265
Thailand	8.638	7.766	7.080	12.983	15.165	14.655	24.569	29.508	36.557	47.066
Taiwan	1.930	2.661	2.845	1.928	3.804	2.609	9.274	12.714	8.901	7.814
China	31.838	36.586	57.529	81.060	109.376	125.618	180.625	326.722	388.931	391.943
Bangladesh	0.834	1.052	0.837	0.845	1.854	1.213	1.486	2.006	2.201	1.771
Vietnam	10.865	7.810	5.383	6.794	15.245	9.054	9.306	6.614	13.817	22.263
Other	0.001	0.085	3.708	2.914	0.835	38.503	48.821	28.466	25.714	30.357
Comesa	**307.673**	**411.605**	**371.182**	**410.080**	**499.126**	**526.608**	**516.087**	**618.047**	**648.537**	**632.239**
Ethiopia	0.426	0.014	0.239	0.128	0.347	0.079	0.247	0.237	1.025	1.045
Kenya	282.622	385.910	341.520	361.906	440.357	452.214	432.283	489.653	525.657	495.290
Zimbabwe	1.403	1.272	0.535	1.114	0.955	0.418	0.798	0.400	1.164	0.393
Swaziland	5.817	6.949	8.220	13.007	16.918	20.917	27.729	27.322	20.396	17.948
Burundi	0.000	0.640	0.575	0.044	0.192	0.003	0.569	0.919	0.442	0.569
Rwanda	0.649	2.349	1.136	0.602	0.562	0.599	0.726	2.985	2.629	5.553
Madagascar	0.000	0.148	0.039	0.002	0.003	0.000	0.001	0.026	0.534	1.004
Tanzania	10.442	5.837	10.629	15.799	11.597	18.555	0.000	0.000	34.661	58.273
Zambia	0.848	1.399	0.455	0.345	0.642	0.948	1.537	0.735	0.831	1.039
Egypt	3.931	4.211	4.612	9.079	12.494	14.502	20.742	31.680	42.336	36.837
Congo (D.R.C)	0.009	1.874	0.910	2.086	2.708	2.412	0.160	0.456	2.622	6.198
Sudan	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.166	0.798
Other	1.526	1.002	2.312	5.968	12.351	15.961	31.295	63.634	16.074	7.292
Rest of Africa	**72.807**	**91.927**	**96.587**	**128.366**	**151.289**	**158.101**	**184.978**	**266.934**	**317.220**	**235.736**
South Africa	71.847	84.263	92.081	124.161	148.732	153.605	181.044	261.412	302.682	229.153
Nigeria	0.879	0.710	0.890	2.736	0.407	0.505	0.446	1.627	0.990	0.480
Other	0.081	6.954	3.616	1.469	2.150	3.991	3.488	3.895	13.548	6.103
Unclassified	**23.452**	**29.066**	**34.430**	**33.079**	**19.387**	**30.009**	**5.310**	**5.707**	**37.542**	**42.886**
Australia	20.365	22.764	30.017	28.785	18.688	29.539	4.651	5.233	6.752	4.364
USSR	0.268	1.369	1.694	0.511	0.000	0.000	0.000	0.000	0.099	16.077
Other	2.819	4.933	2.719	3.783	0.699	0.470	0.659	0.474	30.691	22.445
Total	**990.899**	**1,201.417**	**1,252.127**	**1,519.472**	**1,890.318**	**2,316.942**	**2,988.644**	**4,185.637**	**4,519.933**	**4,559.048**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

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

		Mar07	Jun07	Sep07	Dec07	Mar08	Jun08	Sep08	Dec08	Mar09	Jun09	Sep09	Dec09	Mar10	Jun10
A:	**Bank of Uganda**														
	Ways & Means Advances1	-1,472,006	-1,687,974	-1,983,340	-2,301,147	-2,521,194	-2,300,531	-2,251,041	-2,019,640	-2,188,359	-2,197,340	-2,469,540	-2,314,849	-2,384,770	-2,140,166
	Treasury Bills2	104,040	109,736	184,048	254,707	359,544	310,512	230,295	283,885	226,078	281,623	299,312	236,053	227,049	241,094
	Treasury Bonds		31,609	23,508	29,841	26,299	33,435	35,107	42,087	33,571	40,967	70,978	47,015	46,082	65,771
	Sub - Total	**-1,367,966**	**-1,546,629**	**-1,775,784**	**-2,016,599**	**-2,135,351**	**-1,956,583**	**-1,985,639**	**-1,693,668**	**-1,928,711**	**-1,874,751**	**-2,099,249**	**-2,031,781**	**-2,111,638**	**-1,833,301**
B:	**Commercial Banks**														
	Treasury Bills	777,671	828,312	778,815	729,503	834,349	700,828	735,088	756,284	776,501	922,716	922,577	989,217	1,013,936	1,051,036
	Treasury Bonds	389,396	451,277	600,565	759,613	720,176	837,317	825,387	851,292	762,978	883,828	901,254	912,515	1,014,700	1,089,407
	Less Government Deposits3	125,641	1,090,937	1,200,193	1,400,056	1,487,003	1,481,652	1,499,490	1,532,557	1,440,942	1,704,504	1,816,903	1,832,274	2,031,855	2,196,239
	Sub - Total	**1,292,708**	**188,651**	**179,187**	**89,060**	**67,523**	**56,494**	**60,986**	**75,019**	**98,537**	**102,040**	**6,927**	**69,458**	**-3,218**	**-55,796**
	Total Net Claims on Govt. (A+B)	**-75,258**	**-1,357,978**	**-1,596,597**	**-1,927,539**	**-2,067,828**	**-1,900,090**	**-1,924,653**	**-1,618,648**	**-1,830,173**	**-1,772,711**	**-2,092,322**	**-1,962,323**	**-2,114,856**	**-1,889,097**
C:	**Non - Banking System**														
	Treasury Bills	234,695	402,303	449,535	544,246	514,051	506,967	492,164	327,778	365,368	240,103	247,353	160,728	380,291	0
	Treasury Bonds	466,676	533,088	604,852	537,505	582,467	613,683	609,688	471,856	434,677	436,792	434,354	447,056	445,804	408,690
	Sub - Total	**701,371**	**935,391**	**1,054,387**	**1,081,751**	**1,096,519**	**1,120,650**	**1,101,853**	**799,634**	**800,045**	**676,895**	**681,708**	**607,784**	**826,094**	**408,690**
	Grand Total (A+B+C)	**626,113**	**-422,587**	**-542,210**	**-845,788**	**-971,310**	**-779,440**	**-822,801**	**-819,015**	**-1,030,129**	**-1,095,816**	**-1,410,614**	**-1,354,540**	**-1,288,762**	**-1,480,407**

Note:

1Data for Ways & Means in brackets implies a credit balance with Bank of Uganda as at end of month.

2Includes own investments and/or rediscounts.

3Government Deposits include only Central Govt. Deposits, project accounts and URA collections.

Source: Bank of Uganda

Appendix 12: Government Securities Outstanding by Holder (million shs., at end of period)

	Mar-07	Jun-07	Sep-07	Dec07	Mar-08	Jun-08	Sep-08	Dec08	Mar-09	Jun09	Sep09	Dec09	Mar10	Jun10
Government Stocks	**856,072.3**	**953,082.5**	**1,123,082.5**	**1,256,678.3**	**1,276,678.4**	**1,484,435.0**	**1,256,678.3**	**1,365,235.4**	**1,231,225.1**	**1,361,586.2**	**1,406,586.2**	**1,406,586.2**	**1,506,586.2**	**1,563,868.7**
Bank of Uganda	30,468.3	31,609.3	23,507.5	29,840.5	26,298.9	33,435.2	42,087.4	42,087.4	33,570.5	40,966.9	70,978.4	47,015.4	46,082.4	65,771.1
Commercial Banks	406,449.1	451,277.0	600,565.3	759,613.4	720,176.2	837,317.1	904,111.7	851,292.1	753,675.9	883,827.6	901,253.5	912,515.3	1,014,700.2	1,089,407.4
Insurance Companies[1]	106,959.1	147,073.0	230,751.4	343,312.0	387,856.6	476,917.5	274,540.2	327,459.8	188,055.8	175,164.9	154,808.8	140,058.2	122,276.6	117,435.8
Others[2]	312,195.8	323,123.2	268,258.3	123,912.4	142,346.7	136,765.2	144,496.1	144,396.1	255,922.9	261,626.8	279,545.5	306,997.3	323,527.0	291,254.4
Treasury Bills	**1,116,405.8**	**1,340,350.2**	**1,412,398.2**	**1,528,456.3**	**1,707,944.6**	**1,518,307.9**	**1,528,456.3**	**1,367,946.6**	**1,325,924.7**	**1,444,441.7**	**1,469,242.4**	**1,385,997.7**	**1,397,959.5**	**1,414,401.8**
Bank of Uganda	104,040.4	109,735.8	184,048.3	254,707.2	359,544.1	310,512.1	279,644.0	283,884.5	254,017.5	281,622.8	299,312.4	236,052.5	227,049.2	241,093.7
Commercial Banks	777,670.8	828,311.7	778,814.6	729,503.3	834,349.3	700,828.4	764,026.9	756,284.1	846,498.7	922,715.6	922,576.6	989,217.2	1,013,936.3	1,051,035.5
Insurance Companies[1]	113,635.1	240,815.1	325,187.4	397,940.5	361,772.7	354,408.5	174,011.3	177,179.5	113,988.5	90,045.6	112,754.3	84,580.3	63,049.3	56,524.9
Others[2]	121,059.5	161,487.6	124,347.9	146,305.3	152,278.5	152,558.9	142,996.5	150,598.5	111,420.0	150,057.7	134,599.1	76,147.7	93,924.7	65,747.7
Total	**1,972,478.1**	**2,293,432.7**	**2,535,480.7**	**2,785,134.6**	**2,984,623.0**	**3,002,742.9**	**2,785,134.6**	**2,733,182.0**	**2,557,149.8**	**2,806,027.9**	**2,875,828.6**	**2,792,583.9**	**2,904,545.7**	**2,978,270.5**
Banks	1,318,628.6	1,420,933.8	1,586,935.7	1,773,664.4	1,940,368.5	1,882,092.8	1,773,664.4	1,933,548.1	1,887,762.6	2,129,132.9	2,194,120.9	2,184,800.4	2,301,768.1	2,447,307.7
Non-Banks	653,849.5	872,498.9	948,545.0	1,011,470.2	1,044,254.5	1,120,650.1	1,011,470.2	799,633.9	669,387.2	676,895.0	681,707.7	607,783.5	602,777.6	530,962.8

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

Source: Bank of Uganda

Appendix 13: Monetary Survey (billion shs.)

	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Net Foreign Assets	**41.36**	**147.36**	**352.46**	**618.57**	**782.24**	**906.29**	**1,210.95**	**1,552.64**	**2,101.30**	**2,370.54**	**2,648.01**	**3,073.61**	**3,808.66**	**5,086.81**	**5,711.48**	**6,381.96**
Monetary Authority (net)	-38.45	72.23	231.68	452.05	585.02	614.79	792.31	1,090.59	1,500.50	1,680.47	2,050.84	2,613.98	3,330.93	4,351.02	5,119.50	5,738.97
Foreign Reserves	374.95	507.95	663.86	924.60	1,086.62	1,130.70	1,273.47	1,568.78	1,931.07	2,029.39	2,306.78	2,594.73	3,324.67	4,347.33	5,040.52	5,696.53
Commercial Bank (net)	79.82	75.13	120.78	166.52	197.22	291.49	418.65	462.06	600.79	690.07	597.17	459.63	477.73	735.79	591.98	642.99
Domestic Credit	**188.59**	**306.09**	**318.76**	**330.81**	**467.74**	**1,012.39**	**1,106.82**	**1,151.38**	**1,246.13**	**1,092.16**	**982.04**	**1,382.28**	**1,116.36**	**1,806.83**	**2,990.53**	**4,339.20**
Claims on Central Government (net)	-95.54	-65.16	-61.36	-128.52	-127.90	414.59	460.63	482.04	390.36	68.23	-176.31	-112.74	-731.55	-959.02	-644.41	-216.53
Claims on Parastatals (crop fin, barter)	26.40	26.43	27.05	27.50	48.22	16.37	10.28	6.90	6.58	13.59	8.09	19.45	34.64	29.63	35.41	52.57
Claims on Local Government	0.00	0.00	0.00	0.00	1.09	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35	0.09	0.04	0.87
Claims on the Private Sector	257.74	344.82	353.06	431.83	546.34	580.41	634.93	661.66	848.60	1,009.98	1,150.23	1,475.47	1,812.93	2,736.13	3,599.49	4,502.29
Crop Finance	50.09	57.10	62.59	58.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Loans/shgs loans to resident private sector	207.65	287.72	290.47	373.30	484.80	493.20	517.28	506.83	658.80	795.10	849.68	1,038.62	1,356.34	2,036.92	2,774.43	3,404.85
Forex loans to residents	0.00	0.00	0.00	0.00	61.54	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59	699.21	825.06	1,097.45
Other Items (net)	341.58	230.62	137.88	70.58	-89.46	-571.55	-734.12	-778.65	-974.05	-875.44	-818.93	-1,184.29	-1,083.00	-1,855.80	-2,404.41	-2,428.00
Revaluation	354.30	328.40	304.33	246.59	194.44	-47.23	-98.03	-162.27	-331.10	-443.77	-525.76	-633.45	-483.70	-486.27	-334.02	59.38
Other (net)	-12.36	-96.90	-175.01	-186.30	-316.83	-570.63	-675.23	-674.96	-794.75	-472.20	-340.88	-642.37	-710.60	-1,464.32	-2,126.40	-2,547.96
Reporting Error	-0.35	-0.88	8.56	10.30	32.92	46.32	39.15	58.57	151.80	40.52	47.71	91.53	111.37	94.79	56.00	60.58
NDA (NET OF REVALUATION)	**175.88**	**208.31**	**152.30**	**154.80**	**183.84**	**488.07**	**470.74**	**535.00**	**603.17**	**660.48**	**688.87**	**831.44**	**517.13**	**437.31**	**920.13**	**1,851.82**
Broad Money - M3	571.54	684.06	809.10	1,019.96	1,160.54	1,347.17	1,583.68	1,925.40	2,373.38	2,587.26	2,811.11	3,271.60	3,842.02	5,037.85	6,297.59	8,293.16
Foreign Exchange Accounts	67.11	75.02	103.53	146.91	207.82	310.84	390.24	434.81	624.19	662.38	653.25	706.64	848.07	1,142.49	1,376.91	1,881.42
Broad Money - M2 A	504.43	609.04	705.57	873.05	952.73	1,036.33	1,193.44	1,490.59	1,749.19	1,924.88	2,157.86	2,564.96	2,993.95	3,895.35	4,920.68	6,411.74
Certificates of Deposit	0.00	0.00	0.00	0.00	11.08	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05	0.00	0.00	0.00
Broad Money - M2	504.43	609.04	705.57	873.05	941.64	1,025.51	1,185.57	1,484.77	1,745.19	1,922.85	2,155.89	2,563.74	2,993.90	3,895.35	4,920.68	6,411.74
Currency In Circulation	169.50	210.26	220.84	239.50	284.65	306.67	350.16	407.22	461.38	529.29	605.06	744.89	863.62	1,074.48	1,245.44	1,443.28
Private Demand Deposits	206.28	220.74	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26	1,732.74	2,345.67
Private Time and Savings Deposits	128.64	178.04	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61	1,942.51	2,622.78
Total private deposits (incl CDs)	402.04	473.80	588.26	780.46	875.89	1,040.51	1,233.52	1,528.27	1,927.07	2,057.97	2,206.05	2,526.71	2,978.40	3,963.36	5,052.16	6,849.88
Memorandum Items																
Change Relative to Jun (%)																
M3	27.37	19.69	18.28	26.06	13.78	16.08	17.56	21.58	23.27	9.01	8.65	16.38	17.44	31.12	25.01	31.69
M2A	25.30	20.74	15.85	23.74	9.13	8.78	15.16	24.90	17.35	10.04	12.10	18.87	16.72	30.11	26.32	30.30
M2	25.30	20.74	15.85	23.74	7.86	8.91	15.61	25.24	17.54	10.18	12.12	18.92	16.78	30.11	26.32	30.30

Source: Bank of Uganda

Appendix 14: Monetary Authority Balance Sheet (billion shs.)

	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Net Foreign Assets	**-38.5**	**72.2**	**231.7**	**452.0**	**585.0**	**614.8**	**792.3**	**1,090.6**	**1,500.5**	**1,680.5**	**2,050.8**	**2,614.0**	**3,330.9**	**4,351.0**	**5,119.5**	**5,739.0**
External Assets	378.0	513.3	666.9	927.6	1,098.0	1,147.4	1,299.9	1,581.2	1,990.4	2,049.1	2,324.4	2,633.6	3,347.7	4,369.2	5,142.1	5,759.9
o/w Foreign Reserves	375.0	507.9	663.9	924.6	1,086.6	1,130.7	1,273.5	1,568.8	1,931.1	2,029.4	2,306.8	2,594.7	3,324.7	4,347.3	5,040.5	5,696.5
Foreign Liabilities	416.5	441.1	435.2	475.6	512.9	532.6	507.6	490.6	489.9	368.7	273.5	19.6	16.8	18.2	22.6	20.9
o/w Use of Fund Resources	413.7	436.2	433.5	474.0	510.0	528.5	503.5	486.4	485.0	364.7	270.4	16.5	14.5	15.9	20.2	20.0
Net Domestic Assets	**316.7**	**209.1**	**93.9**	**-81.3**	**-195.3**	**-162.4**	**-296.6**	**-501.4**	**-904.9**	**-899.2**	**-1,209.2**	**-1,648.4**	**-2,084.2**	**-2,836.6**	**-3,256.2**	**-3,198.3**
Net Domestic Credit	**-24.3**	**-31.5**	**-118.7**	**-221.6**	**-197.0**	**249.2**	**-296.6**	**16.7**	**-190.8**	**-463.8**	**-812.0**	**-969.6**	**-1,688.0**	**-2,300.5**	**-2,197.3**	**-2,101.1**
Claims on Government (net)	-50.7	-57.9	-145.7	-249.1	-225.0	245.2	203.0	12.7	-194.8	-489.6	-833.4	-991.2	-1,712.7	-2,325.9	-2,209.5	-2,119.2
Government Advances (adjusted)	719.6	788.2	819.6	936.9	1,125.6	1,115.0	1,697.2	1,312.5	1,543.4	1,220.6	1,070.9	1,360.6	1,481.5	1,829.8	2,442.7	2,673.2
Investment, Government Securities	0.8	62.2	61.9	62.0	64.8	70.2	62.2	124.7	127.2	200.0	200.5	232.6	200.0	275.2	238.8	200.0
Government Administered Fund Accounts	0.8	62.2	61.9	62.0	64.8	70.2	0.0	0.0	0.0	140.6	159.1	215.7	167.9	185.8	166.1	142.9
Government Deposits	771.0	908.3	1,027.3	1,248.0	1,415.4	940.0	1,556.5	1,424.6	1,865.4	1,769.6	1,945.7	2,368.8	3,226.3	4,245.1	4,725.0	4,849.5
Claims on parastatals(barter, crop finance etc)	26.4	26.4	27.1	27.5	28.0	4.0	4.3	4.0	4.0	1.9	1.3	0.9	4.2	4.1	0.4	0.4
Claims on Private Sector (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9	20.1	20.8	20.5	21.3	11.8	17.7
o/w Development Finance Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9	20.1	20.8	20.5	0.0	11.8	17.7
Claims on Commercial Banks	1.9	-0.8	6.1	7.9	57.6	71.0	63.9	72.5	100.5	85.8	86.7	95.5	113.4	100.0	87.0	43.6
Other Items, Net	**341.0**	**240.6**	**212.6**	**140.3**	**1.6**	**-411.6**	**-503.9**	**-518.1**	**-714.1**	**-435.5**	**-397.3**	**-678.8**	**-396.3**	**-536.0**	**-1,058.8**	**-1,097.2**
Other Assets	52.8	58.6	56.7	62.3	97.4	94.0	96.3	123.8	124.7	171.5	139.8	175.8	281.3	369.6	476.6	942.8
Other Liabilities	-292.2	-189.8	-164.0	-90.4	94.2	500.5	600.6	629.8	840.2	606.9	537.1	854.6	677.5	905.7	1,535.5	2,039.9
o/w Revaluation	-17.2	11.5	23.3	125.5	306.4	86.6	91.9	188.2	338.8	444.0	519.1	640.5	447.5	432.8	499.0	293.6
o/w Currency Revaluation IMF	-341.4	-345.4	-333.0	-381.4	-512.2	-47.8	2.9	-27.0	0.3	-3.7	0.5	-0.2	1.4	17.1	-0.9	0.2
o/w MDRI Funds														96.6	68.2	21.1
Base Money + DMB's Investments in BOU Instruments	280.2	280.5	331.7	378.6	447.3	523.5	559.6	661.6	696.1	867.1	928.3	1,061.1	1,360.1	1,614.5	1,950.4	2,584.3
Base Money = CIC+Transactions bal of operating banks	280.2	280.5	331.7	373.1	432.5	442.4	549.6	630.0	630.6	809.9	928.3	1,046.1	1,242.5	1,614.5	1,950.4	2,434.3
Currency Outside BoU	187.0	229.2	245.9	269.8	317.2	335.5	386.7	447.9	520.3	605.3	698.6	837.7	981.1	1,230.0	1,468.7	1,739.1
Commercial Bank Deposits	93.2	51.3	85.8	103.3	128.5	141.5	210.4	235.1	162.7	264.9	295.6	278.2	330.6	457.1	500.0	713.0
Transaction bal of operating banks	93.2	51.3	85.8	103.3	115.3	106.9	162.9	182.1	110.4	204.6	229.7	208.4	261.4	384.5	481.6	695.2
Commercial Banks Investment in BoU Instruments	0.0	0.0	0.0	0.0	0.0	0.0	10.0	31.6	65.5	57.2	0.0	15.0	117.6	0.0	0.0	150.0
Liabilities to Commercial banks (PNs)	0.0	0.0	0.0	5.5	14.9	32.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items																
Change Relative to Jun (%)																
Base Money	35.1	0.1	18.3	12.5	15.9	2.3	24.2	14.6	0.1	28.4	14.6	12.7	18.8	29.9	20.8	24.8
Commercial Bank deposits	56.4	-44.9	67.1	20.4	24.4	10.16	...	...	...	...	...	...	...	...	...	...
Transaction balances of operating banks	...	...	...	...	...	...	52.42	*11.80*	*-39.39*	85.4	12.3	-9.3	25.5	47.1	25.3	44.3

Source: Bank of Uganda

Appendix 15: Commercial Bank Balance Sheet (billion shs.)

	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Net Foreign Assets	**75.13**	**120.78**	**166.52**	**197.22**	**291.49**	**418.65**	**472.14**	**615.86**	**690.07**	**597.17**	**459.63**	**477.73**	**735.79**	**591.98**	**642.99**
External Assets	134.76	165.73	254.05	271.99	364.68	498.39	551.10	702.20	789.76	719.34	632.31	684.92	980.37	1,141.64	1,335.72
Foreign Liabilities	59.63	44.95	87.53	74.76	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19	244.58	549.66	692.73
o/w External Accounts	12.91	11.00	15.77	12.78	10.98	16.69	19.08	35.32	37.09	51.98	64.09	53.69	52.60	16.11	176.82
o/w Shillings deposits of non-residents	0.00	0.00	0.00	0.74	2.72	2.23	5.25	6.15	16.86	15.59	42.88	28.11	33.68	33.65	29.95
Net Domestic Assets	**356.46**	**462.51**	**582.74**	**697.23**	**792.01**	**936.15**	**1,175.40**	**1,495.79**	**1,631.92**	**1,887.54**	**2,444.70**	**2,921.83**	**4,262.89**	**5,411.15**	**6,736.11**
Claims on Central Government (net)	-7.25	84.39	120.59	97.08	169.36	257.66	469.37	585.18	557.82	657.10	878.51	981.10	1,366.90	1,565.13	1,902.68
Advances	0.83	1.06	2.41	0.42	0.02	0.00	0.54	4.70	0.00	0.00	0.00	0.15	16.06	0.00	0.01
Government Securities	66.33	150.61	185.69	209.34	320.27	479.79	720.76	754.46	876.82	972.51	1,019.39	1,090.94	1,469.25	1,704.50	2,196.24
Government Deposits	74.42	67.28	67.51	112.68	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99	118.41	139.38	293.57
Claims on Parastatals	0.00	0.00	0.00	20.20	12.39	6.02	2.86	2.55	11.69	6.77	18.56	30.43	25.52	35.05	52.21
Claims on Local Government	0.00	0.00	0.00	1.09	1.02	0.98	0.79	0.59	0.36	0.03	0.10	0.35	0.09	0.04	0.87
Claims on Private Sector	344.82	353.06	431.83	546.34	580.41	634.93	661.66	848.60	986.03	1,130.12	1,454.69	1,792.47	2,714.84	3,587.65	4,484.58
Crop Finance	57.10	62.59	58.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Loans/shgs loans to resident private sector	287.72	290.47	373.30	484.80	493.20	517.28	506.83	658.80	771.16	829.57	1,017.84	1,335.87	2,015.63	2,762.60	3,387.13
Forex lending to resident private sector	0.00	0.00	0.00	61.54	87.22	117.65	154.83	189.80	214.88	300.55	436.85	456.59	699.21	825.06	1,097.45
Cash in Vaults	18.90	25.07	30.33	32.53	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49	155.53	223.28	295.78
Net Claims on Bank of Uganda	51.26	88.25	111.17	105.44	163.31	148.12	199.84	227.20	216.48	190.72	219.40	376.97	379.24	450.61	862.19
Balances with Bank of Uganda	58.98	93.19	116.19	117.20	112.38	159.91	188.54	182.00	269.65	294.05	297.95	348.88	412.05	487.91	767.62
Borrowing at Bank of Uganda	7.71	4.94	10.49	26.64	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91	1.50	0.48	0.43
BOU Administered Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.21	67.57	51.63	50.60	31.31	36.81	55.01
Investment in Bank of Uganda Instruments (REPO)	0.00	0.00	5.47	14.89	32.23	10.00	31.60	65.50	57.15	0.00	15.00	117.60	0.00	0.00	150.00
BOU PNs to Standard, UCB &CERUDEB	0.00	0.00	0.00	0.00	43.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Items, Net	**-9.05**	**-83.29**	**-79.97**	**-124.01**	**-206.30**	**-269.40**	**-319.12**	**-411.78**	**-480.49**	**-469.38**	**-597.02**	**-798.12**	**-1,414.56**	**-1,401.58**	**-1,391.41**
Other Assets	159.61	135.71	177.02	188.32	242.95	268.36	320.35	314.00	247.89	341.31	375.37	495.17	544.16	793.92	996.47
Other Liabilities	167.83	217.94	254.58	312.33	449.25	537.76	639.46	725.78	728.39	810.69	972.38	1,293.29	1,958.72	2,195.50	2,387.88
o/w Interbank Claims (net)	-10.63	-16.10	-24.03	-18.82	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44	258.05	134.16	-69.37
o/w Revaluation	5.48	5.43	9.34	11.33	8.42	3.25	1.06	-8.03	3.45	6.22	-6.89	34.90	36.31	-163.80	-353.23
Residual	-0.83	-1.06	-2.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Domestic Assets, NDA (net of revaluation)	**321.62**	**435.77**	**562.08**	**685.90**	**783.58**	**932.91**	**1,174.33**	**1,503.82**	**1,628.47**	**1,881.32**	**2,451.59**	**2,886.93**	**4,226.59**	**5,574.95**	**7,089.34**
Deposit Liabilities to the Non-Bank Public	**473.80**	**588.26**	**780.46**	**875.89**	**1,040.51**	**1,233.52**	**1,528.27**	**1,927.07**	**2,057.97**	**2,206.05**	**2,526.71**	**2,978.40**	**3,963.36**	**5,052.16**	**6,849.88**
Foreign Exchange Accounts	75.02	103.53	146.91	207.82	310.84	390.24	444.90	639.26	662.38	653.25	706.64	848.07	1,142.49	1,376.91	1,881.42
Shilling deposits	398.78	484.73	633.55	668.07	729.67	843.28	1,083.37	1,287.81	1,395.59	1,552.80	1,820.07	2,130.33	2,820.87	3,675.25	4,968.45
Demand Deposits	220.74	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26	1,732.74	2,345.67
Time and Savings Deposits	178.04	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61	1,942.51	2,622.78
Certificates of Deposits	0.00	0.00	0.00	11.08	10.82	7.87	5.82	4.00	2.02	1.98	1.23	0.05	0.00	0.00	0.00
Memorandum Item															
NPA/Total Credit to Private Sector	0.45	0.30	0.20	0.20	0.12	0.08	0.04	0.08	1.02	0.03	0.03	0.03	0.04	0.04	0.03
Lending ratio: shgs since June 1999 (PSC/shgs dep)	0.67	0.59	0.59	0.63	0.56	0.51	0.39	0.46	0.47	0.47	0.52	0.59	0.68	0.72	0.65
Lending ratio: forex (PSC/forex deposits)	0.00	0.00	0.00	0.25	0.25	0.25	0.30	0.27	0.27	0.36	0.55	0.50	0.58	0.59	0.53

Source: Bank of Uganda

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

	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Monetary Authority																
External Assets	391.40	484.81	624.74	752.96	755.89	730.07	754.07	879.81	993.81	1,145.56	1,335.64	1,414.16	2,105.32	2,697.9	2,491.22	2,551.53
o/w Foreign Reserves	388.20	479.73	621.89	750.49	748.07	719.44	738.74	872.93	964.18	1,134.52	1,325.55	1,393.30	2,090.82	2,684.4	2,442.02	2,523.45
Foreign Liabilities	431.21	416.59	407.70	386.04	353.13	338.89	294.45	272.97	244.61	206.10	157.17	10.53	10.57	11.2	10.94	9.28
o/w Use of Fund Resources	428.29	411.96	406.11	384.70	351.10	336.27	292.06	270.68	242.15	203.91	155.41	8.88	9.09	9.8	9.80	8.85
Commercial Banks																
Foreign Assets	126.80	127.27	155.25	206.21	187.25	232.04	289.12	306.65	350.61	441.51	413.36	339.53	430.73	605.36	553.10	591.70
Foreign Liabilities	19.96	26.48	19.15	54.30	51.47	46.57	46.26	49.55	50.63	55.73	70.20	92.73	130.30	151.03	266.30	306.87
o/w External Accounts	9.48	12.19	10.30	12.80	8.80	6.99	9.68	10.62	17.64	20.74	29.87	34.42	33.77	32.48	7.80	78.33
o/w Non-resident sh deposits	...	...	...	...	4.61	3.64	1.29	2.92	3.07	9.42	8.96	23.02	17.68	20.80	16.31	13.27
Domestic (Forex) Liabilities	88.83	83.44	105.98	129.52	159.30	213.19	262.69	270.25	329.22	420.36	447.60	385.44	537.13	705.92	667.29	838.00
Foreign Exchange Accounts	69.48	70.85	96.98	119.24	143.07	197.78	226.38	241.94	311.66	370.30	375.38	379.45	533.34	705.47	667.08	833.43
Project Accounts	19.34	12.59	9.00	10.28	16.23	15.41	36.31	28.31	17.56	50.06	72.22	6.00	3.80	0.46	0.21	4.57
Domestic (Forex) Assets - lending to private sector	...	...	...	...	42.36	55.49	68.25	86.15	94.77	120.13	172.71	234.58	287.14	431.75	399.72	486.15
Memo Items																
DMB - Foreign Currency Accounts	98.31	95.63	116.28	142.32	168.10	220.18	272.37	280.87	346.86	441.10	477.47	419.86	570.90	738.41	675.09	916.33
DMB - Net Assets subject to Revaluation	18.01	17.35	30.13	22.39	-23.52	-27.72	-19.83	-13.15	-29.25	-34.58	-104.45	-138.64	-236.70	-251.59	-380.49	-553.17
Use of Fund Resources (SDR m)	273.01	285.54	292.56	288.91	262.83	251.46	234.46	203.45	172.86	139.07	106.69	6.00	6.00	6.00	6.00	6.00
Change in DMBs' forex holdings	0.18	6.39	4.91	11.28	-36.91	0.00	18.65	26.21	13.86	12.48	-0.63	0.00	-86.05	-40.09	0.00	-12.07
Exchange Rate - Sh/$ (end of period)	965.86	1,058.82	1,067.49	1,232.00	1,452.56	1,571.65	1,723.84	1,797.15	2,002.81	1,788.76	1,740.25	1,862.30	1,590.13	1,619.5	2,064.08	2,257.44
Exchange Rate - Sh/SDR	1,515.20	1,527.60	1,481.83	1,640.51	1,940.43	2,101.74	2,147.30	2,391.04	2,805.66	2,622.72	2,534.87	2,755.02	2,409.95	2,645.6	3,371.92	3,330.03

Source: Bank of Uganda

Appendix 17: Monetary Survey Key Ratios and Growth Rates

	Jun-95	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Foreign Exchange Accounts/M3	0.12	0.11	0.13	0.14	0.18	0.23	0.25	0.23	0.27	0.26	0.23	0.22	0.22	0.23	0.22	0.23
CIC/M3	0.30	0.31	0.27	0.23	0.25	0.23	0.22	0.21	0.19	0.20	0.22	0.23	0.22	0.21	0.20	0.17
Demand Deposits/M3	0.36	0.32	0.33	0.32	0.31	0.31	0.30	0.32	0.30	0.31	0.31	0.29	0.29	0.28	0.28	0.28
Time and Savings Deposits/M3	0.23	0.26	0.27	0.30	0.27	0.24	0.23	0.24	0.24	0.23	0.25	0.26	0.26	0.28	0.31	0.32
Money Multiplier (M3/Base Money)	2.04	2.44	2.44	2.73	2.68	3.05	2.88	3.07	3.79	3.19	3.03	3.13	3.09	3.12	3.23	3.41
Money Multiplier (M2/Base Money)	1.80	2.17	2.13	2.34	2.18	2.32	2.16	2.36	2.77	2.37	2.32	2.45	2.41	2.41	2.52	2.63
Money Multiplier (M2A/Base Money)	1.80	2.17	2.13	2.34	2.20	2.34	2.17	2.37	2.77	2.38	2.32	2.45	2.41	2.41	2.52	2.63
CIC/M2	0.34	0.35	0.31	0.27	0.30	0.30	0.30	0.27	0.26	0.28	0.28	0.29	0.29	0.28	0.25	0.23
CIC/M2A	0.34	0.35	0.31	0.27	0.30	0.30	0.29	0.27	0.26	0.27	0.28	0.29	0.29	0.28	0.25	0.23
Demand Deposits/M2	0.41	0.36	0.37	0.37	0.38	0.40	0.41	0.42	0.42	0.42	0.40	0.38	0.38	0.37	0.35	0.37
Demand Deposits/M2A	0.41	0.36	0.37	0.37	0.38	0.40	0.40	0.41	0.41	0.42	0.40	0.37	0.38	0.37	0.35	0.37
Time and Savings Deposits/M2	0.26	0.29	0.31	0.35	0.32	0.30	0.30	0.31	0.32	0.31	0.32	0.33	0.33	0.36	0.39	0.41
Time and Savings Deposits/M2A	0.26	0.29	0.31	0.35	0.32	0.31	0.30	0.31	0.32	0.31	0.32	0.33	0.33	0.36	0.39	0.41
M2/M3	0.88	0.89	0.87	0.86	0.81	0.76	0.75	0.77	0.73	0.74	0.77	0.78	0.78	0.77	0.78	0.77
M2A/M3	0.88	0.89	0.87	0.86	0.82	0.77	0.75	0.77	0.73	0.74	0.77	0.78	0.78	0.77	0.78	0.77
Time and Savings Deposits/Total Deposits (%)	38.41	44.65	45.55	48.72	45.19	42.54	42.20	42.69	43.52	42.31	44.54	47.13	47.05	49.44	52.85	52.79
Demand Deposits/Total Deposits (%)	61.59	55.35	54.45	51.28	41.64	40.11	39.40	40.56	37.71	39.11	39.03	38.07	37.87	35.99	34.30	34.24
Forex deposits/M3	0.12	0.11	0.13	0.14	0.18	0.23	0.25	0.23	0.27	0.26	0.23	0.22	0.22	0.23	0.22	0.23
Vulnerability, M3/Reserves	1.52	1.35	1.22	1.10	1.07	1.19	1.24	1.23	1.24	1.27	1.22	1.26	1.16	1.16	1.25	1.46
Vulnerability, M2/Reserves	1.35	1.20	1.06	0.94	0.88	0.92	0.94	0.95	0.91	0.95	0.94	0.99	0.90	0.90	0.98	1.13
Claims on Government (billion shs, net); change relative to June	-95.20	30.38	3.80	-67.16	0.62	542.49	46.05	21.41	-91.68	-322.14	-244.54	63.57	-618.82	-227.46	314.61	427.88
Share of Government in Domestic Credit (%)	-58.48	-24.09	-21.13	-41.74	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	-65.53	-53.08	-21.55	-4.99
Share of Private sector in Domestic Credit (%)	158.48	124.09	121.13	141.74	-27.34	40.95	41.62	41.87	31.33	6.25	-17.95	-8.16	162.40	151.43	120.36	103.76
Share of credit to other public institutions (%)	...	...	...	...	116.80	57.33	57.37	57.47	68.10	92.48	117.13	106.74	3.13	1.64	1.19	1.23
Year on Year growth in M3	27.37	19.69	18.28	26.06	13.78	16.08	17.56	22.21	23.40	8.32	8.65	16.38	17.44	31.12	25.01	34.51
Year on Year growth in M2	33.62	25.70	18.54	23.74	7.86	8.91	15.61	25.24	17.54	10.18	12.12	18.92	16.78	30.11	26.32	33.52
Year on Year growth in M2A	33.62	25.70	18.54	23.74	9.13	8.78	15.16	24.90	17.35	10.04	12.10	18.87	16.72	30.11	26.32	33.52
Year on Year Growth in Base Money	11.25	-4.59	4.81	12.49	15.91	2.29	24.25	14.63	0.09	28.43	14.62	12.69	18.78	29.94	20.80	28.09
Year on Year Growth in private sector credit (DMB level)	24.03	34.75	10.01	26.76	26.52	6.24	9.39	4.21	28.25	16.20	14.61	20.99	23.22	51.46	32.15	22.93
Year on Year Growth in private sector credit (Monetary Survey)	23.67	30.74	9.70	24.10	26.52	6.24	9.39	4.21	28.25	19.02	13.89	20.69	22.89	50.92	31.55	23.12

Source: Bank of Uganda

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

(million shs at end of period)

	Jun-96	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Agriculture	**60,886**	**71,255**	**64,701**	**75,284**	**47,352**	**34,499**	**37,169**	**53,876**	**70,590**	**57,151**	**63,583**	**69,676**	**91,495**	**102,236**	**177,709**
Production	3,782	4,525	9,314	9,558	8,433	10,268	12,259	20,659	22,207	50,104	24,395	33,807	47,824	40,217	102,573
Crop Finance	57,103	66,730	55,387	65,727	38,919	24,231	24,910	33,216	48,384	7,047	39,188	35,868	43,672	62,019	75,136
Manufacturing	**104,031**	**78,017**	**94,657**	**153,126**	**156,918**	**180,716**	**175,179**	**166,480**	**168,444**	**168,065**	**135,746**	**194,799**	**191,820**	**341,671**	**405,307**
Foods, Beverages,Tobacco	37,135	50,411	61,071	102,581	107,955	123,494	116,767	104,927	105,993	99,885	76,883	80,462	76,503	175,788	205,114
Textiles, Apparel and Leather	1,696	2,023	2,323	4,119	3,341	5,917	2,100	2,182	5,319	9,671	2,654	15,169	8,502	5,469	17,622
Wood, Wood Products & Furniture	4,090	3,705	5,617	9,202	2,451	5,278	3,688	664	2,593	4,559	9,534	8,159	5,050	5,085	3,999
Paper, Paper Products, Printing & Publishing															16,545
Chemicals, Pharmaceuticals, Plastic and Rubber Products	2,472	3,748	4,654	6,486	13,933	17,833	12,625	13,520	12,020	15,108	11,712	12,135	5,934	21,341	14,362
Basic and Fabricated Non-Metal and Metal Products	5,795	4,533	8,027	4,522	5,387	4,368	5,459	2,282	10,970	9,931	7,287	13,111	7,406	37,508	43,781
Building & Construction Materials.	10,940	2,931	5,169	10,128	10,269	11,309	18,342	28,986	17,797	14,491	12,744	31,189	29,948	28,194	52,926
Other Manufacturing Industries	41,902	10,666	7,796	16,089	13,581	12,516	16,199	13,920	13,752	14,420	14,933	34,574	58,477	68,287	50,958
Trade & Other Services	**133,172**	**163,895**	**195,084**	**229,694**	**238,845**	**241,772**	**246,603**	**369,396**	**444,239**	**525,726**	**705,422**	**208,596**	**246,998**	**541,275**	**632,130**
Wholesale	66,638	75,054	91,122	82,468	94,094	89,066	77,589	95,831	95,379	58,108	42,171	52,146	73,699	173,177	266,252
Retail	24,769	28,163	32,957	41,146	33,978	31,044	32,458	37,104	37,818	46,135	119,930	156,450	173,300	368,098	365,878
Transport	**10,764**	**9,866**	**11,569**	**18,260**	**27,062**	**31,401**	**23,130**	**47,692**	**70,926**	**49,465**	**63,223**	**93,808**	**150,819**	**170,642**	**264,169**
Electricity & Water	**507**	**431**	**596**	**469**	**169**	**33**	**4**	**473**	**151**	**247**	**1,070**	**4,037**	**510**	**20,694**	**33,605**
Building and Construction	**19,115**	**15,076**	**19,462**	**25,560**	**23,243**	**20,528**	**16,993**	**23,050**	**27,519**	**29,347**	**66,382**	**152,955**	**348,738**	**464,240**	**650,616**
Mining and Quarrying	**276**	**309**	**890**	**59**	**189**	**873**	**402**	**474**	**96**	**126**	**730**	**17,266**	**5,899**	**8,610**	**9,667**
Personal Loans												**306,349**	**394,647**	**699,058**	**871,865**
Other Services												**314,826**	**610,219**	**446,322**	**383,192**
Total	328,751	338,848	386,959	502,452	493,777	509,821	499,480	661,441	781,965	830,126	1,036,155	1,362,311	2,041,145	2,794,749	3,428,261

Source: Bank of Uganda

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

	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Agriculture	**16,568**	**15,349**	**19,274**	**35,701**	**28,734**	**40,020**	**56,900**	**72,012**	**52,135**	**74,078**	**60,876**	**114,888**
Production	3,430	3,471	6,279	6,816	6,384	20,189	19,236	29,872	14,229	14,928	12,045	55,297
Crop Finance	13,138	11,878	12,995	28,885	22,350	19,831	37,664	42,141	37,906	59,150	48,831	59,591
Manufacturing	**14,979**	**26,053**	**43,816**	**10,649**	**35,362**	**37,850**	**60,505**	**104,579**	**62,606**	**147,891**	**207,627**	**213,150**
Foods, Beverages,Tobacco	855	9,390	21,779	3,286	9,010	5,222	28,454	50,385	26,890	40,679	72,254	88,114
Textiles, Apparel and Leather	1,240	120	12,275	100	2,467	6,052	4,666	7,537	0	800	3,314	7,400
Wood, Wood Products & Furniture	3,498	15	0	277	16	151	805	1,901	1,184	1,494	166	7,854
Paper, Paper Products, Printing & Publishing						0	0	0	0	0	0	15,685
Chemicals, Pharmaceuticals, Plastic and Rubber Products	8,983	14,711	9,297	1,265	8,791	13,996	2,121	1,020	5,593	841	44,913	28,209
Basic and Fabricated Non-Metal and Metal Products	387	437	154	450	0	235	1,288	405	262	9,747	8,341	23,361
Building & Construction Materials.	0	165	312	3,471	1,255	394	3,385	21,832	13,135	17,071	4,494	6,527
Other Manufacturing Industries	17	1,214	0	1,800	13,823	11,799	19,786	21,499	15,542	77,260	74,144	35,999
Trade & Other Services	**9,389**	**20,947**	**20,073**	**63,013**	**78,271**	**43,281**	**55,121**	**76,073**	**75,905**	**89,171**	**205,370**	**237,827**
Wholesale	7,045	20,356	18,988	58,704	74,188	37,174	45,882	46,378	51,242	37,463	55,767	148,963
Retail	2,344	591	1,085	4,309	4,082	6,107	9,238	29,696	24,663	51,708	149,603	88,864
Transport	**8,216**	**9,018**	**2,645**	**6,626**	**5,843**	**9,689**	**16,269**	**29,649**	**18,326**	**38,363**	**39,854**	**89,533**
Electricity & Water							**1,849**	**500**	**2,538**	**22,921**	**2,092**	**18,884**
Building and Construction	**3,791**	**5,074**	**3,775**	**6,156**	**2,831**	**5,412**	**9,356**	**16,649**	**51,374**	**66,327**	**131,159**	**194,667**
Mining and Quarrying	**1,478**	**1,940**	**1,683**	**2,896**	**1,458**	**820**	**537**	**20**	**26,742**	**3,798**	**2,094**	**27,866**
Personal Loans						0	0	0	**19,895**	**28,156**	**95,180**	**90,013**
Other Services						0	0	0	**155,251**	**234,350**	**82,693**	**123,880**
Total	54,421	78,381	91,266	125,041	152,499	137,072	200,537	299,483	464,772	705,056	826,944	1,110,708

Source: Bank of Uganda

Appendix 20: Commercial Bank Activities (billion shs.)

	Jun-97	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Liabilities														
Total Deposits	639.45	823.94	958.67	1,153.95	1,385.40	1,754.61	2,057.96	2,368.25	2,568.04	2,722.84	3,217.78	4,339.83	5,325.70	7,074.08
Private Demand Deposits	263.92	324.91	360.09	413.05	482.88	617.49	725.14	803.98	860.15	961.53	1,127.96	1,426.26	1,732.74	2,345.67
Private Time & Savings Deposits	220.81	308.64	296.90	305.80	352.53	460.06	558.67	589.59	690.68	857.31	1,002.33	1,394.61	1,942.51	2,622.78
Foreign Exchange deposits	103.53	146.91	207.82	310.84	390.24	444.90	639.26	662.38	653.25	706.64	848.07	1,142.49	1,376.91	1,881.42
Government Deposits	67.28	67.51	112.68	150.93	222.13	251.93	173.97	319.00	315.41	140.88	109.99	118.41	139.38	293.57
Inter bank deposits (excluding own)	-16.10	-24.03	-18.82	-26.67	-62.38	-19.76	-39.09	-6.70	48.55	56.48	129.44	258.05	134.16	-69.37
Foreign Liabilities	44.95	87.53	74.76	73.19	79.75	78.96	86.34	99.69	122.17	172.68	207.19	244.58	549.66	692.73
Borrowing at Bank of Uganda	4.94	10.49	26.64	24.57	21.80	20.30	20.30	40.12	35.76	41.92	38.91	1.50	0.48	0.43
Items in Transit	-0.44	36.23	51.35	79.22	91.65	40.12	25.78	5.98	4.29	3.17	0.39	0.09	0.03	0.92
Capital and Reserves	67.09	88.07	49.76	87.28	163.75	230.08	238.51	229.87	199.56	300.46	447.17	752.20	1,096.82	1,261.57
Other Liabilities	209.87	233.56	295.41	383.31	466.70	471.99	601.12	652.18	745.81	761.44	908.11	1,165.40	1,300.54	1,413.24
Total Liabilities	**965.86**	**1,279.82**	**1,456.59**	**1,801.51**	**2,209.04**	**2,596.05**	**3,030.01**	**3,396.09**	**3,675.64**	**4,002.52**	**4,819.55**	**6,503.59**	**8,273.23**	**10,442.96**
Assets														
Cash held	25.07	30.33	32.53	28.83	36.57	40.72	58.88	76.00	93.52	92.84	117.49	155.53	223.28	295.78
Balances with Bank of Uganda	88.64	111.11	113.35	108.53	155.57	188.48	181.94	269.65	294.05	297.85	348.88	412.05	570.36	917.62
Foreign Assets	165.73	254.05	271.99	364.68	498.39	551.10	702.20	789.76	719.34	632.31	684.92	980.37	1,141.64	1,335.72
Government Securities	150.61	185.69	209.34	320.27	479.79	720.76	754.46	876.82	972.51	1,019.39	1,090.94	1,469.25	1,704.50	2,196.24
Advances and Discounts	355.71	434.21	566.96	592.82	640.95	665.06	855.84	997.73	1,136.89	1,473.25	1,823.04	2,756.43	3,622.70	4,536.80
Investments in Stocks and Shares	4.25	11.74	9.89	8.75	8.87	10.86	7.47	10.99	4.84	5.35	46.47	11.23	10.77	38.64
Other Assets	175.85	252.70	252.53	377.64	388.90	419.07	469.23	376.12	454.48	481.53	707.81	718.74	999.98	1,122.17
Total Assets	**965.86**	**1,279.82**	**1,456.59**	**1,801.51**	**2,209.04**	**2,596.05**	**3,030.01**	**3,397.09**	**3,675.64**	**4,002.52**	**4,819.55**	**6,503.59**	**8,273.23**	**10,442.96**

Source: Bank of Uganda

Appendix 21: Structure of Interest Rates (annual percentage)

	Mar-04	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep06	Dec06	Mar-07	Jun-07	Sep07	Dec07	Mar08	Jun-08	Sep08	Dec08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Bank of Uganda																						
Ways and Means	7.68	8.87	7.93	7.56	7.43	6.95	8.78	9.34	9.27	9.43	7.63	7.31	7.92	8.17	8.07	11.39	7.05	5.99	7.78	5.46	3.70	4.28
Rediscount rate	14.81	14.77	13.93	13.37	13.27	12.76	14.45	15.30	15.45	15.60	13.76	13.39	13.99	15.24	15.18	11.71	11.71	9.59	10.87	8.65	6.83	7.31
Bank rate to Commercial Banks	15.81	15.77	14.93	14.37	14.27	13.76	15.45	16.30	16.45	16.60	14.76	14.39	14.99	16.24	16.18	12.71	12.71	10.59	11.87	9.65	7.83	8.31
Treasury Bills																						
91 Days	7.68	8.87	7.93	7.56	7.43	6.95	8.78	9.34	9.27	9.43	7.63	7.31	7.92	8.17	8.07	11.39	7.05	5.99	7.78	5.46	3.70	4.28
182 Days	9.07	10.16	9.32	8.55	8.39	7.45	10.35	10.34	10.92	12.41	9.60	10.28	11.39	13.03	12.34	14.20	10.30	10.01	10.27	7.82	4.37	5.49
273 Days	9.14	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…	…
364 Days	9.35	11.91	10.10	9.66	9.25	8.78	11.24	10.92	10.87	11.99	10.47	10.34	11.72	12.75	12.77	15.08	10.92	12.27	10.86	8.04	5.56	6.88
Commercial Banks (Weighted Average)																						
Local Currency																						
Deposit Rates	2.10	2.40	2.55	2.66	2.58	2.55	2.79	2.74	2.54	2.79	1.53	1.73	2.42	2.72	1.92	2.47	2.21	2.39	2.03	2.00	2.05	2.72
Demand deposits	1.32	1.08	1.21	1.18	1.08	1.11	1.14	1.14	1.17	1.20	1.29	1.31	1.40	1.29	1.26	1.45	1.30	1.26	1.23	1.28	1.26	1.29
Savings deposits	2.12	1.77	1.97	1.92	2.00	2.02	2.12	2.02	2.08	2.79	2.60	2.70	2.59	2.10	2.06	2.19	2.39	2.36	2.36	2.25	2.31	2.10
Time Deposits	6.94	10.17	10.03	7.85	8.43	7.57	9.98	9.12	9.26	9.80	9.00	10.08	9.98	10.85	9.08	11.62	8.97	10.72	8.49	9.23	7.70	10.85
Lending Rates	22.12	18.07	19.18	19.37	18.86	18.60	19.18	18.91	19.17	19.38	18.98	18.20	20.08	20.18	21.23	19.00	20.97	21.80	20.69	20.01	21.13	20.18
Foreign Currency																						
Deposit Rates	0.99	1.03	1.28	1.18	1.30	1.25	1.42	1.46	1.47	1.61	1.85	1.79	1.63	1.36	1.23	1.32	1.44	1.17	1.20	1.24	1.63	1.36
Demand deposits	0.96	0.98	1.03	1.03	1.16	1.17	1.27	1.16	1.21	1.21	1.42	1.31	1.14	0.99	1.19	1.05	1.05	1.01	1.00	1.04	1.14	0.99
Savings deposits	1.66	1.45	1.45	1.45	1.45	1.45	1.53	1.53	1.49	1.48	0.98	0.99	1.49	1.49	1.51	1.38	1.59	1.51	1.50	1.48	1.49	1.49
Time Deposits	1.51	3.00	5.34	3.51	4.35	2.86	4.71	5.25	4.97	6.22	3.98	3.74	3.92	4.31	3.84	3.72	2.10	3.93	4.79	5.09	3.92	4.31
Lending Rates	9.11	8.46	7.80	7.15	9.98	9.92	9.47	9.23	9.72	9.19	10.88	10.02	9.68	9.56	9.38	8.49	10.69	15.14	10.41	10.07	10.33	9.56

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

Source: Bank of Uganda

Appendix 22: Foreign exchange rates (shs. per US$)

Year/Month	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2000 = 100)	Real Effective Exchange Rate (REER, 2000 = 100)
Calendar Year Average						
2000	1,636.29	1,656.95	1,646.62	1,644.47	100.00	100.00
2001	1,742.62	1,767.69	1,755.15	1,755.66	101.09	98.34
2002	1,790.54	1,802.66	1,796.60	1,797.00	101.99	96.88
2003	1,955.76	1,970.59	1,963.17	1,963.68	122.78	115.28
2004	1,801.42	1,821.75	1,811.59	1,810.77	117.29	117.56
2005	1,775.71	1,782.67	1,779.19	1,780.67	117.48	115.69
2006	1,822.86	1,829.26	1,826.06	1,831.45	121.60	119.59
2007	1,710.52	1,721.51	1,716.01	1,723.49	120.33	115.67
2008	1,704.58	1,715.48	1,710.03	1,720.44	120.28	115.75
2009	2,022.20	2,030.96	2,026.58	2,030.49	130.88	116.04
Fiscal Year Average						
2000/01	1,748.22	1,776.68	1,762.45	1,762.92	103.57	102.66
2001/02	1,747.29	1,762.16	1,754.72	1,754.56	98.82	94.19
2002/03	1,875.47	1,889.55	1,882.51	1,882.86	112.59	106.91
2003/04	1,925.83	1,943.22	1,934.52	1,934.88	123.91	119.16
2004/05	1,732.22	1,744.74	1,738.48	1,737.69	116.07	116.41
2005/06	1,817.64	1,824.82	1,821.23	1,825.15	120.31	118.20
2006/07	1,768.52	1,776.95	1,772.74	1,780.00	119.86	115.37
2007/08	1,687.54	1,696.47	1,692.00	1,696.45	121.58	120.20
2008/09	1,916.98	1,925.35	1,921.16	1,930.03	113.98	117.29
2009/10	2,020.54	2,030.43	2,025.44	2,028.88	133.39	117.18
Monthly Average						
2008 Jan	1,699.76	1,709.77	1,704.77	1,710.59	121.89	118.98
Feb	1,699.98	1,703.70	1,701.84	1,707.83	119.15	115.65
Mar	1,676.51	1,683.76	1,680.14	1,684.26	122.20	118.75
Apr	1,678.32	1,687.00	1,682.66	1,686.68	124.59	120.98
May	1,644.50	1,654.83	1,649.67	1,647.68	121.14	118.31
Jun	1,596.67	1,603.31	1,599.99	1,600.74	115.55	113.83
Jul	1,625.63	1,633.80	1,629.72	1,633.94	117.03	115.45
Aug	1,616.72	1,621.89	1,619.31	1,623.62	113.78	111.50
Sep	1,637.45	1,639.59	1,638.52	1,645.01	110.85	107.80
Oct	1,795.09	1,810.90	1,803.00	1,838.66	116.23	111.32
Nov	1,883.83	1,903.74	1,893.79	1,910.13	117.79	111.31
Dec	1,940.63	1,950.49	1,945.56	1,956.19	122.68	113.68
2009 Jan	1,962.09	1,970.00	1,966.05	1,975.97	122.62	110.99
Feb	1,958.22	1,963.84	1,961.03	1,964.83	120.35	108.15
Mar	2,048.28	2,049.00	2,048.64	2,051.55	123.89	111.53
Apr	2,162.18	2,169.25	2,165.72	2,175.61	134.76	120.47
May	2,240.60	2,248.30	2,244.45	2,247.68	143.56	127.20
Jun	2,133.07	2,143.34	2,138.21	2,137.18	138.63	122.06
Jul	2,094.48	2,112.55	2,103.52	2,110.77	137.92	121.47
Aug	2,065.97	2,074.53	2,070.25	2,071.67	136.10	119.92
Sep	1,962.69	1,970.01	1,966.35	1,961.90	130.78	114.63
Oct	1,895.15	1,903.53	1,899.34	1,898.28	127.71	111.96
Nov	1,852.08	1,869.36	1,860.72	1,873.78	126.89	111.50
Dec	1,891.55	1,897.82	1,894.69	1,894.54	127.31	112.59
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	129.19	114.11
Feb	1,989.75	1,988.74	1,988.74	1,996.54	130.92	114.10
Mar	2,078.14	2,078.95	2,078.55	2,086.37	136.84	119.65
Apr	2,079.85	2,100.12	2,089.99	2,083.00	136.49	120.05
May	2,164.33	2,170.20	2,167.27	2,174.57	138.73	122.49
Jun	2,243.60	2,253.67	2,248.64	2,257.44	141.83	123.72

Source: Bank of Uganda

Appendix 23: Bureaux and Inter-bank Transactions
(million US$)

Period	Bureaux		Inter-bank	
	Purchases	Sales	Purchases	Sales
1997/98	318.42	358.13	1,426.32	1,403.18
1998/99	298.92	320.47	1,526.52	1,558.51
1999/00	404.20	402.11	1,486.73	1,605.82
2000/01	515.90	505.10	1,526.84	1,685.37
2001/02	679.08	671.15	1,762.17	1,950.16
2002/03	718.27	709.15	1,780.00	2,013.72
2003/04	605.73	698.05	2,009.16	2,143.83
2004/05	725.67	858.04	2,809.26	2,881.91
2005/06	1,045.43	1,139.62	3,380.99	3,529.50
2006/07	1,245.97	1,238.78	5,353.47	5,253.82
2007/08	1,502.09	1,563.95	8,040.38	7,920.32
2008/09	1,798.32	1,584.24	7,021.61	7,183.36
2009/10	1,857.24	1,636.06	7,722.40	7,607.30
2007 Jan	101.78	97.70	571.69	569.10
Feb	91.55	93.77	391.59	394.19
Mar	101.55	100.93	444.82	447.07
Apr	99.34	92.84	383.27	416.05
May	113.71	107.89	566.64	540.00
Jun	110.97	118.83	860.99	774.85
Jul	108.98	103.23	673.53	593.15
Aug	130.55	135.09	715.60	726.92
Sep	114.10	109.61	496.66	501.89
Oct	121.11	126.43	850.70	851.24
Nov	115.16	130.01	810.07	817.39
Dec	118.55	142.93	735.46	697.31
Total	**1,327.33**	**1,359.27**	**7,501.02**	**7,329.16**
2008 Jan	139.08	126.33	584.82	582.10
Feb	122.80	128.90	557.37	569.55
Mar	124.54	127.50	743.50	703.64
Apr	134.89	139.25	543.60	549.79
May	133.93	148.43	595.33	591.72
Jun	138.42	146.23	733.74	735.62
Jul	160.33	157.33	695.62	682.07
Aug	151.50	153.24	610.74	609.23
Sep	160.69	154.22	629.26	690.50
Oct	140.81	144.36	893.99	984.76
Nov	154.41	119.18	531.60	503.30
Dec	154.23	131.54	503.30	503.60
Total	**1,715.62**	**1,676.51**	**7,622.87**	**7,705.88**
2009 Jan	151.45	128.59	540.50	529.90
Feb	144.27	120.48	465.20	475.40
Mar	145.65	121.41	624.50	633.80
Apr	144.22	112.74	436.80	445.20
May	143.11	112.14	541.80	571.60
Jun	147.66	129.01	548.30	554.00
Jul	164.46	146.28	512.50	525.20
Aug	161.07	141.67	503.40	513.80
Sep	146.38	134.76	586.50	594.80
Oct	146.17	141.10	584.50	581.50
Nov	144.56	131.51	496.10	485.90
Dec	164.73	149.62	659.70	629.30
Total	**1,803.72**	**1,569.30**	**6,499.80**	**6,540.40**
2010 Jan	152.72	133.57	578.20	577.70
Feb	155.26	127.68	696.60	578.20
Mar	144.27	120.48	741.80	778.00
Apr	151.36	137.18	669.70	630.00
May	176.54	138.32	798.80	813.40
Jun	149.71	133.91	894.60	899.50

Source: Bank of Uganda

Appendix 24: Composite Consumer Price Index, Uganda (2005/06 = 100)

	Food	Beverages and Tobacco	Clothing and Footwear	Rent, Fuel and Utilities	Household and Personal Goods	Transport and Communication	Education	Health Entertainment & others	All Items Index	Monthly % Change	Annual % Change
Weights	27.2	4.7	4.4	14.8	4.5	12.8	14.7	16.8	100.0		
Calender Year (Average)											
2000	108.1	78.4	95.9	75.3	87.7	78.0	77.6	85.7	**77.9**		3.4
2001	107.4	84.0	99.6	81.0	91.7	80.1	82.0	88.2	**79.4**		1.9
2002	110.8	89.5	96.3	83.4	89.7	79.8	85.3	88.1	**79.2**		-0.3
2003	110.6	90.5	98.4	87.8	93.9	85.3	88.2	91.9	**86.1**		8.7
2004	107.2	94.5	96.3	91.2	97.0	87.7	92.1	94.7	**89.2**		3.7
2005	99.8	98.7	98.0	97.9	98.1	95.1	97.5	98.3	**96.8**		8.5
2006	105.5	100.7	102.7	106.4	102.9	104.5	102.2	101.7	**103.9**		7.2
2007	108.2	103.3	107.3	124.1	109.2	111.1	107.1	106.3	**110.2**		6.1
2008	129.6	112.3	116.5	136.5	126.4	122.2	114.3	114.6	**123.5**		12.0
2009	162.1	125.9	125.9	145.6	138.5	125.1	123.2	129.6	**139.6**		13.0
Fiscal Year (Average)											
2000/01	108.5	78.6	99.4	78.1	91.1	79.4	80.2	86.5	**79.9**		4.5
2001/02	108.4	89.8	97.3	82.6	90.5	80.4	83.4	88.7	**78.3**		-2.0
2002/03	111.6	88.6	97.0	85.3	91.2	82.1	86.7	89.6	**82.8**		5.7
2003/04	111.6	92.1	98.4	89.9	95.9	86.8	86.7	89.6	**86.9**		5.0
2004/05	104.8	97.4	96.2	93.9	97.6	89.9	94.4	96.5	**93.8**		8.0
2005/06	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**		6.6
2006/07	107.9	101.1	104.5	117.1	105.5	107.7	104.3	104.6	**107.5**		7.5
2007/08	113.7	107.1	112.1	129.8	117.8	117.5	110.6	109.6	**115.3**		7.3
2008/09	145.5	120.8	121.2	142.1	132.1	124.1	118.7	121.6	**131.6**		14.1
2009/10	168.9	128.4	127.0	148.5	143.0	126.0	127.7	136.0	**144.0**		9.4
Monthly											
2007 Jan	109.6	105.4	103.6	119.7	105.3	107.3	103.0	105.2	**108.4**	-0.3	9.2
Feb	106.3	101.2	104.3	122.4	105.9	106.8	106.0	104.6	**108.0**	-0.4	7.5
Mar	106.4	101.0	104.9	122.3	106.7	106.6	106.0	105.3	**108.2**	0.2	6.0
Apr	112.7	100.7	105.0	121.9	107.3	107.5	106.2	105.8	**110.0**	1.6	7.2
May	112.1	100.9	105.5	122.5	107.6	109.7	106.2	105.9	**110.3**	0.3	5.6
Jun	107.9	100.7	105.8	122.4	108.3	110.9	107.0	105.7	**109.5**	-0.7	5.9
Jul	105.7	100.7	107.8	123.6	110.0	111.6	107.1	106.1	**109.4**	-0.1	5.4
Aug	102.1	105.4	109.0	123.7	110.5	112.3	107.2	106.3	**109.0**	-0.4	4.4
Sep	105.4	105.8	109.8	124.8	110.8	113.0	107.2	106.7	**110.3**	1.2	5.1
Oct	108.5	105.9	110.0	128.1	111.1	113.6	109.7	106.6	**112.1**	1.7	6.2
Nov	110.5	106.0	110.4	128.5	112.7	115.0	109.7	108.4	**113.2**	1.0	5.5
Dec	111.1	106.4	111.9	129.7	114.3	118.4	109.7	109.6	**114.3**	1.0	5.2
2008 Jan	112.9	107.6	112.2	131.3	116.2	120.9	109.9	109.9	**115.5**	1.0	6.5
Feb	113.0	107.3	114.3	131.9	120.6	120.2	112.2	110.6	**116.4**	0.8	7.7
Mar	115.6	107.5	113.8	131.8	124.6	119.7	113.1	111.4	**117.5**	1.0	8.5
Apr	123.0	112.9	115.5	132.7	126.0	119.5	113.3	112.5	**120.3**	2.4	9.3
May	127.7	113.1	115.6	135.4	128.8	122.4	113.5	113.1	**122.6**	1.9	11.2
Jun	128.9	113.8	115.4	135.9	128.3	122.4	114.5	114.2	**123.3**	0.5	12.5
Jul	131.5	114.5	116.1	138.1	127.2	122.4	114.4	116.0	**124.7**	1.1	13.9
Aug	136.4	115.6	117.2	139.0	127.1	122.9	114.5	116.1	**126.3**	1.3	15.9
Sep	137.7	115.4	118.2	140.3	127.9	123.1	114.4	116.9	**127.1**	0.6	15.3
Oct	140.3	115.7	118.4	140.1	129.3	122.6	117.0	117.1	**128.1**	0.8	14.3
Nov	144.0	120.2	119.7	139.3	129.4	123.4	117.3	119.1	**129.8**	1.3	14.7
Dec	143.7	121.4	122.0	141.8	131.4	126.0	117.6	119.9	**130.6**	0.6	14.3
2009 Jan	146.2	124.6	121.9	144.6	132.2	125.5	117.9	121.3	**132.3**	1.3	14.5
Feb	147.3	123.2	122.9	147.0	133.7	125.3	121.5	122.2	**133.7**	1.1	14.9
Mar	148.4	124.7	122.6	144.7	134.9	124.9	121.4	124.0	**134.0**	0.2	14.1
Apr	155.0	124.3	124.0	143.7	135.8	124.0	121.5	127.3	**136.4**	1.8	13.4
May	158.1	125.7	125.6	142.8	137.8	124.0	122.1	129.1	**137.9**	1.1	12.4
Jun	157.0	124.8	125.2	144.0	138.8	124.7	124.5	130.2	**138.4**	0.4	12.3
Jul	157.0	127.2	126.2	147.3	139.5	125.2	124.6	130.9	**139.2**	0.6	11.7
Aug	166.7	126.3	127.3	147.5	140.5	125.0	124.8	131.9	**142.1**	2.0	12.5
Sep	179.4	127.3	127.5	146.6	141.6	124.9	125.1	133.6	**145.6**	2.4	14.5
Oct	177.4	127.3	127.3	146.4	141.6	125.6	125.1	134.3	**145.3**	-0.2	13.4
Nov	176.5	127.6	128.8	147.3	141.8	125.2	125.2	135.0	**145.3**	0.0	11.9
Dec	175.7	127.2	130.9	144.6	143.4	126.4	125.2	135.5	**144.9**	-0.3	10.9
2010 Jan	173.3	128.7	128.1	145.2	143.2	124.0	125.0	136.2	**144.0**	-0.7	8.8
Feb	168.1	129.4	125.8	151.1	144.0	124.7	131.6	137.0	**144.6**	0.4	8.1
Mar	165.5	130.1	125.1	151.7	144.2	125.6	131.5	137.4	**144.1**	-0.3	7.5
Apr	165.6	130.0	125.1	151.2	145.1	128.3	131.4	138.6	**144.6**	0.3	6.0
May	161.8	129.8	124.9	150.4	145.5	128.6	131.4	139.9	**143.8**	-0.5	4.3
Jun	160.0	130.0	127.1	153.2	145.9	128.5	131.5	142.3	**144.3**	0.4	4.2

Source: Uganda Bureau of Statistics

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

(Base: 2005/2006 = 100)

	Food Crops	Elec, Fuel & Utilites (EFU)	Core	All Items Index	Annual Percentage Changes: Food Crops	Elec, Fuel & Utilites (EFU)	Core	All Items
Weights		4.9	81.6	100.0				
Calender Year (Average)								
2006	104.7	112.9	103.2	**103.9**				
2007	100.7	135.2	110.1	**110.2**	-3.8	21.7	6.6	**6.1**
2008	116.6	150.0	122.7	**123.5**	15.8	9.1	11.5	**12.1**
2009	154.1	149.3	136.3	**139.6**	32.2	-0.4	11.0	**13.0**
Fiscal Year (Average)								
2005/06	100.0	100.0	100.0	**100.0**				
2006/07	103.1	128.9	106.8	**107.4**	3.1	28.9	6.9	**7.5**
2007/08	103.5	144.0	115.4	**115.3**	0.4	11.6	8.0	**7.3**
2008/09	131.7	151.0	130.2	**131.6**	27.1	4.7	12.7	**14.1**
2009/10	163.9	149.1	140.2	**144.0**	24.5	-1.0	7.8	**9.4**
Monthly								
2006 Jan	98.8	99.2	99.4	**99.3**				
Feb	101.5	99.2	100.4	**100.4**				
Mar	110.3	99.2	100.9	**102.1**				
Apr	111.8	99.1	101.2	**102.6**				
May	114.1	100.5	103.1	**104.4**				
Jun	100.7	113.4	103.2	**103.4**				
Jul	97.1	119.4	103.9	**103.8**	6.9	23.8	5.2	**6.3**
Aug	100.5	119.3	104.1	**104.4**	10.5	23.4	5.8	**7.2**
Sep	100.4	118.9	104.8	**104.9**	4.5	20.3	6.4	**6.9**
Oct	105.4	117.5	105.0	**105.7**	10.6	18.4	6.5	**7.7**
Nov	107.0	136.0	105.7	**107.4**	11.5	37.2	6.9	**9.1**
Dec	109.2	133.5	107.2	**108.8**	16.4	34.9	8.5	**10.9**
2007 Jan	104.3	133.1	107.5	**108.4**	5.6	34.1	8.1	**9.2**
Feb	98.0	132.9	108.1	**108.0**	-3.4	34.0	7.7	**7.5**
Mar	98.6	133.1	108.2	**108.2**	-10.6	34.2	7.3	**6.0**
Apr	108.6	133.9	108.7	**110.0**	-2.8	35.1	7.5	**7.2**
May	107.8	134.7	109.2	**110.3**	-5.5	34.0	5.9	**5.6**
Jun	100.3	135.1	109.4	**109.5**	-0.4	19.1	6.0	**5.9**
Jul	96.7	140.0	109.6	**109.4**	-0.5	17.3	5.5	**5.4**
Aug	90.8	139.6	110.0	**109.0**	-9.6	17.0	5.7	**4.4**
Sep	95.7	140.4	110.7	**110.2**	-4.7	18.1	5.6	**5.1**
Oct	100.4	141.5	112.1	**112.1**	-4.7	20.4	6.8	**6.2**
Nov	103.9	142.3	112.8	**113.2**	-2.9	4.6	6.8	**5.5**
Dec	103.1	143.5	114.3	**114.3**	-5.6	7.4	6.7	**5.2**
2008 Jan	103.8	146.3	115.5	**115.5**	-0.5	10.0	7.4	**6.5**
Feb	102.8	147.0	116.6	**116.4**	4.8	10.6	7.9	**7.8**
Mar	103.5	146.0	117.9	**117.5**	5.0	9.7	9.0	**8.6**
Apr	110.5	145.8	120.2	**120.3**	1.7	8.9	10.5	**9.4**
May	115.6	146.4	122.1	**122.6**	7.3	8.7	11.8	**11.2**
Jun	115.7	148.7	122.7	**123.2**	15.4	10.1	12.1	**12.6**
Jul	116.4	153.7	124.0	**124.6**	20.5	9.8	13.1	**14.0**
Aug	121.4	154.4	125.0	**126.3**	33.7	10.6	13.6	**15.9**
Sep	123.5	153.8	125.7	**127.1**	29.0	9.6	13.5	**15.3**
Oct	127.5	152.3	126.5	**128.1**	26.9	7.6	12.8	**14.3**
Nov	129.7	152.9	127.4	**129.8**	24.9	7.5	12.9	**14.7**
Dec	128.6	152.3	128.8	**130.6**	24.7	6.2	12.7	**14.3**
2009 Jan	131.1	154.1	131.0	**132.3**	26.4	5.3	13.4	**14.5**
Feb	133.7	150.9	132.5	**133.7**	30.1	2.7	13.6	**14.9**
Mar	134.7	148.5	132.8	**134.0**	30.1	1.7	12.5	**14.1**
Apr	144.4	145.6	134.2	**136.4**	30.7	-0.1	11.7	**13.4**
May	147.0	144.8	135.6	**137.9**	27.1	-1.1	11.0	**12.4**
Jun	141.2	145.3	137.1	**138.4**	22.0	-2.3	11.7	**12.3**
Jul	142.6	150.5	137.6	**139.2**	22.5	-2.1	10.9	**11.7**
Aug	158.9	150.4	138.3	**142.1**	30.8	-2.6	10.6	**12.5**
Sep	183.1	150.6	138.8	**145.6**	48.3	-2.1	10.4	**14.5**
Oct	178.8	151.0	139.0	**145.3**	40.3	-0.8	9.9	**13.4**
Nov	177.7	150.2	139.3	**145.3**	37.0	-1.8	9.4	**11.9**
Dec	176.0	150.0	139.2	**144.9**	36.9	-1.5	8.0	**10.9**
2010 Jan	170.5	144.1	139.4	**144.0**	30.0	-6.5	6.4	**8.8**
Feb	162.4	144.7	141.6	**144.6**	21.5	-4.2	6.8	**8.1**
Mar	157.9	146.5	141.7	**144.1**	17.2	-1.4	6.7	**7.5**
Apr	158.9	150.4	141.8	**144.6**	10.0	3.3	5.7	**6.0**
May	152.7	150.8	141.8	**143.8**	3.9	4.1	4.6	**4.3**
Jun	146.1	150.9	143.4	**144.3**	3.5	3.9	4.6	**4.2**

Source: Uganda Bureau of Statistics

Appendix 26: Index of Industrial Production

Group/Subgroup	Weight	Calendar						Fiscal year					
		2004	2005	2006	2007	2008	2009	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Total Manufacturing	**1000**	**114.1**	**125.8**	**129.6**	**145.2**	**156.4**	**173.9**	**110**	**119**	**128**	**136**	**150**	**168**
Food Processing	**400**	**106.5**	**110.0**	**117.0**	**126.0**	**139.3**	**162.0**	**105**	**104**	**112**	**123**	**131**	**154**
Meat preparation & processing	2	101.2	90.7	85.8	81.3	72.8	125.0	121	64	103	81	75	97
Fish processing & preservation	28	97.6	86.6	76.8	63.0	67.7	54.0	90	95	83	72	66	55
Edible oil & fats production	42	123.6	127.7	206.5	239.0	205.2	268.0	116	112	156	235	223	224
Dairy production	10	135.6	160.9	166.0	190.9	294.8	290.0	122	143	170	170	226	339
Grain milling	9	137.2	217.4	354.0	319.0	312.3	401.0	134	133	287	350	302	382
Bakery production	9	168.5	125.5	146.0	179.0	196.4	199.0	114	112	140	164	185	200
Sugar processing	139	113.9	119.1	119.3	107.0	141.7	200.0	110	118	120	117	116	182
Tea processing	68	86.9	112.0	101.0	133.0	128.0	104.0	86	75	68	73	97	96
Coffe processing	89	94.9	75.0	65.0	83.0	98.0	93.0	114	104	107	114	134	117
Animal feed production	5	96.4	146.0	128.0	162.8	137.1	116.0	107	107	139	142	161	119
Other Food processing	1	118.5	94.0	139.0	167.0	170.4	164.0	122	120	89	152	174	162
Drinks & Tobacco	**201**	**123.1**	**146.0**	**146.0**	**180.0**	**192.8**	**196.0**	**116**	**127**	**152**	**155**	**190**	**192**
Beer production	99	114.7	136.6	142.7	198.0	219.5	198.0	112	117	139	161	217	202
Soft drinks & bottled water production	69	139.4	174.4	209.0	240.0	248.0	290.0	131	154	199	220	243	271
Tobacco manufacturing	33	114.5	117.0	29.0	0.0	0.0	0.0	99	104	91	0	0	0
Textiles Clothing & Footwear	**43**	**161.4**	**145.0**	**135.1**	**163.0**	**141.7**	**187.0**	**144**	**174**	**131**	**139**	**151**	**169**
Cotton ginning	12	161.7	247.0	72.9	132.0	64.6	145.0	135	257	81	117	82	143
Textiles & garment manufacturing	19	189.4	173.3	228.7	214.0	259.6	302.0	169	182	208	190	241	268
Leather and footwear production	11	113.0	57.7	44.8	113.0	26.3	36.0	110	66	55	77	73	29
Sawmilling, paper & printing	**35**	**120.0**	**125.0**	**132.0**	**148.5**	**167.9**	**210.0**	**115**	**116**	**131**	**133**	**163**	**194**
Sawmilling, papermaking, etc	12	59.7	55.0	60.0	54.0	62.0	93.0	80	51	61	54	54	81
Printing and publishing	23	151.4	161.0	170.0	199.2	223.1	271.0	133	149	168	174	220	253
Chemicals, Paint, soap & foam products	**97**	**108.9**	**130.4**	**132.0**	**144.9**	**166.7**	**222.0**	**109**	**124**	**131**	**142**	**140**	**205**
Chemicals & pharmaceutical production	9	119.5	132.0	149.2	190.3	180.7	228.0	119	107	144	175	188	203
Paint & vanish manufacturing	3	56.0	249.1	267.0	354.0	427.8	423.0	56	224	246	304	383	448
Soap, detergents, etc production	75	108.0	124.4	117.0	116.0	145.9	207.0	108	122	121	118	110	191
Foam products manufacturing	10	119.6	143.0	190.0	275.0	243.3	275.0	120	134	160	246	257	252
Bricks & Cement	**75**	**103.8**	**126.0**	**149.0**	**159.0**	**173.1**	**166.0**	**104**	**124**	**132**	**157**	**162**	**169**
Bricks, Tiles, & other ceramic production.	10	69.6	75.5	91.0	118.0	115.0	118.0	70	82	85	106	120	113
Cement and lime production	60	112.5	133.4	158.0	160.0	185.0	177.0	112	131	140	164	169	181
Concrete articles manufacturing	5	112.0	132.0	157.0	199.0	143.0	135.0	112	131	130	186	170	145
Metal Products	**83**	**108.9**	**125.0**	**132.0**	**140.0**	**129.8**	**124.0**	**112**	**127**	**133**	**132**	**141**	**126**
Basic Iron & Steeel Manufacturing	78	108.8	123.6	131.0	140.0	131.7	123.0	113	127	132	131	142	128
Other metal products	5	110.3	146.0	143.0	143.0	99.5	141.0	85	132	148	149	125	108
Miscellaneous	**66**	**124.9**	**130.0**	**121.0**	**137.6**	**151.7**	**152.0**	**107**	**121**	**129**	**130**	**144**	**159**
Plastic Products manufacturing	33	136.1	134.9	135.1	139.0	160.6	173.0	126	129	131	137	142	185
Furniture-making	14	114.0	142.0	94.0	123.0	141.0	112.0	88	114	141	102	147	122
Other manufacturing	19	113.6	111.0	118.0	146.0	143.9	144.0	88	114	116	138	144	141

Source: Uganda Bureau of Statistics

Appendix 27: Pump Prices for Petroleum Products

(Kampala pump prices, shs per litre).

Year and Effective Month of Increase	Motor Spirit Premium (PMS)	Diesel (AGO)	Kerosene (BIK)	Exchange Rate (shs per US$)
2005 Jan	1,720	1,484	1,400	1,732
Feb	1,720	1,467	1,400	1,711
Mar	1,730	1,488	1,410	1,711
Apr	1,883	1,642	1,588	1,778
May	1,953	1,710	1,632	1,776
Jun	1,975	1,673	1,500	1,738
Jul	2,061	1,762	1,550	1,752
Aug	2,100	1,845	1,550	1,815
Sep	2,200	1,890	1,650	1,848
Oct	2,185	1,881	1,669	1,857
Nov	2,175	1,875	1,675	1,835
Dec	2,175	1,875	1,675	1,816
2006 Jan	2,175	1,875	1,675	1,819
Feb	2,175	1,875	1,675	1,816
Mar	2,175	1,875	1,675	1,821
Apr	2,193	1,911	1,705	1,827
May	2,231	1,949	1,786	1,836
Jun	2,290	1,975	1,798	1,860
Jul	2,303	2,002	1,810	1,858
Aug	2,295	1,975	1,794	1,848
Sep	2,251	1,903	1,818	1,855
Oct	2,150	1,850	1,690	1,843
Nov	2,095	1,750	1,650	1,819
Dec	1,878	1,661	1,600	1,775
2007 Jan	1,926	1,682	1,600	1,792
Feb	1,951	1,718	1,615	1,752
Mar	1,988	1,737	1,625	1,751
Apr	2,048	1,958	1,626	1,729
May	2,139	1,950	1,606	1,695
Jun	2,153	1,875	1,625	1,644
Jul	2,224	1,853	1,625	1,653
Aug	2,217	1,906	1,696	1,737
Sep	2,320	1,970	1,670	1,763
Oct	2,330	2,013	1,717	1,747
Nov	2,387	2,090	1,717	1,708
Dec	2,443	2,150	1,717	1,712
2008 Jan	2,775	2,370	1,950	1,711
Feb	2,717	2,188	1,950	1,708
Mar	2,575	2,188	2,154	1,684
Apr	2,597	2,317	2,099	1,687
May	2,591	2,583	2,112	1,648
Jun	2,665	2,583	2,254	1,601
Jul	2,715	2,638	2,353	1,634
Aug	2,754	2,665	2,409	1,624
Sep	2,738	2,503	2,387	1,645
Oct	2,646	2,370	2,330	1,839
Nov	2,646	2,458	2,360	1,910
Dec	2,783	2,456	2,313	1,956
2009 Jan	2,896	2,408	2,227	1,976
Feb	2,668	1,975	2,124	1,965
Mar	2,563	1,755	1,962	2,052
Apr	2,418	1,725	1,817	2,176
May	2,353	1,831	1,787	2,248
Jun	2,358	1,938	1,797	2,137
Jul	2,428	1,967	1,819	2,111
Aug	2,423	1,973	1,818	2,072
Sep	2,442	2,007	1,829	1,962
Oct	2,521	2,028	1,822	1,898
Nov	2,457	1,997	1,794	1,874
Dec	2,434	2,028	1,784	1,897
2009 Jan	2,437	2,025	1,773	1,936
Feb	2,458	2,032	1,789	1,997
Mar	2,556	2,160	1,847	2,086
Apr	2,780	2,271	1,906	2,083
May	2,955	2,290	1,960	2,175
Jun	2,894	2,334	1,998	2,257

Source: Bank of Uganda

Appendix 28: Electricity; Capacity, Generation and Sales.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Production												
Installed capacity	183.0	183.0	183.0	183.0	263.0	263.0	303.0	303.0	303.0	303.0	303.0	303.0
Owen Falls	180.0	180.0	180.0	180.0	260.0	260.0	300.0	300.0	300.0	300.0	300.0	300.0
Thermal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0			
Other	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0	3.0	3.0
Units Generated (GWh)	1,130.1	1,218.5	1,233.6	1,341.7	1,534.7	1,576.6	1,701.7	1,756.8	1,895.6	1,857.2	1,173.5	1,904.7
Hydro-electric	1,129.0	1,217.3	1,232.4	1,340.5	1,533.5	1,575.4	1,700.5	1,755.6	1,894.4	1,856.0	1,172.3	1,904.7
Thermal	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Total units generated	**1,130.1**	**1,218.5**	**1,233.6**	**1,341.7**	**1,534.7**	**1,576.6**	**1,701.7**	**1,756.8**	**1,895.6**	**1,857.2**	**1,173.5**	**1,904.7**
Transit & distribution losses 1/	296.5	340.1	...	...	...	36.1	36.7	28.2	35.7	n.a	n.a	n.a
Units Accounted for by Consumption	833.6	878.4	...	...	...	...	...	...	...	...	...	...
Maximum demand (MW) 2/												
System maximum demand	177.0	178.6	179.8	179.8	246.0	327.5	302.8	279.1	264.5	238.7	159.4	n.a
Kenya maximum demand	45.1	...	...	...	...	...	...	...	...	...	...	...
Tanzania maximum demand	5.0	...	...	...	...	...	...	...	...	...	...	...
Rwanda maximum demand	1.0	...	...	...	...	...	...	...	...	...	...	...
Annual load factor (%) 3/	**71.0**	**77.9**	**78.3**	**58.9**	**67.4**	**71.4**	**80.8**	**71.9**	**82.0**	**88.8**	**85.0**	**n.a**
Energy supply (GWh)	1,138.9	...	...	...	...	...	...	...	...	...	...	...
Hydro electric	1,129.0	...	...	...	...	...	...	...	...	...	...	...
Thermal	...	...	...	...	...	...	...	...	...	...	...	...
Imports	9.9	...	...	...	...	...	...	...	...	...	...	...
Mubuku	9.6	...	...	...	...	...	...	...	...	...	...	...
Rwanda	0.3	...	...	...	...	...	...	...	...	...	...	...
Sales												
Energy sold (GWh)	**826.2**	**870.1**	**864.8**	**753.1**	**893.4**	**1,058.0**	**1,376.2**	**1,276.4**	**1,023.5**	**755.4**	**...**	**...**
Uganda	675.1	700.1	706.5	579.2	642.4	913.0	1,111.0	1,058.0	827.0	701.0	...	...
Domestic	365.5	344.0	317.0	307.1	312.0	354.0	476.0	418.0	345.3	274.0	...	...
Commercial	61.8	...	...	107.0	122.0	175.0	159.0	152.0	135.3	106.8	...	...
Industrial	143.6	159.0	154.0	162.7	206.0	381.0	473.0	484.0	346.2	319.4	...	...
General	102.1	195.0	234.0	...	...	...	...	...	...	...	...	...
Street Lighting	2.1	2.1	1.5	2.4	2.4	3.0	3.0	4.0	0.2	0.8	...	...
Exports (Bulk Supply)	**151.1**	**170.0**	**158.3**	**173.9**	**251.0**	**145.0**	**265.2**	**218.4**	**196.5**	**54.4**	**...**	**...**
Kenya	131.2	148.0	136.0	152.8	229.0	120.0	240.0	191.0	162.2	24.7	...	...
Tanzania	19.0	20.0	21.0	21.1	22.0	22.0	24.0	25.0	30.1	26.8	...	...
Rwanda	0.9	2.0	1.3	0.0	0.0	3.0	1.2	2.4	4.2	2.9	...	...
System losses (GWh)	300.8	...	...	...	...	...	...	...	...	...	...	...
Losses as a % of generated	30.8	...	...	...	...	...	...	...	...	...	...	...
Revenue												
Energy sold (Ug. Shs. million)	**49,176**	**79,100**	**85,236.0**	**60,916.0**	**124,230.0**	**163,688.0**	**226,879.0**	**208,971.0**	**158,234.3**	**125,684.0**	**...**	**...**
Uganda	44,900	66,719	70,603.0	41,662.0	93,571.0	145,085.0	198,765.0	183,067.0	137,096.5	119,467.1	...	...
Domestic	27,670	27,657	26,721.0	18,766.0	30,053.0	56,328.0	83,851.0	75,595.0	67,316.5	64,337.1	...	...
Commercial	16,658	23,094	28,805.0	10,414.0	17,371.0	27,760.0	28,741.0	28,787.0	26.88.5	24,368.2	...	...
Industrial	348	15,736	14,907.0	12,251.0	45,853.0	60,592.0	85,726.0	77,998.0	69,710.7	30,592.5	...	...
General	...	...	...	...	...	...	...	...	...	...	...	...
Street lighting	224	232	170.0	231.0	294.0	405.0	447.0	687.0	69.3	169.3	...	...
Exports (bulk supply)	**4,276**	**12,381**	**14,633**	**19,254.0**	**30,659.0**	**18,603.0**	**28,114.0**	**25,904.0**	**21,137.8**	**6,216.9**	**...**	**...**
Kenya	2,144	10,097	11,790	16,616.0	27,850.0	15,117.0	24,487.0	21,447.0	16,324.2	2,700.3	...	...
Tanzania	2,052	2,156	2,711	2,633.0	2,795.0	3,101.0	3,439.0	4,049.0	4,184.0	3,089.0	...	...
Rwanda	80	128	132	5.0	14.0	385.0	188.0	408.0	629.6	427.6	...	...

Notes: 1/ Including units unaccounted for by consumption.
2/ Maximum demand (M.W) means the largest demand for electricity measured in kilowatts (K.W) or kilo volt amperes (K.V.A) at any moment in a given period.
3/ Load Factor: This is the ratio of units in Kilowatt Hours (K.W.H) produced if the maximum demand had been maintained throughtout the period:

Source: Uganda Electricity Board and associated Independent Companies

Appendix 29: UETCL Energy purchases (GWh)

	2004	2005	2006	2007	2008	2009
Hydro electricity	**1,887.69**	**1,721.72**	**1,190.03**	**1,293.92**	**1,405.04**	**1,264.64**
Eskom	1,872.33	1,698.54	1,160.45	1,263.54	1,373.44	1,234.98
Kilembe mines	11.47	20.81	28.05	29.64	29.80	28.35
Kasese Cobalt	3.89	2.37	1.53	0.74	1.80	1.31
Thermal Electricity	**-**	**140.77**	**369.98**	**539.13**	**597.07**	**874.57**
Aggreko 1 (Lugogo)	-	140.77	319.95	272.80	141.39	-
Aggreko 2 (Kiira)	-	-	50.03	266.33	239.59	126.34
Aggreko 3 (Mutundwe)	-	-	-	-	99.52	395.14
Jacobsen (Namanve)	-	-	-	-	116.57	353.09
Others	**-**	**28.19**	**68.89**	**71.72**	**173.89**	**394.15**
Back flows to UETCL (At 33kv)	-	3.72	19.98	11.63	130.68	346.10
Electrogaz	-	1.32	2.18	1.84	2.29	2.33
Kinyara	-	-	-	-	-	4.47
Electromax	-	-	-	-	-	0.28
Bugoye	-	-	-	-	-	15.91
KPCL (import)	-	23.15	46.73	58.25	40.92	25.06
Total	**1,887.69**	**1,890.68**	**1,628.90**	**1,904.77**	**2,176.00**	**2,533.36**

Source: Uganda Electricity Transmission Company Limited (UETCL)