BANK OF UGANDA

Golden Jubilee
1966 - 2016

Promoting Financial Stability

Annual Report

FY 2015/2016

Mission

To foster price stability and a sound financial system

Vision

To be a centre of excellence in upholding macroeconomic stability

Values

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

Table of Contents

List of Figures

List of Tables

Abbreviations

AEs	Advanced Economies
AfDB	African Development Bank
AFRACA	African Rural and Agricultural Credit Association
AGCB	Audit and Governance Committee of the Board
ALSI	All Share Index
AML	Anti-Money Laundering
ATM	Automated Teller Machine
Bank	The Central Bank of Uganda
BIS	Bank for International Settlement
BOP	Balance of Payments
BOU	Bank of Uganda
BRICS	Brazil, Russia, India, China & South Africa
BSA	Bank Supervision Application
CBR	Central Bank Rate
CGT	Capital Gains Tax
CIC	Currency In Circulation
COMESA	Common Market for Eastern and Southern Africa
CPCB	Capital Projects Committee of the Board
CPI	Consumer Price Index
CRB	Credit Reference Bureau
CSD	Central Securities Depository
DBS	Defined Benefits Scheme
DFS	Development Finance Schemes
DPF	Deposit Protection Fund
DRS	Disaster Recovery Site
EAC	East African Community
EAMU	East African Monetary Union
EAPS	East African Payments System
ECCS	Electronic Cheque Clearing System
ECGS	Export Credit Guarantee Scheme
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer at Point of Sale
EIB	European Investment Bank
EIR	Effective Interest Rate
EMDEs	Emerging Markets and Developing Economies
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 of Management – Bank of Uganda
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FERMS	Foreign Exchange Reserve Management System
FIS	Financial Institutions Statute
FMDP	Financial Markets Development Programme

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

Registered Addresses

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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

AUDITORS

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

SOLICITORS

MMAKS
P O Box 7166
Kampala
Uganda

DELEGATED AUDITORS

Ernst & Young
EY House
18, Clement Hill Road
Shimoni Office Village
P O Box 7215
Kampala

REGIONAL BRANCHES

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

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

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

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

CURRENCY CENTRES

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

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

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

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

1 Governor's Foreword

The Ugandan economy continued to grow, but at a moderate pace in 2015/16. Gross Domestic Product expanded by 4.6 percent in real terms, a pace slightly lower than 5.0 percent in 2014/15, but in line with the average of 4.6 percent in the past four years.

Consumer price inflation edged above the BoU medium term target of 5 percent, but remained broadly within the band of ± 3 percent. Annual overall and core inflation averaged 6.6 percent and 6.7 percent, respectively in 2015/16. Inflationary pressures were mainly due to the pass-through of the sharp depreciation of the exchange rate and supply side shocks, which drove up food crops and related items prices. Annual food crops and related items inflation averaged 10.8 per cent during the first half of the financial year. BOU gradually tightened monetary policy, raising the Central Bank Rate (CBR) from 13 to 17 percent to dampen the rising inflationary expectations.

"The stock of foreign reserves at June 30th, 2016 amounted to USD2.948 billion, equivalent to 4.3 months of import cover."

The balance of payments improved to a surplus of USD 80.2 million, on account of a decline in private sector import bill, reflecting a combination of low global crude oil prices and subdued domestic demand. Total private sector imports declined by 17.7 percent. Export growth, on the other hand remained subdued, reflecting weak global demand, low commodity prices and the fragility and violent conflicts in South Sudan, one of Uganda's major trading partners, which accounted for 11 percent of Uganda's total exports in 2015. The stock of foreign reserves at June 30th, 2016 amounted to USD 2.948 billion, equivalent to 4.3 months of import cover.

The banking system remained in a sound financial condition, and was well capitalised with most of the banks meeting the minimum capital adequacy requirements. However, the ratio of non-performing loans to total gross loans edged up from 4.0 percent in June 2015 to 7.4 percent in June 2016. BoU exited statutory management of Imperial Bank Uganda Ltd, following a sale of majority shares formerly held by Imperial Bank Kenya Ltd to Exim Bank (Tanzania) Ltd. The Financial Institutions (Amendment) Act 2016 was enacted in January 2016 to allow for Agent banking, Islamic banking, Bancassurance, reformation of the separate but combined Deposit Protection Fund and revision of capital provisions.

During the year, the Bank launched a yearlong commemoration of its existence since 15 August 1966. The focus of the commemorations was mainly the external clientele which the Bank targeted with public awareness and education programmes such as the Golden Jubilee Joseph Mubiru Memorial Lecture, a panel debate, town hall meetings as well as the National Primary School Essay focused on savings among others. The essence of the commemorations was to demystify the Bank among its stakeholders, reflect on the past, and position the institution for the next half century.

I thank the board of directors, management and staff of the Bank who have supported the work of the institution in FY2015/16. I also congratulate all Ugandans on the Golden Jubilee of our Central Bank.

Prof Emmanuel Tumusiime-Mutebile
Governor

2 Board of Directors and Management Structure

2.1 Board of Directors

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

- **Louis Kasekende (PhD)**
- Deputy Governor, Alternate Chairman of the Board, member of CPCB, HRRCB and SFCB

- **Mr. C. Manyindo Kassami (RIP)**
- Chairman of the HRRCB, member of the SFCB and AGCB
- Deceased 11 March 2016

- **William S. Kalema (PhD)**
- Chairman of SFCB.
- Member of AGCB and CPCB

- **Mr. James Kahoza**
- Chairman of the AGCB
- Member of: SFCB, CPCB and HRRCB.

- **Mr. Ibrahim K. Kabanda**
- Member of : SFCB, AGCB,CPCB and HRRCB

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

- **Mr. Keith Muhakanizi**
- Appointed effective 18 July 2016

2.2 Management Structure

Board of Directors


Prof. E. Tumusiime-Mutebile, Governor


Louis Kasekende (PhD)
Deputy Governor


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


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


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


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


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


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


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


Ms. Susan Kanyemibwa
Bank Secretary
Board Affairs; Communications; Legal


Mrs. Mary Katarikawe
Personal Assistant to Governor
Procurement and Disposal


Ms. Deborah Kabahweza
Chief Internal Auditor
Internal Audit

"Bank of Uganda upholds, and is committed to international best practice and highest standards of business integrity, ethical values and governance"

3 Corporate Governance

3.1 Regulatory Framework

The Bank of Uganda derives its mandate as the Central Bank of Uganda from the Constitution of the Republic of Uganda, 1995. Article 161 of the Constitution vests the authority of the Bank in the Board of Directors. The functions of Bank of Uganda are spelt out in Article 162 of the Constitution and Section 4 of the Bank of Uganda Act.

3.2 Corporate Governance Statement

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

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

The Corporate Governance Statement complies with the best practice disclosure including: the profiles of Directors, Information on attendance of the individual Directors at Board and Board Committee meetings, brief descriptions of the functions of the Board and each of the Board Committees, Remuneration of Directors and the Board performance evaluation.

3.3 The Board of Directors

The Board of Directors of the Bank consists of:-

i. The Governor who is the Chairman;
ii. The Deputy Governor who is the Alternate Chairman;
iii. And not more than five Non-Executive Directors.

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

3.3.1 Prof. Emmanuel Tumusiime-Mutebile

He is the Governor and Chairman of the Board of Directors. He Chairs the Executive Committee; Monetary Policy Committee (MPC); Payment System Policy Committee; Financial Stability Committee and Foreign Exchange Reserve Management Policy Committee. He is a member of the Board of Trustees of the BoU Staff Retirement Benefits Scheme.

3.3.2 Louis Kasekende (Ph.D.)

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

3.3.3 Mr. Christopher M. Kassami (RIP)

He was a Non-Executive Director and Chairman of Human Resources and Remuneration Committee of the Board; member of the Strategy and Finance Committee of the Board and Audit & Governance Committee of the Board. He passed away on 11th March 2016.

3.3.4 Mr. James Kahoza

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

3.3.5 Mr. Ibrahim K. Kabanda

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

3.3.6 William S. Kalema (Ph.D.)

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

3.3.7 Ms. Judy Obitre-Gama

She is a Non-Executive Director, and Chairperson of Capital Projects Committee of the Board. Following the demise of Mr. Christopher Kassami she accepted to hold the brief as the Chairperson of the Human Resources and Remuneration Committee of the Board. She is also a member of Audit & Governance Committee of the Board, a member of the Board of Trustees of the BoU Staff Defined Benefits Scheme and Chairperson of the Investment Committee of the Staff Defined Benefits Scheme.

3.4 Secretary to the Board

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

3.5 The Functions and Duties of the Board

Section 162 of the Constitution of the Republic of Uganda, 1995 provides for the functions of the Bank of Uganda, whose authority is invested in the Board of Directors as follows:

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

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

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

3.5.1 The Board of Directors' Charter and Code of Conduct

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

i. fiduciary obligation to act in the best interest of the Bank;
ii. duty to act within powers;
iii. to promote the success of the Bank;
iv. exercise independent judgment;
v. exercise reasonable care, skill and diligence;
vi. avoid conflicts of interest; and,
vii. not to accept benefits from third parties.

3.5.2 Meetings of the Board

According to the Bank of Uganda Act, at least 10 meetings of the Board [including Board Committee Meetings] must be held in one financial year. The Board and Board Committees meet quarterly as scheduled. Ad hoc or special meetings are convened as and when required. In total, the Board and Board Committee meetings held during the period under review were twenty seven (27), and the attendance was as indicated in Table 1.

Table 1: Attendance of the Board and Board Committees: July 2015 – June 2016

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

Source: Bank of Uganda

i. The Audit and Governance Committee of the Board meetings included 3 special executive meetings; one with the Chief Internal Auditor and the other two with the External Auditors.
ii. Mr. Keith Muhakanizi was appointed to the Board effective 18th July, 2016 to replace the late Christopher Kassami.

3.6 Board Committees

In discharging its functions, the Board delegates some of its responsibilities to the Board Committees. The Committees are: the Human Resource and Remuneration Committee of the Board, the Strategy and Finance Committee of the Board, the Capital Projects Committee of the Board and the Audit and Governance Committee of the Board. These Committees operate within defined terms of reference laid down in the Board Charter.

3.6.1 Human Resource and Remuneration Committee of the Board (HRRCB)

The HRRCB is composed of the Deputy Governor and four Non-Executive Directors. The Committee is chaired by a Non-Executive Director. The Bank Secretary is secretary to the

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

3.6.2 Strategy and Finance Committee of the Board (SFCB)

Formerly known as the Finance Committee of the Board but was renamed as the Strategy and Finance Committee of the Board during the current financial year to allow it play the pivotal role in the Long-Term Strategy development and implementation. The SFCB is composed of the Deputy Governor and four Non-Executive Directors. The Committee is chaired by a Non-Executive Director. The Bank Secretary is secretary to the Committee. The Executive Director Finance attends the Committee meetings as an ex-officio. The meetings are held on a quarterly basis. Special meetings may be convened as and when necessary. The Committee reviews proposed budgets and supplementary budgets requests and makes recommendations to the Board; reviews quarterly performance reports against approved budgets and generally supervises the Bank's financial discipline by examining financial plans, commitments and budgets presented by management.

As approved by the Board Meeting No. 330 of 5th April, 2016, the Board Manual was amended to reflect the expanded role of the SFCB as follows:

i. The Finance Committee of the Board [FCB] was renamed as the Strategy and Finance Committee of the Board [SFCB].
ii. Section 10.2.6 (c) of the Bank of Uganda Board Manual (Charter) was expanded to reflect the additional roles and responsibilities as follows: "Monitors and evaluates the implementation of the strategic plan and all supporting integral strategies, and directs corrective action to be taken expeditiously as and when required".
iii. An additional item; ''review of the implementation of the strategic plan and all supporting integral strategies on semi-annual basis" was added in the deliverables table of the SFCB.

3.6.3 Capital Projects Committee of the Board (CPCB)

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

3.6.4 Audit and Governance Committee (AGCB)

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

During the FY 2015/16 the AGCB initiated the review of the Audit Charter and the amendments were approved at its meeting No. 59 held on 21st July, 2016. The following changes were made to the Internal Audit Charter:

i. Section 3.0 – Organizational Status and Policy; was recast as follows:
   a. "The Chief Internal Auditor shall report functionally to the Audit and Governance Committee of the Board and administratively to the Governor". Accordingly, the Internal Audit reports shall be submitted directly to the AGCB and copied to the Governor and Deputy Governor.
   b. The AGCB shall appoint the Chief Internal Auditor and consider recommendations for the appointment of all Audit Officers.

ii. *Section 16.0 – Amendment of the Charter*; was recast as follows:

''Amendments to the Internal Audit Charter shall be approved by AGCB".

iii. Section 17.0 – Board Approval; was recast as follows:

"The approval of the Charter shall be by the AGCB and the Chairman of the AGCB shall sign it off".

3.7 Remuneration of Non- Executive Directors

During the period July 2015 to June 2016, the Non-Executive Directors were each paid UGX 5,000,000 (Five million shillings only), net of tax per month as retainer fees and UGX 2,500,000 (Two million five hundred thousand shillings only) net of tax per meeting as sitting allowance.

3.8 Assessment of Board Performance

The five [5] Non-Executive Directors including the late Mr. Christopher Kassami were appointed in November, 2012 and assumed their duties in December 2012. The Deputy Governor was re-appointed for another term of five [5] years effective March 2015 and the Governor was as well re-appointed for another term of five [5] years effective January 2016.

Two (2) Board performance evaluations were conducted for the years 2013 and 2014. The Board Performance Evaluation Reports for 2013 and 2014 were reviewed and approved during the Financial Years 2014/15 and 2015/16 respectively. Arising from the 2014 Board Performance Evaluation, the Board recommended a review of the evaluation instrument which was finalized in June, 2016 and will be presented to the Board for approval in September 2016. The Board Performance Evaluation for the year 2016 will be conducted in the third quarter of the FY 2016/17 using the revised evaluation tool.

The purpose of the assessment is to enhance the effectiveness of the Directors, identify areas for improvement, discuss and agree on priorities for change which could be addressed in the short and long-term; and agree on an action plan. The evaluation exercise also involves the assessment of the effectiveness of the Board Chairman and the Audit and Governance Committee of the Board. The assessment is conducted annually by each member of the Board, and the Audit and Governance Committee of the Board (AGCB) is responsible to oversee the implementation of the agreed action plan.

The evaluation of the Audit and Governance Committee involves the assessment of the Committee's Structure and Operations, Oversight on Financial Reporting, relationships with Internal and External Auditors and Compliance with Laws, Regulations and Internal Policies.

3.9 The Board's Achievements and Developments

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

i. In fulfilling BoU' s perspective of organizational capacity, the Board members attended capacity building programmes to enhance their knowledge and skills in areas of strategic thinking and effective decision making. A training retreat was held for the Board Members and the topics covered included; Handling of Government Payments, The Liberalization of the Capital Account, Foreign Reserves Management and the BoU Monetary Policy Framework (Inflation Targeting Lite).

ii. A number of policies were passed and issued in accordance with the laws and best practices for purposes of improving Bank of Uganda operations.

iii. The Board Performance evaluation tool was revised on the recommendation of the Board.
iv. The Board exercised close oversight on the external fund managers in respect of the reserves under their control and this involved periodic reporting, site visits and invitation of the respective fund managers to BoU to make presentations to the Board.
v. The amendments to the BoU Act Cap 51 were concluded and submitted to the Hon. Minister of Finance, Planning and Economic Development.
vi. The Board Manual was revised to enhance the Board's oversight role on strategy development and implementation through bi-annual review of the strategic plan and all supporting integral strategies.
vii. The Audit Charter was revised to enhance independence of the Audit and Governance Committee of the Board.
viii. The Financial Institution Act (2004) was amended to address the regulation of Islamic Banking, Bancassurance and Agent Banking leading to the Financial Institutions (Amendment) Act, 2016 passed out on 4th February 2016.
ix. BOU Golden Jubilee commemoration was launched and the climax was in August 2016, the anniversary month.
x. Evaluation of the Strategic Plan 2012-2017 commenced to pave way for the development of the new strategic plan.
xi. Financial Education and Financial Consumer Protection awareness activities were conducted.

3.10 Bank Management Committees

It is a strategic objective of Bank of Uganda to have an organization structure which is conducive to outstanding performance. The Bank has in place Management Committees that form an integral part of the Bank's organization structure. The Committees are composed of Senior Management of the Bank. The Management Committees ensure coordinated policy developments and implementation after Board approval. The Committees engender teamwork and tap expertise throughout the Bank. The Management Committees are:-

i. Executive Committee (EXCOM).
ii. Strategy and Finance Committee (SFC).
iii. Human Resources Management Committee (HRMC).
iv. Contracts Committee (CC).
v. Monetary Policy Committee (MPC).
vi. Financial Markets Operations Sub-Committee (FMOS).
vii. Foreign Exchange Reserve Management Policy Committee (FERMPC).
viii. Payment Systems Policy Committee (PSPC).
ix. Effective Information Management Committee (EIMC).
x. Risk Management Committee (RMC).
xi. Financial Stability Committee (FSC).
xii. Management Committee (MC).

3.11 The Medical Board

The Medical Board comprises of seven external consultant doctors, one of them being the Chairman and the Director Medical Department is the Secretary. The Medical Board advises Management and the Board of Directors on medical policy issues and treatment of Bank staff abroad.

3.12 Corporate Social Responsibility

During the financial year 2015/16, the Bank of Uganda carried out corporate social responsibility (CSR) initiatives among various categories of beneficiaries including financial sector institutions, professional bodies, academic institutions, and corporate entities. It also contributed to charitable causes.

- In continuation of its objective to support deepening and broadening of the financial sector, the Bank extended financial support to the Capital Markets Authority (CMA) and the Uganda Securities Exchange (USE).

- The Bank also continued to support institutions that instill professionalism in the financial sector, particularly Uganda Institute of Banking and Financial Services (UIBFS), the Institute of Certified Public Accountants of Uganda (ICPAU), and the Institute of Corporate Governance of Uganda (ICGU).

- Educational institutions benefitted from resources to support knowledge generation. In this regard, the Bank supported Kabale University (Chair of Economics), All Saints University Lango and Mbarara University of Science and Technology. The Bank also contributed to infrastructural refurbishment in some secondary schools.

- In the context of the tourism sector being a vehicle for foreign exchange, the Bank contributed financially and professionally to national efforts to enhance religious tourism in Uganda, particularly the upgrading of the Namugongo Religious tourism sites ahead of the visit of His Holiness Pope Francis I to Uganda in November 2015.

- The Bank continued to leverage strategic collaborations that promote the discussion of economic factors in broader contexts. In this regard it contributed towards the **Urban Cities Forum** organised by Kampala Capital City Authority (KCCA) in which issues such as financing urbanisation, leveraging urban population densities to enhance aggregate demand, and creating sustainable urban spaces were deliberated. The Bank also supported the KCCA Education Stakeholders Forum.

- The Bank supported charitable initiatives by among others, the Rotary Movement and other entities offering holistic contribution to human livelihoods. These included religious institutions, corporate entities and Non-Governmental Organizations (NGOs). Prominent among these initiatives were the annual Rotary cancer run and the MTN Marathon.

- In line with its objective to empower citizens to make informed financial decisions, the Bank carried out Training-of-Trainer workshops on financial literacy, targeting community based entities that have a multiplier effect. This included 75 Clergy of the Church of Uganda. This activity was carried out in partnership and with the support of GIZ. The above is in addition to all the activities to commemorate Bank of Uganda's Golden Jubilee taking on a public awareness character to build confidence among citizens in their interactions with the financial sector.

3.13 Celebrations to mark 50 years of the Bank's existence

During the course of the year, the Bank planned to commemorate 50 years of its existence. Bank of Uganda came into existence on 16th August 1966. The activities to mark the 50 years of the Bank were organized under the theme; 'Promoting Financial Stability". The activities involved radio talk shows and town hall meetings at the Bank's respective Branches and Currency Centres, aimed at increasing the visibility of the Bank especially outside Kampala; press conference for the media on the Bank's mandate; sensitization of the public to raise the level of understanding and appreciation of the Bank's mandate, policy actions and their contribution to the economy; exhibition featuring various topical presentations by the financial sector players to explain their policies, products and services to the public; primary school essay competition to raise awareness on saving; panel discussion under the topic, " The Role of a Central Bank in a Market Oriented Economy"; the annual Joseph Mubiru Memorial Lecture under the topic; "African Central Banks: Rethinking their role or staying the course? Learning from Global Experience"; university challenge and charity walk to raise funds to support the Bank's Corporate Social Responsibility initiative.

4 Risk Management Operations

4.1 Introduction

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

4.2 Financial Risk

Financial risk management focuses on the risk exposures in both the foreign exchange reserves portfolio as well as other operational areas of the Bank. Notably, foreign exchange reserves account for over 85 percent of BOU's assets. In line with the Foreign Exchange Reserve Management Policy, reserves management focuses on three objectives namely; capital preservation, liquidity, and reasonable and consistent returns subject to the first two objectives. In order to achieve these objectives, the Bank invests in highly liquid instruments (mainly sovereign bonds, government treasuries and short term money market instruments) and stable markets (G10 countries). During the financial year, the Bank managed the key financial risks as elaborated below.

4.2.1 Credit Risk

Since the 2008 financial crisis, growth in the Eurozone has generally been slow given the challenging macroeconomic conditions that plagued most of the smaller members of the economic bloc. The banking sector particularly in Italy has been inundated by a high rate of non-performing loans. Furthermore, regulators have singled out Deutsche Bank, the biggest bank in Europe, as posing the biggest systemic risk to the European banking sector and other markets. The UK's unexpected vote to leave the EU sent shockwaves through the markets and led to economic uncertainty that poses a threat to its banking system as well the global markets; in spite of the measures by the Bank of England to stabilize the markets. Investor sentiments have been pessimistic and the Bank's official rating agency Moody's downgraded the UK's credit rating from Aaa1 with a stable outlook to Aa1 with a negative outlook. This means that the UK is likely to be downgraded in the next 18 months if conditions do not improve. It is unlikely though that the UK could be downgraded to a rating below the Bank's minimum requirement of A3.

Moody's Investor Services downgraded some counterparties including Standard Chartered Bank and Deutsche Bank. Crown Agents Bank, one of the Bank's counterparties was downgraded by the rating agency Fitch and was acquired by another firm that did not meet the Bank's credit requirements as a parent company. The Bank subsequently carried out a review of all the affected counterparties and took a decision to scale down and retire some investments in these counterparties.

Sovereign risk of the G10 countries remained low and stable during the year. On the other hand, sovereign risk of the emerging markets increased on account of low commodity prices and the slowdown of economic growth in China.

4.2.2 Market Risk

During the year, the dollar continued to appreciate against most major currencies following the poor performance of commodity exporting countries such as Australia, Canada and other Oil exporting economies during the year. The UK's vote to leave the EU towards the end of the financial year caused the sharpest depreciation of the pound against US dollar in 30 years and other major currencies including the US dollar.

Such foreign exchange movements tend to have significant impacts on the dollar value of the Bank's investments. Currency depreciation implies that the dollar value of the Bank's investments could decline and vice versa. The Bank manages foreign exchange risk by matching assets and liabilities to minimize the impact of foreign exchange losses.

During the year, sub-optimal global economic conditions forced the major central banks to maintain their interest rates at very low levels. While the US raised interest rates in December 2015, the much anticipated rise did not materialize during the financial year. This was because of lower than expected economic performance in the US, EU, UK and China. As at June 30, 2016, the Reserve Bank of Australia lowered its policy rate from 2.5 percent to 2.0 percent in August 2015.The ECB maintained their policy rate at 0.0 percent.

The low level of prevailing interest rates continues to pose challenges to the return on the Bank's investments. Moreover, BOU's risk appetite is limited to safe haven instruments mainly in the G10 countries.

In order to manage the risk of low interest rates, the Bank has made further diversification into fixed income instruments and expects to engage additional counterparties.

4.2.3 Liquidity Risk

During the financial year, the Bank maintained sufficient funds in both the Liquidity and Emergency tranches in compliance with the policy provisions. Liquidity risk was therefore considered low with a stable outlook. The foreign reserves were maintained within the required policy specifications in conformity with international best practice.

4.3 Recent Developments

In addition to existing financial risk indicators, the Bank has implemented new measures to help in monitoring credit risk in order to mitigate any potential exposures. Management revised and updated the foreign exchange reserves management policy and approved new fixed income investment guidelines in addition to the existing ones. Furthermore, the parameters of the money market multi-currency benchmark were revised and updated in line with the prevailing market conditions and the Bank's risk appetite.

4.4 Operational Risk

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

The Bank has in place strong internal control systems and robust Business Continuity (BCP) measures to ensure resilience of the time Critical Business Processes. During the financial year, Management successfully tested the Domestic Clearing and Settlement process at the Business Resumption Site (BRS). The test involved relocation of all the clearing and settlement activities to the BRS as well as holding the clearing session there.

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

In light of the growing cybersecurity threats, the Bank is currently reviewing its policies and guidelines to address any information security exposures and ensure protection of its information assets.

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

4.5 Compliance Risk

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

During the financial year, compliance monitoring was conducted in the Bank to ensure adequate compliance to applicable laws, regulations, rules, self-regulatory standards, applicable codes of conduct applicable to staff members and internal policies in line with the risk management framework.

The Bank regularly updates and monitors the legal and regulatory environment for current and emerging compliance requirements in order to remain compliant.

5 Internal Audit Directorate

The Bank of Uganda Internal Audit Directorate provides independent assurance on risk management, internal control and governance processes to the Board and Management. This is achieved through execution of work-plan assignments and issuance of periodic reports.

In the year 2015/16, the approved work-plan was drawn to cover the Customer, Financial, Internal business processes and Organisational Capacity perspectives of the Bank's Strategic Plan.

The audit scope included risk-based audits in Accounts, Banking, Currency, Information Technology, National Payments Systems, Financial Markets, Procurement and Disposal, Statistics and Economic Research Departments. System audits covered evaluation of databases and application controls of the Bank's IT systems. Quarterly reviews of the Central Bank Balance Sheet, and external assets were conducted.

Capacity building and knowledge sharing activities were undertaken to enhance skills and knowledge; there was continued collaboration with External Auditors, and benchmarking with other Central Banks in the East Africa region.

6 Economic Developments and Prospects

6.1 Introduction

This Chapter presents economic developments in FY 2015/16 relative to the previous years and the prospects for the medium to long-term. Because global economic environment presents challenges and opportunities to Uganda's economic prospects, the chapter begins by discussing the external economic environments, in terms of global economic activity, global trade, global inflation, global commodity prices and financial markets. It then presents domestic economic developments and evaluates the future trajectories of inflation and output. In so doing, the chapter highlights the policy decisions that the BOU undertook given the challenging external and economic environments.

6.2 External Economic Environment

6.2.1 Global Economic Activity

Global growth slowed in 2015 to 3.1 per cent from 3.4 per cent in 2014, and taking into account the likely impact of Brexit, prospects for 2016 and 2017 have been revised downwards by 0.1 percentage point (pp) to 3.1 and 3.4 per cent, respectively. The outlook worsens for Advanced Economies (AEs) – where growth has been revised downwards by 0.1 pp and by 0.2 pps to 1.8 per cent in 2016 and 2017, on account of the Brexit. However, it remains broadly unchanged for Emerging Markets and Developing Economies (EMDEs) at 4.1 and 4.6 per cent in 2016 and 2017, respectively.

While growth in the United Kingdom (U.K) in H1 2016 was slightly stronger than expected, the uncertainty surrounding the Brexit referendum outcome is projected to significantly weaken domestic demand, with growth revised downwards to 1.7 per cent in 2016 from 1.9 per cent and to 1.3 from the earlier forecast of 2.2 per cent in 2017. Although the impact of the Brexit is expected to be muted for the United States (US), growth was downcast by 0.2 pps to 2.2 per cent in 2016 due to weaker than expected first quarter growth. However, growth is expected to rebound to 2.5 per cent in 2017 on account of fading headwinds from a strong U.S. dollar and lower energy sector investment, going forward. Growth in the Euro Area in 2016 was projected slightly higher at 1.6 per cent, given the outcomes in H1 2016 on the back of strengthening domestic demand among member countries. However, in light of increased uncertainty on consumer and business confidence due to the Brexit vote, growth in 2017 is now forecast at 1.4 per cent. Growth projections in France, Italy and Spain were downgraded to 1.5, 0.9 and 2.6 per cent, respectively in 2016 and to 1.2, 1.0 and 2.1 per cent in 2017.

Growth in EMDEs continues to be plagued by the slow growth in AEs, the persistently low commodity prices, weak global trade and capital flows. Real activity indicators were a bit stronger in China on account of the policy stimulus, which included cutting benchmark lending rates five times in 2015, expansionary fiscal policy, and accelerated credit growth. China's growth outlook is broadly unchanged at 6.6 and 6.2 per cent in 2016 and 2017, respectively. The direct impact of the U.K referendum on China will likely be limited in light of the economy's low trade and financial exposure to the U.K and the authority's readiness to respond to achieve their growth target range. However, should growth in the EU be affected significantly, the adverse impact on China could materialize.

Consumer and business confidence appear to have bottomed out in Brazil. Consequently, the 2016 recession is now projected to be less severe, with a return to positive growth in 2017. However, the Zika virus in Latin America and Caribbean region is bound to adversely affect growth. In Russia, a rebound in oil prices is providing some relief, but prospects of a strong recovery are subdued given long-standing structural bottlenecks and the impact of sanctions on productivity and investment. In India, economic activity remains buoyant, but the growth forecast for 2016 /17 was trimmed slightly, reflecting a more sluggish investment recovery.

Growth in sub-Saharan Africa (SSA) has been revised down substantially by 1.4 pps to 1.6 per cent in 2016 and by 0.7 pp to 3.3 per cent in 2017. The down grade reflects challenging macroeconomic conditions in its largest economies, which are adjusting to lower commodity revenues. Growth in Nigeria is projected to contract to minus 1.8 per cent in 2016, as the economy adjusts to foreign currency shortages as a result of lower oil receipts, low power generation and weak investor confidence. Gross Domestic Product (GDP) growth in South Africa is projected to remain flat in 2016, with only a modest recovery in 2017. Climate related factors such as the drought in East and Southern Africa is also expected to adversely affect SSA growth. Global growth projections are presented in Table 2.

Table 2: Global Economic Performance and Outlook

	Outturn	Projections	
	2015	2016	2017
World	3.1	3.1	3.4
Advanced Economies	1.9	1.8	1.8
United States	2.4	2.2	2.5
Euro Area	1.7	1.6	1.4
Japan	0.5	0.3	0.1
United Kingdom	2.2	1.7	1.3
Emerging Market and Developing Economies	4.0	4.1	4.6
Russia	-3.7	-1.2	1.0
Brazil	-3.8	-3.3	0.5
China	6.9	6.6	6.2
India	7.6	7.4	7.4
Sub-Saharan Africa	3.3	1.6	3.3
Nigeria	2.7	-1.8	1.1
South Africa	1.3	0.1	1.0

Source: IMF, WEO July 2016

6.2.2 Global Inflation and Commodity Prices

6.2.2.1 Global Inflation

Global inflation remains subdued, particularly in AEs, in part driven by low commodity prices and subdued global demand. In June 2016, average inflation in key AEs rose to 0.5 per cent from 0.2

per cent in May 2016, with most of the increase coming from the UK on account of higher prices for services such as restaurants and hotels. In the World Economic Outlook (WEO) update for July 2016, inflation in AEs is projected to average 0.7 per cent, increasing to 1.6 per cent in 2017, which still remains below the respective central banks medium-term targets.

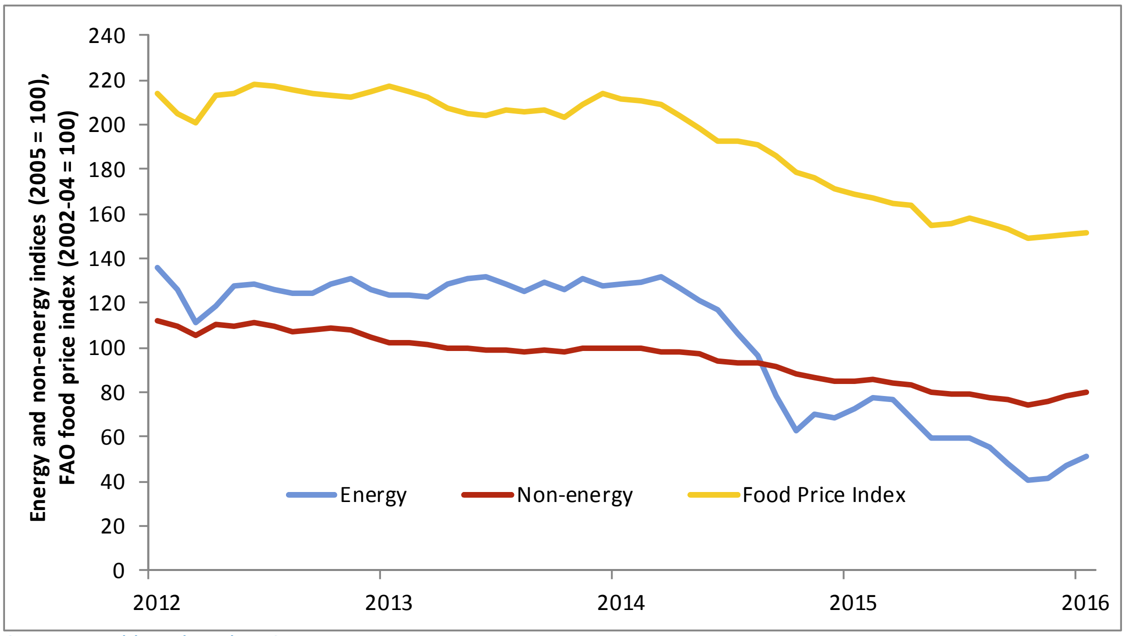
In EMDEs, inflation which had risen to 4.7 per cent in 2015 is projected to decline slightly to 4.6 and 4.4 per cent in 2016 and 2017, respectively. Nonetheless, inflation remains relatively elevated in EMDEs compared to the trend in AEs, partly as a result of the pass-through of sizeable currency depreciations that these economies experienced in 2015.

6.2.2.2 Global Commodity Prices

Global commodity prices declined in 2015 and are projected to remain low in 2016, reflecting soft global demand amidst abundant supplies. Crude oil prices which averaged USD 50.8 per barrel in 2015, is now forecast to decline to USD 42.9 per barrel in 2016 but rise to USD 50 per barrel in 2017. The rise in oil prices to USD 47.7 per barrel in June 2016 was mainly due to concerns regarding the UK referendum results and production disruptions mainly in Nigeria and Canada. However, the Organization of Petroleum Exporting Countries (OPEC) continues to maintain high production levels.

Global food prices which had been subdued rose in June 2016 by 4.2 per cent month –on-month (m-o-m) and by 9.4 per cent from January 2016 due to supply constraints in Brazil and EU. Food prices are expected to rise owing to drought conditions in Southern Africa and South America. The non-energy prices are also projected to remain low in FY 2016/17, driven by excess supply coupled with weak global growth prospects. Developments in international commodity prices are shown in Error! Reference source not found.

Figure 1: Commodity Price Developments



Source: World Bank and FAO

6.2.2.3 Financial Markets

Global financial markets have stabilized somewhat since the beginning of 2016. Monetary policy easing in Japan and the Euro Area worked to lessen pressures arising from the normalization of the US monetary policy, through provision of additional funding opportunities. However following the outcome of the UK referendum, equity prices declined worldwide immediately, which renewed volatility in global financial markets. Although the volatility in the global financial markets has subsided following the Bank of England proactive monetary policy and smooth political transition in mid-July 2016, equity valuations for UK and European banks remained lower than before. Additionally, yields on safe assets have declined further on account of global risk aversion. In response to the referendum result, major central banks, particularly the ECB and the US Fed, indicated readiness to provide both domestic currency and foreign exchange liquidity, which supported investor confidence leading to relative stabilization of market conditions within two weeks of the vote result.

In EMDEs, asset prices and exchange rate movements have generally been contained following the Brexit referendum vote. However, capital flows remain vulnerable to sudden changes in investors' risk appetite. Whilst the Brexit poses an increase in uncertainty, its effects are still unclear. Geopolitical tensions and domestic strife, particularly in the Middle East have also added to the global uncertainty.

In FY 2015/16, 10-year government bond yields declined across AEs. At the beginning of the financial year, yields in the US, UK, Euro Area and Japan which were trending at 2.3, 2.0, 0.8 and 0.4 per cent, respectively, declined to 1.8, 1.4, 0.2 and minus 0.1 per cent, respectively. The declines in yields reflected the compacted term premium, in addition to a gradual pace of monetary policy normalization. The outcome in EMDEs was rather mixed with yields increasing and decreasing. Yields in India, China and Russia declined from 7.9, 3.6 and 11.0 per cent in July 2015 to 7.5, 3.0 and 8.7 per cent, respectively in June 2016, while yields in Brazil remained stable at 12.6 per cent. However, in South Africa, yields increased from 8.3 per cent in July 2015 to 9.1 per cent in June 2016.

In the currencies market, the British Pound depreciated by over 18 per cent y-o-y and 2.6 per cent m-o-m in June 2016, to GBP 0.76/USD following the Brexit. This was unlike the Euro rate which appreciated to USD 0.90/USD towards the end of the FY 2015/16, as did the Japanese Yen, from 121.8/USD in January 2016 to 104.1/USD in July 2016. In EMDEs, currencies depreciated to 67.3/USD, 15.1/USD and 6.6/USD June 2016, in India, South Africa and China from 63.7/USD, 12.5/USD and 6.2/USD, respectively in July 2015.

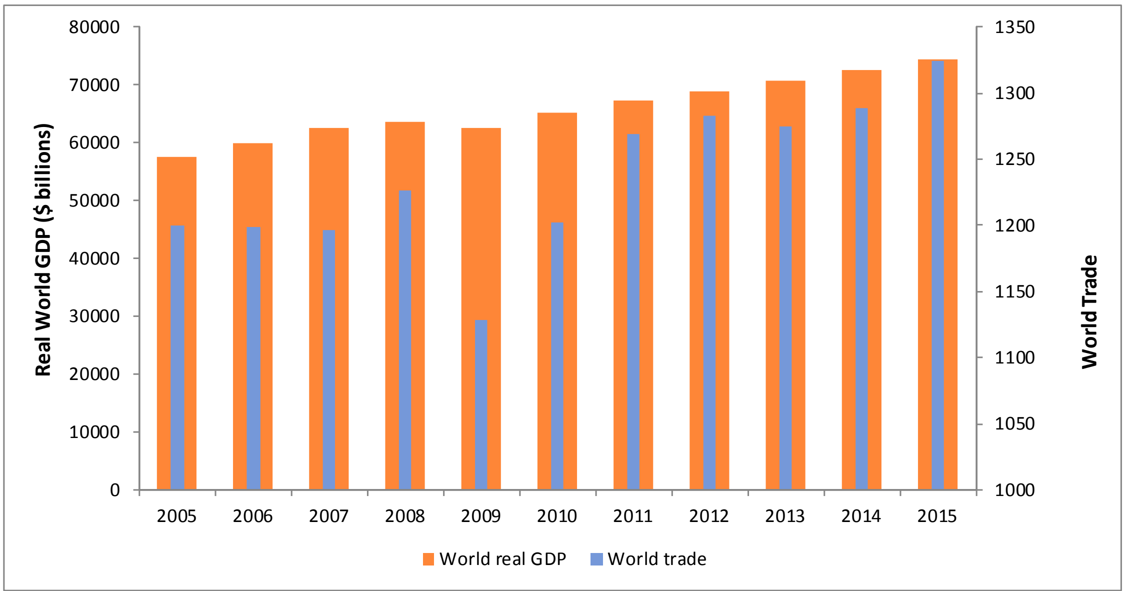
6.2.2.4 Global Trade

Growth in the volume of world trade is forecast to remain subdued in 2016 on account of the economic slowdown in China, a severe recession in Brazil, low commodity prices and volatility in the exchange rate. While demand for imports declined in EMDEs, trade strengthened in AEs, particularly in the US and EU. Previously, trade outstripped global output, but has lately declined, particularly with exports falling by 13 per cent to USD 16 trillion on an annual basis. Imports in

AEs are expected to be stable in 2016 while demand for imported goods in EMDEs particularly in Asia is expected to pick up. In 2017, global trade is expected to grow by 3.6 per cent. Figure 2 shows the growth in the volume of world merchandise trade and real economic growth.

Risks to the global trade outlook emanate mainly from increasing market volatility from the Brexit, uncertainty in the Chinese economy, and commodity prices outturns. However, there is hope for a positive outcome in case the monetary policy easing in the EU generates faster growth.

Figure 2: Global Trade Growth Projections



Source: WB Development Indicators & Central Plan Bureau

6.2.2.5 Implications for the Ugandan Economy

The global economic environment continues to have an impact on Uganda's economic developments. Adverse occurrences in the global arena can affect consumer and investor confidence and curtail growth in the Ugandan economy. The major forces currently driving the global economic outlook are the Brexit, the low commodity prices and the divergent monetary policy stances.

The current upheaval following the Brexit referendum will continue to pose uncertainty in Europe's financial markets, monetary policy and aggregate demand. This is expected to have a negative impact on Uganda's export earnings, (since Europe is one of the country's major trade partners), remittances as well as foreign direct investment (FDI) inflows. The positive upturn in activity in the Euro Area, at the beginning of 2016 is expected to be offset by the uncertainty following the Brexit vote, with spillover effects to EMDEs, including Uganda through trade, financial and confidence channels.

Crude oil prices have been on a decline since mid-2014, in part reflecting supply-side developments and lower growth in global demand. While this could support global activity through keeping domestic inflation in check in oil-importing economies, it could destabilize the outlook for oil-exporting countries, leading to a fall in exports earnings. Uganda, being an oil-importer, benefits from this scenario through the reduction in oil imports bill and thereby improvements in the balance of payments. On the other hand, the persistently low oil prices could also depress oil related FDI inflows in Uganda, which have already dwindled. This is bound to adversely affect Uganda's already weak current account position and possibly cause volatility in the foreign exchange market.

The normalization of the U.S monetary policy caused a turnaround in investor sentiments, thereby causing a reversal of capital flows and strong depreciation pressures on exchange rates in EMDEs, including Uganda. Moreover, the volatility of the Chinese stock market will continue to keep the global financial system jittery, and could cause volatility in the domestic foreign exchange market. Geopolitical tensions and the threat of terrorism, from Islamic State of Iraq and Syria (ISIS) and other terrorist groupings remain elevated with negative implications on consumer and business confidence. This could lead to reductions in aggregate demand and eventually constrain global growth going forward with adverse implications for Ugandan exports.

6.3 Domestic Economic Developments and Prospects

6.3.1 Monetary Policy and Operations

The overall objective of Bank of Uganda's (BoU's) monetary policy is to achieve low and stable inflation, defined by the medium term target of 5 percent of core inflation. BoU continued to use the Inflation Targeting Lite (ITL) monetary policy framework in guiding its monetary policy operations, adjusting its policy rate - the Central Bank Rate (CBR) - in line with the outlook for inflation.

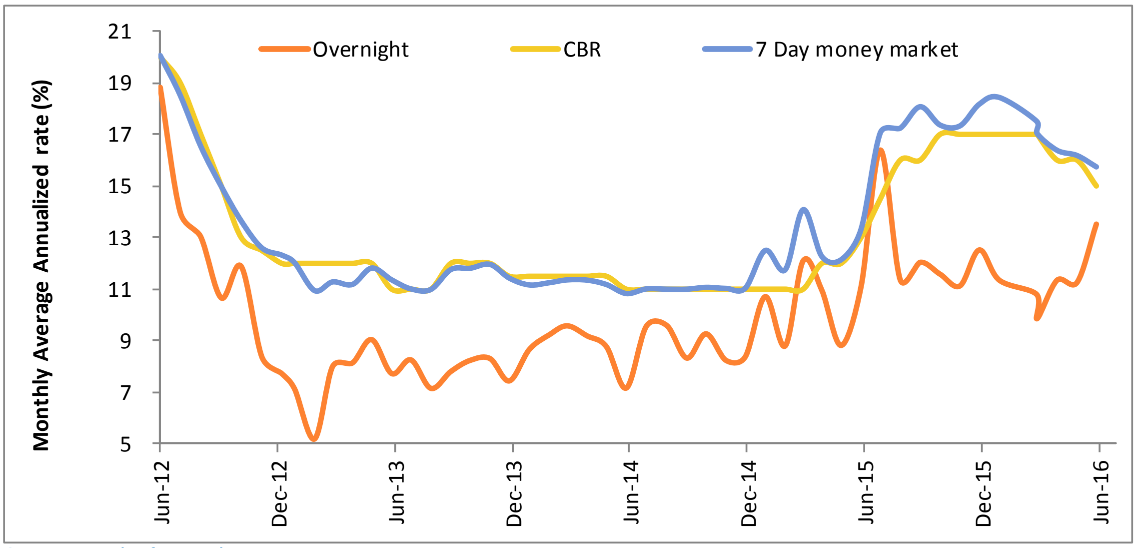
During FY 2015/16, core inflation averaged 6.8 per cent which was above the BoU medium term target of 5 per cent, but remained broadly within the inner band of 5 $\pm$ 2 per cent. Inflation peaked during the first half of the year, reaching highs of 7.5 per cent in December 2015 on account of supply side shocks, particularly rapid exchange rate depreciation. However, during the last quarter of the year, the projection for the inflation trajectory indicated an improved inflation outlook, with core inflation expected to converge around the BoU' s medium term target of 5.0 per cent in Q4-2016, on account of relative exchange rate stability and subdued domestic demand. While there are signs that the slowdown in economic growth has bottomed out, the recovery is expected to be slow, with downside risks, partly emanating from the difficult external economic environment manifested in declining commodity prices and the possibility of slower growth in major Emerging Market Economies and fragility of South Sudan, which is one of our major export destinations.

Given the lower inflation expectations particularly in the latter part of the financial year, and weak domestic demand, BoU considered it appropriate for monetary policy to be stimulatory to support the recovery in credit growth and economic activity. BoU eased monetary policy, cutting the CBR by 200 basis points (bps) in the last quarter of FY 2015/16 to 16 per cent in April 2016 and further to 15 per cent in June 2016 from 17 per cent where it had been maintained between October 2015 and March 2016.

BoU continued to use Repurchase Agreements (REPOs), reverse REPOs and sale of recapitalization securities in the secondary market to manage liquidity. During FY 2015/16, the net impact of the REPOs/ reverse REPO instruments were an injection of UGX 233 billion. As at end June 2016, the outstanding stock of REPOs stood at UGX 454 billion while the outstanding amount of the recapitalization stock was UGX 384 billion.

The 7-day Weighted Average Interbank (WAI) money market rate remained relatively stable and evolved in line with the desired monetary policy stance in FY 2015/16. During the year, the 7-day WAI rates declined to 15.7 per cent in June 2016 from 17.5 per cent in February 2016 mainly on account of the easing of monetary policy. Developments in the 7-day interbank money market rate and the CBR are shown in Figure 3.

Figure 3: The CBR and Interbank Money Market Rates



Source: Bank of Uganda

6.3.2 Interest Rates

6.3.2.1 Yields on Treasury Bills and Bonds

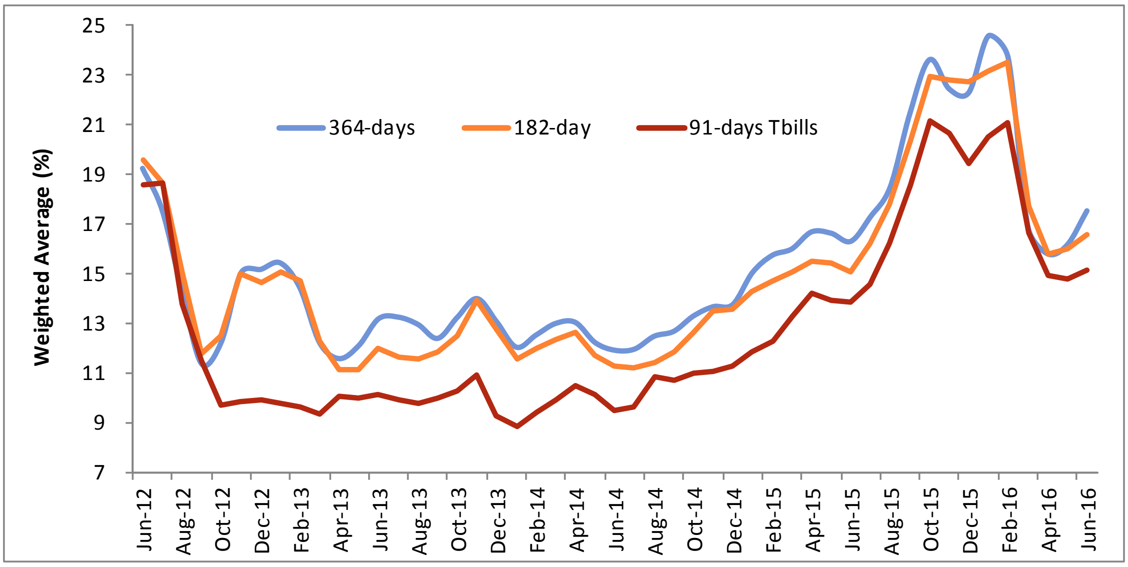
In FY 2015/16, BoU issued Treasury bills (T-bills) and Treasury bonds (T-bonds) in line with the government financing requirements and the redemption profile. Yields on government securities maintained an upward trend, increasing on average by about 5 pp to 17.8, 19.5 and 19.9 per cent for 91-day, 182-day and 364-day T-bills and by about 3pp to 19.1, 19.1, 18.3 and 18.1 per cent for 2-year, 5-year, 10-year and 15-year T-bonds, respectively relative to FY 2014/15 as shown in Figure 4.

However, between January and May 2016, yields on government securities declined on account of a lower than expected reduction in the domestic borrowing requirements.

6.3.2.2 Lending and Deposit Rates

Although the interest rate pass-through from the CBR to the interbank money market rates continued to be high, fast and symmetric; the pass-through to commercial bank interest rates continues to be imperfect. Commercial bank lending rates edged even higher in FY 2015/16 to an average of 24.0 per cent, relative to 21.6 per cent in FY 2014/15. Between August 2015 and March 2016, time deposit rates rose drastically peaking at 17.3 per cent in January 2016 before eventually declining to 12.2 per cent by end of year. Consequently, the spread between lending and deposit interest rates ranged between 7.0 and 11.3 per cent over the same period. Overall, the spread declined to 11.3 per cent in FY 2015/16 from 12 per cent during the previous year. The weighted average lending rate on foreign currency denominated loans averaged 9.5 per cent and the spread averaged 6.2 per cent over the financial year. Developments in lending and deposit rates are shown in Table 3. Lending interest rates remain elevated reflecting, in part, heightened risk aversion in banks caused by high levels of Non-Performing Loans (NPLs), large provisioning for bad loans, and structural rigidities, which have raised the costs of doing business in the financial system. Indeed, overhead costs contributed about 7 percent of the lending spreads in June 2016, which currently stands at 11.3 percent.

Figure 4: Yields on Treasury Bills



Source: Bank of Uganda

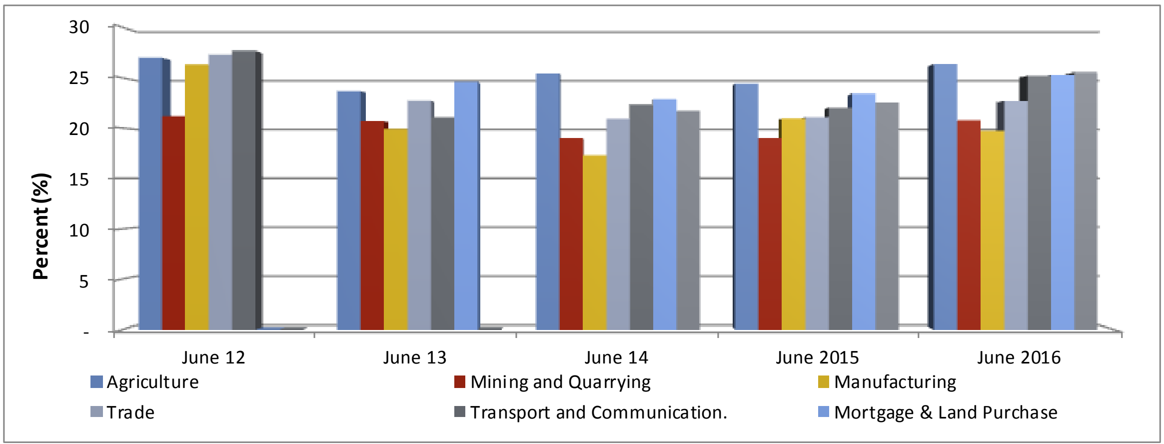
Table 3: Commercial Banks' Interest Rates

Local Currency (Shillings)						
	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Lending (UGX)	19.94	27.02	22.72	21.55	22.34	23.54
Deposit (WARD)	2.57	3.50	2.60	2.42	2.69	4.11
Demand	1.13	1.32	1.51	1.79	1.50	1.90
Saving	2.30	3.27	3.12	2.31	3.26	3.71
Time	11.01	19.90	12.26	9.82	10.39	12.24
Spread	8.92	7.12	10.46	11.73	11.96	11.30
Foreign Currency (USD)						
Lending (USD)	9.43	8.44	10.11	9.03	9.87	9.47
Deposit (WARD)	1.33	1.25	1.37	1.49	1.32	1.26
Demand	1.09	0.95	1.01	0.96	0.96	0.96
Saving	1.49	1.66	1.66	1.52	1.51	1.49
Time	2.40	5.22	4.52	4.31	3.97	3.28
Spread	7.03	3.22	5.59	4.72	5.91	6.20

Source: Bank of Uganda

In terms of sectoral interest rates, transport & communication, mortgage & land purchase, agriculture and personal & household loans continued to attract larger average market lending rates. Sectoral developments in interest rates are shown in Figure 5.

Figure 5: Interest Rates by Sector



Source: Bank of Uganda

6.3.3 Banks Credit and Monetary Aggregates

6.3.3.1 Credit to the Private Sector

Growth in Private Sector Credit (PSC) remained subdued in FY 2015/16 relative to FY 2014/15. The slowdown in growth in PSC is driven largely by provisioning for bad loans, which has heightened risk aversion in banks and relatively weak economic activity.

In terms of sectoral distribution, building & construction, trade, manufacturing and personal & household loans continue to account for the bulk of PSC, constituting more than 70 per cent of the total stock. As a general trend however, lending to manufacturing, trade and business services sectors slowed, but increased up for agriculture, and transport and communication and remained relatively stable for building, mortgage & construction sectors during the year. Developments in the sectoral distribution of private sector credit in Table 4.

Table 4: Sectoral Distribution of Private Sector Credit (%)

	Jun-13	Jun-14	Jun-15	Jun-16
Agriculture	7.82	9.56	9.75	10.31
Mining and Quarrying	0.35	0.24	0.46	0.62
Manufacturing	13.99	13.22	15.44	13.98
Trade	21.09	21.59	20.45	18.97
Transport and Communication	5.76	5.36	5.16	7.02
Electricity and Water	1.41	1.18	1.66	1.98
Building, Mortgage, Construction and Real Estate	22.56	22.65	22.56	22.79
Business Services	5.16	4.38	4.75	3.83
Community, Social & Other Services	3.15	3.29	3.29	3.38
Personal Loans and Household Loans	13.63	17.16	15.08	15.77
Other Activities (not anywhere above)	5.08	1.37	1.41	1.35

Source: Bank of Uganda

The nominal growth in total Private Sector Credit (PSC) and in foreign currency denominated loans is affected by exchange rate changes. If computed at fixed exchange rates, the growth in foreign currency lending would have fallen by 2.1 percent in the 12 months to June 2016, compared to growth of 3.1 percent in the 12 months to June 2015. The growth in total PSC would also have been much lower. Shilling denominated loans grew by 6.9 percent in the 12 months to June 2016 compared to 13.4 percent in the previous 12 month period (Table 5).

Table 5: Annual Growth Rates of Credit Aggregates

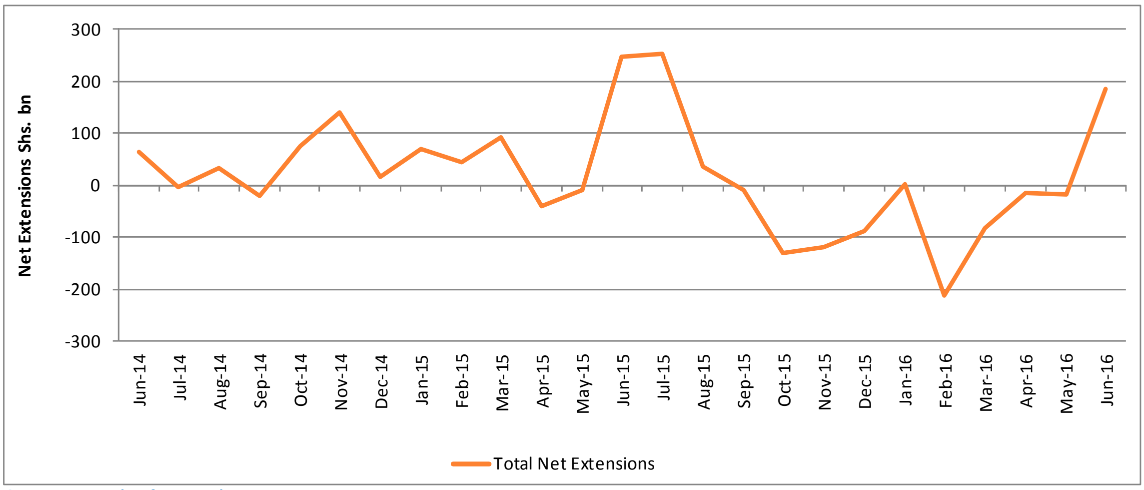
	Annual Growth Rates (%)	
	Jun-15	Jun-16
Weighted Average Growth of PSC	8.9	3.0
UGX Loans	13.4	6.9
Forex Loans (Net of Revaluation)	3.1	-2.1
Sectoral PSC Growth (annual %)		
Agriculture	22.6	10.4
Manufacturing	40.4	-5.5
Trade	13.8	-3.1
Building, Mortgage, Construction and Real Estate	19.7	5.5
Personal and Household Loans	5.6	9.2

Source: Bank of Uganda

6.3.3.2 Credit Extension

Figure 6 shows net extensions of loans (*disbursement of new loans minus recoveries*) by commercial banks over the last two years. Net extensions were on a downward trend for the first three quarters of the FY 2015/16, although there were signs in the last two months that a recovery had begun (Figure 6). One of the factors depressing loan growth has been growing loan defaults.

Figure 6: Net Extensions of Loans by Banks (UGX, billions)

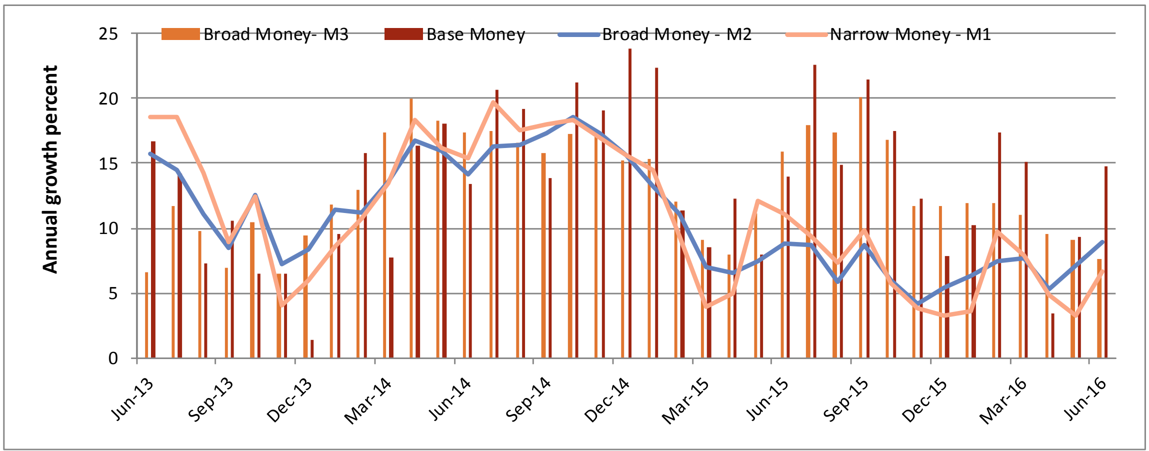


Source: Bank of Uganda

6.3.3.3 Monetary Aggregates

Growth in money aggregates remained subdued, in part reflecting the relatively tight monetary policy stance. Annual growth in M3 averaged 13.1 per cent in FY 2015/16 compared to 14.2 per cent in FY 2014/15. Growth in M1 and M2 also declined in the current year to 6.3 and 6.8 per cent from 13.5 and 13.0 per cent, respectively in FY 2014/15. Base money also declined, albeit at a lesser pace to 13.9 per cent from 16.2 per cent in the previous year (Figure 7).

Figure 7: Annual Percentage Growth of Monetary Aggregates



Source: Bank of Uganda

6.3.4 Domestic Inflation

6.3.4.1 Inflation Developments

During FY 2015/16, domestic inflation edged up relative to 2014/15 on account of supply side shocks to the economy. Annual core inflation rose to 6.8 percent, above the BoU medium term target of 5 percent from 3.0 in FY 2014/15, but remained broadly within the inner band of 5 ± 2 percent. Over the same period, overall inflation also rose, averaging 6.6 per cent compared to 3.0 percent in FY 2014/15. Inflation rose much faster during the first half of the financial year, with overall and core inflation peaking at 8.5 percent and 7.5 percent, respectively in December 2015, compared to 5.9 and 6.8 percent, respectively in June 2016. Heightened inflationary pressures were mainly due to the pass-through of the sharp depreciation of the shilling and supply side shocks - which drove up food crops and related items prices.

Annual food crops and related items inflation averaged 10.8 percent during the first half of the financial year, peaking at 16.2 percent in December 2015, compared to 1.6 percent during the last six months to June 2016. While annual food crops inflation was higher in FY 2015/16, averaging 6.2 percent compared to 1.5 percent in FY 2014/15, it was minus 1.3 percent in June 2016 compared to 7.3 percent in June 2015. Energy, Fuel and Utilities (EFU) inflation also rose during the year to an average of 6.0 percent relative to 1.7 percent during the previous year mainly on account of adjustment of electricity tariffs. Services inflation, a proxy for “non-traded goods” remained elevated, averaging 6.0 percent in FY 2015/16. Developments in domestic inflation are shown in Table 6.

Table 6: Developments in Domestic Inflation (%)

	2011/12	2012/13	2013/14	2014/15	2015/16
Headline	21.1	5.1	5.4	3	6.6
Core	19.1	5.7	4.7	3.3	6.8
EFU	32.4	6.1	2.2	1.7	6
Food crops	27.9	0.8	13.1	1.5	6.2
Food	30.4	0.3	6.5	2.7	8.4
Non-food	17.7	7	5	3.1	6
Goods	23.8	3.2	3.5	3.2	7.3
Services	12.3	9.6	6.6	3.6	6

Source: Uganda Bureau of Statistics

6.3.4.2 Inflation Outlook

Going forward, inflation is expected to converge around the BoU' s medium term target of 5.0 per cent in Q4-2016, on account of the relative stability of the exchange rate and subdued domestic economic activity. The outlook for inflation is nonetheless subject to several risks emanating from both the external environment and the domestic economy. The uncertainty over international financial markets has increased, which could affect the exchange rate. In addition, weather related risks could affect food prices, heightening the upside risks to domestic inflation.

6.3.5 Real Economic Growth

The Ugandan economy continued to grow, but at a moderate pace. Preliminary data for FY 2015/16 show that GDP expanded by 4.6 percent in real terms and by 11.6 percent in nominal terms (Table 7). The 4.6 percent real GDP growth was slightly lower than the 5.0 percent recorded in 2014/15, but in line with the average of 4.6 percent recorded in the last four years.

The moderation in growth is largely attributed to uncertainty related to the recent electioneering, harsh international economic environment, including sluggish growth in our major trading partners and the crisis in South Sudan and persistently low commodity prices, which have affected exports.

Supply side constraints have characterized the economy in recent years. Real GDP growth has been fairly mediocre since 2008/09, averaging about 5 percent.

Supply side problems include a slowdown of labour force growth, which had been a major contributor to growth in the 2000s, slowing productivity growth as most of the labour force is absorbed in micro-enterprises, a misallocation of capital in sectors with low returns such as real estate and the fact that investment in the oil sector, which has comprised about half of Foreign Direct Investment (FDI), has not yet yielded any significant contribution to GDP.

Table 7: GDP Growth Rates (%)

Real Growth Rates			
	Average 2011/12-2015/16	2014/15	2015/16
GDP	4.6	5.0	4.6
Traded goods	2.9	5.1	2.4
Non Traded goods	5.6	4.4	6.4
Nominal Growth Rates			
	Average 2011/12-2015/16	2014/15	2015/16
GDP	10.0	11.1	11.6
Traded goods	5.3	7.5	7.4
Non Traded goods	12.4	12.0	14.6

Source: Uganda Bureau of Statistics

6.3.6 Fiscal Developments

6.3.6.1 Government Expenditure and Revenue

The fiscal stance for FY 2015/16 continued to focus on supporting economic activity by addressing infrastructural constraints in the economy.

Preliminary fiscal data estimates indicate that in FY 2015/16, total government expenditure and net lending amounted to UGX 16,664.2 billion, which was UGX 1,925.8 billion lower than the programmed expenditure. The lower outturn was due to lower than programmed development expenditure and government net lending by UGX 1,193.7 billion and UGX 964.5 billion, respectively, as shown in Table 8. The underperformance in development expenditure was mainly due to lower than programmed externally financed expenditure while net lending was lower than programmed on account of lower expenditure on the Hydro Power Projects. Conversely, current expenditure which amounted to UGX 9,185.0 billion was UGX 189.0 billion higher than programmed.

Table 8: Fiscal performance in FY 2015/16 (UGX Billions)

	2013/14	2014/15	2015/16	Program	Variation
Revenue & Grants	**8,870.4**	**11,044.8**	**12,644.9**	**13,208.0**	**-563.1**
Revenue	8,167.9	10,114.0	11,498.5	11,774.0	-248.5
Tax	8,031.0	9,772.9	11,059.1	11,040.0	19.1
Non-Tax	136.9	221.5	318.1	582.0	-263.9
Grants	702.5	930.8	1,146.4	1,461.0	-314.6
Expenditure & Lending	**11,682.3**	**14,378.7**	**16,664.2**	**18,590.0**	**-1,925.8**
Current Expenditure	6,706.3	7,689.3	9,185.0	8,996.0	189.0
Development Expenditure	4,936.5	5,229.5	5,823.3	7,017.0	-1,193.7
Net lending/repayments[1]	19.4	1,235.2	1,532.5	2,497.0	-964.5
Domestic arrears	20.0	224.7	123.4	80.0	43.4
o/w External Expenditure[2]	*1,921.5*	*2,919.8*	*2,873.7*	*2,851.8*	*22.0*
Deficit (including grants)	**-2,811.9**	**-3,333.9**	**-4,019.3**	**5,382.0**	**1,362.7**
Financing (net)	**2,811.9**	**3,333.9**	**4,019.3**	**5,382.0**	**-1,362.7**
External Financing (net)	886.9	919.0	2,458.5	4,017.0	-1,558.5
Domestic Financing(net)	1,650.0	2,483.4	2,078.7	1,365.0	713.7
Errors & Omissions	274.9	-68.5	-517.9	0.0	

Source: Ministry of Financing, Planning and Economic Development

Total government revenue, including grants amounted to UGX 12,644.9 billion, which was UGX 563.1 billion lower than programmed due to under performance in both revenue and grants.

Domestic revenue amounted to UGX 11,498.5 billion, UGX 248.5 billion lower than the programme target. Grants receipts were also lower than programmed by UGX 314.6 billion due to an underperformance in project support grants.

The fiscal deficit amounted to UGX 4,019.3 billion, which was also lower than programmed by UGX 1,362.7 billion. The deficit was financed majorly from external sources, amounting to UGX 2,458.5 billion while domestic financing amounted to UGX 2,078.7 billion.

6.3.6.2 Domestic and External Debt

The provisional total public debt stock, in nominal terms, stood at UGX 28,982.7 billion at end June 2016, which was 34.4 per cent of GDP. Total public debt stock increased by UGX 4,648.2 billion relative to June 2015. External and domestic debt increased by 20.6 per cent and 16.8 per cent, respectively in FY 2015/16. The increase in the Shilling value of external debt was driven by the depreciation of the exchange rate and new disbursements. External debt made up the bulk of the total public debt, accounting for 60.2 percent as shown in

Table 9

Table 9: Indicators of Public Debt Stock

	Jun-14	Jun-15	Prov. June -16
Total Gross Public Debt	19,333.0	24,334.5	28,982.7
External Debt (USD, Mn)	4,300.7	4,380.1	5,124.5
External Debt (UGX Bn)	11,180.6	14,462.2	17,448.4
Domestic Debt (Nominal, UGX Bn)	8,152.4	9,872.3	11,534.3
UGX/USD (eop) exchange rate	*2,599.7*	*3,301.8*	*3,404.9*

Source: Bank of Uganda

6.3.7 Balance Of Payments and Exchange Rates

6.3.7.1 Balance Of Payments

The balance of payments recorded a surplus balance of USD 80.2 million in FY 2015/16, a USD 433.0 million improvement from a deficit of USD 352.8 million recorded in FY 2014/15 (Figure 8).

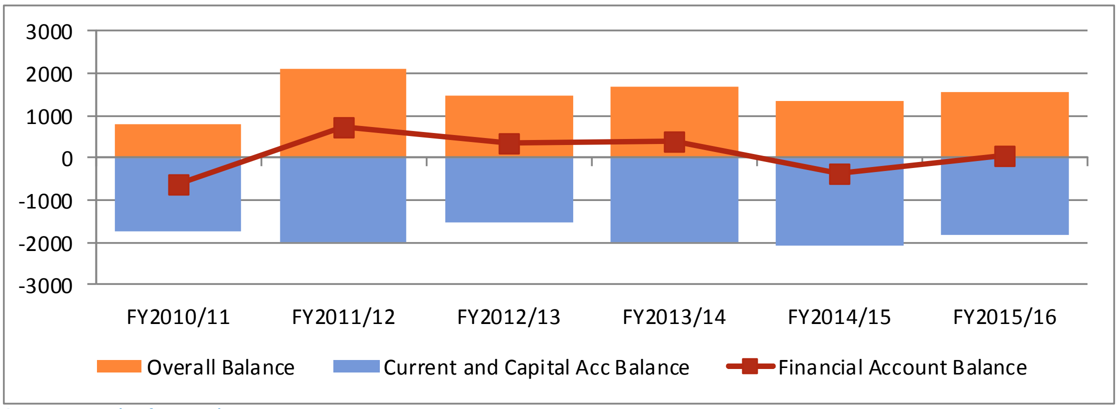
The improvement in the external current account deficit was largely driven by a decline in the private sector's import bill, reflecting a combination of low global crude oil prices and subdued domestic demand. Total private sector imports declined by 17.7 percent—non-oil imports declined by 14.5 percent—mainly driven by declines in imports of capital and intermediate goods (19.6 percent) and consumption goods (12.9 percent). Export growth on the other hand remained subdued, reflecting weak global demand, low commodity prices and the effect of the conflict in South Sudan—the exposure to South Sudan is 11 percent of Uganda's total exports in 2015.

The financial account continued to be the main source of financing of the deficit in the current account. Net inflows in the financial account increased by USD 182.6 million largely driven by project support disbursements. FDI on the other hand declined by 17.0 percent to USD 916 million on account of lower oil related FDI.

The stock of reserves at June 30th, 2016 amounted to USD 2.948 billion, equivalent to 4.3 months of import cover.

In terms of outlook, the current account deficit is likely to remain weak in the short- to medium-term on account of subdued exports and a pickup in imports by government as well as the private sector.

Figure 8: Balance of Payments



Source: Bank of Uganda

6.3.7.2 International Investment Position

The international investment position indicates that Uganda's external financial liabilities continued to outstrip the external financial assets. Uganda's position as a net debtor with the rest of the world increased from USD 13,010.2 million as at end June 2015 to USD 14,849.3 million in June 2016. The net increase in liabilities of USD 1,839.2 million was mainly due to an increase in FDI liabilities of USD 916.2 million.

On a gross basis, Uganda's stock of foreign liabilities amounted to USD 20,039.2 million in June 2016 from USD 17,929.4 million in June 2015. The stock of FDI amounted to USD 11,333.6 million accounting for 56.6 per cent of the country's total foreign liabilities. The bulk of the FDI stock, about 79.3 per cent, continued to be comprised of equity capital and reinvested earnings. Portfolio investment claims by non-residents on the economy amounted to USD 996.7 million while "Other investment" liabilities amounted to USD 7,708.7 million as at end June 2016 with the bulk being loans owed by government and the private sector to non-residents.

The stock of foreign assets amounted to USD 5,189.9 million an increase from USD 4,919.3 million as at end June 2015. Reserve assets amounted to USD 2,948.2 million, accounting for 56.8 per cent of the total. The "Other investment" assets comprising of mainly currencies and deposits of residents held abroad and loans to non-residents amounted to USD 1,534.6 million. Portfolio investment assets amounted to USD 626.5 million, with debt securities assets accounting for 64.9 per cent of the total portfolio investment assets.

6.3.7.3 Exchange Rates

The depreciation pressures which peaked in September 2015, with the Shilling depreciating 40 percent year on year (y-o-y) against the USD to an average mid-rate of UGX 3,667.50 per USD, has since improved to a y-o-y depreciation of 5.3 per cent, and an average mid-rate of UGX 3,368.0 in June 2016. On a trade weighted basis, the Shilling depreciated by 1.4 per cent in June 2016 on a y-o-y basis compared to 26 per cent depreciation in June 2015 (Figure 9).

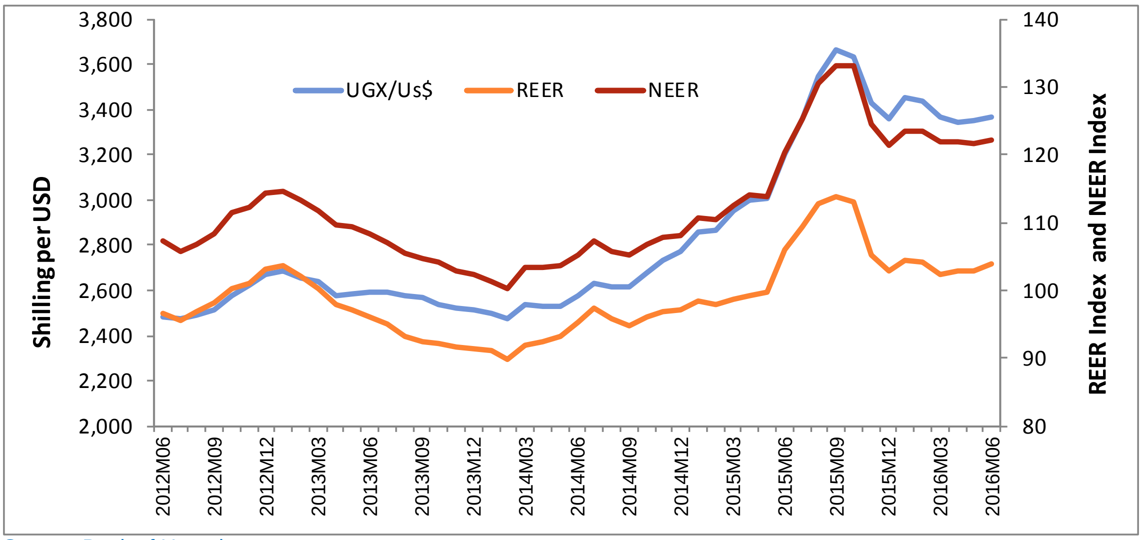
The slow depreciation of the Shilling in the 2nd and 3rd quarters of FY 2015/16 was due to the tight monetary policy stance, lower import bill, and subdued corporate activity in the months leading up to the election and correction of the sustained depreciation in the FY 2014/15.

However, towards the end of the financial year, the depreciation pressures re-emerged, largely on account of global strengthening of the USD, correction of overshooting on the previous appreciation and relatively strong demand mainly from the manufacturing and energy sectors. In order to stem exchange rate volatility, BoU stayed purchases for reserve build-up on days of excessive volatility and intervened in the interbank foreign exchange market, selling USD 186.1 million in interventions and USD 199.6 million in targeted sales. USD 925.2 million was bought for reserve-build-up compared to USD 764.2 million bought in FY 2014/15. Thus, the net BoU action in the IFEM in FY 2015/16 was a purchase of USD 539.5 million compared to a USD 97.1 million in FY 2014/15.

The Real Effective Exchange Rates (REER), which measures the price competitiveness of our exports, appreciated by 2 percent on an annual basis in June 2016, largely driven by the lower pace of depreciation in the trade weighted nominal effective exchange rate..

In terms of the outlook, the exchange rate is expected to be weak in the near-term on account of strong demand for foreign currency by public and private sector, weak current account position, and volatile external economic environments.

Figure 9: Exchange Rates



Source: Bank of Uganda

7 Financial Markets Developments

7.1 Foreign Exchange Reserves and Investment Management Operations

During the period under review, the Bank of Uganda (BoU) 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 as approved by the Board.

Bank of Uganda reserves are divided into two portfolios: the internally managed and externally managed portfolios. The internally managed portfolio is mainly invested in short term (0-3 year) treasury bonds and money market instruments, while the externally managed portfolio is mainly invested in longer term (1-5 years) fixed income instruments.

As at 30 June 2016, the BoU foreign exchange reserves stood at USD 2.95 billion, an increase of about USD 0.07 billion from July 1, 2015. The contributions have mainly been from purchases of reserves in the interbank foreign exchange market as well as absolute accrued interest and return from the investments both from the internally managed as well as externally managed portfolios.

7.1.1 Achievements

At the beginning of the FY 2015/16, the objectives for reserves management operations were set out by the Bank as: updating the investment policy and investment guidelines, increasing efficiency in reserves management for instance through increased automation of reserves management processes, increasing return on investments, reviewing and analyzing new investment proposals and carrying out more capacity building to strengthen the skills of the staff involved in reserves management. In light of the above, the following achievements were realised;

i. The Bank revised the investment policy document which was subsequently approved on 17th December 2015, and introduced a risk budgeting process with risk limits guided by the following measures:

   a. The Value at Risk (VaR) measure; this scientific and quantitative measure of risk improved the departments investment decision making process and helped to minimize the impact of losses.

   b. The Credit Value at Risk (CVaR); the measure attempts to estimate credit risk default in the works case scenario. Accordingly, the Bank adapted it and developed a credit risk management framework which became operational in May 2016. The framework has helped to effectively allocate the BoU reserves across counterparties in a manner that has consequently minimized potential credit risk exposure of the portfolio.

Both approaches have significantly minimized potential loss of reserves and consequently preserved capital and created flexibility in liquidity management.

ii. The Bank, as the custodians of the foreign exchange reserves, was able to appropriately manage and invest reserves of USD 2.95 billion while at the same time able to adequately provide for all the foreign exchange needs required to meet government debt and payments.

iii. The Bank developed two internally managed money market benchmarks that adequately reflect BoU's investments in the money market space. This has greatly helped to effectively assess, on a relative value, performance of the money market as well as value addition of the portfolio manager in the respective tranche currencies.

iv. The Bank effectively participated in the scoping upgrade phase of the Wall Street Systems – the BoU Foreign Exchange Reserves Management Systems (FERMS) currently used in reserves management. Expectation is for a system upgrade that will be operational before year end 2016/17. Completion of this exercise will greatly enhance BoU's reserves management operations. In addition, to the above, the Bank also carried out a post implementation review of Portfolio Analytic Tool (PAT 2) currently supporting fixed income operations for the internally managed portfolio under the World Bank capacity building program. The review established that the system has effectively reduced manual interventions in the reserves management process, increased efficiency and improved storage of transactions data thus minimizing operational risk.

v. The Bank launched a new internally managed fixed income portfolio with an objective of enhancing return and reducing credit risk. This is an independent, additional fixed income portfolio, fully managed by BoU staff. Currently the Bank has committed about USD 150 million and this amount is likely to be increased going forward.

vi. During the period under review, capacity building and skills transfer activities were carried out. Staff attended workshops conducted by the external fund managers- Goldman Sachs Asset Management (GSAM), PGIM Fixed Income (PFI), JP Morgan Asset Management (JPM) and the World Bank Treasury (WBT) under the RAMP program. Staff were also sent on attachments with the fund managers- PFI, Central Bank of Mauritius and Bank of Tanzania to acquire practical skills and benchmark practices related to reserves management. The WBT conducted on site missions with staff and addressed issues related to determining of BoU's risk budget, strengthened the use of the strategic asset allocation simulation workbench as well as fine-tuned the investment policy. Consequently, staff were able to replicate lessons learnt by creating a new fixed income portfolio with a view to enhance returns. Staff also took online courses such as Intuition under RAMP and E- learning which enhanced their knowledge of reserves management.

External fund managers, Northern Trust the custodian and other strategic partners such as Schroeders, Barclays and Wellington Asset management shared research, reports and publications on global commentary and market outlook. Staff have been able to conceptualize interpreting market news, views and sentiments and also kept abreast with latest developments in the global markets as expressed by the four fund managers as they formulated strategies. Staff also held conference calls with the fund managers and discussed portfolio performance and attribution to be able to understand the rationale of adopted strategies as well as relate the same with developments in global financial markets. This interaction also helped staff comprehend the formulation of investment strategies and portfolio construction techniques as well.

7.1.2 Challenges from Global Financial Sector Developments

The increased Quantitative Easing (QE) stimulus packages by central banks in some of the major markets and continued low interest rate environment greatly detracted overall investment return of the portfolio. Returns offered by the money market counterparties in the major Euro currency markets are all negative and become positive in the 10 year tenor. This challenge, brought on by the need for BoU to hold some of these liability currencies in a bid to achieve asset liability management, makes it extremely difficult to maximize reasonable risk adjusted return as well as comply with one of the key central bank reserves management trilogy of capital preservation. The Bank is however looking into the possibility of revisiting the principle of asset- liability management vis-à-vis the BoU investment philosophy of capital preservation, liquidity and return, in that order.

The continued US dollar strengthening across the globe, amid growing skepticism that the US Federal Reserve Bank (Fed) will hike interest rates again in 2016 has created mixed signals in terms of investment strategy formulation as well as translated into mark to market losses of the portfolio. The US dollar strengthening on the other hand reduces the value of portfolio holdings in the AUD, CAD, GBP and Euro when valued in US dollars, the BoU currency numeraire.

The continued weak commodity prices increases uncertainty for potential interest rate hikes in the Australian and Canadian markets. This will also continue to affect BoU interest rate income received from money market investments in these economies.

The UK vote to leave the EU led to volatility in the market with the GBP taking a hit, raising concerns over the economic future of the UK with the market unsure how the exit negotiations will go. Going forward as the impact unfolds the GBP is likely to weaken further.

7.2 Domestic Financial Markets Developments

During the year to June 2016, the Bank's monetary and financial market policies continued to support the development of domestic financial and money markets, particularly Government securities. As a fiscal agent of Government of Uganda, Bank of Uganda issued securities for fiscal operations; Treasury Bills consisting of 91-, 182-, and 364-day instruments and T-Bonds in 2, 3, 5, 10, and 15 year instruments respectively.

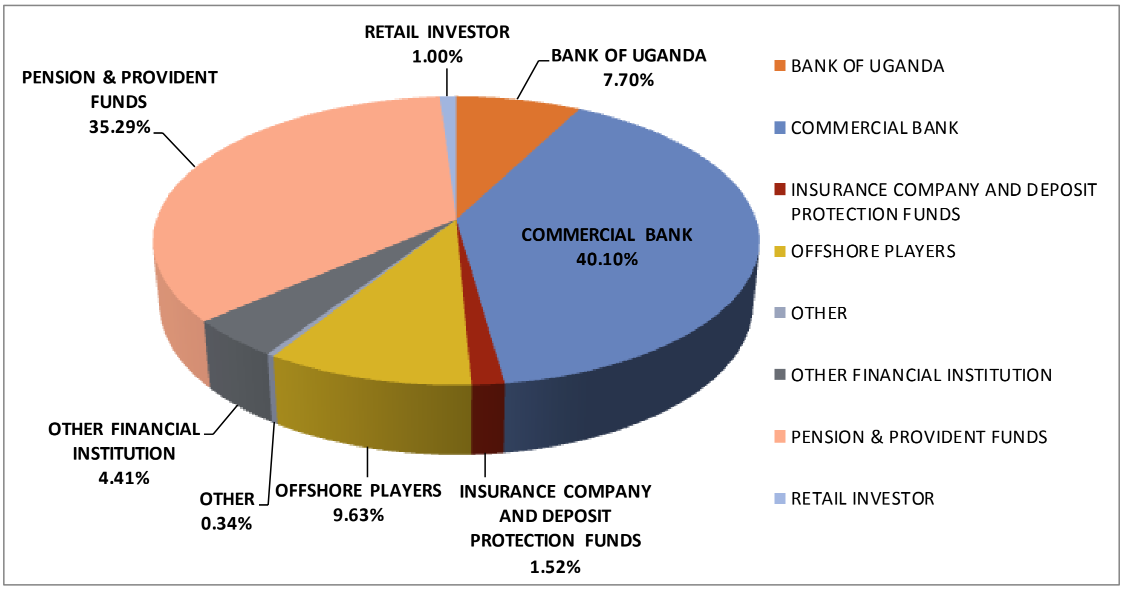
The spectrum of maturities is largely accommodative for investors who desire to invest in different maturities both on the short, medium and long term. Price discovery has greatly been enhanced and is supported by the yield curve on the Bank of Uganda website which increases efficiency of valuation and market understanding of the term structure of interest rates.

For its Open Market Operations, the Bank issued Repo and Reverse Repos consisting of maturities of up to 7 days as well as sale of securities in the secondary market with the objective of draining the structural excess liquidity from the banking system and maintaining the 7 day interbank interest rate within the Central Bank Rate (CBR).

7.2.1 Treasury Bills and Bonds

During the FY 2015/16, the Bank of Uganda as fiscal agent of Government of Uganda issued Treasury bills and Treasury bonds in different tenures for fiscal policy implementation. During the year to 30 June 2016, a total of UGX 6,135.3 billion was issued at cost of which UGX 3,961.6 billion were Treasury bills and UGX 2,173.7 billion were Treasury bonds. Government securities redemptions in the period amounted to UGX 4,729.31 billion of this, Treasury bills amounted to UGX 3,551.6 billion while Treasury bonds amounted to UGX 1,177.71 billion. As at the end June 2016, the total stock of Treasury bills was UGX 3,958.63 billion whereas Treasury bond stock stood at UGX 7,654.11 billion an increase from UGX 3,433.40 billion and UGX 6,535.44 billion at end-June 2015 for Treasury bills and Treasury bonds, respectively.

Figure 10: Treasury Securities Outstanding Stock by Holder Category as at June 30, 2016



Source: Bank of Uganda

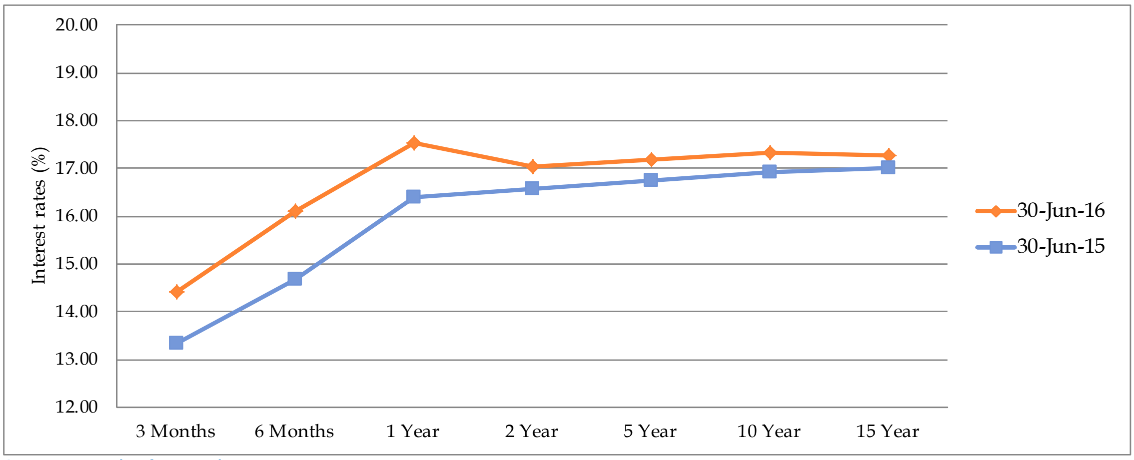
As at 30 June 2016, commercial banks held the largest portfolio of government securities at 40.10 percent of the total stock, 35.29 percent was held by Pension and provident funds, 9.63 percent was held by offshore investors. Bank of Uganda and other financial institutions held 7.7 percent and 4.41 percent, respectively while insurance companies and retail investors held 1.5 percent and 1.0 percent, respectively.

7.2.2 Securities Rates

The Bank adopted a tighter monetary policy stance for most of the period under review through the increase of the CBR in order to forestall the inflation pressures driven in part by pass-through effects of the exchange rate depreciation on the prices of imported goods. The CBR was gradually raised by 2 percent to 15 percent in June 2016 from 13 percent in July 2015.

The Treasury bill yields rose to highs of 21.253 percent, 22.911 percent and 23.861 percent in 91-, 182- and 364 day -, respectively in October 2016. By end-June 2016, the effective yields on the 91-, 182-, and 364-day Treasury bills stood at 15.285 percent, 16.941 percent and 17.982 percent, respectively, compared to the corresponding rates of 14.071 percent, 15.249 percent and 16.440 percent recorded at end-June 2015.

Figure 11: Government Securities Yield Curve Comparisons: June 2015 vs June 2016



Source: Bank of Uganda

The average yields to maturity rose on all tenors as seen in the Figure above. The yields on the 2-, 5-, 10-, and 15-year bonds increased to 17.042 percent, 17.200 percent, 17.333 percent and 17.283 percent at the end of June 2016 from 16.567 percent, 16.750 percent, 16.917 percent and 17.017 percent at the end of June 2015 respectively.

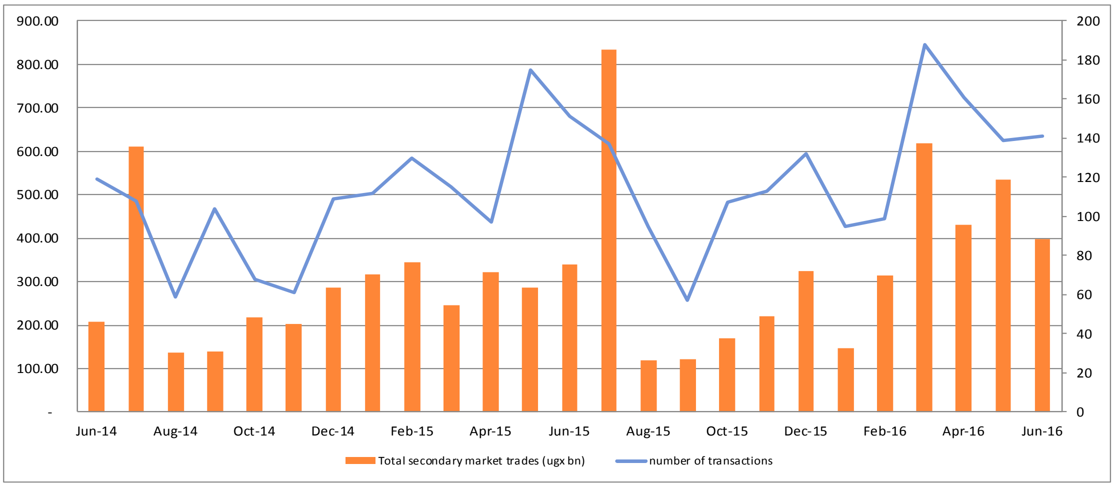
7.2.3 The Vertical Repurchase Agreement (Repo) Market

Bank of Uganda uses the repo market as the main liquidity management tool in line with the monetary management framework of Inflation Targeting Lite (ITL). The vertical Repo market used for short-term liquidity management registered total volume of UGX 17.633 trillion, comprising of 84.37 percent in Repos and 15.63 percent in Reverse Repos. These were offered in tenures ranging from 1 to 7 days, the vertical Repo registered total volume of UGX 14.88 trillion in FY 2015/16 compared to UGX 16.67 trillion in 2014/15. The reverse repo market recorded a turnover of UGX 2.76 trillion in FY 2015/16 compared to UGX 1.82 trillion in 2014/15. The short term Repo market interest rates edged up due to the tightening liquidity conditions arising from CBR increases aimed at forestalling a rise in inflation in the medium term.

7.2.4 Secondary Market Developments

Bank of Uganda has an obligation to support the development and stability of the financial system in Uganda. During the period under review, trading in the secondary market for Treasury securities increased from UGX 3.42 trillion traded in the year to June 2015 to UGX 3.599 trillion traded in the year to June 2016. The monthly turnover in the secondary market for the period under review is shown in Figure 12.

Figure 12: Secondary Market Trades of Government Securities Jul-2015 to Jun-2016



Source: Bank of Uganda

The average number of secondary market transactions per month in the year 2015/16 increased to 118 compared to an average of 103 transactions in the year 2014/15. The increase in the volume and number of secondary market trades could be attributed to increased participation by offshore investors in the secondary market and BOU's sale of recapitalization securities.

7.3 Debt Market Development

In a bid to improve liquidity in the secondary market for government securities the Bank reviewed the Primary Dealer system and came up with proposals aimed at improving the effectiveness of the distribution of securities and overall secondary market trading. The Bank has also reviewed the rules, regulations, privileges, auction procedures, ranking criteria, account opening procedure and forms for Primary Dealer market makers of government Securities. These are to be considered for adoption following consultation with market participants

The Bank participated in public awareness and sensitization tours in Mbarara, Gulu, Arua and Mbale and two exhibitions at Uganda Manufacturers Association (UMA) and Jinja to increase general awareness on investing in government securities. The Bank also carried out sensitization presentations to the Diaspora at the "home is best" conference in Masaka and the Diaspora gala dinner in December 2015

The Bank of Uganda in conjunction with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) held an in-country workshop on Money and Capital Markets for the financial markets players in Uganda. This training was aimed at building capacity in money and capital markets by equipping participants with quantitative skills on pricing money market instruments and bonds.

7.3.1 Capital Markets Infrastructure Development

Bank of Uganda participated in discussions with the Uganda Securities Exchange (USE) to explore ways to enable the trading of government securities on the stock exchange. Progress has been made regarding the business process flows and the remaining work is on the technical feasibility of connecting the BOU-CSD with the USE-SCD as well as the implementation.

The Bank participated in the User Acceptance Testing of the Primary Dealership Shared Gateway (PDSG) and this was completed. The PDSG will allow retail investors place online bids in the primary market through their respective banks and also view their account statements.

7.3.2 East African Community Regional Activities

The Bank was tasked by the Monetary Affairs Committee of the East African Community and worked with the IMF to develop a harmonized framework for Standing Facilities and Collateral Management within the EAC region that is under consideration with other partner states.

The Bank participated in the Capital Markets Infrastructure Technical Working Group meetings which are on course to deliver integrated Capital Markets Infrastructure for the EAC region. This infrastructure will connect the various stock exchanges within the region as well as their depositories to realize a common market for financial instruments. Stakeholder meetings were held to review the progress with the implementation work-plans and the rule book. Sensitization meetings for market participants were also held during the year

The Bank was able to meet all the East African Community, Monetary Affairs Committee (MAC) harmonization criteria for financial market operations by the set deadlines.

7.3.3 Strategic Partnerships

The Bank has enhanced relationships with strategic partners through coordinated workshops and meetings in order to enable future engagements in financial market development. These partners include World Bank under the ESMID project and the IMFR-East AFRITAC

7.4 The Master Repurchase Agreement (MRA)

The MRA, a framework for management of Repos, is being reviewed. A consultant was hired to address the areas of contention in the MRA and the market is looking to adopt the Global Master Repurchase Agreement (GMRA) with a sell buy back model that incorporates the Uganda annex that includes the domestic market features. The Uganda annex is currently being reviewed for a legal opinion.

7.5 Reuters Trade Reporting Platform

Bank of Uganda Reuters Dealer Tracker software and hardware have been upgraded to increase connectivity efficiency and transaction time. During the financial year, two new banks Finance Trust bank and Bank of India signed on to the Dealer Tracker bringing the total number of banks using the system to 25.

Dealer Tracker has significantly enhanced interbank information, augmented transparency, increased quantitative analysis and improved market intelligence obtained by the Bank of Uganda from the commercial banks. The Tracker system was enhanced to ably report swap and forward transactions in the market.

7.6 Challenges from Domestic Financial Markets Developments

The financial markets are still narrow and shallow, that is, with limited products and investors. There is need to broaden the investor base, increase the availability, and diversity of long term funds and investment instruments in the market. In addition, there is need for enhanced financial market infrastructure that should link the various systems for trading, price discovery, settlement and custody of all financial assets in the financial markets.

There is need for further training of financial market participants to improve effectiveness of financial market operations

8 Information Technology

8.1 Business Automation

The Bank went live with the following applications in FY2015/16:

i. Enhancements to the Central Securities Depository system to improve performance and reliability.
ii. Automation of Currency Centre and Regional Branch operations to improve efficiency.
iii. Balanced Scorecard application which is used to facilitate the implementation of the Bank's Strategic Plan.
iv. Queue Management System used to improve the experience of the Bank's customers in the Banking Hall.

During the year, the Bank continued with the procurement and implementation of projects funded by the African Development Bank to overhaul the Automated Clearing House system, and to upgrade the Real Time Gross Settlement System. It is expected that the upgraded RTGS will go-live in FY2016/17, and that the implementation of the new Automated Clearing House system will commence soon thereafter. Other notable on-going projects include the implementation of the Pension Administration System which is expected to go-live in FY2016/17, and the upgrade of the Reserves Management System which is expected to commence in FY2016/17.

8.2 IT Infrastructure

The Bank enhanced its Video Conferencing Systems to extend the capability to BOU Regional Branches and Currency Centres. Improvements to information security controls were also effected. The Bank continues to improve other aspects of its IT infrastructure, in response to business requirements, and performance, capacity, security and maintenance imperatives.

8.3 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.

All the above initiatives will enable the Bank to serve the public and its stakeholders efficiently and securely in the delivery of its mandates.

9 Banks Supervision

9.1 Commercial Banks

The banking system remained safe and sound in the year to June 2016. All banks met the minimum core capital requirement of 8 percent of risk weighted assets as at June 30, 2016. The total assets of the banking sector grew by 6.1 percent from UGX21.6 trillion to UGX22.9 trillion between June 2015 and June 2016. Total gross loans grew by 3.7 percent from UGX10.5 trillion to UGX10.9 trillion during the same period while customer deposits rose by 7.5 percent from UGX14.5 trillion to UGX15.5 trillion. Banks maintained adequate liquidity buffers as shown by the ratio of liquid assets to total deposits of 43.4 percent at June 2016, far above the minimum requirement of 20 percent. In addition, all banks met the Liquidity Coverage Ratio (LCR) requirement of 100 percent.

Credit risk is the major challenge facing the sector as shown by the rise in the ratio of non-performing loans to total loans from 4.0 percent in June 2015 to 7.4 percent in June 2016.

9.2 Credit Institutions

As at June 30, 2016 the overall financial condition and performance of Credit Institutions was rated marginal. Total assets held by the sub-sector increased by 20.5 percent from UGX365.8 billion as at June 30, 2015 to UGX440.8 billion as at end June 2016. Similarly, total loans increased by 17.9 percent from UGX206.6 billion to UGX243.7 billion while customer deposits increased by 22.0 percent from UGX243.7 billion to UGX296.6 billion over the same period. Non-performing loans however increased by 46.9 percent from UGX8.7 billion to UGX12.8 billion.

9.3 Microfinance Deposit-taking Institutions (MDIs)

As at June 30, 2016 the overall financial condition and performance of the Microfinance Deposit-taking Institutions (MDIs) was rated fair. All licensed MDIs remained adequately capitalized. Total assets held by the sub-sector increased by 23.0 percent from UGX 360.6 billion as at June 30, 2015 to UGX 442.0 billion as at end June 2016. Total loans increased by 25.3 percent from UGX 228.0 billion to UGX 285.7 billion while customer deposits increased by 24.9 percent from UGX 159.1 billion to UGX 198.8 billion over the same period. Non-performing loans however increased by 87.9 percent from UGX5.3 billion to UGX10.0 billion. Yako Microfinance Ltd. (MDI) was licensed on September 16, 2015 increasing the number of licensed Microfinance Deposit-taking Institutions from 4 to 5.

9.4 Credit Reference Bureau

Subsequent to the fulfillment of the pre-conditions laid out by Bank of Uganda, Metropole (U) Ltd (MUL) was granted a licence to operate credit reference bureau business, thus becoming the second CRB in Uganda. The Financial Institutions (Credit Reference Services) Regulations 2016 were drafted and accreditation criteria developed that will guide the expansion of the credit reference services to other credit providers that are not regulated by the Bank of Uganda. In addition, in a bid to enhance extension of credit reference services, Bank of Uganda commenced discussions with the National Identification and Registration Authority (NIRA) to discuss prospects and modalities of accessing biometric data held by the Authority.

9.5 Mobile Money

Mobile money transfer services registered significant growth over the year to June 2016. This growth has been propelled by the services' convenience. Besides being an avenue for money remittance and bills payments, mobile money has revolutionized the banking sector, complimenting their operation. Notably, banks are using mobile money to enable customers to conveniently and remotely transact on their bank accounts. The number of mobile money transactions increased from 566.5 million in the year to June 2016 to 809.1 million during the year to June 2016. There was also an increase of 41 percent in the value of mobile money transactions, from UGX26.5 trillion during the year to June 2015 to UGX37.4 trillion during the year ended June 2016. The number of registered mobile money users slightly improved from 19.4 million to 19.6 million during the last year.

9.6 Branch Outreach

As a June 30, 2016 the total number of Commercial Banks branches stood at 566 compared to 570 branches as at June 30, 2015. The net reduction of four (04) branch outlets during the year 2015/16 was a result of twenty (20) newly approved branches against twenty four (24) closed branches. Some of the commercial banks undertook branch rationalization in an effort to scale down on operational costs and focused on alternative channels. However, the number of Automated Teller Machines (ATMs) increased from 834 as at June 30, 2015 to 862 as at June 30, 2016.

9.7 Regulatory Framework

Bank of Uganda implemented a number of regulatory measures in order to enhance the resilience of the financial sector. First, the Financial Institutions (Amendment) Act 2016 was enacted in January 2016 in order to address the innovations in the banking sector and remove gaps in the regulation of banks. The key amendments include the introduction of Agent banking, Islamic banking, Bancassurance, reformation of the separate but combined Deposit Protection Fund and revision of capital provisions.

The Act also gives Bank of Uganda powers to impose additional capital buffers for commercial banks. In light of the need to enhance bank resilience, BOU has expedited the implementation of these buffers with a phase in period running to December 31 2016. All commercial banks are required to maintain a capital conservation buffer of 2.5 percent of Risk Weighted Assets (RWA), plus an additional capital surcharge for domestic systemically important banks (DSIB's) of 1-2.5 percent of (RWA). These buffers are over and above the minimum capital requirements for banks. These measures will increase the resilience of the banking sector to shocks emanating from within or outside the banking sector.

Secondly, Bank of Uganda introduced a limit of 70 percent on the Loan to Value Ratio (LTV) of foreign currency loans for land purchase. This measure is intended to address the credit risks from bank lending in foreign currency.

9.8 Forex Bureaus and Money Remittance

Total capital and reserves held by the sector stood at UGX 61.86 billion depicting an increase of UGX 10.05 billion or 19.4 percent from UGX 51.81 billion as at June 30, 2015. Total Assets held by the sub-sector was UGX104.81 billion. The sector remains largely profitable with profit after tax of Shs.8.73 billion. Total sale of forex was Shs.14.49 trillion while total purchases of forex in the year amounted to Shs.13.69 trillion.

9.9 Deposit Protection Fund

Total deposits for commercial banks (25) and credit institutions (4) increased by UGX 442.39 billion or 2.93 percent from UGX 15,117.47 billion as at December 31, 2015 to UGX 15,559.86 billion as at June 30, 2016. However, the total number of accounts during the period under review decreased by 21,745 or 0.41 percent from 5,257,021 to 5,235,276 mainly due to closures of dormant accounts in some banks. Deposit balances below or equal to the statutory insured limit of UGX3m amounted to UGX737.81bn or 4.74 percent of total deposits, representing a total of 4,962,291 accounts or 94.79 percent of the total number of accounts.

Deposit balances above the statutory insured limit of UGX 3 million totaled UGX 14,822.05 billion or 95.26 percent of the total deposits, representing 272,975 accounts or 5.21 percent of the total number of accounts. Based on the FIA Act Amendment 2016, the fund is supposed to be managed by an independent Deposit Protection Corporation with its Board and Management. The Board is being formed and in the transitional stage, Bank of Uganda is managing the fund.

10 Financial Inclusion

10.1 Overview

Financial Inclusion is defined as having access and usage of appropriate financial services by a significant percentage of the adult population. The Global Financial Inclusion (Global Findex) database 2014 reveals that between 2011 and 2014, 700 million adults became account holders while the number of those without an account - the unbanked - dropped by 20 percent to 2 billion.

The Bank of Uganda (BoU) made a commitment under the Maya Declaration to implement a Strategy for Financial Inclusion based on four pillars by 2013. In addition, BoU made further declaration to increase the percentage of adult formally financially included population (16 years+) from 54 percent (FinScope survey 2013) to at least 70 percent by 2017.

Strengthening Financial Inclusion is one of the initiatives in Bank of Uganda's Strategic Plan 2012 to 2017. Bank of Uganda is in the process of implementing various initiatives to improve financial inclusion in Uganda as a response to financial innovations, gaps in financial education, financial consumer protection issues, opportunities in the context of financial innovations, financial deepening issues as well as issues of access and quality of financial services. Financial Inclusion is defined as having access and usage of appropriate financial services by a significant percentage of the adult population.

On the supply side, despite the growth of the financial sector over the last decade, access to formal financial services still remains relatively limited. This is particularly the case in rural areas, where a significant proportion of services are delivered by informal or semi-formal providers, with limited linkages to the formal financial sector. In recent years, technological innovation has begun to provide unprecedented opportunities to rapidly and sustainably advance financial inclusion. Enabling regulatory solutions are necessary to ensure that innovations can thrive in a sustainable and safe manner.

On the demand side, where people lack the skills or the information to make informed financial decisions, those people are prevented from unlocking their full economic potential and are much more vulnerable to financial shocks. This also prevents growth in the financial markets as (potential) consumers do not take up financial products or are more likely to default on their loans.

These challenges require well-balanced and targeted responses. Without stifling innovation, Bank of Uganda aims to provide appropriate responses to these challenges – by creating an enabling environment as well as guidance and support to stakeholders engaged in the financial sector, so that financial inclusion activities can thrive.

To this end, Bank of Uganda working closely with various stakeholders and development partners has undertaken the financial inclusion agenda under four pillars namely,

i. Pillar 1: Financial Literacy
ii. Pillar 2: Financial Consumer Protection
iii. Pillar 3: Financial Innovations
iv. Pillar 4: Financial Services Data and Measurement

Below are some of the achievements under each of the pillars for the period under review.

10.2 Financial Literacy

10.2.1 Training of Trainers for Financial Literacy

During the Financial Year 2015/2016, the Bank of Uganda in conjunction with GIZ and other partners conducted twelve Training of Trainers (ToTs) courses/workshops as a way of preparing individuals and organizations to train others on financial literacy. So far 832 trainers from different local organizations have undergone an intensive 5-day Training of Trainers course.

The ToTs were attended by trainers from various institutions across the country (e.g. Kampala, Kasese, Kabarole, Wakiso, Gulu, Mbale, Kabale, Tororo, Iganga, Jinja, Kyamuhunga, Bundibugyo, Mbarara, Arua, Kitgum, Kotido, Kiruhura, Bugiri, Lira, Oyam, Kisoro, Rukungiri, Bulambuli, Masaka, Mbale, Luwero, Apac, Namutumba, Kiryandondo, Wakiso, Ntungamo, Ngora, Kiruhura, among others).

Over 200 participants attended six ToTs in Mityana and Mubende; (26th October – 20th November 2015). A ToT al of 63 local Village Savings and Loans Associations (VSLAs) and community trainers attended two ToTs in Kamuli and Tororo. Over 50 clergy attended ToTs at Namirembe provisional office (30th November to 4th December 2015 and 18th – 22nd January 2016)

Two ToTs were conducted for Savings and Credit Cooperatives (SACCOs) in Arua and Gulu, with assistance from Association of Microfinance Institutions in Uganda (AMFIU) - (June/ July 2015).Six ToTs were conducted in Mukono for farmers from all over Eastern Uganda in cooperation with Uganda Coffee Farmers (UGACOF) (March 2016).One ToT was conducted for the Young Farmers Coalition (YOFACO) for leaders of youth groups.

10.2.2 National Stakeholder Meetings

Since the launch of the National Financial Literacy Strategy in 2013 BoU has held 5 (five) financial literacy information sharing meetings to discuss progress of implementation of the strategy, challenges met and devise solutions. The most recent meeting was held in December 2015, with attendance of over 100 participants, drawn from institutions such as UNICEF, Aga Kahn Foundation, Financial Sector Development – Uganda (FSDU), Pride Microfinance, BRAC, Toyota Uganda, Care, Commercial Banks, Radio Stations, among others)

10.2.3 Incorporation of Financial Literacy into the School Curriculum

The Bank of Uganda in conjunction with various stakeholders supported the National Curriculum Development Centre (NCDC) in the process of integrating financial literacy in the new lower secondary education curriculum. On 15th September 2015, the extracts and materials for textbooks to be used in teaching the new curriculum were validated by participants from the Ministry of Education Science, Technology and Sports (MoESTS), National Curriculum Development Centre (NCDC), Bank of Uganda and other key stakeholders.

10.2.4 Development of Financial Literacy Awareness Tools and Awareness Campaigns

Bank of Uganda developed various tools and resources for different target groups. A set of core messages have been developed for use in financial literacy programs in partnership with GIZ. The core messages have been translated into 7 local languages (Ateso, Luganda, Lugbara, Luo, Runyankore/Rukiga, Runyoro/Rutoro and Swahili). The core messages cover the following key areas: Personal Financial Management, Savings, Loans, Investments, Insurance, Planning for Old Age/Retirement, Making Payments and Financial Service Providers.

Radio toolkit (manual) for media houses was developed to integrate financial literacy into their broadcasting programs. Five drama skits for radio were developed. Each of the five drama skits addresses one key financial literacy topic (Personal Financial Management, Savings, Loans, Investment, and Planning for old age). They are currently available in English and Luo (July/September 2015).

Specialized training materials were developed and trainings conducted for different target groups for the rural communities namely; a farmer's manual, Financial Literacy Game. BOU also developed training materials targeting the youth and conducted financial literacy activities with Mountains of the Moon University, MUBS, KIU and St. Lawrence University reaching over 2000 students in the period from January 2015 to March 2016

Conducted a needs assessment, development of specialized training materials and trainings in Gulu and Arua (June - July 2015). Trained market vendors from 50 markets in the Rwenzori Region in cooperation with Mountains of the Moon University (November – December 2015). Also trained rural clients of financial institutions (105 of Housing Finance Bank) in Lira and also trained 200 underprivileged girls from GOAL Uganda (April 2016).Under the workplace strand, financial literacy trainings were carried out for Pensioners and those about to retire under the NSSF scheme and KCCA law enforcement officers. Held financial literacy trainings for 100 youth as part of an NSSF outreach program (April 2016) trained 98 enforcement officers from KCCA and 91staff of PRIDE Microfinance.

10.3 Financial Consumer Protection

In 2011, Bank of Uganda issued Financial Consumer Protection Guidelines to all Supervised Financial Institutions (i.e. commercial banks, credit institutions and microfinance deposit-taking institutions).Bank of Uganda carried out National awareness campaigns on the rights and obligations of customers as indicated below:

i. Carried out a radio campaign involving radio adverts and DJ mentions, aired on a ToT al of 12 FM radio stations across the four regions of the country.

ii. Held ten regional stakeholder workshops focusing on the Financial Consumer Protection Guidelines (FCPGs) in Kampala, Mukono, Masaka, Mbale, Jinja, Gulu, Arua, Hoima, Kabale and Mbarara. The workshops took place between June and August 2015.

iii. Developed communication material (brochures, flyers and posters) on loans, deposits, complaints handling, guarantors and summary of the Financial Consumer Protection Guidelines. The materials were translated into seven local languages (Ateso, Luganda, Lugbara, Luo, Runyankore/Rukiga, Runyoro/Rutoro and Swahili). These materials are given out at trade fairs, workshops, conferences and at branches of supervised financial institutions.

iv. Engaged with the media on the most important aspects of the Financial Consumer Protection Guidelines. Activities included Breakfast Meeting with the Editors and Workshops for Journalists and Reporters.

10.4 Capacity Building

Bank of Uganda trained over 1000 staff of regulated financial institutions on the Financial Consumer Protection Guidelines at 575 branches. A "Question and Answer" Handbook for customer-facing staff has been developed to provide a quick, accessible reference guide on the FCP Provisions. Over 500 copies have been printed, with financial assistance from FSD and will be distributed soon. In the interim, the handbook has been posted on the BOU website for the public to download.

10.5 Key Facts Documents

Key Facts Documents (KDFs) were developed and launched shortly before the beginning of the Financial Year 2015/2016. KFDs are standard two-page format documents for disclosing key information on financial products (such as fees, interest rates, benefits and obligations). The Key Facts Documents are available in English as well as seven local languages (Ateso, Luganda, Lugbara, Luo, Runyankore/Rukiga, Runyoro/Rutoro and Swahili). Supervised Financial Institutions were sensitized on how to use the KFDs. In addition, supervision procedures for FCP were documented and a supervision exercise on compliance was carried out. FCP has been incorporated in supervision framework and Toolkit for FCP supervision was developed and banks are assessed on compliance of this requirement.

10.6 Complaints Handling

All financial institutions have a documented complaints' handling procedure. This procedure is easily available to customers in branches, on websites and via all other communication channels of the financial institution. While BOU has directed SFIs to appoint dedicated customer service staff to handle FCP matters, SFIs handle customers' issues within their existing branch structure. Complaints handling procedures were put in place and a BOU complaints email (complaints@bou.or.ug) established. In addition, a desk for complaints handling was setup at BOU.

10.7 Financial Innovations

The Bank continues to review and approve innovative products that leverage on mobile money platforms to increase access and usage of financial services; approved products include cross border mobile money transfers, savings and loan products. There is a cooperative arrangement with the Uganda Communication Commission aimed at strengthening the supervision and regulation of mobile money services. The Bank speared headed the process of amending the FIA to allow for agent banking. The implementing regulations will be issued in due course.

10.8 Inter Institutional Committee on Financial Inclusion

In order to strengthen further the Financial Inclusion Agenda, the Minister of Finance, in conjunction with BOU, established an Inter Institutional Committee on Financial Inclusion chaired by Ministry of Finance, Planning and Economic Development and BOU is the Secretariat. The committee is comprised of various stakeholders including Government Ministries represented at Permanent Secretary level, Heads of Regulatory Authorities and Associations, Private Sector Institutions, and Development Partners.

One of the key initiatives for this committee would be to develop a National Strategy for Financial Inclusion. The process for developing and implementing a National Strategy for Financial Inclusion has commenced and is being spear headed by the Institutional Committee on Financial Inclusion. The Strategy will provide a framework and road map for increased access and usage of financial services of which financial literacy and financial consumer protection are components.

10.9 Financial Services Data and Measurement

BOU developed Financial Inclusion Template for capturing data on access and usage of financial services based on key financial inclusion indicators. The Bank is a key participant in the preparation and conduct of the demand side survey on access and use of financial service in Uganda.

11 Agricultural Credit Facility (ACF)

11.1 Introduction

While there are a number of critical bottlenecks constraining the growth of a highly-productive and prosperous agriculture sector in Uganda, access to finance is still a cross-cutting catalyst for growth in the sector. Finance by far continues to remain a key ingredient for realizing increased productivity, higher value products and diversity of agricultural production which are positive outcomes that policymakers, development institutions, farmers and firms seek to attain in driving the country's economic growth.

Financial Institutions in Uganda like many other African countries still hold perceptions of higher risk in agriculture financing along with lower expected returns than what they can obtain elsewhere. The inherent real and perceived risks that limit the economic opportunity that financial institutions see in the sector among which is low productivity, co-variant risk profiles, fragmented supply chains, inadequate infrastructure, and sub-optimal policies in areas as disparate as food safety, import regulations and land tenure among others are still a threat to agricultural financing in Uganda.

It is under this background that the Government of Uganda (GOU) in conjunction with the Participating Financial Institutions (PFIs) introduced the Agricultural Credit Facility (ACF) in the year 2009 and has since reviewed it four times in a bid to make it better. The scheme is now in its fifth phase to address some of the challenges enumerated above.

The latest review that commenced in November 2015 focused on accommodating more farmers and agro-processors under the Small and Medium Enterprises (SME) bracket. The new Addendum also brought on board the Grain facility that provides funding for working capital and infrastructure for projects engaged in the grain trading. This change followed an outcry from the farmers who had a challenge of suitable storage facilities which in turn was affecting prices, hence the need to enhance storage capacity in the country. Also connected to the above was the exploitation of the farmers by traders who were purchasing grain directly from the fields thus attracting low prices leading to low household income. The terms for the grain facility are explained further in this report.

11.2 Objectives of the ACF

The main objective of the ACF is to promote commercialization of Agriculture through provision of medium and long term financing to projects engaged in agriculture, agro processing, modernization and mechanization.

11.3 Sources of funds under the ACF scheme

The GOU has to date remitted to BOU UGX 119.07 billion since inception of the scheme to cover disbursements and commitments so far made and to cater for applications in the pipeline. The PFIs have also made a commitment to match the GoU contribution in equal proportion in accordance with the MoU. Replenishment for the GoU contribution is done on a need basis upon request by BoU. This is supplemented by the PFIs loan repayments which are ploughed back given that the ACF is a revolving scheme.

11.4 Performance of the Scheme

The performance of the ACF has steadily improved since it was established in the year 2009. This is attributed to a number of factors that include: continued Government effort to promote agriculture and agro-processing in the country, increased involvement of the PFIs from eleven in December 2010 to eighteen in 2016. In addition, BoU has increased sensitization of the Scheme to the public especially during the recent Golden Jubilee celebrations that involved Town Hall meetings, radio and TV talk shows and various exhibitions across the country.

The cumulative figure of the disbursements amount to UGX 208.42 billion as at 30th June 2016, to 337 eligible projects across the country. Of this, GOU contribution accounts for UGX 102.92 billion up from UGX 88.22 billion of June 2015. Projects worth UGX 14.37 billion have been approved by BOU pending proof of disbursement from PFIs before re-imbursement by BOU can be made.

11.5 Procedure of Accessing the Fund

All ACF loan applications are channelled through the PFIs that are fully responsible for appraisal of the loan requests in line with their credit policy to ensure that only eligible projects are financed. If satisfied, the PFIs disburse their own funds upfront and request for re-imbursement of the GoU contribution from BoU.

11.6 Loan Terms and conditions

The terms and conditions under the scheme are stated in the MoU and the subsequent addenda. Sub-loan amounts are determined on the basis of appraisal of project viability and genuine credit needs of the clients in accordance with the lending policy of the respective PFIs. The loans under the ACF are denominated in Uganda shillings.

11.6.1 Loan Amount

The maximum loan amount to a single borrower is UGX 2.1 billion. However, this amount can be increased up to UGX 5 billion on a case by case basis (for eligible projects that add significant value to the Agriculture sector and the economy as a whole).

11.6.2 Loan Term

The maximum loan period should not exceed 8 years and the minimum should be 6 months. The grace period is up to a maximum of 3 years.

11.6.3 Interest Rate

The interest rate charged by the PFI to the final borrower is capped at 12 percent per annum.

11.6.4 Eligible Purposes

i. The acquisition of agriculture machinery and post-harvest handling equipment, storage facilities agricultural inputs that include; pesticides and fertilizers, land opening, paddocking, biological assets that include; Banana suckers, fruit seedlings, chicks, piglets, cows and goats for restocking the farm, agro processing facilities, purchase of Grain and any other agricultural and agro-processing related activities.

ii. Working capital required for operating expenses is considered provided this component does not exceed 20 percent of the total project cost for each eligible borrower. These will include among others wages for hired farm labour, overhead costs like utilities and installation costs, and hiring of specialized machinery for farming activities. The maximum loan amount to an eligible borrower for biological assets shall not exceed UGX 80 million.

The Scheme shall not be used for financing working capital for purchase of land, forestry, refinancing existing loan facilities and trading in agricultural commodities with the exception of grain.

11.7 Financing the Grain Trade

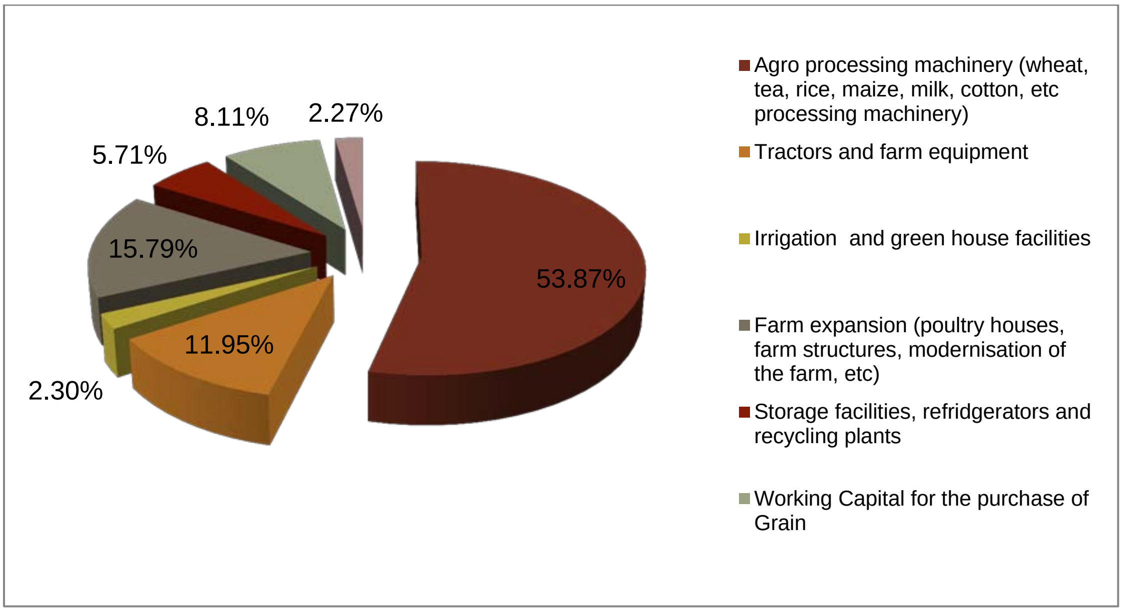
The scheme also provides financing for working capital and infrastructure for projects engaged in grain trading. The terms are as follows:

- The maximum financeable amount to a single borrower is UGX 10 billion and the GoU contribution is 50 percent of the eligible amount.
- The maximum tenure of a loan for working capital for an eligible project under the grain facility is 24 months from the date of disbursement to the borrower.
- The maximum tenure of a loan for capital expenditure for an eligible project under the grain facility is 8 years from the date of disbursement to the borrower with a maximum grace period of 3 years.
- The applicable interest rate for loans advanced to finance grain trading under the scheme is a maximum of 15 percent per annum.
- The applicable interest rate for loans advanced to finance capital expenditure under the scheme is a maximum of 12 percent per annum.

11.8 Areas Funded under the ACF

A wide range of activities have been financed under the ACF with funding going to key investment areas such as; Agro-processing machinery, tractors, farm equipment, irrigation equipment, green house facilities, farm expansion and modernisation, poultry brooders and related activities, piggery and storage facilities. Figure 13 shows the percentages of the areas funded under the scheme as at 30 June 2016.

Figure 13: Percentages of Areas funded as at 30 June 2016 (disbursed and committed funds)



Agro processing account for ***53.87*** *percent of the funds allocation which is consistent with one of the scheme's key objective of value addition.*

Figure 14: Dairy Cattle

Figure 15: Silos for Storage

Figure 16: Horticultural projects

Figure 17: Coffee Plants

12 Banking, Currency and National Payment Systems

12.1 Banking Operations

The Bank of Uganda Act mandates BoU to maintain price stability, regulate the financial system, enable an efficient and safe payments system, and advise the government on economic issues in pursuit of economic growth. In pursuit of this mandate, one of the Bank of Uganda's (BoU) statutory responsibilities is acting as banker to Government and commercial banks. In this role, the Bank maintains accounts for these customers.

The achievements registered during the FY 2015/16 include:-

i. Automated reception management system (QMS). The Queue Management System has promoted orderliness in the banking hall, and reduced pressure on the tellers due to long queues.
ii. Implementation of MAC resolution on EAC currencies acceptability, collection and repatriation. The Bank has been receiving Kenya shillings from the commercial banks. So far, three repatriations have been made.
iii. Printing and distribution of BOU signature booklets to different stakeholders.
iv. An Anti-Money laundering sensitization workshop for Accounting Officers of Government was conducted during the financial year. It was attended by a total of 85 participants a good representation of the stakeholders in Government Ministries, Departments and Agencies.
v. The testing of a clearing session at the Business Resumption site was successfully concluded and within the stipulated clearing time.

12.2 Currency Operations

The Uganda Constitution of 1995, under Article 161 and the Bank of Uganda Act 2000 Section 20, gives Bank of Uganda the mandate as the only authority to issue the currency of Uganda.

Accordingly, the Bank continued to fulfil its mandate of issuing legal tender based on clean currency policy and also in appropriate denomination mix. During the FY 2015/16, further automation in currency processing resulted in increased speed of verification and detection of counterfeit notes and coins. Volumes of processing increased by 28.7 percent between FY 2014/15 and FY 2015/16. The amount of re-issue increased by 15.8 percent in the same period. This resulted in increased circulation of currency by 5 percent. This increment matched the level of GDP growth.

The Bank also implemented the SWIFT (Society for Worldwide Interbank Financial Telecommunication) which replaced the physical letters of intention for withdrawal and deposit currency by commercial banks. This has reduced the turnaround time for serving banks as well as mitigating the associated risks.

Furthermore, the Bank's distribution capacity has improved through acquisition of additional bullion vans.

The Bank, during FY 2015/16, noted incidents of lack of acceptance of the UGX 50 coin mainly in some parts of the country mainly in the Central Region. In order to address the above, the Bank carried out media campaigns in urban areas focusing on the legitimacy and usability of the UGX 50 coin as legal tender. This was aimed at enhancing acceptability and integrity of currency. The Bank reiterates its position and gives assurance to the public that the UGX 50 is still legal tender and should be accepted for all transactions.

In addition, the Bank has ensured that there are adequate levels of denominational mix of notes and coins, to facilitate divisibility of currency in the economy. The Bank expects improvement in distribution of coins and other banknote denominations through the banking system.

In its efforts to educate and sensitize the public about currency, the Bank carried out workshops on currency security features and currency handling in the Central Region, upcountry districts and at the Town Hall meetings and regional exhibitions, when Bank of Uganda celebrated 50 years as indicated below;

i. Training of Cashiers for commercial banks and forex bureau Agents in Kampala.
ii. Public awareness campaigns in Lira, Mbale, Jinja, Masaka and Apac Districts.
iii. Regional Town Hall meetings and exhibitions in Mbale, Gulu, Arua and Mbarara.

However, the Bank experienced a rise in cost of currency by 37.3 percent in FY 2015/16 as compared to a fall of 2.3 percent in FY 2014/15. This was mainly attributed to depreciation of the Uganda Shilling

12.3 National Payments and Settlement Operations

One of the key mandates of the Bank is to promote safety and efficiency of payment system as part of its wider responsibilities of maintaining monetary and financial stability.

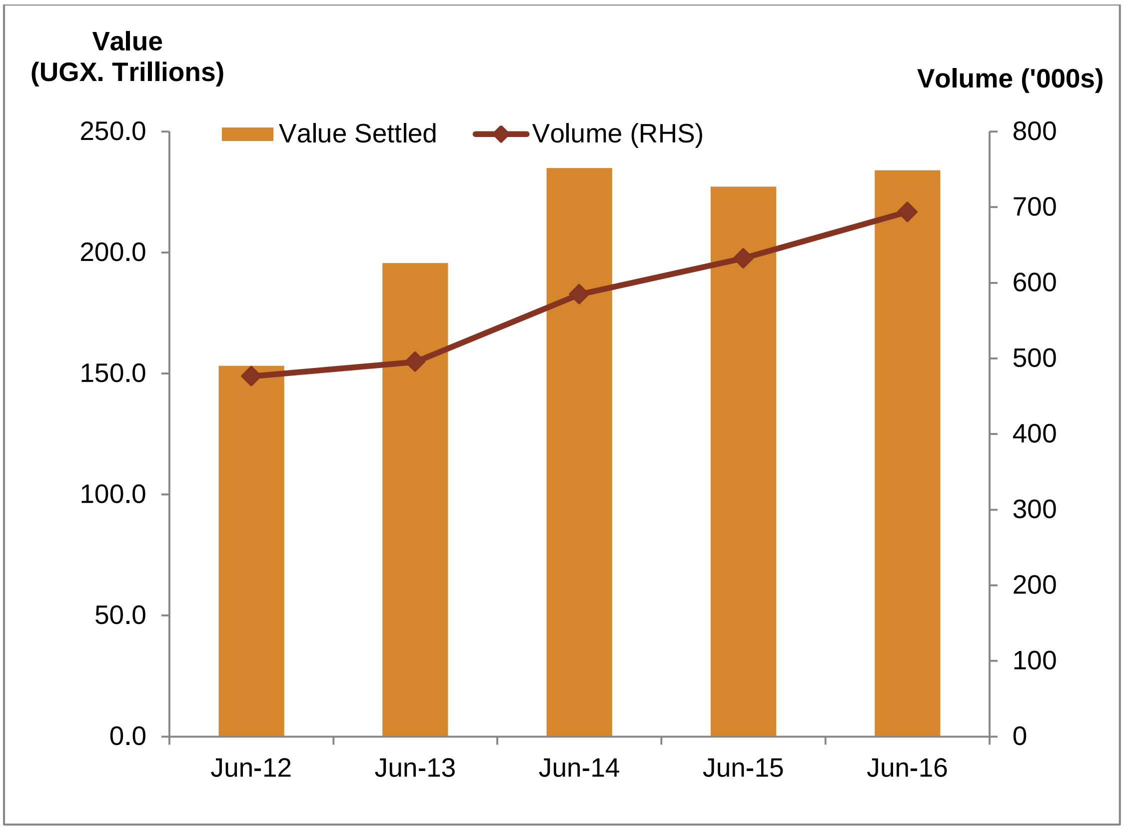
The Real Time Gross Settlement System (RTGS) also known as the Ugandan National Inter-bank Settlement System (UNISS), the Electronic Clearing System (ECS), the East African Payment System (EAPS) and the COMESA Regional Payment and Settlement System, the key systems managed by the Bank, operated smoothly without major disruptions.

12.3.1 Uganda National Interbank Settlement System (UNISS)

UNISS is the real time gross settlement system that facilitates the transfer of high value and time critical payments. Availability of the system remained high; achieving almost 100 percent uptime throughout the year. UNISS is a multicurrency system settling transactions in Uganda shillings as well as foreign currencies including: USD, Euro, GBP, KES, TZS and RWF.

The volume of UNISS transactions (in UGX) for the year ending June 2016 rose by 9.7 percent to 693,664 from 632,370 in the year ending June 2015. The value of these transaction increased by 3.0 percent from UGX227.2 trillion to UGX234.0 trillion over the same period as shown in Figure 18.

Figure 18: UNISS Transactions by volume and value (UGX)



Source: Bank of Uganda

In regard to the foreign denominated transactions, United States dollars (USD) registered the highest activity in terms of both value and volumes settled in the year ending June 2016, with USD 7 billion settled in 110,382 transactions (Table 10). However, this was a decrease from USD 7.7 billion settled in 96,482 transactions in the previous year ending June 2015. The Kenyan shilling (KES) recorded the second highest number and value of transactions with an equivalent of USD 356 million settled in 4,727 transactions. Other currencies transacted include Great Britain Pound (GBP), Euros (EUR), Kenya Shillings (KES), Tanzanian Shillings (TZS), and Rwandan Francs (RWF).

Table 10: UNISS volume and values transacted in foreign currencies

	June 2016	June 2015
Total value settled in all foreign currencies(USD equivalent; millions)	**7,724**	**8,260**
Proportion by currency (value)		
USD	90.65	93.5
EUR	4.09	2.4

GBP	0.61	0.4
KES	4.61	3.6
TZS	0.05	0.01
RWF	0.0	0.0
Total volume settled	**118,177**	**102,381**
Proportion by currency (volume)		
USD	93.4	94.2
EUR	1.89	1.9
GBP	0.55	0.7
KES	4.0	3.04
TZS	0.15	0.13
RWF	0.01	0.02

Source: Bank of Uganda

12.3.2 East African Payment System (EAPS)

The East African Payment System (EAPS) is a payment platform that connects the real time gross settlement (RTGS) Systems operated by the Partner State Central Banks of the EAC region. The volumes and values of transaction continue to register significant growth month on month. Table 11 shows that in terms of value, the majority of EAPS transactions were made in Kenyan Shillings representing 82.0 percent for inward transactions and 84.8 percent for outward transactions. Rwanda Francs registered the least number of EAPS transactions for the same period.

Table 11: Performance of EAPS

Year Ended	June 2016		June 2015	
	Inward	Outward	Inward	Outward
Total value settled (UGX equivalent; billions)	**625.4**	**678.6**	**317.7**	**193.5**
Proportion by currency (value)				
UGX (percent)	16.9	14.1	10.1	14.9
KES (percent)	82.0	84.8	89.8	85.0
TZS (percent)	1.0	1.0	0.1	0.1
RWF (percent)	0.1	0.1	0.0	0.0
Total volume settled	**2,571**	**4,853**	**1,585**	**2,944**
Proportion by currency (volume)				
UGX	56.2	30.2	69.2	50.8
KES	41.7	67.0	29.7	47.0
TZS	1.8	2.7	1.0	2.2
RWF	0.2	0.1	0.1	0.0

Source: Bank of Uganda

12.3.3 Common Market for Eastern and Southern Africa (COMESA) Regional Payment and Settlement System (REPSS)

The Common Market for Eastern and Southern Africa (COMESA) established, through its Clearing House, a Regional Payment and Settlement System (REPSS), the objective of which is to facilitate trade payments and reduce transaction cost for traders. It is expected that all COMESA countries will use the system in order to ease and enhance trade in the region.

The system is already operational in 8 Member States, namely at the Central Banks of Uganda, Kenya, Malawi, Mauritius, Rwanda, Swaziland, DRC and Zambia. Other COMESA member states are expected to join the system upon completion of the project implementation.

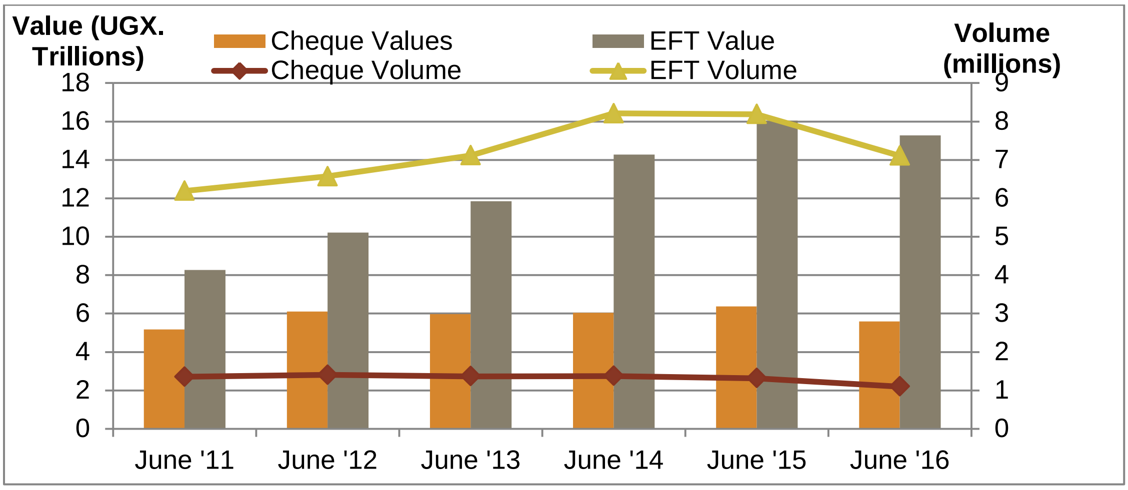
REPSS is a Multilateral Netting System with End-of-Day Settlement in a single currency (USD or Euro), with the system allowing for settlement in a multicurrency environment (USD, Euro or any other specified currency). The main aim of the system is to stimulate economic growth through an increase in intra-regional trade by enabling importers and exporters to pay and receive payment for goods and services through an efficient and cost effective platform. Local banks access the payment system through their Central Banks. Any participating bank is, therefore, able to make payments to, and receive payments from, any other participating bank. The linkages through Central Banks avoid the complex payment chains that may sometimes occur in correspondent bank arrangements. The system operates through Member countries Central Banks and their corresponding banking systems.

12.3.4 Electronic Clearing System (ECS)

The Electronic Clearing System (ECS) facilitates the interbank clearing of cheques and Electronic Funds Transfer (EFT transactions, both in Uganda Shillings and the widely used foreign currencies, namely: USD, EUR, GBP and KES.

In the year ending June 2016, 1.10 million cheque transactions valued at UGX5.6 trillion were cleared in the ECS as compared to the 1.3 million cheque transactions valued at 6.37 trillion that was cleared in the year ending June 2015. The total (credits and debits) volume EFT transactions dropped by 13.2 percent to 7.1 million in the year ending June 2016 as compared to the 8.2 million transactions recorded the in the year ending June 2015. Similarly, the value of these transactions also dropped by 4.9 percent to UGX15.3 trillion during the year to June 2016 from UGX16.03 transacted in the previous year ended June 2015.

Figure 19: ECS Volume and Values (in UGX)



Source: Bank of Uganda

During the year to June 2016, the ECS cleared 71,578 cheques and 53,831 EFTs in the main foreign currencies – USD, EUR, GBP and KES. The transactions made in US dollars registered the highest activity with the USD cheque transaction volume at 71,234 with a value of USD 248.08 million, whereas EFT transactions were 52,897 with a value of USD 613.91 million.

Table 12: ECS Foreign Currency Activity

Year Ended	June 2015		June 2016	
	EFT	**Cheques**	**EFT**	**Cheques**
Total value Cleared (USD equivalent; millions)	**583.9**	**263.4**	**649.5**	**248.9**
Proportion (%) of Value by currency				
USD	95.9	99.6	94.5	99.7
EUR	3.1	0.3	5.2	0.2
GBP	0.4	0.1	0.2	0.1
KES	0.7	0.0	0.00	0.0
Total volume Cleared	**40,917**	**73,119**	**53,831**	**71,578**
Proportion (%) of Volume by currency				
USD	97.7	99.5	98.3	99.5
EUR	1.3	0.3	1.3	0.3
GBP	1.0	0.2	0.4	0.2
KES	0.0	0.0	0.0	0.0

Source: Bank of Uganda

13 Petroleum Revenue Investment Fund

13.1 Petroleum Revenue Management

The Public Finance Management Act 2015 *(Part VIII)* focuses on Petroleum Revenue Management. It establishes the Petroleum Fund (PF) to receive all petroleum revenue, and the Petroleum Revenue Investment Reserve (PRIR) for investments. The Minister of Finance, Planning and Economic Development (MoFPED) is responsible for the overall management of the Petroleum Fund and shall oversee all transfers into and disbursements from the Petroleum Fund.

Withdrawals from the Petroleum Fund can only be made under authority granted by an Appropriation Act and a warrant of the Auditor General. Withdrawals are either;

i. to the Consolidated Fund to support the annual budget, and/or

ii. to the Petroleum Revenue Investment Reserve for investments.

13.2 Petroleum Revenue

On 01 July 2016, USD 36 million was received as part payment of the USD 250 million Capital Gains Tax (CGT) liabilities from Tullow in addition to the USD 36 million received in June 2015, and USD 142 million in 2012. A final installment of USD 36 million is expected in June 2017.

Below is a schedule of oil revenue funds received by GoU to-date:

Date / Period	Amount USD	Account
21-Jul-2011	449,424,960	GoU Oil Revenue Account *
Feb - Mar 2012	171,157,650	GoU Oil Revenue Account *
22-Jun-2015	36,058,501	Petroleum Fund
01-Jul-2016	36,058,501	Petroleum Fund

** Account closed (balance transferred to the UCF on 29 June 2015 after the enactment of the PFM Act 2015)*

13.3 Petroleum Revenue Investment Reserve

The legislation aims to create a balanced relationship, preserving the operational management for BOU while ensuring accountability to the MoFPED such as complying with the investment policy within a framework of a written agreement between the Minister and the Governor. Subsequently oversight is ultimately carried out by the Parliament which will receive periodic reports of the PRIRs performance.

The financial assets of the PRIR including present or future financial assets shall not be earmarked, pledged, committed, loaned out, or otherwise encumbered by any person or entity.

13.4 Preparations for the PRIR Mandate

In line with the requirements of the Act, the PRIR will be managed separately from the Central Bank Reserves. Progress is being made towards fulfilling key provisions that are preconditions for the execution of the PRIR Mandate.

i. The Operational Management Agreement between the Minister and the Governor is being reviewed.

ii. The investment policy by the MoFPED is being finalized.

iii. Operational accounts for the petroleum revenue are being considered.

iv. Formulation of an internal administrative framework commensurate to the size of assets under management and the workload. This will be reviewed progressively as the fund grows.

v. Idea generation and preliminary research into the prerequisites for appointment of external financial intermediaries. These include counterparties, brokers and custodians who provide support to the Funds investment processes;

vi. IT infrastructure and identification of key IT resources that is integral to efficient investment management activities, suitable for delivering front-end portfolio trading, middle and back-office operations for portfolio management, end of day compliance, accounting, performance measurement, market monitoring and analysis to facilitate decision making.

vii. Consultative missions with respect to accounting, investment, risk, auditing and research, selection of Fund managers continue to provide insights into the ongoing designing of the necessary infrastructure, policies, tools and procedures necessary for management of the PRIR.

In anticipation for the execution of this mandate, the Bank continues to make progress in responding to demands of asset management operations, committed to good governance, transparency and accountability in the management of the PRIR.

14 Financial Results for the Year Ended 30 June 2016

14.1 Introduction

The Financial Statements of the Bank include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash flows and accompanying notes.

The performance of the Bank is analysed on the basis of achievements in line with its Core Functions as spelt out in the BOU Act, Section 4 and outlined below:

- Maintain monetary stability,
- Maintain an external assets reserve,
- Issue currency notes and coins,
- Banker and advisor to Government,
- Regulation and supervision of financial institutions,
- Banker to financial institutions and clearing house for cheques and other financial instruments; and,
- Where appropriate, act as agent in financial matters for the Government.

14.2 Statement of Profit or Loss and Other Comprehensive Income

14.2.1 Income

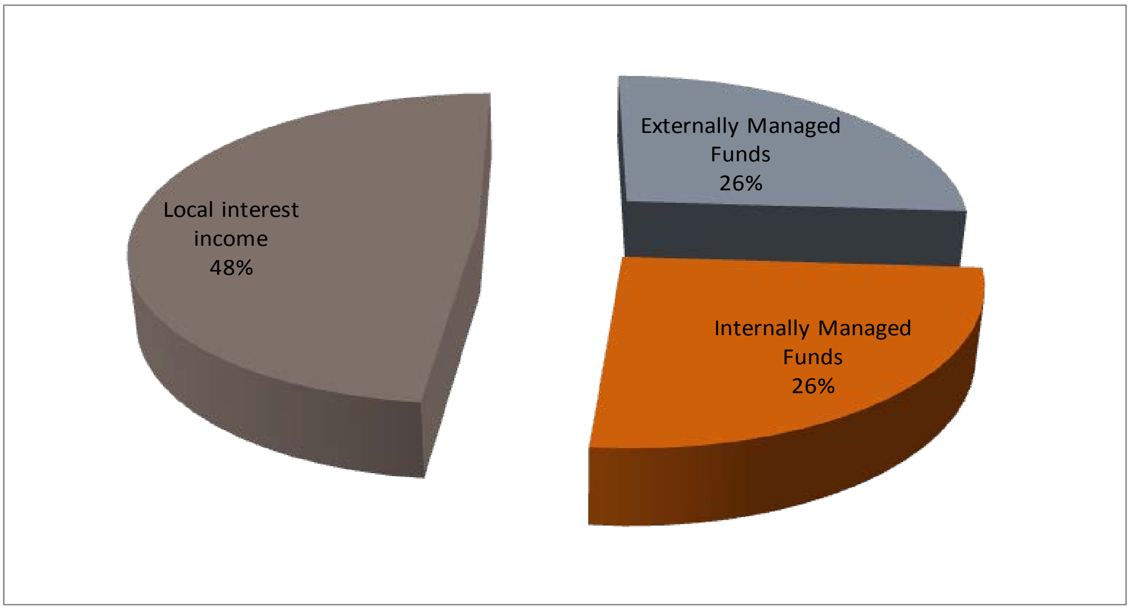
The Bank realized net operating income before foreign exchange and fair value gains of UGX 229,980 million in 2015/2016 compared to UGX 130,350 million of 2014/2015. A detailed discussion of income is presented below:-

14.2.1.1 Interest Income

During the year ended 30 June 2016, the Bank posted interest income of UGX 208,683 million, a 56 percent growth from UGX 133,808 million of 2014/15. Total interest income for the year had been projected at UGX 207,183 million.

Interest income contribution from funds managed both externally and internally accounted for 26 percent of the total income, while local interest income contributed 48 percent. Figure 20 shows the distribution of interest income.

Figure 20: Distribution of interest income



Source: Bank of Uganda

14.2.1.2 Externally Managed Funds

Interest income from externally managed funds totalled UGX 53,772 million compared to UGX 41,781 million of 2014/15. The growth in the interest income in UGX terms during the year was explained by the depreciation of the Uganda Shilling against all major international currencies. In USD terms, the Bank realised 7 percent more interest income compared to the prior year because of an increase in bond prices fueled by the US Federal reserve modest interest rate hike. In addition, the speculation to Brexit events benefitted the government bonds due to a recovery in the US, German and UK government 10-year Treasuries as yields fell sharply.

At the close of the year, the total portfolio with the external fund managers stood at USD 1,080 million compared to USD 1,060 million as at 30 June 2015. The return on the externally managed portfolio was nevertheless affected by low and negative interest rates, in addition to the sharp reduction in prices of commodities largely driven by falling oil prices.

14.2.1.3 Internally Managed Funds

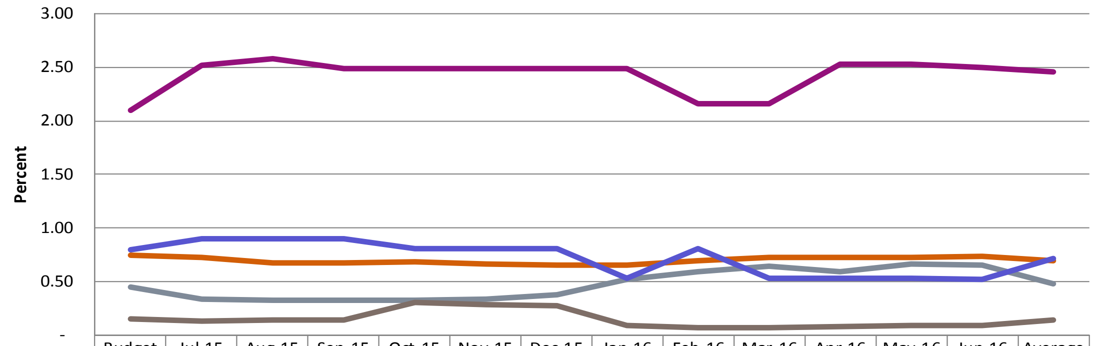
Income from internally managed funds increased by 15 percent to UGX 52,847 million from UGX 45,910 million reported in 2014/15. This was mainly attributed to the AUD denominated investments whose return averaged 2.45 percent.

Despite this performance, interest rates remained low at less than 1 percent on average for most currencies.

It is observed that the external fund managers performed better than the internal fund managers on most occasions as they were able to invest long term in the fixed income market and take advantage of better rates. However, internal fund managers are constrained by the need to maintain adequate buffers and therefore lack adequate flexibility, limiting them to invest largely in short term money market instruments.

Figure 21 shows the interest rate trends over the year.

Figure 21: Interest rate trends for the year ended 30 June 2016



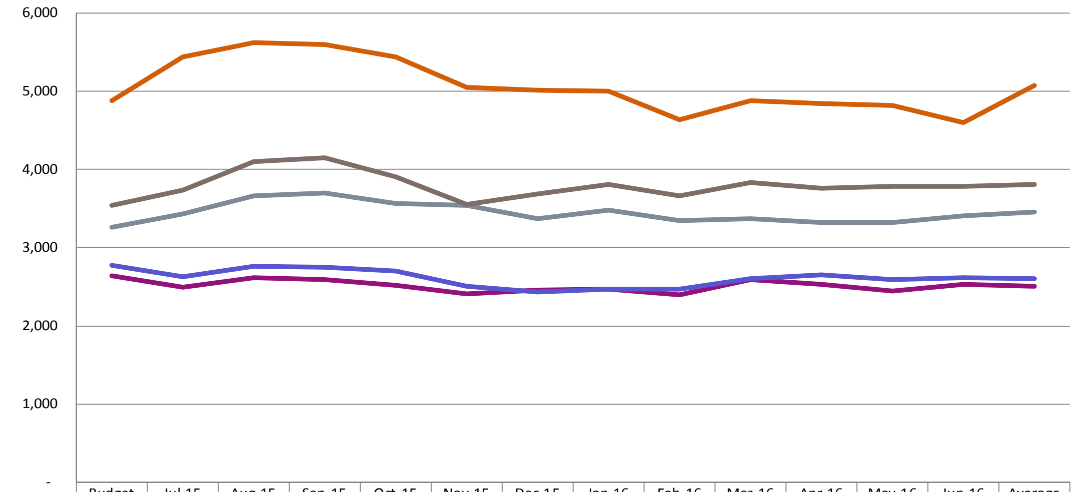
	Budget	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Average
USD	0.45	0.34	0.33	0.33	0.33	0.34	0.38	0.52	0.59	0.65	0.59	0.67	0.66	0.48
GBP	0.75	0.73	0.68	0.68	0.69	0.67	0.66	0.66	0.70	0.73	0.73	0.73	0.74	0.70
EUR	0.15	0.13	0.14	0.14	0.31	0.29	0.28	0.09	0.07	0.07	0.08	0.09	0.09	0.15
AUD	2.10	2.52	2.58	2.49	2.49	2.49	2.49	2.49	2.16	2.16	2.53	2.53	2.50	2.45
CAD	0.80	0.90	0.9	0.90	0.81	0.81	0.81	0.53	0.81	0.53	0.53	0.53	0.52	0.72

Source: Bank of Uganda

On average, the UGX depreciated against all major currencies, reaching a peak in September 2015 before gradually easing and stabilising by the end of June 2016. At the end of the September quarter, BOU introduced the FX auction method to stem the movement in the exchange rate which subsequently contributed to the shilling stability in the latter months of the year. The USD, GBP and EUR currencies appreciated against the shilling while the AUD and CAD depreciated, when a comparison is made against the budgeted exchange rate. Figure 3 below shows the average exchange rates for the year.

Figure 22 shows the exchange rate trends

Figure 22: Exchange rate trends for the year ended 30 June 2016



	Budget	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Average
USD	3,266	3,426	3,658	3,695	3,560	3,537	3,377	3,480	3,349	3,374	3,326	3,324	3,405	3,459
GBP	4,881	5,437	5,617	5,594	5,445	5,053	5,009	5,006	4,642	4,875	4,846	4,814	4,604	5,078
EUR	3,543	3,742	4,103	4,145	3,902	3,557	3,686	3,807	3,659	3,831	3,763	3,790	3,781	3,814
AUD	2,641	2,492	2,616	2,590	2,521	2,414	2,463	2,466	2,398	2,597	2,536	2,442	2,533	2,506
CAD	2,774	2,628	2,766	2,755	2,703	2,511	2,432	2,470	2,473	2,608	2,652	2,595	2,621	2,601

Source: Bank of Uganda

Total interest expense increased by 10 percent to UGX 41,610 million during the year. As part of the monetary policy operations, the Bank spent UGX 41,161 million to mop up excess liquidity in the market, compared to UGX 37,437 million of 2014/15. Interest expense is discussed further under note 4.

14.2.1.4 Local Interest Income

Recapitalisation Securities and Reverse Repos were the major sources of local interest income contributing 82 percent and 10 percent of local interest income respectively. Local interest income was 6 percent below expectation due to a shortfall in income from recapitalisation securities because the additional tranche of UGX 200,000 million was received late in December 2015. The Bank therefore realised interest income on a smaller base of recapitalisation securities of UGX 660,000 million compared to UGX 860,000 million that had been projected.

Due to the tight liquidity in the market during the period, the Bank issued Reverse Repos realising income of UGX 9,795 million, while interest earned from short term lending to Commercial Banks amounted to UGX 3,107 million against a projection of UGX 100 million.

14.2.1.5 Investment in Afreximbank

The Bank currently holds 2,317 Class A shares in Afreximbank from 100 shares held at inception. Since 2005, the investment has generated an average dividend of about USD 25,000 per annum until 2014, when there was a capital call in which BOU obtained additional shares, raising the investment to USD 15 Million in the Afrexim bank. At this level, the investment has so far yielded an average return of 5.42 percent. In this regard, dividend income received during the year was UGX 2,332 million against a budget of UGX 108 million. There was no dividend income received during the year ended 30 June 2015.

14.2.1.6 Other Local Income

Total income from local sources amounted to UGX 12,601 million compared to UGX 9,534 million in the previous year. The increment is attributed to the rise in the currency processing fees and RTGS income on the back of an increased volume of transactions during the year. Nevertheless, the income was lower than expected largely due to income expected from charges on Government which was not realised by the year end, pending the conclusion of the MoU with the Ministry of Finance, Planning and Economic Development.

Other major sources of local income included financial institutions licences at UGX 1,041 million, CSD maintenance fees of UGX 760 million and clearing house fees of UGX 360 million, , amongst others.

14.2.2 Expenditure

The total expenditure outturn for the year increased by 20 percent to UGX 379,118 million from UGX 317,018 million in 2014/15. Nevertheless, the Bank operated within budget during the year 2015/16.

The increased expenditure was mainly attributed to a significant rise in currency costs (80 percent) from 2014/15 mainly due to the increased demand for currency during the year leading to issuance of new notes and coins. Furthermore, the depreciation of the UGX against the major currencies affected printing and minting costs.

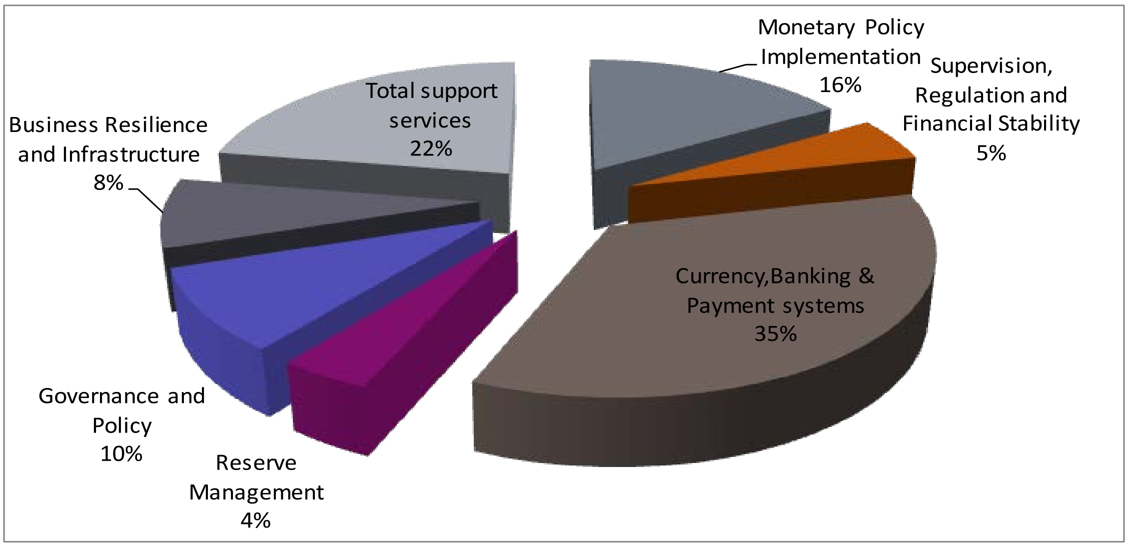
The expenditure is tabulated according to the Bank's core functions in Table 13 and distribution shown in Figure 23.

Table 13: Actual expenditure according to core functions of the Bank

	BUDGET FY2015/16	ACTUAL FY 2015/16	VARIANCE vs BUDGET	ACTUAL FY 2014/15	VARIANCE vs FY 2014/15
	UGX (m)	UGX (m)		UGX (m)	
Monetary Policy Implementation	122,552	61,321	49.96%	57,692	6.29%
Supervision, Regulation and Financial Stability	19,627	19,135	2.51%	18,794	1.81%
Currency,Banking & Payment systems	88,733	131,919	-48.67%	99,957	31.98%
Reserve Management	15,240	15,136	0.68%	11,538	31.18%
Governance and Policy	33,583	35,446	-5.55%	30,015	18.09%
Business Resilience and Infrastructure	32,878	30,053	8.59%	23,648	27.08%
Total Core functions	312,613	293,010	6.27%	241,644	21.26%
Total support services	80,016	83,972	-4.94%	71,727	17.07%
Staff loan fair valuation	-	2,136	0.00%	3,647	-41.43%
Total expenditure	**392,629**	**379,118**	**3.44%**	**317,018**	**19.59%**

Source: Bank of Uganda

Figure 23: Distribution of actual expenditure



Source: Bank of Uganda

14.2.2.1 Implementing Monetary Policy

Key to the core mandates of the Bank is monetary policy implementation and in pursuance of this, the Bank endeavors to maintain the medium term policy rate of 5 percent.

Core inflation averaged 6.7 percent during the year and closed at 6.8 percent, which was slightly above the medium term target of 5 percent.

The Central Bank Rate (CBR) was gradually raised from 13 percent at the beginning of July 2015 to 17 percent by November 2015, and was subsequently reduced to 15 percent as at the end of June 2016.

Expenditure towards the monetary policy objective amounted to UGX 61,321 million during the year compared to a budget of UGX 122,552 million and an outturn of UGX 57,692 million in 2014/15.

Monetary policy costs were lower than anticipated due to a smaller volume of Repos issued during the year under review. This was explained largely by the depreciation of the Uganda Shilling coupled with large inter-bank forex purchases, and raising of the CBR which significantly impacted on liquidity levels in the economy.

14.2.2.2 Regulation, Supervision and Financial Stability

The Bank has a statutory responsibility of prudential regulation and supervision of financial institutions. In a bid to promote sustainable growth in financial intermediation and institute safe and efficient financial infrastructure, the Bank undertook the following activities:-

- Provided supervisory and regulatory oversight over the financial sector, through on-site inspections and off-site surveillance.
- Strengthened financial inclusion activities by sensitising the public using awareness campaigns, and holding stakeholder workshops on financial products and services.
- The Financial Institution Act (2004) was amended to incorporate provisions for regulated financial institutions to engage in Islamic Banking, Banc assurance and Agent Banking.
- Bank of Uganda exited statutory management of M/s Imperial Bank (U) Ltd to M/s Exim Bank (U) Ltd following a sale of majority shares held by Imperial Bank (K) Ltd to Exim Bank (T) Ltd.

Towards this objective, the Bank spent UGX 19,135 million which was 3 percent less than the budget of UGX 19,627 million for the year and higher when compared to the figure of UGX 18,794 million of 2014/15.

14.2.2.3 Currency, Banking and Payment Services

One of the key responsibilities of the Bank is to ensure availability of adequate, durable and clean notes and promote public awareness on the currency handling and security features. In addition, the Bank facilitates payments, settlements and clearing of payment instruments for the government and financial institutions. During the year, there was growth in demand by the public for currency notes and coins (UGX100 and UGX 200 denominations).

Total expenditure towards this objective amounted to UGX 131,919 million compared to a budget of UGX 88,733 for the year under review and UGX 99,957 million of 2014/15. The higher than anticipated expenditure was reflected in currency costs which increased by 46 percent from the previous year mainly due to the following reasons:

- The effect of the increased demand by the public for currency during the year leading to issuance of new notes and coins.
- Depreciation of local currency during the year under review which affected printing and minting costs.

14.2.2.4 Reserve Management and Financial Markets Operations

The Bank of Uganda Act 2000 under Section 31 vests the maintenance of the country's foreign exchange reserves in Bank of Uganda. The foreign reserves are managed in line with the objectives of capital preservation, liquidity and reasonable and consistent returns as stipulated in the foreign exchange reserves management policy framework.

The Bank provided UGX 15,240 million to cater for reserve management fees and other reserve management and financial markets activities and UGX 15,136 million was utilized compared to UGX 11,538 million in 2014/15.

14.2.2.5 Governance and Policy

The Bank has in place a strong governance framework that steers the strategic direction in line with its mission and vision. The following were achieved in line with governance and policy.

- Maintained a satisfactory system of internal controls for the achievement of its objectives.
- The Governor launched the BOU Golden Jubilee commemoration celebrations.
- Evaluation of the Strategic Plan 2012-2017 commenced to pave way for the development and implementation of the SP 2017-2022.
- Continued to build and maintain good relationships with both external and internal stakeholders through public awareness campaigns, workshops for selected groups, monetary policy communication, dissemination of reports, internal newsletters and press briefings.
- Participated in Regional initiatives such as East African Community (EAC), Monetary Affairs Committee (MAC, COMESA and MEFMI). In addition, there was collaboration with the IMF, World Bank, MoFPED and UBOS.
- Received the 2015 Financial Reporting Award for excellence in financial reporting in the Regulatory Institutions category for the fourth year running.
- Extended support to various communities in the areas of institutional capacity building, education, health and social development as part of its CSR activities.

As a result of these activities, the Bank incurred a cost of UGX 35,446 million against a budget of UGX 33,583 million compared to UGX 30,015 million in FY 2014/15. The increased expenditure is mainly attributed to the strategic planning review for SP 2012-2017 that was carried out during the year, in preparation for the next strategic calendar SP 2017-2022. In addition, the Bank participated in several Corporate Social Responsibility initiatives during the year.

14.2.2.6 Business Resilience and Infrastructure

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

During the year, a number of systems were implemented, which includes but not limited to the following;

- Enhancements to the Central Securities Depository system to improve performance and reliability.
- Automation of Currency Centre and Regional Branch operations to improve efficiency.
- Balanced Scorecard application which is used to facilitate the implementation of the Bank's Strategic Plan.
- Queue Management System used to improve the experience of the Bank's customers in the Banking Hall.

Other notable on-going projects include the implementation of the Pension Administration System which is expected to go-live in FY 2016/17, and the upgrade of the Reserves Management System which is expected to commence in FY 2016/17.

The Bank provided UGX 32,878 million to cover business resilience and infrastructure upgrade out of which UGX 30,053 million was utilized by the end of the year as compared to UGX 23,648 million in 2014/15.

14.2.2.7 Support Services and Overheads

These cover administration, finance and accounting services and other institutional support services to the Bank. Total expenditure towards support services amounted to UGX 83,972 million against a budget provision for the year of UGX 80,016 million.

14.3 Income and Expenditure Trends

The current economic environment presented both opportunities and challenges for BOU as it sought to execute its mandate. The depreciation pressures that started last financial year continued through most of the FY 2015/16 gradually easing by June 2016. The exchange rate remained volatile in the first half of the year which greatly impacted the Bank's external income. On the expenditure front, increased demand for currency and the depreciation of the UGX against the major foreign currencies hugely impacted currency costs as well as other items purchased in foreign currency. Table 14 shows the analysis of the income and expenditure trends over the last five years.

Table 14: Income and Expenditure trends over a period of 5 years

	ACTUAL 2011/12	ACTUAL 2012/13	ACTUAL 2013/14	ACTUAL 2014/15	ACTUAL 2015/16	BUDGET 2016/17
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Income						
Interest Income	60,773	82,724	116,833	133,808	208,683	239,638
Interest Expense	(1,611)	(37,700)	(59,997)	(37,828)	(41,610)	(112,500)
Net Interest Income	**59,162**	**45,024**	**56,836**	**95,980**	**167,073**	**127,138**
Fees, Commisions and other income	87,094	20,833	73,047	34,370	62,907	10,283
Total Fees, Commisions and other income	**87,094**	**20,833**	**73,047**	**34,370**	**62,907**	**10,283**
Net Operating Income	146,256	65,857	129,883	130,350	229,980	137,421
Fair Value /Translation Gains/(Losses)	(501,966)	157,885	267,608	1,536,077	(82,888)	-
Net Operating Income/(Loss)	**(355,710)**	**223,742**	**397,491**	**1,666,427**	**147,092**	**137,421**
Expenditure						
General & Administration Costs	(165,998)	(219,219)	(190,016)	(186,898)	(212,252)	(237,292)
Currency costs	(48,767)	(64,922)	(62,874)	(64,058)	(93,893)	(59,980)
Provision for Impairment Costs	(152)	(84)	(231)	(366)	(279)	-
Financial & Professional Charges	(14,293)	(11,190)	(11,985)	(13,554)	(15,400)	(16,211)
Depreciation and amortisation	(15,506)	(15,899)	(15,770)	(14,314)	(15,684)	(15,700)
Total Operating Expenditure	**(244,716)**	**(311,314)**	**(280,876)**	**(279,190)**	**(337,508)**	**(329,183)**
Net Surplus/ (Deficit)	**(600,426)**	**(87,572)**	**116,615**	**1,387,237**	**(190,416)**	**(191,762)**
Other Comprehensive Income	-	97,676	36,348	30,224	25,577	-
Total comprehensive income	**(600,426)**	**10,104**	**152,963**	**1,417,461**	**(164,839)**	**(191,762)**

Source: Bank of Uganda

14.3.1 Net Operating Results

The total comprehensive income for the year 2015/16 reflect a deficit of UGX 164,839 million compared to a surplus UGX 1,417,461 million in 2014/15. The significant movement is a result of foreign exchange and fair value gains of UGX 1,536,077 million in FY 2014/15 compared to the losses of UGX 82,888 million recorded in year 2015/16. However, the Bank recorded a net operating deficit of UGX 81,951 million before foreign exchange and fair value losses compared to a deficit of UGX 118,616 million for FY 2014/15.

14.3.2 Capital Expenditure

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

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

The capital expenditure for the year ended 30 June 2016 amounted to UGX 13,982 million compared to a budget of UGX 67,022 million representing absorption of 26 percent. Table 15 shows the allocation of capital expenditure and absorption rates in each category.

Table 15: Capital expenditure for the year ended 30 June 2016

PARTICULARS	APPROVED BUDGET 2015/16	ACTUAL TO JUNE 16	ABSORPTION 2015/16	ACTUAL TO JUNE 15	ABSORPTION 2014/15
	UGX (m)	UGX (m)		UGX (m)	
IT RELATED PROJECTS	18,452	2,740	15%	4,105	63%
BUILDING WORKS	26,523	1,751	7%	411	3%
COMPUTER EQUIPMENT	3,009	810	27%	1,239	69%
OFFICE FURNITURE	1,929	682	35%	748	47%
VEHICLES	8,689	5,337	61%	610	8%
OFFICE MACHINES	650	630	97%	979	114%
PLANT &EQUIPMENT	7,770	2,032	26%	8,316	42%
Total	**67,022**	**13,982**	**21%**	**16,408**	**31%**

Source: Bank of Uganda

14.4 Statement of Financial Position

The Statement of Financial Position shows the level of the Bank's assets and liabilities as well as equity as at 30 June 2016. The analysis of the position is presented below.

14.4.1 Assets

Total assets increased by 4.47 percent to UGX 13,320,163 million from the amount of 2014/15, with foreign assets accounting for 86 percent of the total assets at 30 June 2016.

14.4.1.1 Foreign Assets

Foreign assets increased by 5.14 percent million mainly on account of growth in the internally managed portfolio (comprising of US treasury bills and bonds) from USD 1,913 million as at 30 June 2015 to USD 2,025 by the end of June 2016. The growth was driven by the Bank's foreign exchange intervention programme coupled with the strengthening of the USD dollar against the major foreign currencies. However, there was reduction in the money markets component of the internally managed portfolio from USD 1,608 million as at 30 June 2015 to USD 1,565 million as at 30 June 2016 which was attributed to the depreciation of the GBP (GBP accounts for 45 percent of the money market deposits) against the Uganda Shilling following the events after the Brexit.

At the close of the year, the total portfolio with the external fund managers stood at USD 1,080 million compared to USD 1,060 million as at 30 June 2015.

14.4.1.2 Domestic Assets

The domestic assets increased by 0.4 percent to UGX 1,809,385 million as at 30 June 2016 from UGX 1,801,927 million in the prior year. The movement was mainly attributed to other assets which increased by UGX 88,489 million due to advance payments made to printers and minters of currency notes and coins during the year.

14.4.2 Liabilities

Total liabilities increased by 5.74 percent to UGX 9,851,771 million as at 30 June 2016 from the UGX 9,316,811 million of 30 June 2015, with the biggest portion of this amount being domestic liabilities accounting for 91.37 percent.

14.4.2.1 Foreign Liabilities

Foreign liabilities mainly comprise of allocations of SDRs. 173 million. IMF obligations in shilling terms increased by 2.58 per cent to UGX 822,541 million at the end of June 2016 from UGX 801,843 million as of June 2015 due to the depreciation of the Uganda shillings against the SDRs by 2.58 percent as compared to June 2015.

14.4.2.2 Domestic Liabilities

Domestic liabilities increased by 5.85 percent to UGX 9,001,122 million during the year mainly due to increase in currency in circulation, commercial banks' deposit balances and Repos.

14.5 Equity

The Bank's net worth increased by 1.02 percent to UGX 3,468,392 million from UGX 3,433,232 million at the end of June 2015. The movement in the net worth is largely explained by recapitalisation securities of UGX 200,000 million received in December 2015 and the Bank's comprehensive income of UGX 164,839 million.

15 Directors' Report

15.1 Introduction

The Directors are pleased to present their report for the year ended 30 June 2016. The report on the performance of the Bank fulfils the provisions of the Bank of Uganda Act (Cap. 51) Laws of Uganda, which require the Bank to make a report on its activities and operations during the preceding year, within three months after the end of each financial year.

15.2 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.

15.3 Operating Financial Results

The Directors present the financial statements for the year ended 30 June 2016 as set out on pages 87 to 155 of this report. The Bank registered total comprehensive income of a deficit of UGX 164,839 million (2015: Surplus of UGX 1,417,461). The loss is majorly explained by net foreign exchange and fair value losses of UGX 82,888 million and a net operating loss of UGX 81,951 million.

15.4 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 2016 (30 June 2015: Nil).

15.5 Directors

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

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

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

Christopher Manyindo Kassami (Deceased 11 March 2016)	Member
James Kahoza	Member
Ibrahim K. Kabanda	Member
William S. Kalema	Member
Judy Obitre-Gama	Member

Mr. Keith Muhakanizi was appointed as a Non-Executive Director effective 18 July 2016.

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

15.6 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 2016, M/s Ernst & Young, Certified Public Accountants, were appointed to act on behalf of the Auditor General.

15.7 Approval of the Financial Statements

The financial statements were approved at a meeting of the Board of Directors held on 22 September 2016.

Susan Kanyemibwa

Bank Secretary

22 September 2016

16 Statement of the Directors' Responsibilities

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

The Directors accept responsibility for the annual financial statements set out on pages 87 to 155, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Bank of Uganda Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank as at 30 June 2016 and of its net deficit for the year then ended. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

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

The financial statements were approved by the Board of Directors on 22 September 2016 and were signed on its behalf by:

Chairman	Director	Director
22 September 2016	22 September 2016	22 September 2016

17 Report of the Auditor General to Parliament

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

17.1 Report on the Financial Statements of Bank of Uganda

The financial statements of Bank of Uganda set out on pages 85 to 155 which comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, have been audited.

17.2 Directors' Responsibility for the Financial Statements

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

17.3 Auditors' Responsibility

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

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

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

17.4 Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bank of Uganda at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Bank of Uganda Act.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

22 September 2016

18 Financial Statements

18.1 Statement of Profit or Loss and Other Comprehensive Income

Year ended		Note	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Operating income				
	Interest income	3	208,683	133,808
	Interest expense	4	(41,610)	(37,828)
Net interest income			**167,073**	**95,980**
	Profit on domestic foreign exchange trade	5	47,718	21,156
	Fees and commissions	6	2,588	3,680
	Other income	7	12,601	9,534
Net non interest and other income			**62,907**	**34,370**
Net operating income before foreign exchange & fair value gains			**229,980**	**130,350**
	Net foreign exchange and fair value (losses)/gains	9	(82,888)	1,536,077
Net operating income			**147,092**	**1,666,427**
Expenses	General & administration costs	10	(212,252)	(186,898)
	Currency costs	12	(93,893)	(64,058)
	Financial and professional charges	13	(15,400)	(13,554)
	Impairment loss	14	(279)	(366)
	Depreciation	25	(14,204)	(12,984)
	Amortization	27	(1,480)	(1,330)
			(337,508)	**(279,190)**
Net (deficit)/surplus		**15**	**(190,416)**	**1,387,237**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
	Fair value gains on Available for sale financial instruments	8	34,342	34,276
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
	Actuarial losses on defined benefit pension plan	24	(8,765)	(4,052)
Other comprehensive income for the year			**25,577**	**30,224**
Total comprehensive income for the year			**(164,839)**	**1,417,461**

18.2 Statement of Financial Position

As at				30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	16	538,003	824,162
		Investments at fair value through profit or loss	17 (a)	6,896,318	6,317,150
		Investments held-for-trading	17 (b)	3,689,122	3,504,206
		Investments available-for-sale	17 (c)	146,112	73,549
		Derivative financial instruments	18	16,727	7,098
		Assets held with IMF	19	224,496	221,951
	Total foreign assets			**11,510,778**	**10,948,116**
	Domestic assets	Investments in government securities	20	404,339	441,625
		Loans, advances and drawdowns to government	21	739,750	760,589
		Loans and advances to commercial banks	22	2,306	26,136
		Staff loans	23	72,538	62,816
		Retirement benefits plan	24	21,207	27,943
		Property, plant and equipment	25	200,035	199,198
		Finance lease on land	26	46,765	50,754
		Intangible assets	27	5,444	4,543
		Other assets	28	317,001	228,323
	Total domestic assets			**1,809,385**	**1,801,927**
Total assets				**13,320,163**	**12,750,043**
Liabilities	**Foreign liabilities**	IMF obligations	19	822,541	801,843
		Other foreign liabilities	29	416	322
		Derivative financial instruments	18	27,692	10,689
	Total foreign liabilities			**850,649**	**812,854**
	Domestic liabilities	Currency in circulation	30	3,391,602	3,231,556
		Government deposits	31	2,781,493	3,146,645
		Commercial banks' deposits	32	2,308,686	1,864,591
		Repos	33	452,986	187,400
		Special provident fund	34	2,967	-
		Other liabilities	35	63,388	73,765
	Total domestic liabilities			**9,001,122**	**8,503,957**
Total liabilities				**9,851,771**	**9,316,811**
	Equity	Issued capital	36	20,000	20,000
		BoU recapitalisation funds	37	860,017	660,017
		Reserves	38	2,588,375	2,753,215
	Total Equity			**3,468,392**	**3,433,232**
Total liabilities & equity				**13,320,163**	**12,750,043**

The financial statements on pages 87 to 155 were approved by the Board of Directors on 22 September 2016 and signed on its behalf by:

William Ssekwe

Chairman | Director | Director

18.3 Statement of Changes in Equity

	Issued capital UGX (m)	BoU recapitalisation funds UGX (m)	Translation reserve UGX (m)	Asset revaluation reserve UGX (m)	Fair value on Available for sale financial instruments UGX (m)	Revenue reserve UGX (m)	General reserve UGX (m)	Total UGX (m)
At 1 July 2014	20,000	410,017	1,567,657	142,405	-	(643,532)	269,225	1,765,772
Surplus for the year	-	-	-	-	-	1,387,237	-	1,387,237
Other comprehensive income	-	-	-	-	*34,276*	*(4,052)*	-	*30,224*
Total comprehensive income	-	-	-	-	34,276	1,383,185	-	1,417,461
Revaluation surplus release	-	-	-	(1,469)	-	1,469	-	-
BoU recapitalisation securities	-	250,000	-	-	-	-	-	250,000
Foreign exchange and fair value gains	-	-	1,536,077	-	-	(1,536,077)	-	-
Transfer of realised foreign exchange gains	-	-	(74,236)	-	-	-	74,236	-
At 30 June 2015	**20,000**	**660,017**	**3,029,498**	**140,936**	**34,276**	**(794,956)**	**343,461**	**3,433,232**
At 1 July 2015	**20,000**	**660,017**	**3,029,498**	**140,936**	**34,276**	**(794,956)**	**343,461**	**3,433,232**
Deficit for the year	-	-	-	-	-	(190,416)	-	(190,416)
Other comprehensive income	-	-	-	-	*34,342*	*(8,765)*	-	*25,577*
Total comprehensive income	-	-	-	-	34,342	(199,181)	-	(164,839)
Revaluation surplus release	-	-	-	(1,470)	-	1,470	-	-
BoU recapitalisation securities	-	200,000	-	-	-	-	-	200,000
Foreign Exchange and fair value losses	-	-	(82,888)	-	-	82,888	-	-
Transfer of realised foreign exchange gains	-	-	(55,816)	-	-	-	55,816	-
At 30 June 2016	**20,000**	**860,017**	**2,890,793**	**139,466**	**68,618**	**(909,779)**	**399,277**	**3,468,392**

18.4 Statement of Cash Flows

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

Year ended		Note	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Cash flows from operating activities				
	Net (deficit)/surplus for the year		(190,416)	1,387,237
	Amortisation	27	1,480	1,330
	Depreciation	25	14,204	12,984
	Profit on sale of fixed assets	7	(235)	(676)
	Special provident fund costs	34	2,968	-
	Defined benefit plan costs charged to profit or loss	24	9,420	4,540
			(162,579)	**1,405,415**
Foreign Assets	(Increase)/decrease in investments at fair value through profit or loss		(579,168)	248,231
	Increase in investments held-for-trading		(184,916)	(779,283)
	Increase in investments available-for-sale		(38,221)	(37,469)
	Increase in derivative financial instruments		(9,629)	(4,182)
	(Increase)/decrease in assets held with IMF		(2,545)	336,647
Increase in total foreign assets			**(814,479)**	**(236,056)**
	Decrease/(increase) in investments in government securities		37,286	(208,443)
	Decrease in loans, advances and drawdowns to government		20,839	2,001,074
	Decrease/(increase) in loans and advances to commercial banks		23,830	(20,127)
	Increase in staff loans		(9,722)	(8,986)
	Increase in other assets		(88,678)	(48,909)
(Increase)/decrease in total domestic assets			**(16,445)**	**1,714,609**
(Increase)/decrease in total assets			**(830,924)**	**1,478,553**
Foreign liabilities	Increase in IMF obligations		20,698	107,115
	Increase/(decrease) in other foreign liabilities		94	(31)
	Increase/(decrease) in derivative financial instruments		17,003	(1,986)
Increase in total foreign liabilities			**37,795**	**105,098**
Domestic Liabilitie	Increase in currency in circulation		160,046	485,464
	Decrease in government deposits		(365,152)	(2,860,979)
	Increase in commercial banks' deposits		444,095	492,808
	Increase/(decrease) in repos		265,586	(723,454)
	Decrease in other liabilities		(10,377)	(94,241)
Increase/(decrease) in total domestic liabilities			**494,198**	**(2,700,402)**
Increase/(decrease) in total liabilities			**531,993**	**(2,595,304)**
Net Cash (used in)/from Operations			**(461,510)**	**288,664**
	Bank contribution to BoU defined benefit plan	24	(11,449)	(10,629)
Net Cash (used in)/from Operating Activities			**(472,959)**	**278,035**
Cash flows from investing activities:				
	Proceeds from sale of property, plant and equipment		782	675
	Purchase of property, plant and equipment	25	(11,248)	(14,367)
	Purchase of software	27	(2,734)	(2,041)
Net Cash used in investing Activities			**(13,200)**	**(15,733)**
Cash flows from financing activities:				
	BoU recapitalisation	36	200,000	250,000
Net Cash used in Financing Activities			**200,000**	**250,000**
	(Decrease)/increase in cash and cash equivalents		(286,159)	512,302
	Add: Cash and Cash Equivalents at the beginning of the year		824,162	311,860
Cash and Cash Equivalents at 30 June		**16**	**538,003**	**824,162**

19 Notes to the Financial Statements for the Year Ended 30 June 2016

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 in the following subsections. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value and the revaluation of certain property, plant and equipment.

2.2 Statement of Compliance

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

2.3 Significant Accounting Estimates and Judgements

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

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

In particular, information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 46 – Use of estimates and judgements.

2.4 New and Amended Standards and Interpretations

2.4.1 New and Revised Interpretations Pronouncements Which Are Not Yet Effective

<table>
<tr><th>New or revised pronouncement</th><th>Effective Date</th><th>Effect on BoU</th></tr>
<tr><td colspan="3">IFRS 9 Financial Instruments (2014)</td></tr>
<tr><td>A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:
Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
Hedge accounting introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</td><td>Effective for annual periods beginning on or after 1 January 2018</td><td>The Bank is currently assessing the impact of the new standard on its financial statements.</td></tr>
<tr><td colspan="3">IFRS 14 Regulatory Deferral Accounts</td></tr>
<tr><td>IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.</td><td>Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016</td><td>IFRS 14 does not have any impact on the financial statements of the Bank.</td></tr>
<tr><td colspan="3">IFRS 15 Revenue from Contracts with Customers</td></tr>
<tr><td>IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:
Identify the contract with the customer
Identify the performance obligations in the contract
Determine the transaction price
Allocate the transaction price to the performance obligations in the contracts
Recognise revenue when (or as) the entity satisfies a performance obligation.
Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable</td><td>Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018</td><td>The Bank is currently assessing the impact of the new standard on its financial statements.</td></tr>
</table>

consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.		
IFRS 16 *Leases*		
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Applicable to annual reporting periods beginning on or after 1 January 2019	The Bank is currently assessing the impact of the new standard on its financial statements.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)		
Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to: • apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 • disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.	Applicable to annual periods beginning on or after 1 January 2016	IFRS 11 does not have any impact on the financial statements of the Bank.
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)		
Amends IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to: • clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment • introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated • add guidance that expected future reductions in the selling price of an item that was produced using an	Applicable to annual periods beginning on or after 1 January 2016	The clarification does not have any impact on the financial statements of the Bank.

asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.		
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)		
Amends IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* to: • include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16 • introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales • clarify that produce growing on bearer plants remains within the scope of IAS 41.	Applicable to annual periods beginning on or after 1 January 2016	IAS 41 does not have any impact on the financial statements of the Bank.
Equity Method in Separate Financial Statements (Amendments to IAS 27)		
Amends IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	Applicable to annual periods beginning on or after 1 January 2016	IAS 27 does not have any impact on the financial statements of the Bank.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)		
Amends IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: • require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in **IFRS 3** Business Combinations) • require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.	Effective date deferred indefinitely	IFRS 10 and IAS 28 do not have any impact on the financial statements of the Bank.
Annual Improvements 2012-2014 Cycle		
Makes amendments to the following standards: • IFRS 5 — Adds specific guidance in IFRS 5 for cases	Applicable to annual periods beginning on or	The Bank is assessing the impact of the

in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued • IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements • IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid • IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference	after 1 January 2016	amendments on the financial statements where applicable.
Disclosure Initiative (Amendments to IAS 1)		
Amends IAS 1 *Presentation of Financial Statements* to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: • clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply; • clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; • additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.	Effective for annual periods beginning on or after 1 January 2016	The Bank is assessing the impact of the amendments on the financial statements where applicable.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)		
Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: • The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. • A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment	Effective for annual periods beginning on or after 1 January 2016	The amendments do not have any impact on the financial statements of the Bank.

entity. • When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. • An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.		
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)		
Amends IAS 12 *Income Taxes* to clarify the following aspects: • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	Effective for annual periods beginning on or after 1 January 2017	IAS 12 does not have any impact on the financial statements of the Bank.
Disclosure Initiative (Amendments to IAS 7)		
Amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	Effective for annual periods beginning on or after 1 January 2017	The Bank is assessing the impact of the amendments on the financial statements where applicable.
Clarifications to IFRS 15 'Revenue from Contracts with Customers'		
Amends IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	Effective for annual periods beginning on or after 1 January 2018	The Bank is assessing the impact of the amendments on the financial statements where applicable.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)		
Amends IFRS 2 *Share-based Payment* to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	Effective for annual periods beginning on or after 1 January 2018	IFRS 2 does not have any impact on the financial statements of the Bank.

2.5 Functional and Presentation Currency

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

2.6 Revenue Recognition

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

2.6.1 Interest

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

2.6.2 Non-Interest and Other Income

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

Other income comprises net gains related to trading assets and liabilities and gains from disposal of the Bank's assets.

2.7 Taxes

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

2.8 Recognition and Measurement of Financial Instruments

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

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

2.8.1 Financial Assets

2.8.1.1 Initial Recognition

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

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

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

i) Financial Instruments Held-To-Maturity

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

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 operating income in profit or loss.

iii) Available-For-Sale Financial Instruments

These are unlisted 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 fair value. Gains are recognised in other comprehensive income and accumulated in the available for sale reserve. Losses that offset previous increases are recognised in other comprehensive income.

Unlisted equity instruments whose fair value cannot be reliably measured are measured at cost less provision for impairment losses.

iv) Loans and Receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money or services directly to counterparty with no intention of trading the receivable. The Bank has classified the following financial assets as loans and receivables originated by the entity:

a) Loans and advances and drawdowns to Government,
b) Loans and advances to commercial banks,
c) Staff loans,
d) Assets held with International Monetary Fund (IMF) and,
e) Cash and cash equivalents.

After initial measurement, loans and receivables are measured at amortised cost using effective interest method less any allowance for impairment.

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

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

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

v) Derivative Financial Instruments

The Bank uses derivatives such as interest rate swaps, forward currency and futures contracts. Derivatives are recorded at fair value and carried as assets when their fair value is positive and liabilities when the fair value is negative. Changes in the fair value of derivatives are recognised immediately in profit or loss. The Bank has no derivatives which qualify for hedge accounting.

A financial asset or liability at fair value through profit or loss is a financial asset or liability that meets either of the following conditions. It is classified as held for trading, if:

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

2.8.1.2 Subsequent Measurement

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

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

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

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

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

2.8.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Bank's statement of financial position) when:

The rights to receive cash flows from the asset have expired,

Or

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

The gains and losses on financial instruments are recognised in profit or loss when the financial instruments are derecognised.

2.8.2 Financial Liabilities

2.8.2.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Bank's financial liabilities include IMF obligations, derivative financial instruments, Government deposits, commercial banks' deposits, repos and other liabilities.

2.8.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:.

i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Bank has not designated any financial liability as at fair value through profit or loss.

ii) Loans and Borrowings

This is the category most relevant to the Bank. After initial recognition, the financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

2.8.2.3 Derecognition

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

2.8.3 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8.4 Securities Lending

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

2.9 Impairment

2.9.1 Impairment of Financial Assets

The Bank assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.9.1.1 Financial Assets Carried At Amortised Cost

For financial assets carried at amortised cost, the Bank first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

2.9.1.2 Available For Sale Investments

For AFS financial assets, the Bank assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.9.2 Impairment of Non-Financial Assets

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

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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 generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so as that carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.10 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 (freehold and leasehold) and buildings after every five years. Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against revaluation reserve while all other decreases are charged to profit or loss. 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 Uganda Land Act 1998. 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 50 years. Other assets are depreciated over the term of their estimated useful lives at the following principal annual rates:

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

The directors and management review the residual value, useful life and depreciation method of an asset at the year end and any change in accounting estimate is recorded through profit or loss.

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

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

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

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

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

2.11 Finance Lease on Leasehold Land

The determination of whether an arrangement is (contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease of fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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 profit or loss on a straight line basis over the period of the lease.

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

2.12 Intangible Assets

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

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

2.13 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 disposal price in line with the Bank’s procurement and disposal policies. Provisions are made for all obsolete stock.

2.14 Currency Printing and Minting Costs

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

2.15 Currency in Circulation

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

2.16 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 profit or loss and the liability to the public is extinguished.

2.17 Provisions

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

2.18 Cash and Cash Equivalents

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

2.19 Repurchase and Sale Agreement

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

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

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

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

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

Effective 1 July 2012, both REPO and Reverse REPO as instruments of monetary policy are owned and issued by the Bank as opposed to prior years where the Bank issued them as an agent of Government and both interest expense on REPOs and interest income on reverse REPOs are recognised in profit or loss.

2.20 Dividends

The Bank of Uganda Act (Cap 51) allows the Bank to retain 25 percent of realised income after taking into account expenses. In addition to this, the Board of Directors, in line with the requirements of Bank of Uganda Act, set a policy that all dividends shall be paid after reclassifying all unrealised exchange gains and other revaluations gains to translation reserve.

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

2.21 Deposits

Deposits are non-derivative financial liabilities with fixed or determinable receipts that are not quoted in an active market. They arise when the Bank receives money or services directly from counterparty with no intention of trading the payable.

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

2.22 Foreign Currency Translation

Financial assets and liabilities denominated in foreign currencies are translated into Uganda Shillings at the exchange rate ruling as at the reporting date. Transactions in foreign currencies during the year are converted into Uganda Shillings at the rates ruling at the transaction dates. The resulting differences from conversion and translation are recognised in profit or loss in the year in which they arise.

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

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

2.23 Employee Benefits

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

2.23.1 Bank of Uganda Defined Benefits Scheme

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

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

The Bank's net asset in respect of the plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefits are discounted to determine the present value and the fair value of the plan assets is deducted. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains or losses are recognised in other comprehensive income as per the requirements of IAS 19 Revised: Employee benefits. Re measurements are not reclassified to profit or loss in subsequent periods.

Past service cost is recognised as an expense at the earlier of: the date when a plan amendment or curtailment occurs and the date when an entity recognises any termination benefits, or related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'general and administration expenses' in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

2.23.2 Bank of Uganda Defined Contribution Scheme

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

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

2.23.3 Bank of Uganda Special Provident Fund

The Bank operates a Special Provident Fund (SPF) for members of staff who left the services of the Bank under the Voluntary Termination of Service in 1994. The SPF, established under court order, is in respect of a defined group of 73 Voluntary Termination of Service ex-employees who left service as at 31 December 1994.

The SPF is unfunded and the benefits are paid directly by the Bank.

2.23.4 Gratuity

The Bank pays gratuity for a number of staff on contracts who are not on either the defined contribution or the defined benefit schemes. The rates range from 20 percent to 22 percent of the total annual emoluments depending on the seniority of the rank of the staff. Gratuity is treated as an expense in profit or loss and the amount outstanding at year end is recognised as a liability to the Bank.

2.23.5 Other Employee Benefits

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

2.24 Fair Value Measurements

The Bank measures its financial instruments such as derivatives, and non-financial assets such as properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 41 & 44
• Quantitative disclosures of fair value measurement hierarchy	Note 41
• Derivative financial instruments	Note 18 & 41
• Investments in unquoted equity shares	Note 17
• Property under revaluation model	Note 25 & 26
• Financial instruments at fair value through profit or loss	Notes 17 & 41

2.25 Financial Assets and Financial Liabilities

2.25.1 Financial Assets

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Financial instruments at fair value through profit or loss:		
Investments at fair value through profit or loss	6,896,318	6,317,150
Investments held for trading	3,689,122	3,504,206
Derivative financial instruments	16,727	7,098
Financial instruments at fair value through OCI:		
Investments available for sale	146,112	73,549
Financial instruments held to maturity:		
Investments in government securities	404,339	441,625
Loans and receivables:		
Loans, advances and drawdowns to government	739,750	760,589
Cash and cash equivalents	538,003	824,162
Assets held with IMF	224,496	221,951
Loans and advances to commercial banks	2,306	26,136
Other assets	1,131	1,171
Staff loans	72,538	62,816

2.25.2 Financial Liabilities

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Financial instruments at fair value through profit or loss:		
Derivative financial instruments	27,692	10,689
Other liabilities at amortised cost:		
IMF obligations	822,541	801,843
Government deposits	2,781,493	3,146,645
Commericial bank deposits	2,308,686	1,864,591
Other liabilities	63,388	73,765
Repos	452,986	187,400

3 Interest Income

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Interest income on term deposits with external institutions	47,884	43,885
Interest income on treasury bills investments	1,570	560
Interest income on repurchase agreements	637	158
Interest income on World Bank one year deposit	155	100
Interest income on Bank of Uganda managed funds	2,480	1,046
Interest income-externally managed funds	53,772	41,781
Interest income on assets held with IMF	121	161
Interest income on investments in government securities*	83,382	34,375
Interest income on loans, advances and drawdowns to government	-	86
Interest income on loans and advances to commercial banks	12,902	7,129
Interest income on staff loans**	3,448	4,527
Dividends from Afrexim	2,332	-
	208,683	**133,808**

* This relates to income earned on BoU recapitalisation securities as at 30 June 2016 (see note 20).

** Included in interest income on staff loans is UGX 2,136 million (30 June 2015: UGX 3,647 million) relating to notional interest arising out of staff loans fair valuation in accordance with IAS 39.

4 Interest Expense

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Interest paid to IMF (SDR allocation charges)	449	391
Vertical repo interest	41,161	37,437
	41,610	**37,828**

5 Profit on Domestic Foreign Exchange Trade

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Income from foreign currency trade	**47,718**	**21,156**

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

6 Fees and Commissions

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Commissions- foreign currency operations	**2,588**	**3,680**

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

7 Other Income

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Gain on disposal of vehicles	60	676
Gain on disposal of property, plant and equipment	176	-
Licence and cheque fees	1,042	1,051
Sale of receipt books	44	519
Sale of currency	5	5
Rental income	47	65
Real time gross & national interbank settlement systems	3,569	3,431
Fines, penalties & hire of bullion vans	20	-
Write back of staff loans previously written off/provisions (note 23)	262	4
Write back of amounts previously written off/provisions	338	448
Other income	2,985	1,028
Currency processing fees	4,053	2,307
	12,601	**9,534**

8 Other Comprehensive Income

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Actuarial losses on defined benefit plan (see note 24)	(8,765)	(4,052)
Fair value gains on available for sale financial instruments	34,342	34,276
	25,577	**30,224**

* This relates to fair value gains as a result of valuation of the AFREXIM (UGX 34,342 million) as at 30 June 2016 (see note 17).

9 Net Foreign Exchange and Fair Value (Losses)/Gains

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Foreign exchange (losses)/gains	(120,104)	1,545,771
Fair value gains on investments at fair value through P&L	20,166	9,523
Fair value gains/(losses) on investments held for trading	17,050	(19,217)
	(82,888)	**1,536,077**

The foreign exchange (loses) or gains arise from translation of foreign currency transactions at the at the foreign currency exchange rates prevailing at the date of the transactions and revaluation of financial assets and liabilities denominated in foreign currencies to Uganda Shillings at the foreign currency exchange rates applicable on the reporting date.

Fair value (losses) or gains relate to the valuation gains realised on the AFREXIM Bank shares when compared to their market value (prices) as at year end.

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

	30-Jun-2016	30-Jun-2015
US Dollars	3,405	3,302
Euro	3,781	3,682
GBP	4,604	5,198
SDR	4,753	4,633

10 General and Administration Costs

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Staff costs (note 11)	154,962	140,873
Business process enhancement	7,193	6,274
Communication expenses	5,554	4,664
Water & electricity	3,083	2,780
Ground rates & buildings insurance	987	898
Repairs & maintainance - premises & equipment	4,968	5,310
Motor vehicle expenses	2,751	2,565
Travel costs	5,684	4,309
Corporate contributions	4,623	3,772
Publicity & public awareness costs	3,504	2,768
Printing & stationery	1,913	1,882
Inspection costs	1,273	1,090
General & administration costs	3	3
Furniture & equipment repairs	2,534	1,681
Office expenses-uniforms	72	230
J Mubiru memorial lecture	207	154
Directors' fees and emoluments	1,992	1,139
Software license & maintenance	10,949	6,506
	212,252	**186,898**

11 Staff Costs

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Salaries,wages & allowances	114,827	110,878
NSSF- contribution & provision	8,515	8,576
Defined contribution scheme pension contributions	2,016	1,797
Defined benefit plan costs (see note 24)*	9,420	4,540
Other defined benefit plan expenses	1,905	1,634
Other defined contribution expenses	136	-
Special provident fund costs (see note 34)**	2,967	-
Special provident fund - contributions	330	436
Gratuity	259	472
Death in service insurance	638	921
Staff welfare including medical	10,147	8,205
Projects and training	3,802	3,414
	154,962	**140,873**

* Included in defined benefit plan costs is UGX 9,420 million relating to current service and interest cost on the plan in accordance with IAS 19 (30 June 2015: UGX 4,540 million).

** The Bank has recognised the past service cost of UGX 2,967 in respect of the Special Provident Fund.

The average number of employees during the year was 1,022 (2015: 1,028) as shown below;

	30-Jun-2016 No of Staff	30-Jun-2015 No of Staff
Governor	1	1
Deputy Governor	1	1
Executive Directors	10	10
Directors	24	24
Other	986	992
	1,022	**1,028**

12 Currency Costs

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Notes printing	78,283	53,904
Coins minting	9,623	3,237
Stock movement	1,065	632
Currency accessories	593	555
Currency machine maintenance	2,863	3,643
Bullion van maintenance	472	1,160
Other currency costs	994	927
	93,893	**64,058**

13 Financial and Professional Charges

	UGX (m)	UGX (m)
Consultancy costs	2,693	1,987
Litigation fees & legal damages	1,667	695
Staff loans fair valuation*	2,136	3,647
Reserve management fees and other charges	8,704	7,028
Valuers' fees	50	7
Retainer fees	-	18
Audit fees	120	120
Other professional fees	30	52
	15,400	**13,554**

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

14 Impairment Loss

	UGX (m)	UGX (m)
Provision for impairment loss on other assets (Note 28)	168	35
Provision for impairment loss on staff loans (Note 23)	111	331
	279	**366**

15 Net (Deficit)/ Surplus for the Year

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Audit fees	120	120
Other professional fees	30	52
Directors' emoluments	391	236
Directors' fees	1,601	903
Depreciation	14,204	12,984
Amortisation	1,480	1,330
Staff cost (note 11)	154,962	140,873
Litigation fees & legal damages	1,667	695
Other income	(2,985)	(1,028)

16 Cash and Cash Equivalents

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Foreign currency held in banking	26,991	10,568
Cash with foreign financial institutions	204,914	306,443
Repurchase agreements	306,098	507,151
	538,003	**824,162**

Foreign cash held in banking relates to foreign cash balances that were held in the banking hall as at year end. Cash with foreign financial institutions relates to cash balances held with external financial institutions. Repurchase agreements relate to overnight lending to the New York Federal Reserve Bank.

17 Investments in Shares and Securities

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
(a) At fair value through profit or loss		
Term deposits with external institutions	5,327,905	5,309,378
Treasury bills investments	882,908	576,321
World Bank one year deposit	-	99,053
Bank of Uganda managed funds	685,505	332,398
	6,896,318	**6,317,150**
(b) Held-for-trading		
Externally managed funds	3,689,122	3,504,206
	3,689,122	**3,504,206**
(c) Investments available-for-sale		
AFREXIM shares	145,101	72,564
SWIFT shares	1,011	985
At 30 June	**146,112**	**73,549**

Investments at fair value through profit or loss include fair value gains of UGX 20,166 million during the year (30 June 2015: UGX 9,523 million) while investments held for trading include fair value gains of UGX 17,050 million (30 June 2015: loss of UGX 19,217 million).

17.1 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 and treasury bills and the investments are carried at fair value in accordance with the accounting policy.

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

17.2 Held-For-Trading:

Investments held-for-trading represent foreign denominated assets managed by appointed fund managers; PGIM (formerly Pramerica), Goldman Sachs, JP Morgan Chase and World Bank Treasury.

The externally managed fund portfolio of financial instruments is classified as “Held-for-Trading” and is stated at fair value, with changes in fair value recognised directly in profit or loss.

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

17.3 Available-For-Sale Investments:

17.3.1 Afrexim Shares

The investment in African Export Import (Afrexim) Bank is in respect of Class A equity shares. As at 30 June 2015, the Bank held 1,365 Class A shares at a total cost USD 10,002,042 (UGX 72,534 million). In FY 2015/16 the Bank purchased a further 887 shares at a cost of USD 4,670,765 (UGX 15,903 million) and was allotted a further 65 shares at a cost of USD 709,124 (UGX 2,415 million) bringing the total number of shares in Afrexim shares to 2,317. In accordance with IAS 39, the shares were valued at a price of USD 16,093 per share resulting in a fair value gain USD 9,611,065 (UGX 34,342 million) which has been recognised under other comprehensive income. The Bank also holds a residual cash deposit of USD 5,327,644 arising from excess subscription under the general capital increase. This is to be used in funding future share calls. The performance trends in Afrexim’s financial statements reflect a profitability position and dividends being declared hence in the opinion of the Board there is no indication of impairment.

17.3.2 Swift Shares

The Bank holds 78 shares in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) at a total cost of Euro 267,540 as at 30 June 2016. The SWIFT is a cooperative society owned by its member financial institutions.

The fair value of the investments has been measured at the cost of the new shares purchased during the year, adjusted for currency revaluation and there has been no indication of any impairment in line with the accounting policy on impairment. The Bank has no intention of disposing of the shares in the foreseeable future.

There were no shares derecognised during the year.

18 Derivative Financial Instruments

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Assets		
Forward foreign exchange contracts	14,416	7,098
Interest rate swaps	2,311	-
	16,727	**7,098**
Liabilities		
Forward foreign exchange contracts	24,912	10,689
Interest rate swaps	2,780	-
	27,692	**10,689**
Notional amounts		
Forward foreign exchange contracts	2,796,348	2,448,984
Interest rate swaps	1,375,666	-
Futures	1,471	332,943

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

18.1 Forwards and Futures

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

18.2 Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

19 Assets Held and Obligations with International Monetary Fund (IMF)

Assets	30-Jun-2016 UGX (m)	30-Jun-2016 SDR (m)	30-Jun-2015 UGX (m)	30-Jun-2015 SDR (m)
IMF SDR holdings	224,496	48	221,951	48
	224,496	**48**	**221,951**	**48**
Liabilities				
IMF account no. 2	29	1	26	1
IMF SDR allocation	822,512	173	801,817	173
	822,541	**174**	**801,843**	**174**

The assets represent IMF SDR Holdings held on behalf of Government of Uganda of SDR 48 million. The liabilities relate to SDR Allocations of SDR 173 million that funded the SDR holdings from IMF. The IMF Holdings and Allocations attract interest rates determined by the Fund as advised from time to time. Interest charged on the IMF holdings is the responsibility of Bank of Uganda. The liabilities and assets are not secured by collateral and the repayment terms are not fixed. The IMF assets and liabilities above are reported in Uganda Shillings at the year-end exchange rates. Translation gains/losses are recognised in profit or loss.

19.1 Other IMF Accounts Not Recognised

Assets	30-Jun-2016 UGX (m)	30-Jun-2016 SDR (m)	30-Jun-2015 UGX (m)	30-Jun-2015 SDR (m)
IMF Quota	1,617,710	362	703,996	181
	1,617,710	**362**	**703,996**	**181**
Liabilities				
IMF account no. 1	1,519,242	341	623,211	160
IMF Securities	98,468	21	80,785	21
	1,617,710	**362**	**703,996**	**181**

The Other International Monetary Fund accounts not recognised consist of the Uganda Government total membership capital subscription Quota of SDR 362 million and the corresponding IMF I and securities accounts which are the responsibility of Government of Uganda as a fiscal agent and as such are not accounted for in the financial statements of the Bank.

19.2 Uganda's Position in the IMF

Below is a Summary of IMF members' quota, reserve tranche position, SDR holdings, outstanding credit, recent lending arrangements, projected payments due to the IMF, and historical transactions with the IMF as at 30 June 2016.

i. Membership Status: Joined: September 27, 1963;

ii. General Resources Account

	SDR Million	% Quota
Quota	361	100
IMF's Holdings of Currency (Holdings Rate)	361	100
Reserve Tranche Position	-	-

iii. SDR Department:

	SDR Million	% Allocation
Net cumulative allocation	173.06	100
Holdings	47.24	27.29

iv. Outstanding Purchases and Loans: None

v. Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF [1]	Sep 13, 2002	Jan 31, 2006	14	14
ECF [1]	Nov 10, 1997	Mar 31, 2001	100	100
ECF [1]	Sep 06, 1994	Nov 17, 1997	121	121

[1/] Formerly PRGF

vi. Overdue Obligations and Projected Payments to Fund [2/]

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2016	2017	2018	2019	2020
Principal	-	-	-	-	-
Charges/Interest	0.03	0.07	0.07	0.07	0.07
Total	**0.03**	**0.07**	**0.07**	**0.07**	**0.07**

[2/] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

vii. Implementation of the HIPC Initiative:

I. Commitment of HIPC assistance	Original Framework	Enhanced Framework	Total
Decision point date	Apr-97	Feb-00	
Assistance committed			
by all creditors (US$ Million) [1/]	347	656	
Of which: IMF assistance (US$ million)	68.9	91	
(SDR equivalent in millions)	51.51	68.1	
Completion point date	Apr 1998	May 2000	
II. Disbursement of IMF assistance (SDR Million)			
Assistance disbursed to the member	51.51	68.1	119.61
Interim assistance	-	8.2	8.2
Completion point balance	51.51	59.9	111.41
Additional disbursement of interest income [2/]	-	2.06	2.06
Total disbursements	51.51	70.16	121.67

[1/] Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

[2/] Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

viii. Implementation of HIPC Initiative:

I. MDRI-eligible debt (SDR Million)[1]	87.73
Financed by: MDRI Trust	75.85
Remaining HIPC resources	11.88

II. Debt Relief by Facility (SDR Million)

	Eligible Debt		
Delivery Date	**GRA**	**PRGT**	**Total**
January 2006	N/A	87.73	87.73

1/ The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

20 Investments in Government Securities

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
BoU recapitalization securities	404,339	441,625
	404,339	**441,625**

BoU recapitalisation securities represent the unredeemed treasury bonds arising out of the recapitalisation measures undertaken by the Government of Uganda. During the year, Government of Uganda provided the Bank with another tranche of recapitalisation worth UGX 200 billion. The terms and conditions on the recapitalisation securities are those that apply to similar treasury bonds issued by Government.

21 Loans and Advances to Government

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Uganda Consolidated Fund*	-	441,585
External debt repayment account	-	1,544
Letters of comfort**	140,487	140,487
Special loan to government (Gulf Stream)***	-	912
Project charges	-	57
Government capital account****	286,950	129,491
Treasury bills for repos (zero coupon)*****	452,800	187,000
Provision for impairment losses	(140,487)	(140,487)
Total	**739,750**	**760,589**
Provision for impairment losses;		
At the beginning of the year	(140,487)	(140,487)
At 30 June	**(140,487)**	**(140,487)**

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

* The Uganda Consolidated Fund refers to the Government appropriation account where all tax receipts are credited and appropriations made. As at 30 June 2016, the account is reflected under Government deposits (see note 31).

** The letters of comfort of UGX 140,487 million relate to requests made by Bank of Uganda to various commercial banks to extend loans to Haba Group of Companies. The resulting loan was due from Government of Uganda. As at 30 June 2016, this amount was fully impaired.

*** The special loan to government related to an advance to government for procurement of the presidential aircraft with the interest rate (LIBOR plus 100 basis points), maturity date and repayment terms agreed between Ministry of Finance and the Bank as stipulated in the memorandum of understanding. The last loan instalment was paid off on 24 July 2015.

**** Government capital account relates to interest on matured securities paid on behalf of GoU. The amounts were fully reimbursed on 25 July 2016.

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

Treasury bills for Repos represent collateral amount related to the actual drawn down or utilisation of the vertical repurchase agreements that is outstanding at the end of the year (Note 33).

22 Loans and Advances to Commercial Banks

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Energy for rural transformation loans to commercial banks	2,306	3,072
Short term loans to commercial banks	-	23,064
Net loans and advances	**2,306**	**26,136**

The Bank manages the Energy for Rural Transformation Project (ERTP) line of credit on behalf of Government. The loans are measured at amortized cost. The interest rates charged on these loans range from 7 to 8 percent. The securities held on the loans are in terms of promissory notes from participating commercial banks. The Bank has the option to recover the loan by directly charging the account of the respective commercial bank in the event of default. As at 30 June 2016, the loans were performing as per the memorandum of understanding and there were no signs of impairment noted.

23 Staff Loans

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Staff loans, advances and imprest to staff	8,835	22,866
Staff building loans	27,559	16,278
Staff loans, advances at fair value	36,394	39,144
Deferred staff cost	37,247	24,926
Staff loans, advances at cost	73,641	64,070
Provision for impairment (see below)	(1,103)	(1,254)
	72,538	**62,816**
Provision for impairment:		
At 1 July	(1,254)	(927)
Additional provision during the year	(111)	(331)
Recoveries/write back of provisions (see Note 7)	262	4
At 30 June	**(1,103)**	**(1,254)**

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 and five year general purpose advances which are secured by mortgages, annual general purpose advances and salary advances are not secured. All mortgages are covered by an insurance policy of an amount that is twice the outstanding loan balances.

24 Retirement Benefits Plan

The Bank's permanent and pensionable employees are eligible for retirement benefits under a defined benefit plan provided through a legally separate entity – The Bank of Uganda Defined Benefits Scheme.

The Scheme is licensed by the Uganda Retirements Benefits Authority and governed by a Trust Deed and Rules with a duly appointed Board of Trustees. The Trustees comprise six (6) Sponsor nominated representatives and three (3) member nominated representatives; two (2) of whom are nominated by active service members and one (1) nominated by pensioners. The Board of the Trustees is required by the law to act in the best interests of the plan participants and is responsible for setting certain policies –e.g. investment, contribution and indexation policies of the fund.

The benefits to members on retirement are determined as 1/60 x average salary for service prior to 30 June 2013 x Service Period less the value of NSSF Contribution balances. For service after 30 June 2013, the benefit is determined as 1/65 x average salary for service after 30 June 2013 x Service Period. This Amendment took effect from 1 July 2013.

Employees not participating in the Defined Benefit Scheme are eligible to join a Defined Contribution Scheme.

The net defined benefit asset in respect of the defined benefit pension plan is the fair value of the plan assets at the reporting date minus the present value of the defined benefit obligation. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The current actuarial certification was carried out by Actuarial Services (E.A) Limited as at 30 June 2016.

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

The key risks associated with the Scheme are as follows:

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

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

The Bank expects to pay UGX 11,393 million in contributions to its defined benefit plan in the FY 2016/17.

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Fair value of plan assets	319,771	288,356
Present value of defined benefit obligations	(298,564)	(260,413)
Employee benefits receivable	**21,207**	**27,943**

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

The amounts recognised in profit or loss are as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Current service cost net of employees' contributions	9,405	8,589
Interest cost on net benefit obligation	(5,421)	(3,794)
Past service costs recognised in the year	7,116	-
Adjustment for prior year values	(1,680)	(255)
Net actuarial losses recognised in profit and loss	**9,420**	**4,540**

The amounts recognised under other comprehensive income are as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Net actuarial losses/(gains) and experience adjustments arising from demographic assumptions	(20,656)	(3,869)
Net actuarial losses/(gains) and experience adjustments arising from financial assumptions	31	(3,172)
Actual return less interest cost on plan assets	29,390	11,093
Total included in other comprehensive income	**8,765**	**4,052**

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Net asset at start of the year	27,943	25,906
Net expense recognised in profit or loss	(9,420)	(4,540)
Actuarial losses recognised in OCI	(8,765)	(4,052)
Employer contributions	11,449	10,629
Net asset at end of the year	**21,207**	**27,943**

The major categories of the fair value of the Scheme's Plan assets are as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Investments quoted in active markets:		
Treasury bills at amortised cost	57,375	39,407
Treasury bonds at fair value	126,845	112,377
Infrastructure bond	1,030	1,049
Corporate bonds at amortised cost	3,045	3,966
Listed equities	80,473	72,671
Cash and cash equivalents:		
Cash and bank	8,063	2,479
Short term deposits	7,205	65,866
Net current liabilities	(7,690)	(11,682)
Unquoted investments:		
Unlisted equities	176	193
Investment Property	43,249	2,030
	319,771	**288,356**

The principal actuarial assumptions in real terms are as follows:

	30-Jun-2016	30-Jun-2015
Discount rate	17.63%	17.69%
Expected return on plan assets	17.63%	17.69%
Future salary increase	16.63%	16.69%
Future pension increase	15.63%	15.69%

The discount rate used is 17.63 percent per annum. The discount rate is based on the 10-year government bond yield in line with the general requirements of the IFRS. However, the gap between the discount rate and the future salary and pension increases has been kept constant at 1 percent and 2 percent per annum respectively when compared with the FY 2014/15 assumptions.

As at 30 June 2016, the weighted average duration of the defined benefit obligation is 13.8 years. (30 June 2015: 14.2 years)

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

	Scenario - 1 Base	Scenario - 2 Discount Rate Increased by 1%	Scenario - 3 Salary Rate Increased by 1%	Scenario - 4 Pension Increase Rate Increased by 1%	Scenario - 5 Discount Rate Decreased by 1%	Scenario - 6 Salary Rate Decreased by 1%	Scenario - 7 Pension Increase Rate Decreased by 1%
Discount Rate	17.63%	18.63%	17.63%	17.63%	16.63%	17.63%	17.63%
Salary Rate	16.63%	16.63%	17.63%	16.63%	16.63%	15.63%	16.63%
Pension Increase Rate	15.63%	15.63%	15.63%	16.63%	15.63%	15.63%	14.63%
	UGX (m)	**UGX (m)**	**UGX (m)**	**UGX (m)**	**UGX (m)**	**UGX (m)**	**UGX (m)**
Net asset at start of year	**27,943**	**27,943**	**27,943**	**27,943**	**27,943**	**27,943**	**27,943**
Net expense recognised in the income statement	(9,420)	(9,420)	(9,420)	(9,420)	(9,420)	(9,420)	(9,420)
Net expense recognised in the other comprehensive income	(8,765)	31,227	(21,560)	(44,570)	(58,951)	2,587	21,037
Employer contributions	11,449	11,449	11,449	11,449	11,449	11,449	11,449
Net asset/ (liability) at end of year	**21,207**	**61,199**	**8,412**	**(14,598)**	**(28,979)**	**32,559**	**51,009**

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

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

Time to Maturity of membership	Liability UGX (m)
<1 year	-
1-5 years	50,531
>5 years	121,350
Pensioners and Deferreds	119,567

25 Property, Plant & Equipment

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Computer Equipment	Motor Vehicles	Capital Work- In-Progress	Totals
	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)	UGX (m)
Cost or Valuation								
As at 01 July 2014	**23,373**	**135,320**	**107,127**	**8,684**	**29,325**	**16,892**	**2,017**	**322,738**
Additions	-	276	8,316	748	3,918	610	499	14,367
Reclassification	-	-	1,119	-	339	-	(1,458)	-
Disposals	-	-	-	-	-	(1,196)	-	(1,196)
As at 01 July 2015	**23,373**	**135,596**	**116,562**	**9,432**	**33,582**	**16,306**	**1,058**	**335,909**
Additions	-	13	2,380	682	421	797	6,955	11,248
Reclassification	-	-	62	-	288	-	(350)	-
Reclassification from Leasehold land	3,989	-	-	-	-	-	-	3,989
Disposals/Write-offs	-	-	-	-	(1,374)	(1,466)	(149)	(2,989)
As at 30 June 2016	**27,362**	**135,609**	**119,004**	**10,114**	**32,917**	**15,637**	**7,514**	**348,157**
Depreciation								
As at 01 July 2014	**-**	**3,073**	**76,994**	**6,707**	**26,398**	**11,751**	**-**	**124,923**
Charge for the year	-	2,883	6,671	693	1,235	1,502	-	12,984
Disposals	-	-	-	-	-	(1,196)	-	(1,196)
As at 01 July 2015	**-**	**5,956**	**83,665**	**7,400**	**27,633**	**12,057**	**-**	**136,711**
Charge for the year	-	2,887	6,865	773	2,086	1,593	-	14,204
Disposals	-	-	-	-	(1,327)	(1,466)	-	(2,793)
As at 30 June 2016	**-**	**8,843**	**90,530**	**8,173**	**28,392**	**12,184**	**-**	**148,122**
Net Carrying Amount								
As at 30 June 2016	**27,362**	**126,766**	**28,474**	**1,941**	**4,525**	**3,452**	**7,514**	**200,035**
As at 30 June 2015	**23,373**	**129,640**	**32,897**	**2,032**	**5,949**	**4,248**	**1,058**	**199,198**
As at 30 June 2014	**23,373**	**132,247**	**30,133**	**1,977**	**2,927**	**5,140**	**2,017**	**197,815**

The Bank conducted a revaluation of its land and buildings at 30 June 2013 by independent and certified professional valuers, East African Consulting Surveyors & Valuers. The valuation was based on market values defined as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Capital work in progress relates to PPE that are still in construction or yet to be put in use.

Fair value measurement disclosures for revalued land and buildings are provided in note 41.

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Land (cost)	31,554	31,554
Net Carrying Amount	**31,554**	**31,554**

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Buildings (cost)	116,094	116,094
Accumulated depreciation and impairment	(12,382)	(10,060)
Net Carrying Amount	**103,712**	**106,034**

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

Items disposed comprised vehicles and computer equipment. All gains/ (losses) on disposal of assets are credited directly to profit or loss.

26 Finance Lease on Land

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
At 1 July	50,754	50,754
Reclassification to property, plant and equipment	(3,989)	-
At 30 June	**46,765**	**50,754**

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

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

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

The leasehold land was revalued on 30 June 2013.

During the financial year, the following properties were converted from leasehold to freehold.

- Plot 15-17 Birch Avenue Masaka
- Plot 41 Mutuba/Musisi Gardens Masaka
- Plot 27A-29A Gurua Cell Arua
- Plot 26-28 Speke Drive Masaka
- Plots 34-38 & 40 Cathedral Avenue Mbale
- Plot 36 Weatherhead Parklane Arua
- Plot 5A Jackson road Kabale

27 Intangible Assets

		Software UGX (m)	Work- In-Progress UGX (m)	Totals UGX (m)
Cost or Valuation	**As at 1 July 2014**	**22,047**	**662**	**22,709**
	Reclassification	662	(662)	-
	Additions	1,257	784	2,041
	As at 1 July 2015	**23,966**	**784**	**24,750**
	Additions	856	1,878	2,734
	Reclassification	54	(54)	-
	Write off	(147)	(206)	(353)
	As at 30 June 2016	**24,729**	**2,402**	**27,131**
Amortisation	**As at 1 July 2014**	**18,877**	**-**	**18,877**
	Charge for the year	1,330	-	1,330
	As at 1 July 2015	**20,207**	**-**	**20,207**
	Charge for the year	1,480	-	1,480
	As at 30 June 2016	**21,687**	**-**	**21,687**
Net Carrying Amount	**As at 30 June 2016**	**3,042**	**2,402**	**5,444**
Net Carrying Amount	**As at 30 June 2015**	**3,759**	**784**	**4,543**
Net Carrying Amount	**As at 30 June 2014**	**3,170**	**662**	**3,832**

Work in progress relates to IT systems that are under development and yet to be put in use

28 Other Assets

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Consumable store stock	2,794	2,362
Prepayments & accrued income	50	58
Deferred currency costs *	313,287	224,825
Sundry debtors	1,131	1,171
Provisions for impairment losses	(261)	(93)
	317,001	**228,323**
Provisions for impairment losses:		
At beginning of the year	(93)	(57)
Additional provisions	(168)	(35)
At 30 June	**(261)**	**(93)**

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

29 Other Foreign Liabilities

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Multi-lateral Investment Guarantee Agency (MIGA)	38	38
IDA 13 Subscriptions	56	56
IDAG MDRI Subscriptions	94	-
International Bank for Reconstruction & Dev't (IBRD)	228	228
	416	**322**

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

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

30 Currency in Circulation

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Notes	1,124,063	1,530,568
Coins	119,334	113,405
Cash held in banking	2,148,332	1,587,708
Office imprest	(127)	(125)
	3,391,602	**3,231,556**

Currency-in-circulation represents notes and coins issued by Bank of Uganda as at 30 June 2016 while cash held in Banking relates to cash held in banking hall as at year end.

The currency is issued in the following denominations:

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

31 Government Deposits

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Petroleum Fund*	245,531	119,057
Government deposit letters of credit accounts	93,447	222,155
Government ministries accounts	134,315	179,238
Government projects accounts	1,028,781	1,029,513
Government of Uganda managed funds through DFS**	57,440	55,859
IMF accounts	-	2,780
Government capital accounts	462,631	1,535,606
Uganda consolidated fund	726,785	-
EFT salary suspense accounts	32,563	2,437
	2,781,493	**3,146,645**

As a banker to Government, BOU maintains government accounts. The accounts maintained relate to government ministries and the government projects. The above deposit balances represent the amounts outstanding on government accounts as at 30 June 2016. The Bank does not pay interest on the accounts. The deposits are payable on demand and therefore the carrying amount approximates their fair value. Included in the Government Capital Accounts are Treasury bills and Treasury Bonds held at the Bank for monetary policy, recapitalisation and repo purposes. The securities for monetary policy and recapitalisation are re-discountable at the Bank rediscount rate.

* The Petroleum Fund includes USD 72 million (UGX 245,531 million) received in two tranches relating to Tullow Oil tax settlement. The first tranche of USD 36 million was received on 22 June 2015 on while the second tranche of USD 36 million was received on 30 June 2016.

** The Government of Uganda managed funds through Development Finance Schemes (DFS) includes a net balance of UGX 43,737 million outstanding on the Agricultural Credit Facility (ACF) capital account after offsetting ACF loans disbursed through the respective accredited financial institutions as shown in the table below. The securities held on those loans are in terms of promissory notes from participating commercial banks.

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Agricultural Credit Facility (ACF) Capital	93,064	93,064
Less:		
ACF Loans to commercial banks	(49,327)	(51,023)
Net balance on ACF capital	**43,737**	**42,041**
Other funds	13,703	13,818
Total Government of Uganda managed funds	**57,440**	**55,859**

As at 30 June 2016, the Bank was recapitalized by Government of Uganda in accordance with the Bank of Uganda Act section 14(4), through issuance of treasury instruments worth UGX 860,017 million. The securities were also issued as part of the stock of Government domestic debt. The issuance of recapitalization securities by Government of Uganda resulted in a receivable from GoU which has been matched with the securities issued. Therefore, the net receivable from GoU has been disclosed in the investments in treasury bills (Note 20).

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
BoU recapitalization securities	860,017	660,017
BoU recapitalization receivable account	(860,017)	(660,017)
Net Position	-	-

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Government Deposits	2,781,493	3,146,645
Government Loans, Drawdowns and Advances (see note 21)	(739,750)	(760,589)
Net Uganda Consolidated Fund Position	**2,041,743**	**2,386,056**

32 Commercial Bank Deposits

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Current accounts by commercial banks	2,262,830	1,825,490
Cash recovered from closed commercial banks	18,221	12,479
Collection from closed banks loans	27,635	26,622
	2,308,686	**1,864,591**

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

33 Repos Collection

	UGX (m)	UGX (m)
Repos collection account	452,986	187,400
	452,986	**187,400**

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

A Repo involves the following transactions:

Change of legal ownership of securities between transacting parties.

Transfer of funds between transacting parties.

Vertical REPO

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

34 Recognised Special Provident Fund

The Bank operates a Special Provident Fund (SPF) for members of staff who left the services of the Bank under the Voluntary Termination of Service in 1994. The SPF, established under court order, is in respect of a defined group of 73 Voluntary Termination of Service ex-employees who left service as at 31 December 1994.

The Uganda Retirement Benefits Regulatory Authority provided exemption for registration of the SPF as the membership was closed and therefore winding down.

The SPF is unfunded and the benefits are paid directly by the Bank.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit. The current actuarial certification was carried out by Actuarial Services (E.A) Limited as at 30 June 2016.

The actuarial certification includes **only** the unfunded Bank of Uganda Special Provident Fund.

Key Risks

The key risks associated with the SPF are as follows:

i. Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation

ii. Benefits in the SPF are monthly pensions to the pensioners. The actual cost to the Bank of the benefits is therefore subject to the demographic movements of the pensioners.

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

Approach Adopted

The VTS liability has been recognised through profit or loss as "recognition of prior benefit obligation". Benefits payable under the VTS during the year have been reflected separately in the financial statements.

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Present value of defined benefit obligations	2,967	-
Net liability in the balance sheet	**2,967**	**-**

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Past service cost/ Recognition of prior benefit obligation	2,967	-
Closing benefit obligation	**2,967**	**-**

The amounts recognised in the operating expense are as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Past service cost recognised in the year	2,967	-
Total included in "staff costs"	**2,967**	**-**

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

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Net liability at start of period	-	-
Net expense recognised in the income statement	2,967	-
Net liability at end of period	**2,967**	**-**

The principle actuarial assumptions in real terms are as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Discount rate (% p.a.)	17.63%	-
Future pension increases (% p.a.)	15.63%	-

The discount rate used is 17.63% p.a. The discount rate is based on the 10-year government bond yield in line with the general requirements of the IFRS. However, the gap between the discount rate and the pension increases has been kept constant at 2% p.a .

Year End: 30 June 2016

	Scenario - 1	Scenario - 2	Scenario - 3	Scenario - 4	Scenario - 5
	Base	Discount Rate Increased by 1%	Pension Increase Rate Increased by 1%	Discount Rate Decreased by 1%	Pension Increase Rate Decreased by 1%
Discount Rate	17.63%	18.63%	17.63%	16.63%	17.63%
Pension Increase Rate	15.63%	15.63%	16.63%	15.63%	14.63%
Net liability at start of period	-	-	-	-	-
Net expense recognised in the income statement	2,967	2,810	3,138	3,142	2,811
Net liability at end of period	**2,967**	**2,810**	**3,138**	**3,142**	**2,811**

35 Other Liabilities

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Uninvested pension fund cash	1,417	1,411
Deposit Protection Fund*	21,175	20,822
Accounts payable	10,089	12,767
Other creditors	25,824	33,917
UCBL sales proceeds	3,412	3,412
Provision for UCBL excluded liabilities**	1,359	1,359
Money remittance institutions	112	77
	63,388	**73,765**

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

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

36 Authorised and Issued Share Capital

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Authorised		
30,000,000,000 of UGX 1.00 each	30,000	30,000
Issued and fully paid		
20,000,000,000 of UGX 1.00 each	20,000	20,000

The Bank of Uganda Act (Cap. 51), Laws of Uganda 2000 is the law that establishes the Bank with the authorised capital of UGX 30 billion. As at 30 June 2016, UGX 20 billion was issued and fully paid.

37 BoU Recapitalisation Funds

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
BoU recapitalisation securities	860,017	660,017
	860,017	**660,017**

During the FY 2015/16, the Bank was further recapitalized by Government of Uganda, in accordance with the Bank of Uganda Act section 14 (4), with treasury securities worth UGX 200,000 million bringing the total stock of recapitalisation securities to UGX 860,017 million as at 30 June 2016.

38 Reserves

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Asset revaluation reserve*	139,466	140,936
Revenue reserve**	(909,779)	(794,956)
General reserve***	399,277	343,461
Fair value on Available for sale financial instruments****	68,618	34,276
Unrealised translation reserve*****	2,890,793	3,029,498
	2,588,375	**2,753,215**

* Assets revaluation reserve relates to surplus on revalued property and is not distributable.

** Revenue reserve relates to accumulated losses on operations.

*** General reserve includes realised foreign exchange gains and other special reserves.

**** Relates to gains on fair value of AFS financial instruments.

***** This relates to unrealised foreign exchange and fair value gains and losses on foreign assets and liabilities.

The distributable deficit is arrived at as follows:

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Total comprehensive income for the year	(164,839)	1,417,461
Foreign exchange and fair value gains	82,888	(1,536,077)
Deficit sharing with Government	**(81,951)**	**(118,616)**

The distributable deficit refers to the net surplus for the Bank excluding foreign exchange and fair value gains.

39 Contingent Liabilities and Commitments

Contingent liabilities and commitments, some of which are offset by corresponding obligations of third parties, arise in the normal course of business, including contingent liabilities in respect of letters of comfort and indemnities in connection with liquidity support operations.

39.1 Legal Proceedings

The Bank is a litigant in various cases for breach of contract arising in the normal course of business amounting to UGX 675 million (2015: UGX 3,205 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.

39.2 Capital Commitments

As at 30 June 2016, the Bank's capital commitments in respect of plant and equipment, office machine and equipment and building works amounted to UGX 66,354 million compared to UGX 67,022 million as at 30 June 2015.

39.3 Commitments On Behalf Of Treasury

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

39.4 Letters Of Credit

Letters of credit commit the Bank to make payments on behalf of Government to third parties, and reimbursement by the customer is normally immediate. As at 30 June 2016, the total outstanding letters of credit on behalf of Government amounted to UGX 93,447 million (2015: UGX 221,155 million).

40 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 operational risk, credit risk, liquidity risk, interest rate risk and currency risk. In the management of foreign reserves, minimizing liquidity risk is the prime consideration in order to maintain an effective foreign exchange intervention capability. Profiles for managing interest rate, credit, foreign currency, and liquidity are noted. Like most other central banks, the nature of the Bank's operations creates exposures to a range of operational risks and reputational risks.

The Board seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring, and managing risk exposure. The Foreign Exchange Reserve Management Policy Committee (FERMPC), comprising the Governor and senior management, is responsible for advising on the monitoring and management of the business strategy, risks, and performance of all statement of financial position-related activities. This review includes the appropriateness of risk-return trade-offs underlying the business strategy and portfolio structure. Specialist staff conduct the Bank's foreign currency reserves management, and foreign exchange dealing operations in accordance with a clearly defined Reserves Management Policy/Framework, including limits and delegated authorities set by the Governor. The policy is subject to regular review by FERMPC.

The majority of the Bank's financial risks arise from the foreign reserves management and financial market operations of the Bank. 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 risk

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.

40.1 Operational Risk

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems.

40.1.1 Management of Operational Risk

Managing operational risk in the Bank is seen as an integral part of the day-today operations and management, which include explicit consideration of both the opportunities and the risks of all business activities.

Operational risk management includes Bank-wide corporate policies that describe the standard of conduct required of staff, a number of mandated generic requirements (e.g. A project management template), and specific internal control system designed around the particular characteristics of various Bank activities.

Compliance with corporate policies, generic requirements, and departmental internal control systems are managed by:

- An induction programme for new employees that makes them aware of the requirements;
- A quarterly management affirmation by each Head of Department that corporate policies and departmental internal control systems have been complied with;
- Requirements for regular reconciliations and monitoring of transactions;
- Requirements for appropriate segregation of duties;
- Risk mitigation including insurance where this is effective;
- Training and professional development; and,
- An active internal audit function.

The above policies and procedures for managing operational risk are reinforced by the requirement to promptly report all important unexpected issues, and to provide management with an opportunity to give immediate advice.

40.2 Credit Risk

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

40.2.1 Management of Credit Risk

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

- Establishing authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to the respective members of senior management. Large facilities require approval by the Board, Governor, Deputy Governor and Executive Directors, as appropriate.
- Limiting concentrations of exposure to counterparties, geographies and by issuer, credit rating band, market liquidity and country.
- Using advice, guidance and specialist skills to promote best practice.
- For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).
- For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

40.2.2 Impaired Loans and Securities

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

40.2.3 Past Due but Not Impaired Loans

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

40.2.4 Allowance for Impairment

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

40.2.5 Write-Off Policy

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

Table 16:Credit Risk Profile

Loans and Advances	Government		Commercial Banks		Staff Loans	
In millions of shillings	**30-Jun-2016**	**30-Jun-2015**	**30-Jun-2016**	**30-Jun-2015**	**30-Jun-2016**	**30-Jun-2015**
Carrying Amount	739,750	760,589	2,306	26,136	72,538	62,816
Individually Impaired:						
Government ministries	140,487	140,487	-	-	-	-
Closed commercial banks	-	-	-	-	-	-
Staff loans	-	-	-	-	1,103	1,254
Gross Amount	140,487	140,487	-	-	1,103	1,254
Allowance for impairment	(140,487)	(140,487)	-	-	(1,103)	(1,254)
Carrying amount	-	-	-	-	-	-
Collectively impaired:	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-
Allowance for impairment	-	-	-	-		
Past due but not impaired:						
Low-fair risk	-	441,585	-	-	-	-
Watch list	-	-	-	-	-	-
Carrying amount	-	**441,585**	-	**-**	-	**-**
Past due comprises:						
180 days+	-	-	-	-	-	-
Carrying amount	-	**-**	-	**-**	-	**-**
Neither past due nor impaired:						
Carrying amount	739,750	760,589	2,306	26,136	72,538	62,816
Total carrying amount	**739,750**	**760,589**	**2,306**	**26,136**	**72,538**	**62,816**

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

40.2.6 Credit Risk Exposure

40.2.6.1 Credit Risk Exposure by Credit Rating

Total assets of the Bank exposed to credit risk as of 30 June 2016 and 30 June 2015 are presented in Table 17 and Table 18 below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Moody's).

Table 17: Credit risk exposure by credit ratings FY 2015/16

		30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Cash and cash equivalents			
	Foreign currency held in banking	26,990	10,567
Cash with external financial institutions			
	Central Banks	358,952	684,584
	Multinational Institution	1,928	2,319
	A1	205	-
	A2	551	-
	Aa3	101,905	-
	Baa1	28,571	96,884
	Baa3	-	29,751
	NR	18,901	57
Investments at fair value through profit or loss			
	Central Banks	2,295,215	576,319
	Multinational Institution	198,946	1,105,941
	A1	1,464,945	-
	A2	-	1,293,767
	Aa2	1,883,277	128,985
	Aa3	839,226	652,050
	Baa1	214,709	837,808
	Baa2	-	1,102,168
	Baa3	-	620,112
Held for trading investments			
	A1	394,151	336,202
	A2	30,929	7,204
	A3	84,126	37,671
	Aa1	291,628	472,147
	Aa2	354,833	77,686
	Aa3	131,727	260,008
	Aaa	2,401,728	2,313,288
	Derivatives	16,727	7,098
Investments available for sale			
	Multinational Institution	146,112	73,549
Assets held with IMF			
	Multinational Institution	224,496	221,951
Domestic investments-Government securities		404,339	441,625
Advances to Government		739,750	760,589
Others		74,844	88,952
Total		**12,729,711**	**12,239,282**

Table 18: Credit risk exposure by credit ratings FY 2014/15

	30-Jun-2015 UGX (m)	30-Jun-2014 UGX (m)
Cash and cash equivalents		
Foreign currency held in banking	10,567	5,108
Cash with external financial institutions		
Central Banks	684,584	138,872
Multinational Institution	2,319	1,051
A2	-	17
Aa3	-	-
Baa1	96,884	65,570
Baa3	29,751	101,119
NR	57	123
Investments at fair value through profit or loss		
Central Banks	576,319	1,382,034
Multinational Institution	1,105,941	1,632,267
Aaa	-	261,356
A1	-	921,403
A2	1,293,767	126,891
A3	-	809,132
Aa2	128,985	418,692
Aa3	652,050	839,954
Baa1	837,808	173,652
Baa2	1,102,168	-
Baa3	620,112	-
Held for trading investments		
A1	336,202	1,724
A2	7,204	-
A3	37,671	-
Aa1	472,147	465,434
Aa2	77,686	62,411
Aa3	260,008	258,545
Aaa	2,313,288	1,936,809
	7,098	2,916
Investments available for sale		
Multinational Institution	73,549	1,804
Assets held with IMF		
Multinational Institution	221,951	558,598
Domestic investments-Government securities	441,625	233,182
Advances to Government	760,589	2,761,663
Others	88,952	59,839
Total	**12,239,282**	**13,220,166**

40.2.6.3 Credit Risk Exposure by Sector

The sectorial classification of the Bank's credit exposure as of 30 June 2016 is as follows:

Table 19: Credit risk exposure by sector FY2015/16

Details	Foreign Country Treasury UGX (m)	Supranational Institutions UGX (m)	Foreign Companies UGX (m)	Domestic Financial Institutions UGX (m)	Foreign Financial Insitutions UGX (m)	Government Guaranteed Agencies UGX (m)	Uganda Government Treasury UGX (m)	Others UGX (m)	Total UGX (m)
Cash and cash equivalents	359,420	20,771	-	-	131,291	-	-	26,521	538,003
Investments at fair value through profit & loss	2,295,215	198,946	-	-	4,402,157	-	-	-	6,896,318
Held for trading investments	3,039,833	-	504,128	-	-	145,161	-	-	3,689,122
Investments available for sale	-	146,112	-	-	-	-	-	-	146,112
Derivatives	-	-	-	-	16,727	-	-	-	16,727
Assets held with IMF	-	224,496	-	-	-	-	-	-	224,496
Domestic investments-Government securities	-	-	-	-	-	-	404,339	-	404,339
Advances to Government	-	-	-	-	-	-	739,750	-	739,750
Loans to commercial banks	-	-	-	2,306	-	-	-	-	2,306
Staff loans	-	-	-	-	-	-	-	72,538	72,538
Other assets	-	-	-	-	-	-	-	1,131	1,131
Total	**5,694,468**	**590,325**	**504,128**	**2,306**	**4,550,175**	**145,161**	**1,144,089**	**100,190**	**12,730,842**

The sectorial classification of the Bank's credit exposure as of 30 June 2015 is as follows:

Table 20: Credit risk exposure by sector FY2014/15

Details	Foreign Country Treasury UGX (m)	Supranational Institutions UGX (m)	Foreign Companies UGX (m)	Domestic Financial Institutions UGX (m)	Foreign Financial Insitutions UGX (m)	Government Guaranteed Agencies UGX (m)	Uganda Government Treasury UGX (m)	Others UGX (m)	Total UGX (m)
Cash and cash equivalents	654,252	2,261	-	-	157,082	-	-	10,567	824,162
Investments at fair value through profit & loss	576,319	1,105,938	-	-	4,634,893	-	-	-	6,317,150
Held for trading investments	2,411,590	-	624,242	-	688	467,686	-	-	3,504,206
Investments available for sale	-	73,549	-	-	-	-	-	-	73,549
Derivatives	-	-	-	-	7,098	-	-	-	7,098
Assets held with IMF	-	221,951	-	-	-	-	-	-	221,951
Domestic investments-Government securities	-	-	-	-	-	-	441,625	-	441,625
Advances to Government	-	-	-	-	-	-	760,589	-	760,589
Loans to commercial banks	-	-	-	26,136	-	-	-	-	26,136
Staff loans	-	-	-	-	-	-	-	62,816	62,816
Other assets	-	-	-	-	-	-	-	1,171	1,171
Total	**3,642,161**	**1,403,699**	**624,242**	**26,136**	**4,799,761**	**467,686**	**1,202,214**	**74,554**	**12,240,453**

40.2.6.4 Credit Risk Exposure by Geographical Location

Geographical analysis of concentrations of assets and liability of the Bank as of 30 June 2016 is as follows:

Table 21: Credit risk exposure by geographical location FY 2015/16

Details	Uganda UGX (m)	USA UGX (m)	UK UGX (m)	Eurozone UGX (m)	Other European Countries UGX (m)	Other Countries UGX (m)	Total UGX (m)
Cash and cash equivalents	26,990	307,008	63,610	101,905	1,928	36,562	538,003
Investments at fair value through profit & loss	-	1,568,432	3,282,978	1,006,756	198,927	839,225	6,896,318
Held for trading investments	-	1,614,320	259,572	916,863	128,604	769,763	3,689,122
Investments available for sale	-	-	-	-	1,011	145,101	146,112
Derivatives	-	-	16,727	-	-	-	16,727
Assets held with IMF	-	224,496	-	-	-	-	224,496
Domestic investments-Government securities	404,339	-	-	-	-	-	404,339
Advances to Government	739,750	-	-	-	-	-	739,750
Loans to commercial banks	2,306	-	-	-	-	-	2,306
Staff loans and advances	72,538	-	-	-	-	-	72,538
Other assets	1,131	-	-	-	-	-	1,131
Total Assets	**1,247,054**	**3,714,256**	**3,622,887**	**2,025,524**	**330,470**	**1,790,651**	**12,730,842**

Table 22: Credit risk exposure by geographical location FY 2014/15

Details	Uganda UGX (m)	USA UGX (m)	UK UGX (m)	Eurozone UGX (m)	Other European Countries UGX (m)	Other Countries UGX (m)	Total UGX (m)
Cash and cash equivalents	10,566	548,709	86,134	165,993	1,244	11,516	824,162
Investments at fair value through profit & loss	-	1,007,770	2,579,114	1,049,951	1,225,537	454,778	6,317,150
Held for trading investments	-	1,544,168	238,230	728,366	264,002	729,440	3,504,206
Investments available for sale	-	-	-	-	985	72,564	73,549
Derivatives	-	-	7,098	-	-	-	7,098
Assets held with IMF	-	221,951	-	-	-	-	221,951
Domestic investments-Government securities	441,625	-	-	-	-	-	441,625
Advances to Government	760,589	-	-	-	-	-	760,589
Loans to commercial banks	26,136	-	-	-	-	-	26,136
Staff loans and advances	62,816	-	-	-	-	-	62,816
Other assets	1,171	-	-	-	-	-	1,171
Total Assets	**1,302,903**	**3,322,598**	**2,910,576**	**1,944,310**	**1,491,768**	**1,268,298**	**12,240,453**

40.3 Liquidity Risk

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

The Bank does face liquidity risk in respect of assets and liabilities as shown in Table 23 and Table 24 below.

Table 23: Liquidity profile 2015/16

			30-Jun-2016 UGX (m)	Matured UGX (m)	<3 Months UGX (m)	4-12 Months UGX (m)	1-5 Years UGX (m)	> 5 Years UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	538,003	538,003	-	-	-	-
		Investments at fair value through profit or loss	6,896,318	-	-	6,896,318	-	-
		Investments held-for-trading	3,689,122	-	-	3,689,122	-	-
		Investments available-for-sale	146,112	-	-	-	-	154,031
		Derivative financial instruments	16,727	-	16,727	-	-	-
		Assets held with IMF	224,496	-	-	-	-	237,966
	Total foreign assets		**11,510,778**	**538,003**	**16,727**	**10,585,440**	-	**391,997**
	Domestic assets	Investments in government securities	404,339	-	-	-	477,120	-
		Loans, advances and drawdowns to government	739,750	-	739,750	-	-	-
		Loans and advances to commercial banks	2,306	-	-	2,306	-	-
		Staff loans	72,538	-	-	2,792	12,595	59,670
		Other assets	1,131	-	1,131	-	-	-
	Total domestic assets		**1,220,064**	**-**	**740,881**	**5,098**	**489,715**	**59,670**
Total assets			**12,730,842**	**538,003**	**757,608**	**10,590,538**	489,715	**451,667**
Liabilities	**Foreign liabilities**	IMF obligations	822,541	-	-	-	-	871,893
		Other foreign liabilities	416	-	416	-	-	-
		Derivative financial instruments	27,692	-	27,692	-	-	-
	Total foreign liabilities		**850,649**		**28,108**	**-**	-	**871,893**
	Domestic liabilities	Government deposits	2,781,493	-	2,781,493	-	-	-
		Commercial banks' deposits	2,308,686	-	2,308,686	-	-	-
		Repos	452,986	-	453,046	-	-	-
		Other liabilities	63,388	-	63,388	-	-	-
	Total domestic liabilities		**5,606,553**	**-**	**5,606,613**	**-**	**-**	**-**
Total liabilities			**6,457,202**	**-**	**5,634,721**	**-**	-	**871,893**
		Net liquidity gap	**6,273,640**	**538,003**	**(4,877,113)**	**10,590,538**	**489,715**	**(420,226)**

Table 24: Liquidity profile 2014/15

			30-Jun-2015 UGX (m)	Matured UGX (m)	<3 Months UGX (m)	4-12 Months UGX (m)	1-5 Years UGX (m)	> 5 Years UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	824,162	824,162	-	-	-	-
		Investments at fair value through profit or loss	6,317,150	-	-	6,317,150	-	-
		Investments held-for-trading	3,504,206	-	-	3,504,206	-	-
		Investments available-for-sale	73,549	-	-	-	-	77,962
		Derivative financial instruments	7,098	-	7,098	-	-	-
	Total foreign assets		**10,726,165**	**824,162**	**7,098**	**9,821,356**	-	**77,962**
	Domestic assets	Investments in government securities	441,625	-	-	-	507,869	-
		Loans, advances and drawdowns to government	760,589	-	760,589	-	-	-
		Loans and advances to commercial banks	26,136	-	23,064	3,072	-	-
		Staff loans	62,816	-	-	1,805	31,146	45,569
		Other assets	1,171	-	1,171	-	-	-
	Total domestic assets		**1,291,166**	**-**	**784,824**	**4,877**	**539,015**	**45,569**
Total assets			**12,017,331**	**824,162**	**791,922**	**9,826,233**	539,015	**123,531**
Liabilities	**Foreign liabilities**	IMF obligations	801,843	-	-	-	-	801,843
		Other foreign liabilities	322	-	322	-	-	-
		Derivative financial instruments	10,689	-	10,689	-	-	-
	Total foreign liabilities		**812,854**	**-**	**11,011**	**-**	**-**	**801,843**
	Domestic liabilities	Government deposits	3,146,645	-	3,146,645	-	-	-
		Commercial banks' deposits	1,864,591	-	1,864,591	-	-	-
		Repos	187,400	-	187,466	-	-	-
		Other liabilities	73,765	-	73,765	-	-	-
	Total domestic liabilities		**5,272,401**	**-**	**5,272,467**	**-**	**-**	**-**
Total liabilities			**6,085,255**	**-**	**5,283,478**	**-**	-	**801,843**
		Net liquidity gap	**5,932,076**	**824,162**	**(4,491,556)**	**9,826,233**	**539,015**	**(678,312)**

40.3.1 Management of Liquidity Risk

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

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

40.4 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 fair 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.

40.4.1 Management of Interest Rate Risk

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimizing the return on risk.

The Bank separates its exposure to interest rate risk between the internally managed portfolio and the externally managed portfolio. The externally managed portfolio is held by fund managers.

The table below summarizes the Bank's exposure to interest rates risk. Included in the table are the Bank's assets and liabilities at carrying amounts categorized by the earlier of contractual repricing or maturity dates

Table 25: Interest risk analysis 2015/16

			30-Jun-2016 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	538,003	511,012	-	-	-	26,991
		Investments at fair value through profit or loss	6,896,318	6,896,318	-	-	-	-
		Investments held-for-trading	3,689,122	3,689,122	-	-	-	-
		Investments available-for-sale	146,112	-	-	-	-	146,112
		Derivative financial instruments	16,727	16,727	-	-	-	-
		Assets held with IMF	224,496	-	-	-	224,496	-
	Total foreign assets		**11,510,778**	**11,113,179**	**-**	**-**	**224,496**	**173,103**
	Domestic assets	Investments in government securities	**404,339**	**-**	**-**	**-**	**404,339**	**-**
		Loans, advances and drawdowns to government	739,750	-	-	-	-	739,750
		Loans and advances to commercial banks	2,306	-	-	2,306	-	-
		Staff loans	72,538	-	-	2,792	69,746	-
		Other assets	1,131	-	-	-	-	1,131
	Total domestic assets		**1,220,064**	**-**	**-**	**5,098**	**474,085**	**740,881**
Total assets			**12,730,842**	**11,113,179**	**-**	**5,098**	**698,581**	**913,984**
Liabilities	**Foreign liabilities**	IMF obligations	822,541	-	-	-	822,541	-
		Other foreign liabilities	416	-	-	-	-	416
		Derivative financial instruments	27,692	27,692	-	-	-	-
	Total foreign liabilities		**850,649**	**27,692**	**-**	**-**	**822,541**	**416**
	Domestic liabilities	Government deposits	2,781,493	-	-	-	-	2,781,493
		Commercial banks' deposits	2,308,686	-	-	-	-	2,308,686
		Repos	452,986	452,986	-	-	-	-
		Other liabilities	63,388	-	-	-	-	63,388
	Total domestic liabilities		**5,606,553**	**452,986**	**-**	**-**	**-**	**5,153,567**
Total liabilities			**6,457,202**	**480,678**	**-**	**-**	**822,541**	**5,153,983**
		On balance Sheet interest Sensitivity Gap	**30-Jun-16**	**10,632,501**	**-**	**5,098**	**(123,960)**	**(4,239,999)**

Table 26: Interest risk analysis 2014/15

			30-Jun-2015 UGX (m)	0-3 Months UGX (m)	4-6 Months UGX (m)	7-12 Months UGX (m)	> 12 Months UGX (m)	Non-Interest Bearing UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	824,162	813,594	-	-	-	10,568
		Investments at fair value through profit or loss	6,317,150	6,218,097	-	-	99,053	-
		Investments held-for-trading	3,504,206	3,504,206	-	-	-	-
		Investments available-for-sale	73,549	-	-	-	-	73,549
		Derivative financial instruments	7,098	7,098	-	-	-	-
		Assets held with IMF	221,951	-	-	-	221,951	-
	Total foreign assets		**10,948,116**	**10,542,995**	**-**	**-**	**321,004**	**84,117**
	Domestic assets	Investments in government securities	**441,625**	**-**	**-**	**-**	**441,625**	**-**
		Loans, advances and drawdowns to government	760,589	913	-	-	-	759,676
		Loans and advances to commercial banks	26,136	23,064	-	3,072	-	-
		Staff loans	62,816	-	-	1,260	61,556	-
		Other assets	1,171	-	-	-	-	1,171
	Total domestic assets		**1,292,337**	**23,977**	**-**	**4,332**	**503,181**	**760,847**
Total assets			**12,240,453**	**10,566,972**	**-**	**4,332**	**824,185**	**844,964**
Liabilities	**Foreign liabilities**	IMF obligations	801,843	-	-	-	801,843	-
		Other foreign liabilities	322	-	-	-	-	322
		Derivative financial instruments	10,689	10,689	-	-	-	-
	Total foreign liabilities		**812,854**	**10,689**	**-**	**-**	**801,843**	**322**
	Domestic liabilities	Government deposits	3,146,645	-	-	-	-	3,146,645
		Commercial banks' deposits	1,864,591	-	-	-	-	1,864,591
		Repos	187,400	187,400	-	-	-	-
		Other liabilities	73,765	-	-	-	-	73,765
	Total domestic liabilities		**5,272,401**	**187,400**	**-**	**-**	**-**	**5,085,001**
Total liabilities			**6,085,255**	**198,089**	**-**	**-**	**801,843**	**5,085,323**
		On balance Sheet interest Sensitivity Gap	**6,155,198**	**10,368,883**	**-**	**4,332**	**22,342**	**(4,240,359)**

40.4.2 Interest Rate Risk Sensitivity

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

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

Table 27: Interest risk sensitivity analysis FY 2015/16

			30-Jun-2016 CARRYING AMOUNTS UGX (m)	0.5% Increase UGX (m)	0.5% decrease UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	511,012	2,555	(2,555)
		Investments at fair value through profit or loss	6,896,318	34,482	(34,482)
		Investments held-for-trading	3,689,122	18,446	(18,446)
		Derivative financial instruments	16,727	-	-
		Assets held with IMF	224,496	1,122	(1,122)
	Total foreign assets		**11,337,675**	**56,605**	**(56,605)**
	Domestic assets	Investments in government securities	404,339	2,022	(2,022)
		Loans, advances and drawdowns to government	739,750	3,699	(3,699)
		Loans and advances to commercial banks	2,306	12	(12)
		Staff loans	72,538	363	(363)
	Total domestic assets		**1,218,933**	**6,095**	**(6,095)**
Total assets			**12,556,608**	**62,699**	**(62,699)**
Liabilities	**Foreign liabilities**	IMF obligations	822,541	4,113	(4,113)
		Derivative financial instruments	27,692	138	(138)
	Total foreign liabilities		**850,233**	**4,251**	**(4,251)**
	Domestic liabilities	Government deposits	2,781,493	-	-
		Commercial banks' deposits	2,308,686	-	-
		Repos	452,986	2,265	(2,265)
	Total domestic liabilities		**5,543,165**	**2,265**	**(2,265)**
Total liabilities			**6,393,398**	**6,516**	**(6,516)**
		Net interest increase/(decrease)	**6,163,210**	**56,183**	**(56,183)**
		Impact on profits	**6,163,210**	**56,183**	**(56,183)**

Table 28: Interest risk sensitivity analysis FY 2014/15

			30-Jun-2015 CARRYING AMOUNTS UGX (m)	0.5% Increase UGX (m)	0.5% decrease UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	813,594	4,068	(4,068)
		Investments at fair value through profit or loss	6,317,150	31,586	(31,586)
		Investments held-for-trading	3,504,206	17,521	(17,521)
		Investments available-for-sale	73,549	-	-
		Derivative financial instruments	7,098	-	-
		Assets held with IMF	221,951	1,110	(1,110)
	Total foreign assets		**10,937,548**	**54,285**	**(54,285)**
	Domestic assets	Investments in government securities	441,625	2,208	(2,208)
		Loans, advances and drawdowns to government	912	5	(5)
		Loans and advances to commercial banks	26,136	131	(131)
		Staff loans	62,816	314	(314)
	Total domestic assets		**531,489**	**2,657**	**(2,657)**
Total assets			**11,469,037**	**56,942**	**(56,942)**
Liabilities	**Foreign liabilities**	IMF obligations	801,843	4,009	(4,009)
		Derivative financial instruments	10,689	-	-
	Total foreign liabilities		**812,532**	**4,009**	**(4,009)**
	Domestic liabilities	Government deposits	3,146,645	-	-
		Commercial banks' deposits	1,864,591	-	-
		Repos	187,400	937	(937)
	Total domestic liabilities		**5,198,636**	**937**	**(937)**
Total liabilities			**6,011,168**	**4,946**	**(4,946)**
		Net interest increase/(decrease)	**5,457,869**	**51,996**	**(51,996)**
		Impact on profits	**5,457,869**	**51,996**	**(51,996)**

40.5 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 29: Currency risk profile 2015/16

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	538,003	-	361,187	41,866	95,284	39,666
		Investments at fair value through profit or loss	6,896,318	-	3,101,510	2,120,228	570,682	1,103,898
		Investments held-for-trading	3,689,122	-	3,689,122	-	-	-
		Investments available-for-sale	146,112	-	145,101	-	1,011	-
		Derivative financial instruments	16,727	-	16,727	-	-	-
		Assets held with IMF	224,496	-	-	-	-	224,496
	Total foreign assets		**11,510,778**	**-**	**7,313,647**	**2,162,094**	**666,977**	**1,368,060**
	Domestic assets	Investments in government securities	404,339	404,339	-	-	-	-
		Loans, advances and drawdowns to government	739,750	739,750	-	-	-	-
		Loans and advances to commercial banks	2,306	2,306	-	-	-	-
		Staff loans	72,538	72,538	-	-	-	-
		Other assets	1,131	1,131	-	-	-	-
	Total domestic assets		**1,220,064**	**1,220,064**	**-**	**-**	**-**	**-**
Total assets			**12,730,842**	**1,220,064**	**7,313,647**	**2,162,094**	**666,977**	**1,368,060**
Liabilities	**Foreign liabilities**	IMF obligations	**822,541**	**-**	**-**	**-**	**-**	**822,541**
		Other foreign liabilities	416	416	-	-	-	-
		Derivative financial instruments	27,692	-	27,692	-	-	-
	Total foreign liabilities		**850,649**	**416**	**27,692**	**-**	**-**	**822,541**
	Domestic liabilities	Government deposits	2,781,493	1,901,485	801,041	475	78,492	-
		Commercial banks' deposits	2,308,686	1,584,362	587,913	26,766	102,783	6,862
		Repos	452,986	452,986	-	-	-	-
		Other liabilities	63,388	63,388	-	-	-	-
	Total domestic liabilities		**5,606,553**	**4,002,221**	**1,388,954**	**27,241**	**181,275**	**6,862**
Total liabilities			**6,457,202**	**4,002,637**	**1,416,646**	**27,241**	**181,275**	**829,403**
	Net currency position		**6,273,640**	**(2,782,573)**	**5,897,001**	**2,134,853**	**485,702**	**538,657**

Table 30: Currency risk profile 2014/15

			TOTAL UGX (m)	UGX UGX (m)	USD UGX (m)	GBP UGX (m)	EURO UGX (m)	OTHER UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	824,162	-	615,323	37,311	160,280	11,248
		Investments at fair value through profit or loss	6,317,150	-	2,237,938	2,426,169	583,545	1,069,498
		Investments held-for-trading	3,504,206	-	3,504,206	-	-	-
		Investments available-for-sale	73,549	-	73,380	-	169	-
		Derivative financial instruments	7,098	-	7,098	-	-	-
		Assets held with IMF	221,951	-	-	-	-	221,951
	Total foreign assets		**10,948,116**	**-**	**6,437,945**	**2,463,480**	**743,994**	**1,302,697**
	Domestic assets	Investments in government securities	441,625	441,625	-	-	-	-
		Loans, advances and drawdowns to government	760,589	760,589	-	-	-	-
		Loans and advances to commercial banks	26,136	26,136	-	-	-	-
		Staff loans	62,816	62,816	-	-	-	-
		Other assets	1,171	1,171	-	-	-	-
	Total domestic assets		**1,292,337**	**1,292,337**	**-**	**-**	**-**	**-**
Total assets			**12,240,453**	**1,292,337**	**6,437,945**	**2,463,480**	**743,994**	**1,302,697**
Liabilities	**Foreign liabilities**	IMF obligations	801,843	**-**	**-**	**-**	**-**	801,843
		Other foreign liabilities	322	322	-	-	-	-
		Derivative financial instruments	10,689	-	10,689	-	-	-
	Total foreign liabilities		**812,854**	**322**	**10,689**	**-**	**-**	**801,843**
	Domestic liabilities	Government deposits	3,146,645	1,652,499	1,437,318	54	55,548	1,226
		Commercial banks' deposits	1,864,591	1,103,885	675,253	30,934	43,419	11,100
		Repos	187,400	187,400	-	-	-	-
		Other liabilities	73,765	73,765	-	-	-	-
	Total domestic liabilities		**5,272,401**	**3,017,549**	**2,112,571**	**30,988**	**98,967**	**12,326**
Total liabilities			**6,085,255**	**3,017,871**	**2,123,260**	**30,988**	**98,967**	**814,169**
	Net currency position		**6,155,198**	**(1,725,534)**	**4,314,685**	**2,432,492**	**645,027**	**488,528**

40.5.1 Management of Currency Risk

The Bank has an investment committee that offers oversight over this risk that regularly meets to review and monitor developments in the respective currency markets.

40.5.2 Currency Risk Sensitivity Analysis

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

Table 31: Currency Risk Sensitivity analysis FY 2015/16

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	538,003	80,700	(80,700)
	Investments at fair value through profit or loss	6,896,318	1,034,448	(1,034,448)
	Investments held-for-trading	3,689,122	553,368	(553,368)
	Investments available-for-sale	146,112	21,917	(21,917)
	Derivative financial instruments	16,727	2,509	(2,509)
	Assets held with IMF	224,496	33,674	(33,674)
		11,510,778	**1,726,617**	**(1,726,617)**
Liabilities	IMF obligations	822,541	123,381	(123,381)
	Derivative financial instruments	27,692	4,154	(4,154)
		850,233	**127,535**	**(127,535)**
Domestic liabilities	Government deposits	880,008	132,001	(132,001)
	Commercial banks' deposits	724,324	108,649	(108,649)
		1,604,332	**240,650**	**(240,650)**
Total increase/(decrease)		**9,056,213**	**1,358,432**	**(1,358,432)**
Impact on profits		**9,056,213**	**1,358,432**	**(1,358,432)**

Table 32: Currency Risk Sensitivity analysis FY 2014/15

		CARRYING AMOUNTS UGX (m)	15% DEPRECIATION UGX (m)	15% APPRECIATION UGX (m)
Assets	Cash and cash equivalents	824,162	123,624	(123,624)
	Investments at fair value through profit or loss	6,317,150	947,573	(947,573)
	Investments held-for-trading	3,504,206	525,631	(525,631)
	Investments available-for-sale	73,549	11,032	(11,032)
	Derivative financial instruments	7,098	1,065	(1,065)
	Assets held with IMF	221,951	33,293	(33,293)
		10,948,116	**1,642,217**	**(1,642,217)**
Liabilities	IMF obligations	801,843	120,276	(120,276)
	Derivative financial instruments	10,689	1,603	(1,603)
		812,532	**121,880**	**(121,880)**
Domestic liabilities	Government deposits	1,494,146	224,122	(224,122)
	Commercial banks' deposits	760,706	114,106	(114,106)
		2,254,852	**338,228**	**(338,228)**
Total increase/(decrease)		**7,880,732**	**1,182,110**	**(1,182,110)**
Impact on profits		**7,880,732**	**1,182,110**	**(1,182,110)**

At 30 June 2016, if the Shilling had weakened by 15 percent against the major trading currencies with all other variables held constant, profits would have been UGX 1,358,432 million (2014/15: UGX 1,182,110 million) higher with other components of equity remaining the same.

Conversely, if the Shilling had strengthened by 15 percent against the major trading currencies with all other variables held constant, losses would have been UGX 1,358,432 million (2014/15: UGX 1,182,110 million) higher with other components of equity remaining the same.

41 Effective Interest Rates on Financial Assets and Liabilities

The effective interest rates of the principal financial assets and liabilities as at 30 June 2016 and 30 June 2015 were in the following ranges.

		30-Jun-2016 %	30-Jun-2015 %
Assets	Investments at fairvalue through profit or loss	0.76	0.72
	Investments held-for-trading	1.46	1.19
	Assets held for IMF	0.05	0.07
	Investments in treasury bills	20.62	7.78
	Staff loans	9.47	11.56
	Loans and advances to commercial banks	25.40	27.28
Liabilities	IMF Obligations	0.05	0.05

42 Fair Value of Assets and Liabilities

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

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

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

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

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

The fair values of the Available-for-sale investments have been estimated using the last available prices for FY 2015/16.

The assumptions applied for revalued property are included in Note 25 and Note 26.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The carrying amounts of the Bank's financial instruments approximate their values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

i. Long-term fixed-rate and variable-rate receivables are evaluated by the Bank based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii. The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

iii. The fair values of the unquoted ordinary shares have been estimated using the latest transaction price.

iv. The Bank enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Bank's own non-performance risk.

Table 33 and Table 34 show an analysis of assets and liabilities recorded at fair value by level of their fair value hierarchy:

Table 33: Fair value hierarchy as at 30 June 2016

Assets measured at fair value	Level 1 UGX (m)	Level 2 UGX (m)	Level 3 UGX (m)
Investments at fair value through profit or loss	-	6,896,318	-
Investments held-for-trading	-	3,689,122	-
Investments available-for-sale (unquoted shares)	-	146,112	-
Derivative financial instruments	-	16,727	-
Freehold land	-	-	27,362
Buildings	-	-	126,766
Leasehold land	-	-	46,765
Liabilities measured at fair value value			
Derivative financial instruments	-	27,692	-

Table 34: Fair value hierarchy as at 30 June 2015

Assets measured at fair value	Level 1 UGX (m)	Level 2 UGX (m)	Level 3 UGX (m)
Investments at fair value through profit or loss	-	6,317,150	-
Investments held-for-trading	-	3,504,206	-
Investments available-for-sale (unquoted shares)	-	73,549	-
Derivative financial instruments	-	7,098	-
Freehold land	-	-	23,373
Buildings	-	-	129,640
Leasehold land	-	-	50,754
Liabilities measured at fair value value			
Derivative financial instruments	-	10,689	-

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy are shown below:

Significant unobservable valuation input	Range USD
Price per acre (land)	1,500,000 - 4,500,000
Price per square metre (buildings)	80 - 120

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly (lower) fair value. The last valuation was done in FY 2012/13.

There were no transfers between levels during the year.

43 Current and Non-Current Assets and Liabilities

Table 35 and Table 36 below show the current and non-current assets and liabilities as at 30 June 2016 and 2015 respectively.

Table 35: Current and non-current assets and liabilities as at 30 June 2016

			Statement of financial position amount UGX (m)	Note	No more than 12 months after the reporting period UGX (m)	More than 12 months after the reporting period UGX (m)	Total UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	538,003	16	538,003	-	538,003
		Investments at fair value through profit or loss	6,896,318	17 (a)	6,896,318	-	6,896,318
		Investments held-for-trading	3,689,122	17 (b)	3,689,122	-	3,689,122
		Investments available-for-sale	146,112	17 (c)	-	146,112	146,112
		Derivative financial instruments	16,727	18	16,727	-	16,727
		Assets held with IMF	224,496	19	-	224,496	224,496
	Total foreign assets		**11,510,778**		**11,140,170**	**370,608**	**11,510,778**
	Domestic assets	Investments in government securities	404,339	20	-	404,339	404,339
		Loans, advances and drawdowns to government	739,750	21	739,750	-	739,750
		Loans and advances to commercial banks	2,306	22	2,306	-	2,306
		Staff loans	72,538	23	2,792	69,746	72,538
		Retirement benefits plan	21,207	24	-	21,207	21,207
		Property, plant and equipment	200,035	25	-	200,035	200,035
		Finance lease on leasehold land	46,765	26	-	46,765	46,765
		Intangible assets	5,444	27	-	5,444	5,444
		Other assets	317,001	28	317,001	-	317,001
	Total domestic assets		**1,809,385**		**1,061,849**	**747,536**	**1,809,385**
Total assets			**13,320,163**		**12,202,019**	**1,118,144**	**13,320,163**
Liabilities	**Foreign liabilities**	IMF obligations	822,541	19	-	822,541	822,541
		Other foreign liabilities	416	29	416	-	416
		Derivative financial instruments	27,692	18	27,692	-	27,692
	Total foreign liabilities		**850,649**		**28,108**	**822,541**	**850,649**
	Domestic liabilities	Currency in circulation	3,391,602	30	-	3,391,602	3,391,602
		Government deposits	2,781,493	31	2,781,493	-	2,781,493
		Commercial banks' deposits	2,308,686	32	2,308,686	-	2,308,686
		Repos	452,986	33	452,986	-	452,986
		Special provident fund	2,967	34	-	2,967	2,967
		Other liabilities	63,388	35	63,388	-	63,388
	Total domestic liabilities		**9,001,122**		**5,606,553**	**3,394,569**	**9,001,122**
Total Liabilities			**9,851,771**		**5,634,661**	**4,217,110**	**9,851,771**

Table 36: Current and non-current assets and liabilities as at 30 June 2015

			Statement of financial position amount	Note	(Current) No more than 12 months after the reporting period	(Non-Current) More than 12 months after the reporting period	Total
			UGX (m)		UGX (m)	UGX (m)	UGX (m)
Assets	**Foreign assets**	Cash and cash equivalents	824,162	16	824,162	-	824,162
		Investments at fair value through profit or loss	6,317,150	17 (a)	6,317,150	-	6,317,150
		Investments held-for-trading	3,504,206	17 (b)	3,504,206	-	3,504,206
		Investments available-for-sale	73,549	17 (c)	-	73,549	73,549
		Derivative financial instruments	7,098	18	7,098	-	7,098
		Assets held with IMF	221,951	19	-	221,951	221,951
	Total foreign assets		**10,948,116**		**10,652,616**	**295,500**	**10,948,116**
	Domestic assets	Investments in government securities	441,625	20	-	441,625	441,625
		Loans, advances and drawdowns to government	760,589	21	760,589	-	760,589
		Loans and advances to commercial banks	26,136	22	26,136	-	26,136
		Reverse repos	-	23	-	-	-
		Staff loans	62,816	23	1,805	61,011	62,816
		Retirement benefits plan	27,943	24	-	27,943	27,943
		Property, plant and equipment	199,198	25	-	199,198	199,198
		Finance lease on leasehold land	50,754	26	-	50,754	50,754
		Intangible assets	4,543	27	-	4,543	4,543
		Other assets	228,323	28	228,323	-	228,323
	Total domestic assets		**1,801,927**		**1,016,853**	**785,074**	**1,801,927**
Total assets			**12,750,043**		**11,669,469**	**1,080,574**	**12,750,043**
Liabilities	**Foreign liabilities**	IMF obligations	801,843	19	(20,698)	822,541	801,843
		Other foreign liabilities	322	29	322	-	322
		Derivative financial instruments	10,689	18	10,689	-	10,689
	Total foreign liabilities		**812,854**	**-**	**9,687**	**822,541**	**812,854**
	Domestic liabilities	Currency in circulation	3,231,556	30	-	3,231,556	3,231,556
		Government deposits	3,146,645	31	3,146,645	-	3,146,645
		Commercial banks' deposits	1,864,591	32	1,864,591	-	1,864,591
		Repos	187,400	33	187,400	-	187,400
		International Bank for Reconstruction & Dev't (IBRD)	-	32	-	-	-
		Employee benefits	-	24	-	-	-
		Special provident fund	-	34	-	-	-
		Other liabilities	73,765	35	73,765	-	73,765
	Total domestic liabilities		**8,503,957**		**5,272,401**	**3,231,556**	**8,503,957**
Total Liabilities			**9,316,811**		**5,262,714**	**4,054,097**	**9,316,811**

44 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-2016 UGX (m)	30-Jun-2015 UGX (m)
Issued Capital	20,000	20,000
BoU recapitalisation	860,017	660,017
Asset revaluation reserve	139,466	140,936
Revenue reserve	(909,779)	(794,956)
Fair value on Available for sale financial instruments	68,618	34,276
General reserve	399,277	343,461
Capital and reserves excluding translations	**577,599**	**403,734**
Translation reserve	2,890,793	3,029,498
Total Reserves	**3,468,392**	**3,433,232**

The Bank was re-capitalized by Government of Uganda in FY 2015/16 through issuance of treasury securities worth UGX 200,000 million bringing the total stock held at UGX 860,017 million as at 30 June 2016 in line with the Bank of Uganda Act.

45 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.

45.1 Loans to Executive Directors

The Bank extended loans to the Executive Directors on the Board. The outstanding amounts of the loans were UGX 352 million as at 30 June 2016 (30 June 2015: UGX 444 million)

45.2 Loans to Executive Management

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
At 1 July	3,099	1,974
Advanced during the year	585	1,866
Repayments	(1,120)	(741)
At 30 June	**2,564**	**3,099**

The Bank also extends loan facilities to Executive Management in accordance with the Bank policy. The advances are given at preferential rates ranging from 0 percent to 3 percent as determined by the Board of Directors. The loans are payable for periods not exceeding five years and are secured. The Bank earned interest of UGX 10 million (2015: UGX 35 million) on loans advanced to Executive Management. The loans and advances to Executive Management were not impaired as at 30 June 2016.

45.3 Directors' Emoluments

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Directors' fees and emoluments	1,992	1,139
Remuneration:		
Governor and Deputy Governor (short term employee benefits)	1,673	1,665
Governor and Deputy Governor (post employment pension benefits)	552	552
	4,217	**3,356**

45.4 Compensation of Executive Management

	30-Jun-2016 UGX (m)	30-Jun-2015 UGX (m)
Short-term employee benefits	3,987	4,376
Post-employment benefits	747	823
	4,734	**5,199**

45.5 Government of Uganda

Transactions entered into with the Government include;

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

The Bank earns commissions and service fees on various transactions with Government. Details for fees and commissions on GoU transactions and balances with Government of Uganda are included in Note 6, Note 21 and Note 31 respectively.

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 2016 amounted to UGX 21,176 million (2015: UGX 20,822 million). The Bank also manages an in-house Retirement Benefits Scheme of which cash at hand was UGX 1,416 million (2015: UGX 1,412 million).

46 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.

46.1 Impairment Losses on Loans and Advances

The Bank regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognised 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. The impairment allowances in profit or loss are included in Note 14 to the financial statements. See Note 21, 22 & 23 for the carrying amounts of the loans and advances.

46.2 Taxes

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

46.3 Fair Value of Financial Instruments

Where the fair value of the financial assets and financial liabilities recorded in the statement of financial position cannot be determined from active markets, they are determined using valuation techniques including discounted cash flows models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 17 for the carrying amounts of financial instruments.

46.4 Pension Obligations

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 24 for the assumptions used.

46.5 Held-To-Maturity Financial Assets

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such assets to maturity. If the Bank fails to keep these assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to classify the entire class as available-for-sale. Details are included in Note 21 of the financial statements.

46.6 Property, plant and equipment and finance lease on land

The bank carries its land and buildings at revalued amounts, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The subsequent accumulated amortisation is not applicable for finance leases (Refer to Note 26).

Changes in fair value are recognised in other comprehensive income.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period (Refer to Notes 25 and 26).

47 Events after the Reporting Period

There are no reportable events after the reporting period.

20 List of Appendices

Appendix 1: Macroeconomic Indicators

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Real Sector							
GDP at Market Prices (current prices), UGX billion	40,946	47,078	59,420	63,905	68,371	74,765	--
GDP at Market Prices (constant 2002 and 2009/10 prices), UGX billion	40,946	44,907	46,888	48,422	50,649	53,177	--
Real GDP growth (Annual Change %)	5.2	9.0	4.4	3.3	4.6	5.0	--
GDP per capita (current prices), UGX	1,348,297	1,504,377	1,843,130	1,924,630	1,999,834	2,122,72	--
GDP per capita (constant 2002 and 2009/10 prices), UGX	1,348,297	1,435,021	1,454,410	1,458,334	1,481,459	1,509,80	--
GDP per capita growth rate (%)	2.0	6.4	1.4	0.3	1.6	1.9	--
Prices							
Annual Headline Inflation, (%)							
End of Period (Base 2009/10)	4.2	14.4	15.1	5.4	2.6	5.0	5.9
Period Average (Base 2009/10)	9.4	6.3	21.0	5.0	5.4	3.0	6.6
Exchange Rate (UGX/USD)							
End of Period (e.o.p)	2,257.4	2,623.2	2,472.4	2,593.3	2,599.7	3,301.8	3,404.9
Period Average (p.a.)	2,028.9	2,323.4	2,559.1	2,588.9	2,538.3	2,823.2	3,443.0
Interest Rates(% p.a., e.o.p)							
Central Bank Rate			19.8	13.3	11.5	11.3	16.3
Rediscount Rate	7.4	15.7	23.9	16.9	14.5	14.3	20.2
Lending Rate	20.8	19.8	25.3	24.5	22.1	21.6	24.0
91 - day Treasury Bill Discount Rate	4.3	12.1	17.2	10.2	9.3	11.1	16.0
Financial Sector							
Money Supply, M3 (UGX billion)	8,388.4	10,542.4	11,296.2	12,047.3	14,142.2	16,389.2	17,635.0
Money Supply, M2 (UGX billion)	6,502.5	8,056.4	7,720.8	8,932.3	10,195.2	11,095.3	12,085.1
Currency in Circulation (UGX billion)	1,739.0	2,189.8	2,204.5	2,452.9	2,746.1	3,231.6	3,391.6
Base Money (UGX billion)	2,434.3	2,892.6	2,848.9	3,324.9	3,769.0	4,295.0	4,929.4
M2 growth (% p.a.)	30.3	32.4	-4.2	15.7	14.1	9.3	9.0
M3 growth (% p.a.)	33.2	35.3	7.2	6.6	17.4	16.0	7.8
CIC/M2A (%)	26.7	24.7	28.6	27.5	26.9	29.1	28.1
M2A Velocity[a]	6.3	5.8	7.7	7.2	6.7	6.7	--
M3 Velocity[a]	4.9	4.5	5.3	5.3	4.8	4.6	--
Private Sector Credit (UGX billion)	4,484.6	6,476.2	7,532.1	8,010.6	9,123.5	10,985.6	11,434.6
Lending ratio (Loans/Deposits)	63.7	74.8	75.5	76.3	72.6	75.5	73.0
External Sector							
Exports, USD millions	2,317.3	2,297.8	2,667.4	2,912.1	2,706.3	2,738.4	2,723.3
o/w Coffee	262.1	371.0	444.2	422.7	404.0	400.5	351.9
Imports (goods), USD millions	-4,116.8	-4,671.1	-5,241.5	-5,035.1	5,073.5	4,988.0	4,416.1
Current account balance (USD million)	-1,510.5	-1,752.9	-2,042.4	-1,582.4	-2,109.5	-2,188.5	--
Current account balance (excluding grants, USD million)	-1,956.3	-2,138.2	-2,443.1	-1,918.2	-2,308.0	-2,378.2	--
Overall Balance, USD million	-229.6	606.0	-746.6	-338.0	-378.5	74.6	--
Debt Service ratio, incl IMF as a percentage of exports of goods & services	2.8	2.7	2.4	2.3	2.9	3.2	--
Total External Reserves (USD million)	2,489.8	2,044.0	2,643.8	2,929.3	3,390.2	2,895.3	3,002.7
Reserve cover (months of future imports of goods & services)	4.4	3.2	4.3	4.5	5.1	4.4	--

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Macro-economic Linkages							
M1/GDP (%)	10.9	10.8	7.4	8.2	8.9	9.0	--
M2A/GDP (%)	18.4	18.5	13.0	14.0	14.9	14.8	--
Private sector credit/GDP (%)	12.8	14.5	12.7	12.5	13.3	14.7	--
Exports to GDP (%)	15.2	11.3	11.5	11.8	10.2	10.2	--
Imports to GDP (%)	26.9	23.1	22.6	20.4	19.1	18.5	--
Current A/C balance as a percentage of GDP	-10.0	-8.7	-8.8	-6.4	-8.0	-8.1	--
Current A/C balance (excluding grants) as a percentage of GDP	-12.8	-10.6	-10.5	-7.8	-8.7	-8.8	--
Fiscal Deficit (Excluding Grants) to GDP (%)	-7.2	-4.3%	-4.1%	-4.7%	-5.1%	-6.2%	--

Source: Bank of Uganda

Notes:
[a]M2A velocity = GDP/M2A; M3 velocity = GDP/M3)
**** From 2009/10 onwards, Uganda Bureau of Statistics rebased GDP estimates from 2002 base year to 2009/10 base year. The rebasing exercise involved a complete revision, coverage and compilation methodology of economic activities. The compilation followed the use of international guidelines and recommendations such as International Standard for Industrial Classification (ISIC Rev4), System of National Accounts (SNA) 2008**
/-- Numbers not yet available.

Appendix 2: Gross Domestic Product by economic activity at current prices (billions UGX)

Economic Activity	2010/11	2011/12	2012/13	2013/14	2014/15
Agriculture, Forestry and fishing	**11,649**	**15,737**	**16,144**	**16,941**	**17,943**
Cash crops	1,111	1,214	1,101	979	1,336
Food crops	5,875	8,031	7,897	8,520	8,755
Livestock	1,981	2,703	2,968	3,025	3,285
Agriculture Support Services	16	23	24	25	25
Forestry	1,871	2,814	3,169	3,200	3,220
Fishing	794	953	986	1,193	1,323
Industry	**9,586**	**12,633**	**13,267**	**14,083**	**14,794**
Mining & quarrying	423	562	546	582	509
Manufacturing	4,815	6,473	6,400	6,395	6,853
Electricity	358	463	584	595	623
Water	839	917	983	1,159	1,278
Construction	3,151	4,217	4,751	5,351	5,531
Services	**22,458**	**22,017**	**29,925**	**32,154**	**35,748**
Trade and Repairs	6,752	8,920	9,069	8,918	9,120
Transport and Storage	1,163	1,486	1,775	1,886	1,910
Accommodation and Food Service Activities	1,204	1,489	1,781	2,199	2,358
Information and Communication	1,775	1,573	1,935	2,078	2,613
Financial and Insurance Activities	1,200	1,619	1,694	1,735	2,059
Real Estate Activities	1,831	2,106	2,499	2,886	3,252
Professional, Scientific and Technical Activities	1,636	1,809	1,853	1,830	2,004
Administrative and Support Service Activities	880	984	947	989	1,389
Public Administration	1,259	1,745	1,866	1,923	2,283
Education	2,359	2,769	3,436	3,987	4,549
Human Health and Social Work Activities	1,355	1,494	1,910	2,432	2,811
Arts, Entertainment and Recreation	137	173	184	206	220
Other Service Activities	441	604	711	792	864
Activities of Households as Employers	195	246	267	295	315
Adjustments	**3,385**	**4,033**	**4,569**	**5,193**	**6,281**
Taxes on products	3,385	4,033	4,569	5,193	6,281
Total GDP at market Prices	**47,078**	**59,420**	**63,905**	**68,371**	**74,765**
Per capita GDP (UGX)	**1,504,377**	**1,843,130**	**1,924,630**	**1,999,834**	**2,122,721**

Source: Uganda Bureau of Statistics

Appendix 3: Balance of Payments (million USD)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
A: Current Account Balance (A1+A2+A3)	**-1,506.68**	**-1,752.86**	**-2,042.38**	**-1,582.39**	**-2,109.53**	**-2,188.55**
A1. Goods Account (Trade Balance)	-1,799.54	-2,373.35	-2,574.04	-2,122.96	-2,367.18	-2,249.64
a) Total Exports (fob)	2,317.30	2,297.77	2,667.43	2,912.11	2,706.33	2,738.37
Coffee	262.13	371.04	444.21	422.69	404.00	400.49
b) Total Imports (fob)	4,116.84	4,671.12	5,241.48	5,035.07	5,073.51	4,988.01
Government Imports	433.19	559.95	483.43	438.11	360.98	223.83
Project imports	175.93	173.01	303.93	358.62	300.55	194.12
Non-Project imports	257.26	386.94	179.50	79.50	60.43	29.70
Private Sector Imports	3,602.35	4,052.17	4,701.98	4,545.69	4,656.00	4,692.67
Oil imports	501.20	678.68	946.96	1,028.07	1,089.84	933.03
Non Oil Imports	3,101.15	3,373.49	3,755.03	3,517.62	3,566.16	3,759.64
A2. Services and Primary Income	**-824.72**	**-969.83**	**-882.79**	**-932.37**	**-946.70**	**-1,345.97**
Services Account (net)	-487.34	-637.99	-412.11	-404.78	-330.52	-674.54
Inflows	1,153.06	1,530.81	2,030.83	2,139.42	2,341.38	2,261.82
Outflows	1,640.40	2,168.80	2,442.94	2,544.20	2,671.89	2,936.35
Primary Income Account (net)	-337.38	-331.84	-470.68	-527.59	-616.19	-671.43
Inflows	45.05	35.10	51.14	33.28	6.48	24.27
Outflows	382.43	366.94	521.81	560.87	622.67	695.70
A3. Secondary Income (Net Current transfers)	**1,117.57**	**1,590.32**	**1,414.45**	**1,472.94**	**1,204.36**	**1,407.06**
Inflows	1,478.12	1,848.29	1,622.42	1,632.22	1,398.50	1,605.66
Government Inflows	431.01	834.80	576.28	343.04	205.43	234.09
Grant Disbursements	385.14	332.22	351.03	290.23	145.58	130.15
Budget Support	187.97	172.05	174.74	25.74	30.27	39.42
Project Aid	197.16	160.18	176.28	264.49	115.31	90.73
HIPC Assistance	45.87	53.16	49.72	45.53	52.86	59.48
Other transfers	0.00	449.43	175.53	7.28	6.99	44.46
Private Transfers	686.58	755.51	838.17	1,129.89	998.93	1,172.97
Remittances	777.47	751.39	791.97	975.99	889.68	991.04
Other (NGOs, IAAs, Insurance, etc)	269.64	262.09	254.17	313.19	303.39	380.54
Outflows	360.53	257.97	207.96	159.28	194.14	198.60
B. Capital Account	**0.00**	**0.00**	**17.60**	**32.74**	**91.05**	**99.08**
C. Financial Account; excluding financing items	**-1,510.54**	**-801.04**	**-2,098.36**	**-1,485.90**	**-1,701.93**	**-1,630.69**
Direct Investment	-659.69	-706.40	-1,243.87	-939.86	-1,087.38	-1,103.69
Portfolio Investment	31.26	-2.09	-264.67	46.52	-4.77	161.82
Financial Derivatives	5.34	2.74	-12.32	-0.76	-1.24	-5.24
Other Investments	-887.45	-95.29	-577.50	-591.79	-608.55	-683.58
Assets	85.84	345.32	145.49	129.19	-145.43	-1.21
Liabilities	973.29	440.60	722.99	720.98	463.12	682.36
D. Errors and Omissions	**225.73**	**345.86**	**672.98**	**401.80**	**695.03**	**384.23**
E. Overall Balance (A+B+C+D)	**-229.58**	**605.96**	**-746.55**	**-338.05**	**-378.49**	**74.55**
F. Reserves and related Items	**229.58**	**-605.96**	**746.55**	**338.05**	**378.49**	**-74.55**
Reserve Assets	216.97	-609.56	741.09	332.29	372.04	-76.37

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Use of IMF Credit (Net)	0.00	0.00	-1.89	-1.84	-1.83	-1.76
Purchases	0.00	0.00	0.00	0.00	0.00	0.00
Repurchases	0.00	0.00	-1.89	-1.84	-1.83	-1.76
Exceptional Financing	-12.61	-3.60	-3.57	-3.91	-4.61	-0.06
Memorandum items:						
Exchange Rate (UGX per USD, end of period)	2,283.3	2,623.2	2,472.4	2,593.3	2,599.7	3,301.8
Average exchange rate (UGX per 1 USD)	2,028.9	2,323.3	2,557.1	2,591.1	2,580.9	2,827.7
Total Goods and Non-Factor Service exports	3,470.4	3,828.6	4,698.3	5,051.5	5,047.7	5,000.2
Nominal GDP at Market prices (UGX billion))	40,946.0	47,078.0	59,420.0	63,905.0	68,407.0	76,183.0
GDP at Market prices (USD million)	20,181.6	20,263.5	23,236.9	24,663.1	26,505.5	26,941.4
Exports as a % of GDP	11.5	11.3	11.5	11.8	10.2	10.2
Imports as a % of GDP	20.4	23.1	22.6	20.4	19.1	18.5
Current Account Balance (excluding Grants)	-1,937.7	-2,138.2	-2,443.1	-1,918.2	-2,308.0	-2,378.2
Current Account Balance as a percentage of GDP	-7.5	-8.7	-8.8	-6.4	-8.0	-8.1
Current Account Balance (excluding Grants) as a %age of GDP	-9.6	-10.6	-10.5	-7.8	-8.7	-8.8
BOP overall balance as a percentage of GDP	-1.1	3.0	-3.2	-1.4	-1.4	0.3
Total external Debt Stock (end of period)	2,343.4	2,904.9	3,254.1	3,825.2	4,288.6	4,322.8
o/w External arrears	82.1	82.7	80.9	81.6	76.0	75.7
Total Debt Stock (end of period) as a %age of GDP	15.3	19.5	16.7	15.5	16.2	16.0
Debt Service (maturities excl. IMF) as a %age of exports of goods	4.1	4.4	4.1	3.9	4.9	5.8
Debt Service (maturities excl. IMF) as a %age of export of goods and services.	2.8	2.7	2.3	2.3	2.8	3.2
Debt Service (maturities excl. IMF) as a percentage of GDP	0.6	0.7	0.6	0.5	0.5	0.6
Debt Service (maturities incl. IMF) as a %age of exports of goods	4.1	4.5	4.2	4.0	4.9	5.8
Debt Service (maturities incl. IMF) as a %age of export of goods and services.	2.8	2.7	2.4	2.3	2.9	3.2
Debt Service (maturities incl. IMF) as a percentage of GDP	0.6	0.7	0.6	0.6	0.6	0.6
Total external reserves (end of period) in months of imports of goods & services	4.4	3.2	4.3	4.5	5.1	4.4
Debt Stock to Exports ratio (%)	101.1	126.4	122.0	131.4	158.5	159.2
Total Aid to GDP (%)	4.2	3.9	3.3	2.3	2.0	2.1

Source: Bank of Uganda

Notes:
1. In the Financial account sign(-): net borrowing from the rest of the world/surplus, sign(+): net lending to the rest of the world.
2. Overall balance sign(-): BOP is over financed or in surplus, sign(+): the BOP is under financed or in deficit.
3. Reserves assets sign(-): draw-down or reduction in reserves , sign(+): build-up or accumulation of reserves.

Appendix 4: International Investment Position: External Assets and Liabilities

End of period (million USD)	2010	2011	2012	2013	2013	2014	2014	2015	2015
			Dec	June	Dec	June	Dec	June	Dec
Assets	**3,572.39**	**3,454.01**	**4,325.11**	**4,542.02**	**5,058.63**	**4,900.22**	**4,848.00**	**4,919.29**	**5,045.21**
Direct investment abroad	66.06	54.22	100.56	76.95	53.35	66.86	80.37	80.37	80.65
Equity capital and reinvested earnings	62.52	51.98	98.99	76.10	53.20	53.49	53.78	53.78	54.06
Other capital	3.55	2.23	1.56	0.86	0.15	13.37	26.59	26.59	26.59
Portfolio investment	12.06	9.51	18.42	86.70	212.68	296.43	360.63	500.10	525.48
Equity securities	12.06	9.51	15.19	20.28	33.45	38.70	59.74	175.47	170.92
Debt securities	0.00	0.00	3.23	66.42	179.24	257.72	300.90	324.63	354.56
Bonds and notes	0.00	0.00	3.23	66.42	179.24	257.72	300.90	324.63	354.56
Money-market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial derivatives	0.04	0.04	0.09	0.00	0.10	1.71	0.61	3.48	0.15
Other investment	1,077.69	1,028.44	1,295.94	1,474.69	1,689.52	1,160.91	1,187.78	1,458.12	1,549.06
Loans	263.25	176.61	30.75	49.99	56.10	52.59	40.02	36.89	40.43
Currency and deposits	814.44	851.83	1,265.18	1,424.70	1,633.41	1,108.32	1,147.76	1,421.23	1,508.63
Other assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve assets	2,416.54	2,361.80	2,910.11	2,903.68	3,102.98	3,374.31	3,218.62	2,877.23	2,889.87
Liabilities	**10,160.87**	**11,644.77**	**13,701.39**	**14,585.57**	**15,761.15**	**16,526.30**	**17,007.11**	**17,888.02**	**18,843.07**
Direct investment in reporting economy	5,575.24	6,469.53	7,674.92	8,222.92	8,770.92	9,300.20	9,829.49	10,417.41	10,886.79
Equity capital and reinvested earnings	4,661.20	5,234.25	6,156.00	6,580.10	7,004.20	7,374.91	7,745.63	8,145.26	8,520.94
Other capital	914.03	1,235.28	1,518.92	1,642.82	1,766.72	1,925.29	2,083.86	2,272.15	2,365.85
Portfolio investment	119.59	356.02	335.38	393.60	508.35	632.46	679.95	664.33	656.32
Equity securities	103.34	179.16	205.84	235.23	274.65	320.32	334.05	304.94	323.96
Debt securities	16.25	176.86	129.54	158.37	233.69	312.14	345.90	359.40	332.36
Bonds and notes	12.24	55.26	71.92	124.67	180.62	214.76	241.67	237.81	234.07
Money-market instruments	4.01	121.60	57.62	33.70	53.08	97.37	104.23	121.59	98.30
Financial derivatives	0.54	0.51	0.00	0.12	0.19	0.32	1.00	0.17	1.92
Other investment	4,465.50	4,818.71	5,691.09	5,968.93	6,481.68	6,593.32	6,496.68	6,806.11	7,298.04
Trade credits	108.33	112.93	99.13	90.80	80.05	72.67	62.76	95.87	184.06
Loans	3,881.27	4,229.09	5,112.21	5,395.70	5,854.23	5,964.65	5,870.41	6,112.65	6,498.86
Currency and deposits	74.85	70.91	44.09	50.49	107.18	114.75	138.52	179.22	208.05
Other liabilities	401.05	405.76	435.66	431.94	440.22	441.25	424.99	418.37	407.07
International Investment Position, net	**-6,588.48**	**-8,190.75**	**-9,376.28**	**-10,043.54**	**-10,702.51**	**-11,626.09**	**-12,159.11**	**-12,968.72**	**-13,797.87**

Source: Bank of Uganda

Appendix 5: Composition of Exports (Value in million USD)

		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
1. Coffee	Value	262.13	371.04	444.21	422.69	404.00	400.49	351.90
	Volume, 60-Kg bags	2.74	2.78	3.04	3.37	3.65	3.24	3.56
	Unit Value	1.60	2.23	2.45	2.11	1.84	2.07	1.65
2. Non-Coffee	**Value**	**1,350.03**	**1,508.37**	**1,839.89**	**2,020.87**	**1,906.65**	**1,899.29**	**1,962.95**
Electricity	Value	14.38	13.93	17.28	15.57	27.19	24.43	17.10
Gold	Value	38.48	6.85	11.47	4.94	0.25	0.23	204.26
Cotton	Value	17.03	82.95	77.59	36.46	21.75	18.18	24.29
Tea	Value	70.93	63.60	71.59	86.20	83.22	73.37	74.79
Tobacco	Value	76.62	58.12	57.23	72.72	94.04	63.22	88.60
Fish & its Products	Value	130.56	143.19	137.81	108.61	110.18	136.82	114.65
Hides & Skins	Value	11.28	25.80	39.01	47.08	74.82	67.57	55.53
Simsim	Value	9.62	17.72	13.15	23.54	45.56	50.75	29.55
Maize	Value	27.82	25.59	47.03	54.43	35.74	74.19	79.83
Beans	Value	9.60	11.14	15.22	16.12	20.32	37.62	49.77
Flowers	Value	49.18	47.84	55.55	52.99	59.05	55.28	49.10
Oil re-exports	Value	103.07	104.62	117.59	137.34	142.04	143.33	122.52
Cobalt	Value	16.54	17.15	13.70	15.82	3.78	0.00	0.00
Others Exports	Value	774.93	889.87	1,165.67	1,349.05	1,188.72	1,154.31	1,052.96
3. ICBT Exports	**Value**	**705.13**	**418.36**	**383.33**	**468.55**	**395.68**	**438.58**	**408.43**
Total Value Exports		**2,317.30**	**2,297.77**	**2,667.43**	**2,912.11**	**2,706.33**	**2,738.37**	**2,723.28**

Source: Uganda Bureau of Statistics

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

	2011/12		2012/13		2013/14		2014/15		2015/16	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1st Quarter	**684,763**	**102,084,623**	**644,606**	**82,926,245**	**732,601**	**74,909,568**	**674,189**	**87,272,834**	**815,208**	**81,520,312**
Oct	215,285	30,455,140	178,024	23,495,286	210,552	22,737,119	229,438	28,000,828	223,858	22,933,326
Nov	227,177	34,660,803	223,401	28,966,727	264,103	26,709,567	219,948	29,493,823	248,921	25,002,230
Dec	242,301	36,968,680	243,181	30,464,232	257,946	25,462,882	224,803	29,778,184	342,429	33,584,756
2nd Quarter	**658,373**	**100,053,065**	**997,434**	**122,475,812**	**1,094,774**	**113,287,054**	**913,051**	**117,539,321**	**851,670**	**80,127,274**
Jan	226,462	33,707,009	345,114	42,564,818	391,514	38,881,752	310,829	39,699,660	334,393	32,101,652
Feb	244,319	36,163,095	343,130	42,106,104	354,837	35,533,377	290,475	36,903,356	269,439	24,907,463
Mar	187,592	30,182,961	309,190	37,804,890	348,423	38,871,925	311,747	40,936,305	247,838	23,118,159
3rd Quarter	**668,825**	**94,254,997**	**1,001,335**	**121,307,703**	**887,955**	**109,805,101**	**862,800**	**98,648,497**	**879,888**	**85,326,834**
Apr	141,220	21,864,582	247,429	30,326,868	336,676	41,071,820	264,065	32,805,613	326,793	31,200,627
May	252,548	35,771,564	392,385	48,099,268	286,668	35,910,195	263,330	30,580,317	286,758	27,594,778
Jun	275,057	36,618,851	361,521	42,881,567	264,611	32,823,086	335,405	35,262,567	266,337	26,531,429
4th Quarter	**715,785**	**95,764,675**	**938,259**	**106,054,298**	**790,260**	**97,031,912**	**1,010,000**	**104,925,558**	**0**	**0**
Jul	306,331	40,801,566	395,564	45,121,046	314,304	37,862,273	403,381	43,068,138	--	--
Aug	232,453	31,470,865	318,394	35,942,943	268,033	32,469,005	320,297	32,536,657	--	--
Sep	177,001	23,492,244	224,301	24,990,309	207,923	26,700,634	286,322	29,320,763	--	--
Total	**2,727,746**	**392,157,360**	**3,581,634**	**432,764,058**	**3,505,590**	**395,033,635**	**3,460,040**	**408,386,210**	**2,546,766**	**246,974,420**

Source: Uganda Bureau of Statistics

Notes

/-- Numbers not yet available.

Appendix 7: Composition of Imports (million USD)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Animal & Animal Products	13.855	16.829	19.603	18.41	24.10	24.39	21.27
Vegetable Products, Animal, Beverages, Fats & Oil	317.767	352.205	444.354	447.09	413.08	441.54	351.72
Prepared Foodstuff, Beverages & Tobacco	151.460	159.911	307.391	222.42	246.83	203.79	187.76
Mineral Products (excluding Petroleum products)	289.926	319.170	263.104	136.12	147.86	153.94	133.39
Petroleum Products	501.196	678.679	946.957	1028.07	1089.84	933.03	647.31
Chemical & Related Products	331.511	368.589	415.368	447.77	476.02	530.80	438.47
Plastics, Rubber & Related Products	169.873	199.767	242.277	245.88	252.15	302.06	261.07
Wood & Wood Products	144.394	123.530	133.221	116.73	115.41	114.01	113.27
Textile & Textile Products	116.040	126.567	136.985	132.97	162.43	165.93	148.83
Miscellaneous Manufactured Articles	147.679	155.376	181.755	230.33	226.19	238.63	212.59
Base Metals and their Products	315.874	321.345	344.905	283.97	319.31	345.28	286.69
Machinery Equipment, Vehicles & Accessories	1,097.296	1,224.561	1,256.940	1229.09	1174.89	1232.03	1054.28
Arms, Ammunitions & Accessories	0.218	0.011	0.031	0.11	0.04	0.10	0.08
Electricity	5.260	5.631	9.092	6.72	7.86	7.15	6.00
Total	**3,602.35**	**4,052.17**	**4,701.98**	**4,545.69**	**4,656.00**	**4,692.67**	**3,862.73**

Source: Uganda Bureau of Statistics

Notes:

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

Appendix 8: Direction of Formal Trade (Exports, Million USD)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
European Union	**403.26**	**497.99**	**550.04**	**561.33**	**508.69**	**502.99**	**413.37**
Austria	0.24	0.53	0.73	0.70	0.81	0.09	0.15
Belgium	22.53	30.65	28.82	36.66	38.67	25.57	13.71
Denmark	7.36	3.37	1.87	1.49	0.57	0.39	0.46
France	17.10	8.87	11.16	12.60	8.86	7.74	2.77
Germany	13.48	12.59	10.73	23.96	34.83	22.07	22.52
Italy	9.53	15.94	18.37	17.50	23.42	25.37	23.95
Netherlands	84.72	87.78	92.46	104.06	85.39	82.95	69.27
Poland	4.99	4.86	2.64	7.23	1.27	1.27	0.19
Portugal	7.07	7.30	11.95	2.51	3.51	4.51	4.57
Spain	17.19	11.41	12.88	8.28	11.44	11.82	11.79
Sweden	0.17	0.10	1.27	0.81	0.19	0.37	0.61
United Kingdom	36.80	50.24	54.28	33.52	25.18	37.00	14.55
Others	182.09	264.37	302.89	314.41	274.55	283.85	248.83
Rest of Europe	**27.75**	**37.82**	**51.19**	**57.95**	**54.15**	**43.28**	**51.85**
Bulgaria	0.05	0.09	0.06	0.01	0.13	0.27	0.00
Norway	0.41	0.44	0.53	0.56	1.00	2.09	0.64
Switzerland	20.26	31.32	46.15	44.45	43.71	36.59	35.03
Turkey	5.07	4.28	1.25	4.93	5.56	2.21	12.13
Other	1.96	1.69	3.19	5.59	3.75	2.11	4.05
The Americas	**32.23**	**29.72**	**47.38**	**39.63**	**49.77**	**42.06**	**48.04**
USA	29.57	21.97	34.97	30.40	36.42	32.85	34.31
Canada	2.03	2.66	3.04	2.97	8.65	8.18	8.45
Mexico	0.03	0.19	0.21	0.16	0.09	0.65	3.89
Brazil	0.09	0.45	0.02	0.17	0.04	0.00	0.02
Argentina	0.00	0.00	0.00	0.00	0.06	0.00	0.00
Other	0.51	4.45	9.14	5.92	4.51	0.38	1.38
Middle East	**126.59**	**119.74**	**213.05**	**180.42**	**136.39**	**213.76**	**356.05**
Bahrain	0.61	0.16	0.57	1.25	1.12	0.75	1.81
Israel	7.11	8.34	9.39	7.16	7.65	10.38	7.99
Saudi Arabia	0.18	0.23	0.81	1.65	0.93	1.80	1.74
United Arab Emirates	115.38	107.94	197.39	163.15	115.38	187.07	338.98
Jordan	1.09	1.23	1.72	1.35	2.04	1.66	2.22
Other	2.22	1.84	3.17	5.86	9.27	12.10	3.31
Asia	**90.13**	**157.31**	**149.83**	**130.25**	**167.48**	**178.05**	**194.03**
India	16.98	18.73	16.47	16.06	18.74	19.58	37.04
Japan	2.04	2.97	5.61	4.33	6.56	8.17	14.04
Malaysia	1.36	1.02	4.21	9.57	9.76	17.65	18.52
China	19.54	24.93	29.36	32.23	58.01	59.80	39.05
Thailand	0.01	1.10	0.19	2.18	0.32	0.22	0.68
Singapore	15.98	47.31	39.21	24.59	19.58	16.27	13.77
Pakistan	1.17	0.49	0.27	0.64	2.09	1.93	2.63
Korea (Rep)	3.36	1.83	0.10	0.66	5.45	0.78	0.15
Indonesia	1.24	0.37	0.00	0.23	1.40	0.84	9.07

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Vietnam	8.41	12.36	10.31	4.65	2.82	1.08	2.02
Taiwan	0.05	0.13	0.43	0.27	0.46	0.62	0.50
Hong Kong	14.16	29.35	31.07	21.00	29.04	39.75	36.97
Other	5.84	16.72	12.59	13.85	13.25	11.37	19.58
COMESA	**756.90**	**875.19**	**1,110.84**	**1,282.74**	**1,224.75**	**1,235.31**	**1,149.65**
Ethiopia	3.06	0.14	8.20	7.92	1.12	1.10	1.57
Kenya	179.75	214.50	226.52	268.86	348.41	374.75	429.76
Malawi	0.10	0.07	0.09	0.57	0.42	0.13	0.36
Namibia	0.00	0.01	0.05	0.12	0.33	0.02	3.91
Mauritius	0.48	2.66	1.33	0.60	1.14	0.08	0.70
Zambia	0.60	0.09	0.88	2.46	1.44	0.91	2.57
Swaziland	0.14	0.62	0.01	1.23	0.30	0.05	0.34
Burundi	56.01	39.69	42.39	50.29	47.88	39.96	50.39
Rwanda	142.80	175.25	208.41	217.43	224.92	253.54	206.59
Madagascar	0.00	0.24	0.03	0.01	0.05	0.43	0.08
Sudan	191.27	258.46	390.65	346.54	128.06	92.25	58.37
Egypt	0.81	3.76	3.69	0.57	0.90	2.11	4.60
Congo (D.R.)	179.31	175.11	210.43	255.07	231.75	160.16	164.50
South Sudan		0.00	1.92	80.83	236.28	309.66	225.60
Other	2.56	4.59	16.24	18.56	1.76	0.18	0.29
Rest of Africa	**71.48**	**56.74**	**72.07**	**68.23**	**99.05**	**82.71**	**99.41**
Tanzania	39.98	38.98	45.39	54.02	50.08	56.47	62.68
South Africa	19.01	6.37	10.53	8.03	9.11	8.08	17.37
Nigeria	0.49	0.21	0.49	2.55	1.86	0.44	2.76
Other	12.00	11.18	15.67	35.30	38.00	17.72	16.60
Unclassified	**103.83**	**104.87**	**85.48**	**123.00**	**70.38**	**1.62**	**2.46**
Australia	3.21	1.54	2.41	1.57	1.81	1.45	2.10
Iceland	0.00	0.00	0.00	0.00	0.00	0.13	0.00
Other	100.62	103.33	83.07	121.43	68.57	0.04	0.37
Total	**1,612.2**	**1,879.4**	**2,277.1**	**2,443.6**	**2,310.7**	**2,299.8**	**2,314.9**
Informal trade							
BURUNDI	8.88	9.26	14.84	14.28	15.92	9.17	0.06
DR CONGO	117.85	145.70	140.19	151.45	131.41	163.76	188.06
KENYA	106.93	80.78	69.45	80.49	76.69	106.41	85.46
RWANDA	30.45	27.62	41.88	31.49	23.25	25.73	25.68
SUDAN	375.06	119.71	90.13	127.60	125.30	113.67	65.48
TANZANIA	65.96	35.29	26.84	63.23	23.10	19.84	43.69
Total	**705.1**	**418.4**	**383.3**	**468.5**	**395.7**	**438.6**	**408.4**
Grand Total	**2,317.3**	**2,297.7**	**2,660.4**	**2,912.1**	**2,706.3**	**2,738.4**	**2,723.3**

Source: Uganda Revenue Authority and Uganda Coffee Development Authority

Appendix 9: Direction of Formal Trade (Imports, Million USD)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Asia	**1,648.18**	**2,039.86**	**2,240.18**	**2,612.65**	**2,703.52**	**2,541.27**	**2,256.02**
India	597.49	716.81	840.33	1,230.00	1,281.43	1,091.83	838.11
China	353.40	425.18	501.11	531.22	551.10	625.90	721.59
Japan	237.09	310.50	257.69	254.38	277.16	288.85	243.99
Malaysia	79.36	64.64	51.54	40.94	44.55	28.36	28.76
Korea (Rep)	62.88	92.80	95.80	36.94	47.86	33.95	30.36
Singapore	66.06	128.60	49.13	81.07	62.80	54.17	36.11
Indonesia	79.34	143.35	187.99	163.65	186.35	186.09	142.98
Thailand	42.52	31.87	64.66	60.43	57.74	43.62	32.54
Hong Kong	33.76	38.32	39.15	32.74	33.91	34.62	34.23
Russia	36.79	30.80	61.76	56.49	56.97	58.53	68.04
Pakistan	25.49	34.01	53.61	50.36	64.46	54.45	42.65
Taiwan	6.91	13.26	20.61	27.45	18.88	12.64	11.77
Vietnam	20.04	4.80	12.23	38.54	8.65	20.43	10.08
Bangladesh	1.59	1.76	1.62	1.93	1.80	1.74	11.84
Sri Lanka	2.60	2.16	1.77	1.18	1.22	1.09	1.25
Georgia	0.18	0.34	0.33	1.42	0.66	0.57	0.06
Philippines	0.34	0.56	0.53	0.88	1.01	1.44	0.84
Korea Dem.	0.00	0.00	0.07	0.64	5.00	1.23	0.50
Other	1.61	0.02	0.25	2.39	1.95	1.76	0.33
European Union	**707.43**	**704.95**	**630.06**	**542.06**	**551.68**	**642.62**	**453.90**
Germany	115.76	120.16	98.59	110.42	116.63	108.10	88.60
United Kingdom	139.04	131.19	123.44	98.30	95.03	93.82	65.39
Netherlands	70.36	142.22	49.80	68.01	59.54	69.52	59.73
Italy	61.62	52.51	32.28	48.82	37.03	44.64	32.81
France	117.04	66.28	89.75	58.49	66.02	117.43	35.64
Belgium	31.68	32.25	54.05	42.78	47.93	40.55	31.89
Sweden	29.38	68.14	56.32	24.78	22.36	21.49	16.43
Denmark	26.75	23.83	41.23	18.01	20.91	32.47	19.80
Ireland	25.54	15.20	15.72	18.17	18.81	22.80	18.36
Spain	15.08	11.11	12.87	12.98	11.42	20.35	14.27
Finland	7.98	2.99	4.75	2.02	2.38	6.72	4.72
Austria	3.98	8.15	6.62	4.61	5.93	5.39	5.24
Hungary	6.14	11.85	16.48	12.20	8.33	10.56	6.32
Poland	35.41	5.37	9.15	8.18	15.98	29.12	11.88
Czech Republic	2.67	0.88	0.92	1.10	1.12	2.74	9.77
Malta	1.76	0.19	0.02	0.00	0.00	0.00	0.16
Romania	0.83	5.53	5.94	0.65	0.62	0.63	0.75
Bulgaria	3.61	1.24	6.06	1.88	0.35	0.32	0.44
Slovakia	0.16	0.28	0.11	0.47	0.57	0.83	0.36
Luxembourg	0.09	1.45	0.05	0.65	0.74	1.31	0.39
Cyprus	1.51	1.25	1.60	2.53	1.76	1.54	1.29
Portugal	0.12	0.41	0.34	4.34	1.60	0.95	1.51
Greece	0.73	0.73	0.69	0.76	2.74	5.10	1.22
Lithuania	9.60	1.15	0.74	1.00	1.01	2.80	11.64
Estonia	0.03	0.12	0.18	0.38	0.20	1.24	2.46

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Other	0.56	0.47	2.37	0.53	12.66	2.20	12.82
Middle East	**679.78**	**643.86**	**848.49**	**590.95**	**574.94**	**546.17**	**549.28**
United Arab Emirates	371.24	335.76	359.43	347.05	319.71	281.86	333.14
Kuwait	28.07	76.49	16.73	12.56	6.14	2.42	0.27
Saudi Arabia	213.33	162.38	274.62	119.42	119.13	173.63	162.97
Lebanon	3.46	3.94	4.26	3.69	3.98	3.95	3.13
Bahrain	13.45	32.86	87.09	75.06	96.97	41.63	9.46
Qatar	4.21	5.81	4.83	15.16	10.74	16.49	5.17
Israel	11.22	7.76	7.43	5.56	5.86	6.44	4.54
Iran	5.86	4.31	5.25	2.84	3.11	3.36	3.09
Syrian Arab Rep.	0.27	0.76	0.55	0.34	0.20	0.16	0.00
Jordan	0.73	1.29	2.14	2.62	2.87	2.51	2.58
Iraq	0.01	0.02	0.05	0.00	0.00	0.00	0.00
Oman	27.91	12.38	86.10	6.63	6.07	13.70	24.93
Other	0.01	0.11	0.03	0.02	0.15	0.02	0.00
COMESA	**518.08**	**628.40**	**796.72**	**708.21**	**729.36**	**748.96**	**684.33**
Kenya	446.81	535.07	680.82	591.25	602.60	608.69	562.38
Egypt	33.04	44.29	44.21	46.36	52.26	51.39	51.31
Swaziland	17.31	16.85	16.63	16.25	18.32	20.34	17.82
Congo (D.R.C)	4.96	6.72	25.58	30.09	24.89	31.50	21.50
Mauritius	3.42	9.85	7.98	7.71	6.24	9.68	5.97
Rwanda	5.32	6.12	8.94	7.48	12.09	9.52	11.35
Malawi	1.55	0.84	3.61	0.23	0.35	0.31	0.54
Sudan	0.96	3.89	4.82	5.91	5.29	2.58	0.06
Burundi	0.54	1.32	1.76	0.56	1.41	2.28	1.60
Zimbabwe	0.36	0.18	0.23	0.54	0.30	6.57	1.04
Ethiopia	0.93	0.60	0.37	0.23	0.14	0.25	0.64
Namibia	0.10	0.04	0.31	0.15	0.27	0.14	0.05
Zambia	0.90	1.61	1.27	1.15	4.38	3.15	5.13
Eritrea	0.00	0.00	0.00	0.08	0.02	0.05	0.00
South Sudan				0.00	0.00	0.76	4.48
Other	1.73	0.97	0.19	0.23	0.81	1.75	0.46
Rest of Africa	**264.43**	**292.51**	**340.65**	**285.60**	**302.44**	**300.96**	**287.60**
South Africa	207.40	245.96	232.32	227.82	232.83	235.86	204.57
Tanzania	52.84	32.47	54.82	47.48	55.12	55.11	74.12
Cote D'lvoire	0.49	0.70	0.82	0.80	0.91	1.02	1.25
Ghana	1.72	8.37	2.07	4.40	4.72	2.55	0.38
Liberia	0.01	0.47	0.24	0.24	2.08	1.04	0.50
Nigeria	0.44	0.63	1.05	0.52	2.72	0.95	1.14
Benin	0.02	0.01	0.06	0.01	0.03	0.01	0.00
Gabon	0.17	0.15	0.22	0.36	0.25	0.12	0.01
Botswana	0.11	0.09	0.14	0.07	0.05	0.04	0.20
Mali	0.10	0.05	0.03	0.04	0.01	0.00	0.01
Cameroon	0.11	0.32	0.27	0.23	0.16	0.12	0.04
Burkina Faso	0.07	0.05	17.37	0.03	0.00	0.04	0.00
Senegal	0.02	0.03	0.12	0.05	0.07	0.13	0.10
Niger	0.19	0.35	0.20	0.13	0.13	0.03	0.05

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sierra Leone	0.03	0.00	0.00	0.04	0.01	0.03	0.02
Togo	0.10	0.07	0.12	0.16	0.25	0.22	0.22
Tunisia	0.12	0.56	30.80	0.76	0.54	0.32	0.06
Other	0.00	0.00	0.51	2.47	2.55	3.38	4.93
Rest of Europe	**98.42**	**72.56**	**91.67**	**80.14**	**64.83**	**75.39**	**46.85**
Ukraine	45.31	24.04	11.36	19.84	18.80	19.97	17.01
Turkey	21.58	25.29	54.12	23.38	17.04	19.73	15.05
Switzerland	18.55	19.58	23.87	33.82	23.97	31.30	11.84
Norway	3.22	2.02	1.40	2.60	4.23	3.48	2.47
Serbia	0.47	1.21	0.00	0.03	0.01	0.00	0.06
Croatia	8.47	0.09	0.00	0.05	0.03	0.04	0.01
Moldova Rep.	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Other	0.82	0.31	0.92	0.43	0.76	0.87	0.41
Unclassified	**198.12**	**286.78**	**274.23**	**215.45**	**146.75**	**132.65**	**138.15**
USA	101.97	167.50	114.79	121.16	77.46	73.96	107.81
Brazil	52.36	46.66	55.68	27.46	12.55	11.18	6.10
Canada	17.94	22.43	19.49	17.89	16.30	19.06	15.13
Australia	4.56	14.78	27.64	17.85	16.61	6.07	3.37
Chile	0.20	0.59	0.08	0.33	0.07	0.09	0.09
Peru	0.01	0.13	0.00	0.00	0.03	0.02	0.03
Jamaica	0.00	0.07	0.12	0.06	0.08	0.03	0.01
Colombia	4.89	2.96	0.50	0.76	1.26	0.51	0.28
Mexico	0.17	1.08	5.22	0.59	2.97	1.72	1.54
Panama	0.10	0.43	0.00	0.14	0.05	0.14	0.06
British Virgin Islands	11.92	0.49	0.00	0.03	0.00	0.06	0.01
Argentina	1.79	11.77	31.16	19.48	13.14	14.49	0.27
Dominican Rep.	0.05	0.01	0.16	0.10	0.10	0.16	0.13
New Zealand	0.43	0.37	1.10	0.46	0.37	0.55	0.50
Uruguay	0.00	5.00	0.07	1.26	0.02	0.06	0.15
Cuba	0.18	0.00	0.00	0.00	0.27	0.00	0.03
Liechtenstein	0.03	0.00	0.04	0.02	0.02	0.01	0.00
Other	1.53	11.19	18.18	7.86	5.44	4.54	2.65
Total	**4,114.4**	**4,668.9**	**5,222.0**	**5,035.1**	**5,073.5**	**4,988.0**	**4,416.1**
Source: Uganda Bureau of Statistics							

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

	Mar15	Apr15	May15	Jun15	Sep16	Dec16	Mar16	Jun16
Treasury Bonds	**6,151,968.1**	**6,244,748.2**	**6,247,351.0**	**6,315,737.6**	**6,480,151.9**	**7,268,922.9**	**7,566,689.0**	**7,654,106.6**
Bank of Uganda	345,235.7	345,235.7	345,235.7	428,749.3	435,480.0	630,480.0	630,480.0	394,565.9
Other Depository orporations[1]	1,844,244.8	1,876,190.7	1,766,430.7	1,752,993.8	1,590,533.9	1,767,382.7	1,975,014.6	1,894,391.2
Offshore	705,887.6	725,016.3	729,155.2	725,371.3	700,689.0	777,799.0	832,124.4	1,014,633.3
Others[2]	3,256,600.0	3,298,305.6	3,406,529.5	3,408,623.2	3,753,449.0	4,093,261.2	4,129,070.0	4,350,516.2
Treasury Bills	**2,847,967.2**	**3,025,607.3**	**3,012,006.9**	**3,025,327.0**	**3,247,816.4**	**3,282,201.8**	**3,539,981.6**	**3,958,627.4**
Bank of Uganda	…	…	…	…	63,405.7	-	39,628.1	-
Other Depository Corporations[1]	2,198,322.1	2,265,925.7	2,287,051.9	2,321,459.0	2,458,207.3	2,486,650.4	2,794,647.4	3,315,859.9
Offshore	180,913.0	309,549.3	351,157.1	328,345.6	273,390.0	306,198.0	185,589.1	103,903.8
Others[2]	468,732.1	450,132.3	373,797.9	375,522.4	452,813.4	489,353.4	520,117.0	538,863.7
Total	**8,999,935.4**	**9,270,355.6**	**9,259,357.9**	**9,341,064.6**	**9,727,968.3**	**10,551,124.7**	**11,106,670.6**	**11,612,734.0**
Bank	**4,387,802.6**	**4,487,352.1**	**4,398,718.2**	**4,503,202.1**	**4,547,626.9**	**4,884,513.1**	**5,439,770.1**	**5,604,817.0**
Non-Bank	**4,612,132.8**	**4,783,003.5**	**4,860,639.7**	**4,837,862.5**	**5,180,341.4**	**5,666,611.6**	**5,666,900.5**	**6,007,917.0**

Source: Bank of Uganda

Appendix 11:Depository Corporations Survey (billion UGX)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Net Foreign Assets	9,937.25	10,749.0	10,692.9	10,353.6	9,687.12	10,256.2	10,349.0	9,898.50	10,268.4	10,140.4	10,188.3	10,495.6
Central Bank(net)	9,993.08	11,041.7	10,960.0	10,536.3	9,961.30	10,230.4	10,272.4	9,939.79	10,219.2	10,365.0	10,600.7	10,780.0
Of Which: Official Foreign	9,466.33	10,235.5	10,026.3	9,756.10	9,165.12	9,601.15	9,686.32	9,461.01	9,766.44	9,813.43	10,045.4	10,223.6
Other Depository	-55.83	-292.78	-267.14	-182.71	-274.18	25.84	76.60	-41.29	49.26	-224.60	-412.38	-284.45
Net Domestic Assets (NDA)	**6,725.46**	**6,370.74**	**6,574.73**	**6,675.56**	**7,092.36**	**6,813.30**	**6,732.60**	**7,204.25**	**6,666.90**	**6,452.46**	**6,974.03**	**7,139.36**
Domestic Claims	**13,305.3**	**13,379.1**	**13,675.3**	**13,595.3**	**13,437.0**	**13,327.1**	**13,394.4**	**13,590.3**	**13,588.8**	**13,407.0**	**14,308.8**	**14,455.5**
Claims on Central	**1,867.29**	**1,669.74**	**1,861.03**	**1,963.93**	**2,016.51**	**1,891.32**	**1,893.17**	**2,315.88**	**2,321.27**	**2,078.47**	**2,923.86**	**2,929.48**
Claims on Central Government	6,251.70	6,314.87	6,149.51	6,550.51	6,635.41	6,229.03	6,501.28	6,970.61	6,599.05	6,991.37	7,249.45	7,098.94
Less Liabilities to Central Government	4,384.41	4,645.13	4,288.48	4,586.58	4,618.90	4,337.71	4,608.11	4,654.73	4,277.78	4,912.90	4,325.59	4,169.46
Claims on Other Sectors	**11,438.0**	**11,709.4**	**11,814.3**	**11,631.4**	**11,420.5**	**11,435.8**	**11,501.2**	**11,274.4**	**11,267.6**	**11,328.6**	**11,384.9**	**11,526.0**
Other Financial Corporations	51.18	55.26	56.87	48.93	48.83	49.77	53.15	50.27	51.29	50.61	56.35	57.56
State and Local Government	3.87	7.16	1.82	1.85	1.87	1.81	1.57	1.52	1.56	1.51	1.35	1.97
Public Non-Financial	37.52	39.11	39.38	35.86	33.50	31.15	27.88	28.41	28.14	35.19	32.42	31.87
Private Sector	11,345.4	11,607.8	11,716.2	11,544.7	11,336.3	11,353.1	11,418.6	11,194.2	11,186.6	11,241.3	11,294.8	11,434.6
Of which: Loans	11,333.3	11,596.0	11,704.7	11,535.6	11,331.2	11,349.5	11,416.1	11,190.7	11,184.7	11,239.5	11,293.7	11,433.8
Other Items(Net)	-	-	-	-	-	-	-	-	-	-	-	-
Shares and Other Equity	7,220.26	7,785.20	7,790.35	7,531.71	6,989.22	7,280.46	7,387.14	7,089.06	7,453.20	7,360.26	7,536.59	7,614.34
Consolidation Adjustments	8.95	8.31	24.18	-37.75	-4.31	-18.02	12.73	76.31	31.18	63.01	16.37	15.30
Other Items(net)	631.42	768.48	665.52	649.67	648.80	784.61	712.60	626.66	500.03	342.65	185.40	282.90
Broad Money-M3	**16,662.7**	**17,119.7**	**17,267.6**	**17,029.1**	**16,779.4**	**17,069.5**	**17,081.6**	**17,102.7**	**16,935.3**	**16,592.8**	**17,162.4**	**17,634.9**
Foreign Currency Deposits	5,637.97	5,922.56	5,885.05	5,710.05	5,367.42	5,391.35	5,533.67	5,394.65	5,439.47	5,336.48	5,446.21	5,549.93
Broad Money-M2	**11,024.7**	**11,197.1**	**11,382.5**	**11,319.1**	**11,412.0**	**11,678.2**	**11,548.0**	**11,708.1**	**11,495.9**	**11,256.3**	**11,716.1**	**12,085.0**
Other Deposits-Local Currency	4,429.69	4,485.37	4,628.37	4,650.16	4,652.39	4,826.52	4,731.32	4,584.42	4,729.65	4,686.50	4,853.07	4,908.85
Narrow Money-M1	**6,595.05**	**6,711.81**	**6,754.22**	**6,668.97**	**6,759.67**	**6,851.67**	**6,816.69**	**7,123.69**	**6,766.25**	**6,569.89**	**6,863.12**	**7,176.21**
Transferable Deposits-Local	3,767.41	3,768.32	3,832.33	3,724.42	3,747.77	3,683.75	3,739.44	4,078.30	3,871.47	3,811.97	4,067.77	4,240.89
Currency Outside Depository Corporations	2,827.65	2,943.49	2,921.90	2,944.56	3,011.90	3,167.92	3,077.26	3,045.39	2,894.78	2,757.92	2,795.35	2,935.32

Source: Bank of Uganda

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

Appendix 12:Central Bank Survey (billion UGX)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Net Foreign Assets	**9,993.08**	**11,041.79**	**10,960.05**	**10,536.34**	**9,961.30**	**10,230.42**	**10,272.48**	**9,939.79**	**10,219.22**	**10,365.00**	**10,600.75**	**10,780.07**
Claims on Non Residents	11,395.14	12,566.96	11,900.01	11,448.13	10,797.95	11,295.03	11,154.35	11,044.56	11,076.75	11,228.55	11,499.43	11,627.35
Of Which: Official Reserve Assets	9,466.33	10,235.57	10,026.38	9,756.10	9,165.12	9,601.15	9,686.32	9,461.01	9,766.44	9,813.43	10,045.41	10,223.65
Less Liabilities to Non Residents	1,402.06	1,525.16	939.96	911.79	836.65	1,064.62	881.87	1,104.77	857.53	863.55	898.68	847.28
Of Which: Short Term Liabilities	2.73	0.00	0.00	0.00	0.00	0.00	50.12	207.56	0.00	0.00	38.89	0.00
Net Domestic Assets (NDA)	**-4,479.25**	**-5,628.54**	**-5,296.94**	**-5,083.08**	**-4,512.56**	**-4,523.24**	**-4,610.62**	**-4,335.37**	**-4,897.36**	**-5,385.02**	**-5,328.03**	**-5,144.51**
Domestic Claims	**-1,722.51**	**-1,847.70**	**-1,616.93**	**-1,536.95**	**-1,373.38**	**-1,571.85**	**-1,877.14**	**-1,425.64**	**-1,696.10**	**-1,982.84**	**-1,353.74**	**-1,485.92**
Net Claims on Central Government	**-1,797.09**	**-1,923.60**	**-1,693.43**	**-1,615.12**	**-1,452.94**	**-1,652.45**	**-1,933.16**	**-1,482.20**	**-1,753.21**	**-2,040.39**	**-1,413.05**	**-1,546.43**
Claims on Central Government	2,281.86	2,364.36	2,210.69	2,577.78	2,751.11	2,124.98	2,250.55	2,729.86	2,023.20	2,414.45	2,488.40	2,005.69
Of which: Securities Other than	439.07	482.82	438.73	592.48	846.51	644.79	642.24	874.79	844.30	972.27	1,185.92	857.43
Loans	1,842.79	1,881.53	1,771.96	1,985.30	1,904.60	1,480.19	1,608.31	1,855.07	1,178.90	1,442.18	1,302.47	1,148.25
Less Liabilities to Central Government	4,078.95	4,287.96	3,904.12	4,192.90	4,204.05	3,777.43	4,183.71	4,212.06	3,776.42	4,454.84	3,901.45	3,552.11
Of which: Deposits	4,078.95	4,287.96	3,904.12	4,192.90	4,204.05	3,777.43	4,183.71	4,212.06	3,776.42	4,454.84	3,901.45	3,552.11
Claims on Other Sectors	**74.58**	**75.90**	**76.51**	**78.17**	**79.57**	**80.60**	**56.02**	**56.56**	**57.11**	**57.55**	**59.31**	**60.51**
Other Financial Corporations	10.04	10.74	10.74	10.72	11.05	11.41	11.38	11.73	11.78	11.78	11.78	11.78
State and Local Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Non-Financial Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	64.54	65.16	65.77	67.45	68.52	69.19	44.64	44.83	45.33	45.77	47.53	48.72
Of which: Loans	64.54	65.16	65.77	67.45	68.52	69.19	44.64	44.83	45.33	45.77	47.53	48.69
Claims on Other	**543.07**	**63.33**	**44.11**	**44.69**	**46.03**	**65.38**	**359.43**	**45.06**	**40.92**	**40.97**	**45.27**	**39.92**
Of which: Loans	543.07	63.33	44.11	44.69	46.03	65.38	359.43	45.06	40.92	40.97	45.27	39.92
Other Liabilities to ODCs	**42.86**	**74.42**	**42.68**	**219.19**	**471.60**	**42.79**	**41.91**	**280.91**	**248.21**	**417.23**	**693.96**	**501.63**
Of which: Repos	0.00	33.00	0.00	154.50	407.00	0.00	0.00	215.50	192.57	361.50	638.00	453.29
Other Items(Net)	**-3,256.95**	**-3,769.75**	**-3,681.44**	**-3,371.63**	**-2,713.61**	**-2,973.98**	**-3,051.00**	**-2,673.88**	**-2,993.98**	**-3,025.92**	**-3,325.61**	**-3,196.87**
Shares and Other Equity	3,730.21	4,254.70	4,224.20	3,917.97	3,280.59	3,575.24	3,628.61	3,277.10	3,564.46	3,476.07	3,570.88	3,626.04
Other Items(Net)	473.26	484.95	542.76	546.33	566.98	601.26	577.61	603.22	570.48	450.15	245.27	429.17
Monetary Base Incl. foreign	**5,513.83**	**5,413.26**	**5,663.11**	**5,453.25**	**5,448.74**	**5,707.18**	**5,661.86**	**5,604.42**	**5,321.85**	**4,979.98**	**5,272.72**	**5,635.57**
Monetary Base	**4,767.21**	**4,580.32**	**4,715.06**	**4,651.44**	**4,665.80**	**5,054.75**	**5,005.13**	**4,906.29**	**4,754.89**	**4,383.11**	**4,596.66**	**4,929.40**
Currency In Circulation	3,284.00	3,436.67	3,464.89	3,421.72	3,493.94	3,716.50	3,541.84	3,593.99	3,410.40	3,196.58	3,266.31	3,391.60
Liabilities to ODCs	1,483.21	1,143.65	1,250.17	1,229.71	1,171.86	1,338.26	1,463.29	1,312.30	1,344.49	1,186.53	1,330.35	1,537.80
Reserve Deposits	1,483.21	1,143.65	1,250.17	1,229.71	1,171.86	1,338.26	1,463.29	1,312.30	1,344.49	1,186.53	1,330.35	1,537.80
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Clearing Balances	**746.62**	**832.93**	**948.05**	**801.82**	**782.94**	**652.42**	**656.73**	**698.13**	**566.96**	**596.86**	**676.05**	**706.17**

Source: Bank of Uganda

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

Appendix 13:Other Depository Corporations Survey Balance Sheet (billion UGX)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Net Foreign Assets	-55.83	-292.78	-267.14	-182.71	-274.18	25.84	76.60	-41.29	49.26	-224.60	-412.38	-284.45
Claims on Non Residents	2,552.70	2,397.55	2,489.43	2,383.72	2,223.30	2,396.14	2,477.61	2,325.62	2,332.32	2,103.27	1,982.18	2,123.99
Of Which: Foreign Currency	310.83	336.14	280.61	288.02	265.95	287.79	273.96	266.67	257.97	244.83	259.92	270.78
Deposits	2,075.12	1,778.12	1,975.38	1,804.84	1,692.46	1,918.55	2,002.37	1,772.60	1,645.49	1,748.99	1,631.10	1,758.38
Loans	108.91	218.61	167.67	229.66	201.88	136.54	146.37	222.40	368.75	65.32	48.40	50.38
Less Liabilities to Non	2,608.53	2,690.34	2,756.57	2,566.43	2,497.47	2,370.30	2,401.01	2,366.91	2,283.06	2,327.87	2,394.56	2,408.43
Of Which: Deposits	605.98	647.40	675.89	598.10	624.07	702.58	694.78	737.02	577.72	555.35	585.84	602.05
Loans	1,995.80	2,035.05	2,076.89	1,956.07	1,862.38	1,657.68	1,699.84	1,617.85	1,694.96	1,757.27	1,795.93	1,706.59
Net Domestic Assets (NDA)	13,940.99	14,518.94	14,661.52	14,317.65	14,092.52	13,924.99	13,977.36	14,148.49	14,041.91	14,110.03	14,829.94	15,034.76
Domestic Claims	15,027.86	15,226.85	15,292.31	15,132.30	14,810.47	14,899.03	15,271.55	15,015.99	15,284.98	15,389.91	15,662.58	15,941.42
Net Claims on Central Government	3,664.38	3,593.34	3,554.46	3,579.05	3,469.45	3,543.77	3,826.33	3,798.08	4,074.48	4,118.86	4,336.91	4,475.91
Claims on Central Government	3,969.84	3,950.52	3,938.82	3,972.73	3,884.30	4,104.05	4,250.72	4,240.75	4,575.85	4,576.92	4,761.05	5,093.25
Less Liabilities to Central Government	305.46	357.18	384.36	393.68	414.85	560.28	424.40	442.67	501.36	458.06	424.14	617.35
Claims on Other Sectors	11,363.48	11,633.51	11,737.85	11,553.25	11,341.02	11,355.26	11,445.22	11,217.91	11,210.50	11,271.05	11,325.68	11,465.52
Other Financial Corporations	41.14	44.52	46.13	38.21	37.78	38.36	41.78	38.54	39.51	38.83	44.57	45.78
State and Local Government	3.87	7.16	1.82	1.85	1.87	1.81	1.57	1.52	1.56	1.51	1.35	1.97
Public Non-Financial Corporations	37.52	39.11	39.38	35.86	33.50	31.15	27.88	28.41	28.14	35.19	32.42	31.87
Private Sector	11,280.95	11,542.71	11,650.52	11,477.32	11,267.87	11,283.94	11,374.00	11,149.44	11,141.29	11,195.53	11,247.35	11,385.90
Of which: Loans	11,268.79	11,530.87	11,638.96	11,468.16	11,262.68	11,280.31	11,371.49	11,145.89	11,139.45	11,193.74	11,246.18	11,385.12
Claims on the Central Bank	2,742.75	2,556.93	2,824.28	2,719.37	2,933.69	2,570.49	2,646.12	2,932.50	2,712.59	2,708.36	3,193.40	3,223.48
Currency	456.35	493.18	542.99	477.16	482.04	548.57	464.58	548.60	515.62	438.66	470.96	456.29
Reserve Deposits	2,286.33	2,030.59	2,280.21	2,086.58	2,042.92	2,020.84	2,180.46	2,169.93	2,003.35	1,906.70	2,082.00	2,313.05
Other Claims	0.07	33.16	1.07	155.63	408.73	1.08	1.08	213.97	193.63	363.00	640.44	454.14
Labilities to the Central Bank	547.82	67.77	60.31	73.92	75.59	71.86	366.30	61.32	47.05	47.04	50.97	46.21
Other Items(Net)	-3,281.80	-3,197.06	-3,394.75	-3,460.10	-3,576.05	-3,472.67	-3,574.00	-3,738.68	-3,908.61	-3,941.20	-3,975.07	-4,083.93
Shares and Other Equity	3,490.05	3,530.50	3,566.15	3,613.74	3,708.63	3,705.22	3,758.52	3,811.96	3,888.74	3,884.19	3,965.71	3,988.31
Other Items(Net)	208.25	333.43	171.40	153.65	132.58	232.55	184.52	73.28	-19.87	-57.01	-9.36	-95.62
Deposits Liabilities	13,885.16	14,226.16	14,394.38	14,134.94	13,818.34	13,950.83	14,053.96	14,107.20	14,091.17	13,885.44	14,417.56	14,750.31
Deposits Included in Broad Money	13,835.06	14,176.25	14,345.74	14,084.63	13,767.58	13,901.63	14,004.43	14,057.36	14,040.59	13,834.95	14,367.05	14,699.67
Foreign Currency Deposits	5,637.97	5,922.56	5,885.05	5,710.05	5,367.42	5,391.35	5,533.67	5,394.65	5,439.47	5,336.48	5,446.21	5,549.93
Local Currency Deposits	8,197.09	8,253.69	8,460.70	8,374.58	8,400.16	8,510.28	8,470.76	8,662.72	8,601.13	8,498.47	8,920.84	9,149.73
Transferable Deposits	3,767.41	3,768.32	3,832.33	3,724.42	3,747.77	3,683.75	3,739.44	4,078.30	3,871.47	3,811.97	4,067.77	4,240.89
Other Deposits	4,429.69	4,485.37	4,628.37	4,650.16	4,652.39	4,826.52	4,731.32	4,584.42	4,729.65	4,686.50	4,853.07	4,908.85
Deposits Excluded	50.10	49.91	48.64	50.31	50.75	49.20	49.53	49.84	50.58	50.49	50.51	50.64

Source: Bank of Uganda

Note: From Feb 2010, commercial banks claims on and liabilities to both residents and nonresidents with regard to Shares & other equity, Securities other shares and financial derivatives are reported separately and not other items net.

Appendix 14:Foreign Assets and Liabilities (million USD).

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Central Bank													
Claims on Non Residents	3467.28	3326.26	3435.11	3220.35	3215.59	3216.43	3344.68	3205.69	3298.31	3282.55	3376.45	3417.85	3414.93
Of Which: Official Reserve Assets	2895.27	2763.24	2797.84	2713.32	2740.33	2730.05	2843.09	2783.78	2825.40	2894.25	2950.92	2985.69	3002.66
Liabilities to Non Residents	410.73	409.26	416.89	254.37	256.11	249.22	315.25	253.44	329.92	254.13	259.67	267.10	248.84
Other Depository Corporations													
Claims on Non Residents	664.98	745.14	655.36	673.68	669.55	662.26	709.54	712.05	694.52	691.17	632.46	589.14	623.81
Of Which: Foreign Currency	88.21	90.73	91.88	75.94	80.90	79.22	85.22	78.73	79.64	76.45	73.62	77.25	79.53
Deposits	523.95	605.73	486.04	534.57	506.95	504.14	568.12	575.47	529.36	487.63	525.93	484.79	516.43
Loans	36.89	31.79	59.76	45.37	64.51	60.13	40.43	42.06	66.42	109.28	19.64	14.39	14.80
Less Liabilities to Non Residents	797.09	761.44	735.39	745.98	720.87	743.93	701.89	690.03	706.85	676.58	699.99	711.71	707.35
Of Which: Deposits	179.22	176.89	176.96	182.91	168.00	185.90	208.05	199.68	220.10	171.21	166.99	174.12	176.82
Loans	613.59	582.58	556.27	562.04	549.43	554.76	490.87	488.52	483.15	502.30	528.42	533.78	501.22
Domestic (Forex) Liabilities: Foreign Currency Deposits	1603.34	1645.73	1618.90	1592.60	1603.86	1598.82	1596.49	1590.34	1611.04	1611.96	1604.69	1618.72	1630.00

Source: Bank of Uganda

Appendix 15:monetary Survey Key Ratios and Growth Rates

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Ratios to M3													
Foreign Currency Deposits (%)	32.30	33.84	34.59	34.08	33.53	31.99	31.58	32.40	31.54	32.12	32.16	31.73	31.47
Currency Outside Depository (%)	16.85	16.97	17.19	16.92	17.29	17.95	18.56	18.01	17.81	17.09	16.62	16.29	16.64
Shilling Demand deposits (%)	24.18	22.61	22.01	22.19	21.87	22.34	21.58	21.89	23.85	22.86	22.97	23.70	24.05
Shilling time & savings Deposits (%)	26.67	26.58	26.20	26.80	27.31	27.73	28.28	27.70	26.81	27.93	28.24	28.28	27.84
Money Multiplier (M3/Base)	3.82	3.50	3.74	3.66	3.66	3.60	3.38	3.41	3.49	3.56	3.79	3.73	3.58
Money Multiplier (M2/Base)	2.58	2.31	2.44	2.41	2.43	2.45	2.31	2.31	2.39	2.42	2.57	2.55	2.45
M2/M3	0.68	0.66	0.65	0.66	0.66	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.69
Shilling Time and Savings Deposits/Total Shilling Deposits (%)	52.44	54.04	54.34	54.70	55.53	55.38	56.71	55.85	52.92	54.99	55.15	54.40	53.65
Shilling Time and Savings Deposits/Total Deposits (%)	32.07	32.02	31.64	32.26	33.02	33.79	34.72	33.78	32.61	33.69	33.87	33.78	33.39
Shilling Demand Deposits/ Total Shilling Deposits (%)	47.56	45.96	45.66	45.30	44.47	44.62	43.29	44.15	47.08	45.01	44.85	45.60	46.35
Shilling Demand Deposits/ Total Deposits (%)	29.08	27.23	26.58	26.71	26.44	27.22	26.50	26.70	29.01	27.57	27.55	28.31	28.85
VULNERABILITY M3/RESERVES	1.71	1.76	1.67	1.72	1.75	1.83	1.78	1.76	1.81	1.73	1.69	1.71	1.72
VULNERABILITY M2/RESERVES	1.16	1.16	1.09	1.14	1.16	1.25	1.22	1.19	1.24	1.18	1.15	1.17	1.18

Source: Bank of Uganda

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

	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Agriculture	**102,236**	**177,709**	**242,315**	**283,402**	**295,015**	**390,639**	**429,750**	**480,934**
Production	40,217	102,573	118,454	117,401	110,716	151,280	183,680	225,934
Processing & Marketing (crop finance)	62,019	75,136	123,861	166,001	184,299	239,359	246,071	255,001
Mining and Quarrying	**8,610**	**9,667**	**12,644**	**14,171**	**14,083**	**11,051**	**31,022**	**31,579**
Manufacturing	**341,671**	**405,307**	**521,955**	**422,811**	**414,077**	**411,257**	**540,853**	**512,908**
Foods, Beverages, Tobacco	175,788	205,114	272,904	214,969	221,648	222,423	302,514	303,797
Textiles, Apparel and Leather	5,469	17,622	18,793	15,738	9,624	13,907	13,542	9,385
Wood, Wood Products & Furniture	5,085	3,999	3,643	3,874	1,699	6,562	9,126	6,198
Paper, Paper Products,	0	16,545	17,235	17,837	17,659	17,018	17,103	37,172
Chemicals, Pharmaceuticals,	21,341	14,362	35,526	34,754	21,423	20,117	26,776	25,176
Basic and Fabricated	37,508	43,781	52,913	50,641	57,422	48,647	60,484	52,863
Building & Construction Materials.	28,194	52,926	73,482	38,922	32,011	25,042	16,396	25,317
Other Manufacturing Industries	68,287	50,958	47,458	46,076	52,591	57,542	94,912	53,000
Trade	**541,275**	**632,130**	**927,345**	**942,986**	**949,498**	**1,018,779**	**1,169,735**	**1,112,039**
Wholesale	173,177	266,252	371,057	366,332	365,323	322,365	544,501	471,108
Retail	368,098	270,194	407,506	449,073	445,181	583,213	527,855	527,931
Transport and Communication	**170,642**	**264,169**	**322,636**	**246,504**	**165,763**	**182,325**	**186,490**	**366,210**
Electricity & Water	**20,694**	**33,605**	**30,649**	**18,104**	**36,001**	**22,872**	**49,716**	**66,035**
Building, Mortgage,	**464,240**	**650,616**	**996,647**	**1,067,191**	**1,013,422**	**1,081,954**	**1,136,238**	**1,190,810**
Business Services	**0**	**133,874**	**230,350**	**205,022**	**258,733**	**199,701**	**295,882**	**247,100**
Community, Social & Other Services	**0**	**118,794**	**168,648**	**219,394**	**179,635**	**229,207**	**240,030**	**254,236**
Personal Loans and Household Loans	**699,058**	**871,865**	**999,623**	**1,052,718**	**985,418**	**1,441,429**	**1,517,160**	**1,656,272**
Other Services	**446,322**	**130,524**	**180,031**	**204,512**	**314,982**	**72,848**	**78,322**	**84,875**
Total	**2,794,749**	**3,428,261**	**4,632,843**	**4,676,813**	**4,626,628**	**5,062,063**	**5,675,197**	**6,003,000**

Source: Bank of Uganda

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

	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Agriculture	**60,876**	**114,888**	**181,126**	**162,194**	**266,933**	**413,303**	**546,173**	**585,208**
Production	12,045	55,297	104,376	103,775	125,722	136,146	218,097	186,724
Processing & Marketing(crop finance)	48,831	59,591	76,751	58,418	141,211	277,157	328,076	398,484
Mining and Quarrying	**2,094**	**27,866**	**6,703**	**16,918**	**13,393**	**11,001**	**18,659**	**37,643**
Manufacturing	**207,627**	**213,150**	**398,161**	**580,177**	**689,079**	**790,179**	**1,149,527**	**1,084,182**
Foods, Beverages, Tobacco	72,254	88,114	150,565	265,091	202,914	212,972	329,967	320,842
Textiles, Apparel and Leather	3,314	7,400	10,172	19,211	26,273	25,404	56,400	81,764
Wood, Wood Products & Furniture	166	7,854	15,034	8,929	11,158	14,031	18,757	5,493
Paper, Paper Products, Printing & Publishing	0	15,685	38,540	37,229	71,182	78,340	110,823	98,598
Chemicals, Pharmaceuticals, Plastic and Rubber Products	44,913	28,209	44,819	72,668	69,493	103,650	110,671	115,990
Basic and Fabricated Non-Metal and Metal Products	8,341	23,361	24,398	43,120	76,786	103,937	178,240	162,586
Building & Construction Materials.	4,494	6,527	74,307	101,140	150,626	139,878	168,350	130,189
Other Manufacturing Industries	74,144	35,999	40,326	32,789	80,647	111,967	176,319	168,720
Trade	**205,370**	**237,827**	**470,829**	**622,842**	**609,192**	**803,909**	**890,909**	**848,779**
Wholesale	55,767	89,886	124,448	158,527	143,185	267,440	462,244	419,563
Retail	149,603	47,462	97,492	94,017	104,134	167,596	196,622	213,135
Transport and Communication	**39,854**	**89,533**	**183,819**	**227,892**	**278,885**	**287,650**	**357,419**	**411,651**
Electricity & Water	**2,092**	**18,884**	**30,261**	**56,274**	**76,373**	**84,710**	**131,814**	**160,208**
Building, Mortgage, Construction and Real Estate	**131,159**	**194,667**	**339,937**	**614,316**	**771,884**	**958,784**	**1,309,671**	**1,382,535**
Business Services	**0**	**12,917**	**55,909**	**56,689**	**128,702**	**182,684**	**204,513**	**161,310**
Community, Social & Other Services	**0**	**12,622**	**49,353**	**36,638**	**64,112**	**67,930**	**110,967**	**117,756**
Personal Loans and Household Loans	**95,180**	**90,013**	**32,750**	**59,278**	**70,729**	**82,503**	**85,101**	**81,221**
Other Services	**82,693**	**98,341**	**134,532**	**107,005**	**80,517**	**38,953**	**60,127**	**56,246**
Total	**826,944**	**1,110,708**	**1,883,380**	**2,540,221**	**3,049,799**	**3,721,606**	**4,864,880**	**4,926,738**

Source: Bank of Uganda

Appendix 18:Commercial Banks' Activities (UGX billion)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Liabilities													
Total Deposits	14,065.4	14,112.9	14,464.6	14,665.9	14,382.3	14,065.2	14,347.8	14,339.3	14,404.3	14,457.1	14,237.3	14,710.5	15,196.3
Private Demand Deposits	3,973.8	3,786.7	3,782.5	3,845.6	3,742.6	3,759.9	3,700.6	3,765.1	4,106.5	3,901.1	3,829.1	4,102.4	4,268.5
Private Time & Savings Deposits	4,088.0	4,136.6	4,192.4	4,332.1	4,338.5	4,331.2	4,491.0	4,392.5	4,260.0	4,395.9	4,358.0	4,497.1	4,544.4
Foreign Exchange deposits	5,278.1	5,666.5	5,912.1	5,878.1	5,706.1	5,371.5	5,400.6	5,534.7	5,376.2	5,437.5	5,331.3	5,437.6	5,526.0
Government Deposits	492.6	305.4	357.2	384.4	393.7	414.8	560.3	424.4	442.7	501.4	458.1	424.1	617.3
Interbank deposits (excluding own)	232.9	217.7	220.4	225.7	201.4	187.7	195.4	222.6	218.9	221.3	260.8	249.3	240.0
Foreign Liabilities	2,403.5	2,379.7	2,442.8	2,512.1	2,324.9	2,264.1	2,127.3	2,158.2	2,118.5	1,951.0	1,998.1	2,063.1	1,991.6
Borrowing at Bank of Uganda	0.0	499.8	19.6	10.0	23.2	23.6	24.0	319.6	14.1	0.0	0.0	0.0	0.0
Items in Transit	7.5	1.3	2.3	3.3	1.3	0.6	0.0	0.4	0.9	0.9	0.2	0.3	0.4
Capital and Reserves	3,084.5	3,092.6	3,091.0	3,078.3	3,073.7	3,104.4	3,079.4	3,626.6	3,628.6	3,626.1	3,583.8	3,572.9	3,537.5
Other Liabilities	2,112.0	1,902.3	2,051.5	2,114.6	2,185.8	2,143.8	2,214.7	1,754.0	1,799.1	2,006.1	2,008.8	2,079.6	2,271.7
Total	**21,673.0**	**21,988.7**	**22,071.8**	**22,384.3**	**21,991.1**	**21,601.7**	**21,793.3**	**22,198.0**	**21,965.6**	**22,041.3**	**21,828.1**	**22,426.4**	**22,997.5**
Assets													
Cash held	448.3	434.5	472.7	520.2	455.4	463.2	525.0	446.6	525.7	491.9	416.6	444.5	429.0
Balances with Bank of Uganda	2,063.7	2,286.3	2,063.7	2,280.2	2,241.1	2,450.5	2,020.8	2,180.5	2,382.7	2,195.9	2,268.6	2,721.3	2,766.0
Foreign Assets	2,140.1	2,491.4	2,328.8	2,420.3	2,318.9	2,155.7	2,340.3	2,420.7	2,258.1	2,267.0	2,053.9	1,935.7	2,075.2
Government Securities	4,283.6	3,935.4	3,918.8	3,901.4	3,932.7	3,844.5	4,064.8	4,210.0	4,201.3	4,542.6	4,543.5	4,721.4	4,965.8
Advances and Discounts	10,513.4	10,863.5	11,117.8	11,218.7	11,037.9	10,813.5	10,819.4	10,908.0	10,684.1	10,675.1	10,726.6	10,770.6	10,902.2
Investments in Stocks and Shares	64.5	65.7	65.4	70.6	68.6	66.0	64.0	65.0	64.9	64.4	54.2	53.6	52.4
Other Assets	**2,159.30**	**1,911.90**	**2,104.60**	**1,972.90**	**1,936.50**	**1,808.30**	**1,958.90**	**1,967.30**	**1,848.60**	**1,804.40**	**1,764.90**	**1,779.20**	**1,806.80**
Total	**21,673.00**	**21,988.70**	**22,071.80**	**22,384.30**	**21,991.10**	**21,601.70**	**21,793.30**	**22,198.00**	**21,965.60**	**22,041.30**	**21,828.10**	**22,426.40**	**22,997.50**

Source: Bank of Uganda

Appendix 19:Structure of Interest Rates (annual percentage)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Bank of Uganda													
Ways and Means	12.76	13.39	14.72	16.68	18.75	18.33	17.60	18.22	18.70	15.07	13.69	13.54	13.88
Rediscount rate	16.00	17.50	20.00	20.00	21.00	21.00	21.00	21.00	21.00	21.00	20.00	20.00	19.00
Central Bank Rate	13.00	14.50	16.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00	15.00
Treasury Bills													
91 Days	12.76	13.39	14.72	16.68	18.75	18.33	17.60	18.22	18.70	15.07	13.69	13.54	13.88
182 Days	13.55	14.48	15.72	17.69	19.64	19.50	19.55	19.79	20.05	15.65	14.13	14.30	14.77
273 Days	…												
364 Days	14.02	14.75	15.60	17.66	19.11	18.33	18.54	19.74	19.15	14.44	13.64	13.91	14.92
Commercial Banks (Weighted Average)													
Local Currency													
Deposit Rates	2.69	3.15	3.30	3.31	3.29	3.48	4.18	4.14	3.34	3.44	4.19	4.53	4.11
Demand deposits	1.50	1.42	1.12	1.59	1.54	1.55	1.50	1.46	1.44	1.51	1.94	1.98	1.90
Savings deposits	3.26	3.64	3.20	3.49	3.57	3.52	3.52	3.16	3.19	3.20	3.68	3.62	3.71
Time Deposits	10.39	11.27	13.06	14.53	14.76	16.85	16.98	17.28	16.15	13.74	12.42	13.61	12.24
Lending Rates	22.34	21.76	23.50	23.25	23.90	24.45	24.59	24.29	25.22	24.37	24.23	24.48	23.54
Foreign Currency													
Deposit Rates	1.32	1.27	1.33	1.29	1.25	1.25	1.29	1.42	1.36	1.33	1.36	1.33	1.26
Demand deposits	0.96	0.95	0.95	0.95	0.95	0.95	0.96	1.02	1.10	1.12	0.96	0.95	0.96
Savings deposits	1.51	1.50	1.54	1.50	1.50	1.50	1.80	1.96	1.96	1.76	1.64	1.65	1.49
Time Deposits	3.97	3.92	3.87	4.08	3.95	3.95	4.08	4.42	4.38	3.51	4.13	4.18	3.28
Lending Rates	9.87	8.04	8.69	8.51	9.10	8.96	9.42	9.43	10.09	10.45	9.16	9.56	9.47

Source: Bank of Uganda

Appendix 20:Foreign exchange rates (UGX per USD)

Year/Month	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
Calendar Year Average						
2009	2,158.63	2,166.80	2,162.67	2,165.98	91.72	130.21
2010	2,170.24	2,179.44	2,174.80	2,177.47	92.22	131.06
2011	2,509.01	2,522.73	2,515.87	2,522.75	105.39	142.05
2012	2,493.89	2,504.29	2,499.09	2,504.56	100.65	128.25
2013	2,578.46	2,586.96	2,582.71	2,586.89	99.45	125.97
2014	2,592.25	2,597.24	2,594.75	2,599.79	96.71	123.70
2015	3,226.47	3,241.71	3,234.10	3,240.63	111.44	137.33
Fiscal Year Average						
2010/11	2,315.90	2,324.95	2,320.43	2,323.35	98.50	139.54
2011/12	2,541.81	2,557.94	2,549.87	2,557.15	104.88	134.51
2012/13	2,580.33	2,589.22	2,584.78	2,591.12	101.94	130.20
2013/14	2,533.11	2,537.23	2,535.17	2,538.03	95.61	121.28
2014/15	2,815.51	2,825.41	2,820.46	2,827.71	101.69	128.70
2015/16	3,428.44	3,445.55	3,437.01	3,442.97	115.47	139.65
Monthly Average						
2009 Jan	1,962.09	1,970.00	1,966.05	1,975.97	82.74	122.06
Feb	1,958.22	1,963.84	1,961.03	1,964.83	81.01	118.42
Mar	2,048.28	2,049.00	2,048.64	2,051.55	83.30	121.84
Apr	2,162.18	2,169.25	2,165.72	2,175.61	89.22	129.15
May	2,240.60	2,248.30	2,244.45	2,247.68	94.26	135.11
Jun	2,133.07	2,143.34	2,138.21	2,137.18	90.52	130.68
2009 Jul	2,094.48	2,112.55	2,103.52	2,110.77	89.50	129.49
Aug	2,065.97	2,074.53	2,070.25	2,071.67	87.81	125.57
Sep	1,962.69	1,970.01	1,966.35	1,961.90	83.89	117.42
Oct	1,895.15	1,903.53	1,899.34	1,898.28	82.18	114.26
Nov	1,852.08	1,869.36	1,860.72	1,873.78	81.07	113.37
Dec	1,891.55	1,897.82	1,894.69	1,894.54	81.65	114.57
2010 Jan	1,928.84	1,945.67	1,937.26	1,935.63	83.14	116.21
Feb	1,989.75	1,988.74	1,988.74	1,996.54	84.83	118.43
Mar	2,078.14	2,078.95	2,078.55	2,086.37	88.94	124.90
Apr	2,079.85	2,100.12	2,089.99	2,083.00	88.96	125.33
May	2,164.33	2,170.20	2,167.27	2,174.57	91.25	129.68
Jun	2,243.60	2,253.67	2,248.64	2,257.44	93.54	133.44
Jul	2,249.12	2,264.98	2,257.05	2,255.85	94.20	135.24
Aug	2,222.09	2,227.85	2,224.97	2,230.94	93.73	134.21
Sep	2,246.66	2,253.74	2,250.20	2,251.30	95.00	135.16
Oct	2,258.01	2,263.37	2,260.69	2,264.82	97.13	138.71
Nov	2,284.59	2,287.46	2,286.03	2,289.31	98.25	141.02

Year/Month	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
Dec	2,297.87	2,318.52	2,308.20	2,303.93	97.69	140.44
2011 Jan	2,323.64	2,330.42	2,327.03	2,332.47	98.80	141.59
Feb	2,328.38	2,333.10	2,330.74	2,341.93	99.12	141.24
Mar	2,383.02	2,403.94	2,393.48	2,393.31	101.27	141.85
Apr	2,362.46	2,367.13	2,364.80	2,367.59	101.10	140.85
May	2,381.39	2,392.35	2,386.87	2,387.68	101.56	140.69
Jun	2,453.60	2,456.56	2,455.08	2,461.04	104.20	143.48
Jul	2,575.07	2,578.04	2,576.56	2,587.23	109.58	146.51
Aug	2,750.97	2,765.83	2,758.40	2,753.23	115.88	155.38
Sep	2,795.01	2,802.88	2,798.95	2,814.02	115.60	147.96
Oct	2,793.62	2,807.07	2,800.35	2,805.37	113.36	144.30
Nov	2,515.92	2,588.65	2,552.29	2,582.18	104.74	133.73
Dec	2,444.99	2,446.84	2,445.92	2,446.91	99.53	126.98
2012 Jan	2,402.37	2,410.12	2,406.25	2,414.19	98.52	125.81
Feb	2,327.57	2,350.05	2,338.81	2,327.97	96.74	120.89
Mar	2,464.71	2,477.85	2,471.28	2,485.02	102.61	129.34
Apr	2,495.06	2,503.41	2,499.24	2,506.21	102.98	129.88
May	2,464.63	2,479.21	2,471.92	2,479.05	100.13	126.78
Jun	2,471.78	2,485.29	2,478.54	2,484.36	98.89	126.54
Jul	2,468.50	2,474.22	2,471.36	2,474.18	97.56	125.27
Aug	2,484.52	2,490.67	2,487.60	2,492.04	98.39	126.83
Sep	2,505.75	2,511.93	2,508.84	2,515.88	99.96	128.69
Oct	2,570.15	2,576.88	2,573.52	2,579.43	102.82	131.48
Nov	2,608.44	2,617.96	2,613.20	2,622.95	103.57	132.36
Dec	2,663.19	2,673.91	2,668.55	2,673.48	105.58	135.08
2013 Jan	2,672.50	2,681.87	2,677.19	2,683.79	105.75	136.03
Feb	2,644.79	2,656.03	2,650.41	2,657.55	104.41	133.73
Mar	2,627.11	2,636.40	2,631.76	2,636.89	103.13	131.34
Apr	2,570.81	2,575.86	2,573.34	2,578.01	101.22	128.34
May	2,562.56	2,583.18	2,572.87	2,586.11	100.97	127.31
Jun	2,585.66	2,591.74	2,588.70	2,593.08	99.94	126.00
Jul	2,582.48	2,590.27	2,586.38	2,588.90	98.81	124.65
Aug	2,573.03	2,579.33	2,576.18	2,578.87	97.40	122.15
Sep	2,564.69	2,572.00	2,568.35	2,568.86	96.61	121.21
Oct	2,530.13	2,537.22	2,533.67	2,534.39	96.01	120.75
Nov	2,519.63	2,525.55	2,522.59	2,523.27	94.76	120.18
Dec	2,508.06	2,514.13	2,511.10	2,512.94	94.37	119.96
2014 Jan	2,495.07	2,500.98	2,498.03	2,499.90	93.48	119.48
Feb	2,473.55	2,448.88	2,461.22	2,471.96	92.42	117.77
Mar	2,528.20	2,535.08	2,531.64	2,534.22	95.35	120.47

Year/Month	Bureau Weighted Average Buying Rate	Bureau Weighted Average Selling Rate	Bureau Middle Rate	Official Middle Rate	Nominal Effective Exchange Rate (NEER, 2005/06 = 100)	Real Effective Exchange Rate (REER, 2005/06 = 100)
Apr	2,523.24	2,530.63	2,526.93	2,529.79	95.43	121.32
May	2,525.49	2,532.59	2,529.04	2,532.39	95.70	122.33
Jun	2,573.79	2,580.13	2,576.96	2,580.86	96.99	125.04
Jul	2,625.55	2,633.64	2,629.60	2,633.52	98.95	127.72
Aug	2,595.33	2,606.29	2,600.81	2,612.50	97.61	125.60
Sep	2,614.49	2,619.55	2,617.02	2,618.80	96.97	124.30
Oct	2,668.66	2,678.23	2,673.44	2,680.51	98.52	126.06
Nov	2,726.37	2,734.27	2,730.32	2,734.22	99.54	127.08
Dec	2,757.27	2,766.64	2,761.96	2,768.79	99.62	127.20
2015 Jan	2,847.21	2,856.74	2,851.98	2,860.71	102.10	128.95
Feb	2,860.00	2,868.91	2,864.46	2,868.85	101.94	128.40
Mar	2,937.82	2,952.14	2,944.98	2,951.51	103.78	129.34
Apr	2,983.86	2,994.40	2,989.13	2,995.58	105.17	130.11
May	2,993.23	3,003.10	2,998.17	3,007.60	105.04	130.64
Jun	3,176.29	3,191.05	3,183.67	3,199.90	110.99	139.04
Jul	3,344.66	3,372.42	3,358.54	3,360.09	115.44	143.29
Aug	3,538.27	3,546.54	3,542.41	3,548.25	120.29	148.00
Sep	3,656.18	3,667.86	3,662.02	3,667.50	122.87	149.33
Oct	3,621.00	3,640.49	3,630.75	3,636.02	122.86	148.06
Nov	3,413.26	3,443.78	3,428.52	3,429.00	114.78	138.08
Dec	3,345.80	3,363.06	3,354.60	3,362.49	112.06	134.73
2016 Jan	3,426.09	3,443.56	3,434.82	3,451.21	113.94	137.06
Feb	3,414.59	3,431.04	3,422.82	3,435.11	113.82	136.71
Mar	3,354.37	3,368.22	3,361.30	3,365.50	112.33	134.29
Apr	3,332.43	3,343.46	3,337.94	3,343.57	112.50	134.90
May	3,337.36	3,355.41	3,346.39	3,348.92	112.19	135.01
Jun	3,357.22	3,370.80	3,364.01	3,367.99	112.58	136.29

Source: Bank of Uganda

Appendix 21:Bureau and Inter-bank Transactions (million USD)

Period	Bureau		Inter-bank	
	Purchases	Sales	Purchases	Sales
2010/11	1,871.85	1,735.10	6,493.76	6,599.90
2011/12	2,735.49	2,486.76	7,206.12	6,656.53
2012/13	3,878.37	3,704.34	7,870.56	7,191.50
2013/14	3,864.42	3,735.52	8,457.91	7,648.87
2014/15	4,040.46	4,059.80	8,130.50	7,861.87
2011 Jan	148.75	140.34	524.23	633.65
Feb	131.13	119.63	461.58	454.23
Mar	162.13	152.09	638.62	634.80
Apr	139.80	131.33	514.66	522.23
May	172.72	164.42	524.73	544.67
Jun	179.83	160.09	584.78	609.08
Jul	172.32	151.99	551.06	549.11
Aug	196.26	164.72	592.20	612.72
Sep	200.50	173.49	605.05	614.64
Oct	182.56	168.17	598.72	538.52
Nov	209.54	179.18	566.07	551.13
Dec	208.28	205.17	628.05	572.76
Total	**2,103.83**	**1,910.62**	**6,789.74**	**6,837.54**
2012 Jan	188.40	165.89	707.07	529.41
Feb	208.97	185.16	612.38	536.28
Mar	296.68	291.13	557.67	550.98
Apr	241.84	237.14	527.27	496.73
May	313.69	269.93	663.03	568.63
Jun	316.44	294.80	597.55	535.62
Jul	294.35	281.61	628.63	435.23
Aug	357.19	328.79	573.61	570.82
Sep	307.67	299.00	512.88	468.74
Oct	308.71	297.45	609.50	581.80
Nov	362.71	316.40	684.65	661.06
Dec	308.11	292.32	690.00	556.78
Total	**3,504.76**	**3,259.62**	**7,364.23**	**6,492.08**
2013 Jan	340.06	329.32	653.50	553.01
Feb	329.42	320.14	626.85	537.25
Mar	321.72	313.27	668.26	669.04
Apr	339.50	330.85	800.26	745.12
May	307.59	306.20	785.05	774.09
Jun	301.33	288.99	637.37	638.56
Jul	347.29	338.2	727.89	696.86
Aug	324.67	318.2	714.82	682.54
Sep	303.82	298.26	706.31	646.57
Oct	302.23	303.1	649.34	631.39

Period	Bureau		Inter-bank	
Nov	310.75	303.44	689.59	588.14
Dec	325.63	323.85	793.33	648.11
Total	**3,854.03**	**3,773.81**	**8,452.58**	**7,810.68**
2014 Jan	343.00	333.53	855.87	761.13
Feb	274.51	205.63	680.72	649.68
Mar	343.38	333.38	679.29	607.89
Apr	326.17	328.65	647.18	523.02
May	317.42	311.22	668.22	608.20
Jun	345.55	338.06	645.34	605.34
Jul	369.71	382.31	668.33	666.89
Aug	353.75	352.91	642.48	559.35
Sep	357.29	358.87	642.86	589.27
Oct	326.62	329.35	676.99	605.15
Nov	329.01	325.31	628.68	587.71
Dec	374.92	376.92	683.80	617.86
Total	**4,061**	**3,976**	**8,120**	**7,381**
2015 Jan	364.75	363.02	655.11	770.52
Feb	311.73	315.27	574.93	508.96
Mar	335.89	337.97	681.00	829.11
Apr	300.55	300.19	716.02	634.64
May	308.91	306.55	797.09	710.60
Jun	307.33	311.13	763.23	781.81
Jul	317.57	312.34	646.48	674.09
Aug	321.27	322.34	579.01	510.73
Sep	295.19	291.67	506.71	498.37
Oct	298.13	298.30	546.63	478.18
Nov	305.13	310.68	612.31	515.70
Dec	319.36	337.32	593.60	458.73
Total	**3,786**	**3,807**	**7,672**	**7,371**
2016 Jan	286.36	300.02	537.15	497.68
Feb	240.03	247.90	614.78	559.65
Mar	265.11	274.30	530.97	473.36
Apr	265.02	272.41	555.76	464.24
May	278.08	283.89	636.11	558.23
Jun	284.78	290.87	653.20	597.68

Source: Bank of Uganda

Appendix 22:Appendix 22: Composite Consumer Price Index, Uganda (2009/10 = 100)

	Food and Non-Alcoholic Bever	Alcoholic Beverages, Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Fuels	Furnishings, Household Equipment and Routine	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services	All Items Index	Monthly % Change	Annual % Change
Weights	284.6	28.0	50.8	119.4	38.7	57.5	137.8	51.8	55.2	55.1	57.2	63.9	**1,000.**		
Calendar Year (Average)															
2011	125.4	114.6	125.5	120.0	127.1	110.8	115.8	88.1	107.5	105.8	115.8	118.9	**117.5**	--	16.0
2012	141.5	127.8	148.3	145.0	145.0	132.0	123.9	91.5	113.6	117.8	130.1	134.4	**132.7**	--	12.9
2013	144.7	142.1	155.9	155.1	153.5	143.0	128.7	92.8	117.0	134.8	138.6	141.1	**139.4**	--	5.0
2014	149.7	143.4	163.3	159.4	159.0	150.4	129.1	96.7	119.3	147.4	140.2	143.7	**143.7**	--	3.1
2015	160.8	145.6	174.6	170.5	165.7	155.3	132.3	110.0	122.1	156.8	145.9	150.4	**151.7**	--	5.5
Fiscal Year (Average)															
2011/12	139.7	123.5	145.3	136.3	139.3	120.9	121.6	92.2	112.4	111.3	124.5	129.1	**128.6**	--	21.0
2012/13	140.4	135.0	148.0	150.7	148.6	138.1	126.2	92.0	114.8	125.3	134.7	137.8	**135.0**	--	5.0
2013/14	149.2	143.2	161.0	157.3	156.3	147.2	129.7	92.9	118.4	141.3	139.8	143.0	**142.3**	--	5.4
2014/15	153.1	143.9	167.2	163.6	162.7	153.5	129.2	103.9	120.4	152.5	142.2	146.1	**146.6**	--	3.0
2015/16	165.7	149.8	183.8	176.7	169.8	156.9	136.0	109.7	122.6	165.5	150.2	155.9	**156.2**	--	6.6
Monthly															
2014 Jan	145.8	143.5	162.7	157.6	155.3	148.4	129.4	92.1	118.7	139.4	140.0	144.4	**141.2**	-0.1	5.3
Feb	148.2	143.0	161.3	159.0	156.0	148.4	129.3	91.3	119.0	143.6	139.0	142.4	**142.0**	0.6	4.8
Mar	153.1	143.8	160.6	158.2	157.2	148.4	130.0	92.9	119.2	144.2	139.8	143.4	**143.7**	1.2	5.2
Apr	153.0	143.2	162.1	157.7	156.2	148.6	130.1	93.0	119.4	144.2	139.5	141.7	**143.5**	-0.1	4.3
May	151.5	143.3	162.9	157.6	157.5	150.1	128.7	93.2	119.0	144.2	139.6	143.9	**143.2**	-0.2	3.5
Jun	148.4	143.7	160.3	158.0	158.0	150.1	128.4	94.1	118.9	147.9	139.8	143.6	**142.5**	-0.5	2.6
Jul	148.0	143.1	161.3	159.4	159.1	150.1	129.0	95.0	119.2	150.6	140.8	144.6	**143.0**	0.4	2.5
Aug	149.6	143.4	164.3	159.8	160.4	149.9	129.0	100.3	119.2	150.7	140.7	144.3	**144.0**	0.7	2.0
Sep	151.6	142.9	164.0	160.7	162.1	152.5	128.4	100.5	119.6	150.8	140.2	144.2	**144.8**	0.5	1.6
Oct	150.2	143.6	166.9	161.9	160.7	152.6	129.2	101.7	119.2	151.2	141.0	143.2	**144.8**	0.0	1.6
Nov	148.9	143.9	165.7	161.7	162.7	152.6	129.7	103.0	119.8	151.2	140.2	144.2	**144.6**	-0.1	2.1
Dec	148.1	143.8	167.6	161.7	163.3	152.8	127.9	103.6	120.1	151.2	141.6	144.5	**144.4**	-0.1	2.2
2015 Jan	148.2	144.8	166.7	166.0	164.4	156.0	130.3	105.0	121.1	151.3	142.8	147.0	**145.8**	0.8	3.1
Feb	150.6	144.6	165.9	166.4	164.1	156.3	129.6	105.1	120.8	153.9	142.5	146.5	**146.5**	0.5	3.0
Mar	157.2	144.6	169.4	166.5	164.7	156.5	129.1	106.6	121.4	154.4	142.8	148.4	**148.8**	1.6	3.4
Apr	162.9	144.0	171.0	166.3	163.6	156.7	129.2	107.5	121.4	154.4	144.3	148.2	**150.6**	1.2	4.7
May	163.5	144.0	170.9	166.3	163.3	152.8	129.0	107.6	121.3	154.4	144.3	147.3	**150.4**	-0.1	4.9
Jun	158.3	144.0	172.6	166.7	163.5	152.9	130.6	111.4	121.4	155.9	145.3	150.5	**149.9**	-0.4	5.0
Jul	159.2	144.9	174.9	169.3	163.9	153.6	132.7	114.9	122.0	155.8	145.7	151.4	**151.2**	0.9	5.5
Aug	160.1	145.6	177.0	171.7	166.7	153.6	134.1	118.6	122.1	155.9	147.2	152.1	**152.5**	0.8	5.7
Sep	164.7	146.8	179.8	171.7	167.9	156.2	134.3	121.0	122.9	160.3	148.2	152.6	**154.7**	1.4	6.6
Oct	168.3	147.4	181.3	177.1	168.1	156.4	135.6	107.5	123.1	161.7	149.0	153.2	**156.1**	0.9	7.7
Nov	168.3	147.5	182.3	178.8	168.3	156.4	136.0	107.5	124.0	161.8	149.1	152.9	**156.5**	0.2	8.0

	Food and Non-Alcoholic Bever	Alcoholic Beverages, Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Fuels	Furnishings, Household Equipment and Routine	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services	All Items Index	Monthly % Change	Annual % Change
Dec	168.2	148.8	183.8	179.1	170.3	156.4	136.6	107.5	124.1	161.8	149.6	154.4	**156.9**	0.2	8.5
2016 Jan	165.5	151.0	185.1	179.1	170.5	157.4	137.4	107.5	124.0	161.8	150.8	154.7	**156.5**	-0.2	7.3
Feb	165.0	152.5	187.7	180.2	168.7	157.9	137.7	107.9	123.2	161.8	150.7	155.7	**156.7**	0.1	6.9
Mar	167.1	153.5	187.5	178.9	171.3	157.9	138.0	106.7	121.6	174.0	151.5	158.4	**158.1**	0.9	6.2
Apr	168.9	153.2	187.4	177.9	173.1	158.4	135.4	106.0	121.0	174.0	152.2	159.8	**158.3**	0.1	5.1
May	167.1	153.4	188.1	177.6	174.4	159.3	137.2	106.1	121.6	174.0	153.1	164.3	**158.5**	0.1	5.3
Jun	165.6	153.2	190.4	178.8	173.9	159.1	137.4	105.8	121.8	183.7	154.7	161.4	**158.7**	0.2	5.9

Source: Bank of Uganda

Notes

/-- Numbers not yet available.