

Annual Report 2021



Uganda Bankers' Association

Annual Report

TABLE OF CONTENTS

05. ABOUT UBA

06. UBA STRUCTURE & GOVERNANCE

07. UBA MEMBERS

09. UBA MEMBER BANK CEOS

13. UBA EXECUTIVE COMMITTEE

14. UBA SECRETARIAT TEAM



15. MESSAGE FROM THE EXECUTIVE DIRECTOR

17. UBA COMMITTEE CHAIRPERSONS



19. UBA COMMITTEE HIGHLIGHTS

26. NOTICE OF AGM

TABLE OF CONTENTS



27. CHAIRMAN'S REPORT

42. KEY ACTIVITIES IN 2021



58. UBA IN THE MEDIA

62. AWARDS



64. MEMBER BANK CEO FAREWELLS

65. CSR



87. REMEMBERING B.O.U GOVERNOR

88. OBITUARIES

89. ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

ABOUT UGANDA BANKERS' ASSOCIATION

BACKGROUND INFORMATION

Uganda Bankers' Association (UBA) is an umbrella organization for financial Institutions licensed and supervised by Bank of Uganda. Established in 1981, UBA is currently made up of 26 commercial banks,

2 development Banks (Uganda Development Bank and East African Development Bank) and 8 Tier 2 & Tier 3 Financial Institutions (FINCA, Pride Microfinance Limited, Top Finance, Yako Microfinance, UGAFODE, EFC Uganda Ltd, Brac Uganda Bank and Mercantile Credit Bank).

UBA OBJECTIVES

- Promote and represent the interests of the member banks.
- Develop and maintain a code of ethics and best banking practices among its membership.
- Encourage & undertake high quality policy development initiatives and research on the banking sector, including trends, key issues & drivers impacting on or influencing the industry and national development processes therein through partnerships in banking & finance, in collaboration with other agencies (local, regional, international including academia) and research networks to generate new and original policy insights.
- Develop and deliver advocacy strategies to influence relevant stakeholders and achieve policy changes at industry and national level.
- Work closely with the regulator BOU and other non-bank financial institutions & organizations in promoting financial

sector growth, through training, development of products, technologies & initiatives to promote financial sector growth.

As the umbrella body, UBA continues to enhance its position as the voice of banking and an innovative leader within the banking and financial services sector by championing initiatives aimed at growth of the industry and the Ugandan economy as a whole.

CORE VALUES

- >>> Integrity
- >>> Transparency
- >>> Professionalism
- >>> Good Governance
- >>> Teamwork
- >>> Service Excellence

VISION

A strong, vibrant and respected financial services industry in the East African region.

MISSION

To promote a sound banking environment through research and innovation, advocacy, good governance and best practices.

STRUCTURE & GOVERNANCE

UBA is an association of 36 Supervised Financial Institutions that constitute the membership and are represented by the Chief Executive Officers.

The UBA Apex Governance body is made up of the member bank CEOs.

The Executive Committee is made up of seven (7) members. Mr. Mathias Katamba is the current UBA

Chairman.

The UBA Secretariat has a full-time staff complement of 8 employees who manage the day to day operations under the leadership of the Executive Director.



To deliver on its mandate, the UBA Secretariat works hand in hand with the following Committees.

- Clearing House Committee
- Operations Committee
- Credit Reference Bureau Committee
- Frauds and Forgeries Committee
- Compliance Committee
- Legal Committee
- Treasurer's forum Committee
- Credit Committee
- Cyber Security Committee
- Chief Finance Officers' Committee
- Digital Financial Services Committee
- Security Committee
- Human Resource Committee
- Risk Committee
- Bancassurance Committee
- Communications and Marketing Committee

UBA MEMBERS AS AT 31ST DECEMBER 2021

ORDINARY MEMBERS

| | |
|-----------------------------------|-------------------------------------|
| 1. ABC Capital Bank Ltd | 15. Ecobank (U) Ltd |
| 2. Afriland First Bank (U) Ltd | 16. Equity Bank (U) Ltd |
| 3. Bank of Africa Uganda Ltd | 17. Exim Bank (U) Ltd |
| 4. Bank of Baroda (U) Ltd | 18. Finance Trust Bank |
| 5. Bank of India (U) Ltd | 19. Guaranty Trust Bank (U) Ltd |
| 6. Absa Bank (U) Ltd | 20. Housing Finance Bank |
| 7. Cairo Bank Uganda | 21. KCB Bank Uganda Limited |
| 8. Post Bank Uganda Ltd | 22. Opportunity Bank (U) Ltd |
| 9. Centenary Bank | 23. I&M Bank |
| 10. Citibank (U) Ltd | 24. Stanbic Bank Uganda (U) Ltd |
| 11. NCBA Uganda Limited | 25. Standard Chartered Bank (U) Ltd |
| 12. DFCU Bank | 26. Tropical Bank |
| 13. Diamond Trust Bank (U) Ltd | 27. Uganda Development Bank |
| 14. East African Development Bank | |

28. United Bank for Africa
Uganda Ltd

ASSOCIATE MEMBERS

29. Pride Microfinance Uganda
Limited

30. UGAFODE (U) Ltd

31. FINCA (U) Ltd

32. Yako Microfinance

33. Mercantile Credit Bank

34. Top Finance Bank

35. Brac Uganda Bank

36. EFC Uganda Limited

In 2021, Post Bank Uganda Ltd completed its transition into a fully-fledged commercial bank and was licensed by Bank of Uganda to operate as a Tier one Financial Institution.



The Post Bank Uganda Team led by the Board Chairman Mr. Andrew Dtengo Owiny and CEO, Mr. Julius Kakeeto, CEO, receive the licence as Tier 1 Commercial Bank

I&M Group PLC officially launched its rebranded operations in Uganda as I&M Bank Uganda Ltd, following its acquisition of Orient Bank Uganda Ltd.



Deputy Governor BOU, Mr. Micheal Atingi-Ego hands over the license to I&M Bank CEO, Mr. Kumaran Pather at the BOU Offices



I&M Executives with the Executive Director Supervision BOU, Dr. Tumubweinee Twimemanzi during the launch of the new bank brand at Kampala Serena Hotel

UBA MEMBER BANK CEOS



Ms. Anne Juuko
CEO, Stanbic Bank



Mr. Raj Kumar Meena
CEO, Bank of Baroda



Mr. Jesse Timbwa
CEO, ABC Capital
Bank



Mr. Michael Mande
Ag. CEO, Top Finance
Bank



Ms. Patricia Ojangole
CEO, Uganda
Development Bank



Mr. Mumba Kalifungwa
CEO, Absa Bank



**Mr. Abdulaziz M.A.
Mansur**
CEO, Tropical Bank



Mr. Albert Saltson
CEO, Standard Chartered
Bank (U) Ltd



Mr. Arthur Isiko
CEO, Bank of Africa

UBA MEMBER BANK CEOS



Mr. Edgar Byamah
CEO, KCB (U) Ltd



Mr. Fabian Kasi
CEO, Centenary
Bank



Mr. James Onyutta
CEO, FINCA (U) Ltd



Mr. Vikash Krishna
CEO, Bank of India
(U) Ltd



Mr. Shem Kakembo
CEO, EFC Uganda



Mrs. Chioma Mang
CEO, UBA Bank



Mr. Owen Amany
CEO, Opportunity
Bank (U) Ltd



Mr. Samuel Kirubi
CEO, Equity Bank
(U) Ltd



Mr. Shafi Nambobi
CEO, UGAFODE

UBA MEMBER BANK CEOS



Mr. Varghese Thambi
CEO, Diamond Trust
Bank (U) Ltd



**Ms. Annet Nakawunde
Mulindwa**
CEO, Finance Trust
Bank



Ms. Sarah Arapta
CEO, Citibank (U)
Ltd



Mr. Julius Kakeeto
CEO, Post Bank



Mr. Kumaran Pather
CEO, I&M Bank (U) Ltd



**Mr. Mark Anthony
Muyobo**
Ag. CEO, NCBA Bank (U)
Ltd



Mr. Mathias Katamba
CEO, dfcu Bank



Mr. Michael Mugabi
CEO, Housing Finance
Bank



Mr. Olalekan Sanusi
CEO, Guaranty Trust
Bank (U) Ltd

UBA MEMBER BANK CEOS



Ms. Veronica Gladys Namagembe
CEO, Pride Microfinance (MDI)



Ms. Vivienne Yeda Apopo
CEO, East African Development Bank



Mr. Shalendra Kundra
CEO, Yako Bank (U) Ltd



Mr. Henry Lugemwa
Ag. CEO, Exim Bank



Mr. Paul Senyomo
CEO, Mercantile Credit Bank (U) Ltd



Mr. William Mawejje
Ag. CEO, Brac Uganda Bank



Ms. Sylvia Jagwe Dwachi
Ag. CEO, Cairo Bank Uganda



Mr. Aboubaker Mayake
CEO, Afriland First Bank Uganda



Ms. Grace Muliisa
CEO, Ecobank Uganda

UBA EXECUTIVE COMMITTEE

2021-2022



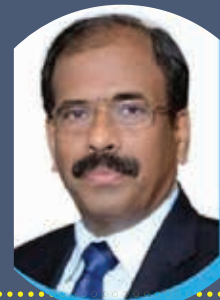
Mr. Mathias Katamba
Chairman
CEO, dfcu Bank



Ms. Sarah Arapta
Vice Chair
CEO, Citibank



Mr. Sam Ntulume
Hon. Auditor
ED, Chief Operations Officer,
I&M Bank Uganda



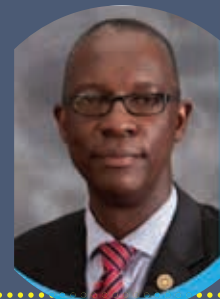
Mr. Varghese Thambi
Hon. Treasurer
CEO, Diamond Trust
Bank



Mr. Albert Saltson
Committee Member
CEO, Standard Chartered
Bank



Ms. Veronica Namagembe
Committee Member
CEO, Pride Microfinance (MDI)
Uganda Ltd



Mr. Wilbrod H. Owor
Executive Director
Uganda Bankers'
Association

UBA SECRETARIAT TEAM



Mr. Wilbrod H. Dwor
Executive Director



Ms. Eva Ssewagudde Jagwe
Director Strategy &
Innovation



**Ms. Patricia Amito
Lutwama**
Head Communications
& Corporate Affairs



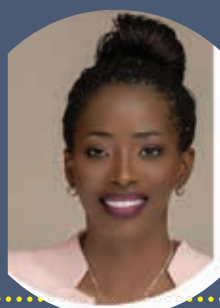
Mr. Solomon Ichumar
Administration Manager



Ms. Noelle Nangira
Legal Officer



Mr. Ronald Mugisha
Project Manager Cyber
Security Operations Center
(CSOC)



Ms. Charity Kesiime
Coordinator ACI, Financial
Markets Association of
Uganda



Ms. Jackie Karatunga
Research Officer

MESSAGE FROM THE EXECUTIVE DIRECTOR



Wilbrod Humphreys Owor
Executive Director

The secretariat & industry as a whole stepped-up engagements with stakeholders both state and non-state actors to cushion businesses and enable them be more resilient. The collaborative support of our numerous partners made this load easier.



Salutations to member SFIs, UBA Committees and all Stakeholders.

We are delighted to share with you the annual report for FY 2021.

The experience of 2020 occasioned by COVID-19 was carried into 2021 which continued to be a challenging year especially for those sectors that remained under extended lockdown restrictions.

This distress for many customers of member financial institutions necessitated the provisions for 2nd & 3rd restructures going into 2022.

Nonetheless, the economy started opening up with the availability & uptake of vaccines, and financial institutions demonstrated resilience to withstand shocks and continue supporting the economy.

The secretariat & industry as whole stepped-up engagements with stakeholders both state and non-state actors to cushion businesses and enable them be more resilient. The collaborative support of our numerous partners made this load easier.

We held numerous consultations with the regulator on the various standards and regimes that are being introduced or embedded as part of the oversight frameworks for bank supervision. These consultations included proposed upward revision of capital requirements & related adequacy benchmarks.

In addition, the secretariat worked hard to ensure various commitments were delivered including;

- Engagements with Bank of Uganda and the Ministry of Education over stakeholders severely impacted by the prolonged lockdown restrictions (education & hospitality sectors) resulting into the offer of additional accommodations & extension of relief measures.
- The industry regulatory reforms report was delivered to Bank of Uganda with several proposals to improve the operating environment for banks & financial institutions in light of the numerous market changes, developments and emerging trends.
- The issuance of a report on cost of doing banking business and recommendations/insights therein, which is intended to help member SFIs look internally and improve their own models of operations.
- Delivered the first hybrid annual bankers' conference where the key takeaways and messages hinged on supporting SMEs in this part of the world, embracing digitization, confronting cyber risk and embedding Economic, Social and Governance (ESG) initiatives in the operations of SFIs as cornerstones for the future of banking.
- Finalized the UBA medium-term strategic plan for the period 2022-2024, as the 2019-2021 cycle came to an end.
- During the year, the Assets Reconstruction Company (ARC) our subsidiary for distressed asset management concluded an oversight framework with BOU paving way for confidence building among funding partners, while the Agent Banking Company (ABC) received its license as a payment systems operator.
- Strengthened collaborations with several partners including fintechs & telecoms in the payments space, DFIs in the climate & blended finance space as well as the legal fraternity in dimensioning the potential in intellectual property rights.

Collaborations & partnerships continue to drive & define the future and we have anchored our 2022-2024 strategy on this pillar as the financial services landscape evolves.

Special thanks to the Chairman & EXCO members as well as the CEOs who gave the secretariat full & unwavering support and made themselves available all through the year, very many times at short notice and by way of financial resources. We are grateful for this and it gave us the energy & zeal to keep going.

Special gratitude also goes to the staff & colleagues at the secretariat and all the

committees of UBA who form the back office and engine that anchors implementation of the association's aspirations. We congratulate our members Post Bank for acquiring a Tier I license as well as I&M Bank for entering the Uganda market through the acquisition of Orient Bank.

We continue to convey our deep gratitude to the regulator Bank of Uganda for the excellent working relationship and support that they provided throughout 2021 and indeed all our partners & stakeholders for choosing us as partners. Thank you for the time you dedicated to industry matters, for the insights, and for the

support you provided the secretariat.

The year 2022 and beyond promises to unfold a lot more and the industry will among others cope with demands coming from all sectors of the economy including developments in the oil & gas sector, the potential for exports to DRC, and promoting financial inclusion across the country.

We stand ready for what promises to be a very exciting future ahead of us.

Wilbrod Humphreys Owor
Executive Director

UBA COMMITTEE CHAIRPERSONS 2021

CLEARING HOUSE COMMITTEE



Mr. Farouk K. Ssekisaka
dfcu Bank

OPERATIONS COMMITTEE



Ms. Eva Naisanga
dfcu Bank

CREDIT REFERENCE BUREAU COMMITTEE



Ms. Aidah Kavuma
Standard Chartered Bank

FRAUDS AND FORGERIES COMMITTEE



**Mr. Francis
Banalekaki Yiga**
KCB Bank Uganda
Limited

COMPLIANCE COMMITTEE



Mr. Fred Mukasa
Opportunity Bank

LEGAL COMMITTEE



**Ms. Claire Akampulira
Ochieng**
FINCA Uganda Ltd

TREASURER'S FORUM COMMITTEE



Mr. Charles Katongole
Standard Chartered Bank

CREDIT COMMITTEE



Mr. Guy Kimbowa Lutaaya
Absa Bank

ICT/CYBER SECURITY COMMITTEE



Mr. Herbert Olowo
Absa Bank

UBA COMMITTEE CHAIRPERSONS 2021

CFO FORUM COMMITTEE



Mr. Michael Sewaya
Absa Bank

DIGITAL FINANCIAL SERVICES (DFS) COMMITTEE



Ms. Roselyn Najjuma Thabit
Standard Chartered Bank

SECURITY COMMITTEE



Mr. Anthony Olobo
Absa Bank

HUMAN RESOURCE COMMITTEE



Ms. Priscilla Mwandha
KCB Bank

BANCASSURANCE COMMITTEE



Mr. Christopher Sengendo
I&M Bank

RISK COMMITTEE



Mr. Israel Opio
Ecobank

COVID TASK FORCE COMMITTEE



Ms. Sylvia Mulomi
Absa Bank

As at the end of 2021, there were fifteen (15) UBA committees with the establishment of the COVID -19 taskforce, an adhoc committee created as part of HR & Risk Management to coordinate industry response and strengthen the capacity of UBA member Banks to address the risks and challenges resulting from the Covid-19 Pandemic.

UBA further continued to strengthen stakeholder engagement and drive the

investment strategy for the industry working closely with;

1. The Stakeholder Engagement Committee chaired by Ms. Anne Juuko (CEO, Stanbic Bank) and Vice Mr. Fabian Kasi (CEO, Centenary Bank) and;
2. The Investment Committee chaired by Mr. Anthony Ndegwa (formerly CEO, NCBA Bank) and Vice Mr. James Onyutta (CEO, FINCA) respectively.

KEY COMMITTEE HIGHLIGHTS/ ACHIEVEMENTS FOR 2021

TREASURERS' COMMITTEE

In 2021, the committee focused on delivering improvements to the financial market, through reskilling member financial institutions to ensure that each met the demands of the market, engaging with Bank of Uganda on changes in regulations that will advance the financial market, discussing new solutions and products that were aligned to the needs of the member financial institutions and re-emphasizing the value of an orderly functional financial market.

Below are the volumes the market traded on some of the key products;

| PRODUCT | 2020 | 2021 | % |
|-------------------------|--------------|--------------|-----------------|
| FX Support | USD 16.8 tn | USD 18.4 tn | 9.5% Increase |
| Money market | UGX 26.4 tn | UGX 25.5 tn | 3.4% Decrease |
| Swaps | UGX 65.1 tn | UGX 51.6 tn | 20.8% Decrease |
| Horizontal repos | UGX 1.03 tn | UGX 2.26 tn | 119.4% Increase |
| Secondary Market Trades | UGX 17.05 tn | UGX 42.25 tn | 147.8% Increase |

1. The emergence of an active and fully functional secondary market following the activation of fixed income trading on the e-bond platform. This resulted in a 3-fold growth in liquidity and volumes being traded. The volumes have increased to USD 12Bn for the year 2021, from USD 5bn in 2020.

2. ACI Uganda pushed for a framework that can enable periodic and regular engagements between all participants in the Uganda treasury securities market. A Bond Market Association was formed that brings together the Ministry of Finance Planning and Economic Development/Treasury, the Central Bank and market participants. The ACI Uganda is taking over the leadership for the Bond Market Committee, which was previously with the Capital Markets Authority.

3. Uganda Retirements Benefits Authority, Bank of Uganda and FrontClear signed a Memorandum of Understanding (MOU) to review and amend regulations that can enable Funds borrow and lend securities. As a result, Bank of Uganda is in the final stages of updating the Appraised Book Value regulation, which will protect transactions under ISDA, GMRA and GMSLA allowing for netting of transactions. This development will open up the repo market to the wider

community beyond the commercial banks and ultimately deepen the horizontal repo/ Buy-Sell-Back market and spin-off other derivative products in fixed income.

4 . Member Banks contributed to capacity building among committee members through sharing information, experiences and market insights. These included;

- Bank of Africa – **Shaping the Market of the Future**
- Exim Bank – **Progress of the Securities Market**
- United Bank for Africa- **Best Practice and Conduct in Financial Markets**
- Housing Finance Bank – **Developing**

Uganda's Financial Markets while leveraging on the Uganda Capital Markets

- Tropical Bank – **State of the Markets Outlook 2H2021**
- Bank of Baroda – **Inflation and its Impact on other Interest rates in an Economy**
- Absa – **Living Beyond the Corporate life**
- Kenya Commercial Bank – **Current Market Outlook Q4 2021**

In addition, specific sessions were facilitated and delivered by the following resource persons;

- **LIBOR Benchmark reforms** – Peter Mboowa | ABSA Uganda

▪ **Fixed Income Risk Management** –

Nadia Mindra, Robert Nyehangane, Leonard Ogenrwoth | Housing Finance Bank.

▪ **Understanding the 2021/2022 Budget** –

Benoni Okwenje | Centenary Bank

▪ **Repos (Sell – Buybacks)** –

Oscar Muwanga | Standard Chartered

▪ **Asset and Liability Management** –

Yunus Mugula | Standard Chartered

In 2022, the committee will continue engaging URA and MOFED on the issue of double taxation agreements among other tasks.



...Member Banks contributed to capacity building among committee members through sharing information, experiences and market insights.

FINANCIAL MARKETS DEVELOPMENTS ACROSS AFRICA

Uganda came through at the 5th position scoring 57 at the end of 2021.

This was a great improvement for Uganda looking at the previous years where Uganda simultaneously always held the 10th position with a score above 50.

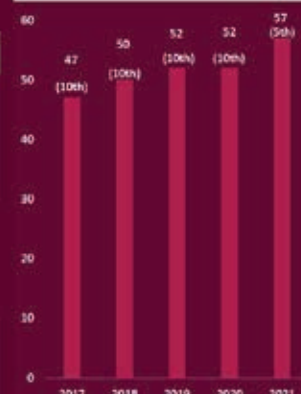
Overall results

Only seven countries scored over 50 this year, compared to 14 out of 23 last year.

Score Countries

| | |
|-------|--|
| >81 | South Africa (86) |
| 71-80 | Mauritius (70) |
| 61-70 | Nigeria (63), Ghana (62) |
| 51-60 | Uganda (57), Botswana (51), Zambia (51) |
| 41-50 | Namibia (48), Egypt (48), Malawi (48), Kenya (47), Morocco (47), Tanzania (45), Rwanda (43) |
| 31-40 | Eswatini (39), Seychelles (38), Ivory Coast (38), Mozambique (35), Senegal (34), Angola (33) |
| 21-30 | Lesotho (30), Cameroon (29), Ethiopia (25) |

Uganda AFMI scores 2017-2021



Source: Absa's AFMI 2021

| PILLARS | INDICATORS | STATUS FOR UGANDA |
|---|---|--|
| Market Depth | Product diversity; Market size, liquidity, depth, Primary dealer system | <p>The Introduction of a 20-year bond in the auction calendar in the last quarter of 2020.</p> <p>The Bank of Uganda also commenced online trading of government securities on Bloomberg and Refinitiv</p> <p>Uganda increased by 1 point in market depth.</p> |
| Access to Foreign Exchange | Liquidity, Capital restrictions, reporting, reserves | <p>Uganda got a favourable rating for capital controls indicating hardly any restrictions for foreign exchange.</p> <p>We have the fourth most liquid interbank foreign exchange market whose turnover increased to \$21.5bn as of June 2021 up from \$20.1bn the previous year.</p> <p>In 2020, the bank of Uganda intervened in the currency market by selling about \$200m in FX causing the shilling to appreciate.</p> <p>It also authorized the inclusion of FX swaps in the monetary policy toolkit to increase access to foreign currency and moderate exchange rate volatility</p> |
| Market Transparency, tax and regulatory environment | Basel, climate stress testing, accounting standards, tax environment, market reporting, ratings, sustainable market standards and incentives for green issuance | <p>Uganda managed to gain one of the highest scores for fully implementing international Financial Reporting Standards while A new indicator on climate stress testing cost Uganda points in financial stability regulation.</p> |
| Capacity for local investors | Pension Funds assets | <p>In Uganda, the ratio of pension fund assets to market cap was 7.5%, up from 2.7% last year.</p> <p>Greater activity in the equity market increased the liquidity weight for Uganda's score in this indicator.</p> |
| Macroeconomic Opportunity | Economic growth, competitiveness, data standards, budgets and MPC transparency, debt profile, quality of banking sector assets | <p>Uganda is amongst the 10 countries with the lowest external debt to GDP ratio in the ranking. Its debt profile worsened slightly in 202, as this ratio increased 4.7 percentage points to 31%.</p> <p>Credit quality in Uganda deteriorated albeit marginally. Our NPL ratio increased to 5.2% at the end of 2020, up from 4.8% a year earlier.</p> <p>Our living standards continue to improve, showing an 18% year-on-year increase with GDP per capita reaching \$912 by the end of 2020 up from \$770 in 2019</p> |
| Enforceability of standard master agreements | Netting and collateral positions, use of standard master agreements | <p>Uganda earned full points for the enforceability of collateral provisions.</p> <p>The National Payment Systems Act, enacted during the 2nd half of 2020 includes a dedicated section on collateral arrangements norms.</p> <p>Considerable progress in making netting enforceable allowed Uganda to score highly. A good note is that the NPS Act has a section that recognizes the 'enforcement of close-out netting provisions.'</p> <p>The Bank of Uganda continues to pursue the enactment of a netting law that will make Uganda a clean netting jurisdiction and further strengthen the confidence of market players, both domestic and international, to participate in horizontal repos.</p> |

CHIEF FINANCE OFFICERS' COMMITTEE



FINANCIAL SECTOR TAX MATTERS

In November 2021, with the support of the committee's Tax Policy Workstream, the CFO Committee shared tax policy proposals on eleven (11) areas with the Ministry of Finance Tax Policy team in preparation of the budget.

These included; proposed amendments to specific sections in the Income Tax Act, VAT Act and Excise Duty Act as well as considerations of tax exemptions for the importing of digital equipment/accessories to enable agent banking spread across the country.

Further engagements will be held with the Ministry in 2022 on these proposals and tax policy around Islamic finance including other matters pertinent to the financial services industry that can support the deepening and growth of financial services across the country.

EXEMPTION OF VAT ON IMPORTED SERVICES

The Committee engaged URA on the correct treatment of an amendment in the VAT Act (Section 20 (2)) in relation to exemption of VAT on imported services being consumed in the production of exemption services.

This resulted in better clarity and a decision from URA stated that for financial services whose suppliers are tax exempt, they will no longer be required to account for VAT on imported services from 01st July 2021.

SOME TAX CHALLENGES

The Committee engaged member banks and tax advisors on pertinent tax challenges that the banking industry was subjected to during the year. These included; taxation of nostro charges, treatment of interest expense accrued in the financial statements but not

paid as at year end excise duty on nostro charges.

As part of training and development, the Committee's Accounting and Standards Workstream organized two (2) trainings for member banks on ICAAP & Basel II and Stress Testing.

These were delivered in collaboration with Bank of Uganda, and attended by finance, risk, compliance, and internal audit bank teams

The Committee's Strategy and Regulatory Workstream undertook an exercise of benchmarking key costs in the banking sector including rent, network links, ATM servicing, IT preventive maintenance, CIT, guarding services, aggregation fees for USSD, insurance, and external audit services. It is anticipated that this task will be finalized in 2022 and inform industry negotiations.

LEGAL COMMITTEE

The Committee engaged with Uganda Registration Services Bureau (URSB) and discussed the challenges faced by industry in the utilization of the available services. The engagement highlighted among others the need to enhance the capacity of the system to support increased online transactions and strengthen collaboration to promote the utilization of the available services among financial sector players.

The Committee further provided legal advice to the sector on risks and trends affecting the industry such as increased cyber security risks by ensuring data protection clauses are incorporated in agreements with service providers so as to motivate SFIs to tighten measures against breaches, mitigating issues presented by their clients and taking a leading position in resolving the issue of personal liability of directors for company sim cards.

The Committee facilitated engagements

between the commercial court and the banking sector that focused on strengthening and promoting collaboration between both parties.

Further, the committee reviewed and provided technical guidance on various developments in legislations and legal decisions like the Data Privacy & Protection Regulations, the NSSF [Amendment] Bill, 2021 (now passed into law), the National Payment Systems Regulations, 2020 and other legal cases. The Committee advised on how institutions can ensure compliance with the respective legislations and the impact of the Court decision on the industry.



CREDIT COMMITTEE

In 2021, the sector continued to operate under a tough macroeconomic environment due to the slowdown in economic activity brought about by the Covid-19 pandemic. Financial Institutions adapted much better to the new normal with increased digitization across banking activities to help serve customers/clients better even during the lockdown and post COVID-19 period.

COVID-19 PANDEMIC DISRUPTION AND CREDIT RELIEF MEASURES (CRM)

Following the lifting of some of the COVID-19 restrictions that were put in place by the government, most of the sectors in the economy were opened up in 2021. The two sectors that were hardest hit were education (private schools) and tourism (hotels and hospitality). Bank of Uganda (BOU) intervened with Credit Relief Measures (CRM) that ran for 18 months from 1st April 2020 to 30th September 2021, and had a positive effect on the industry and customers who benefited.

BENCHMARK INTEREST RATE REFORMS - KEY REFERENCE RATES (LIBOR)

As part of an ongoing global reform of the interest rate benchmarks, LIBORs are being replaced by newly recommended and more robust benchmarks also known as risk-free rates or RFRs. The LIBORs supervisory authority, the UK's Financial Conduct Authority (FCA), announced in March 2021 the future cessation or non-representativeness of the LIBORs. The USD LIBOR will be fully discontinued at the end of June 2023. Since then, Regulators have endorsed the following replacement

risk free term rates - SOFR (USD – Secured Overnight Financing Rate); SONIA (GBP – Sterling Overnight Index Average) and ESTR (EUR – Euro Short Term Rate).

In light of the above, SFIs in Uganda are expected to identify and proactively manage all affected clients, business areas and legal documentation where required. SFIs are required to ensure clients are kept updated throughout the transformation process, using industry events, workshops, and one-on-one interactions to help ensure the transition impact is minimized where possible.



Following the lifting of some of the COVID-19 restrictions that were put in place by the government, most of the sectors in the economy were opened up in 2021.

BANCASSURANCE TECHNICAL COMMITTEE



Ms. Patricia Amito, Head Communications & Corporate Affairs speaks at the Breakfast Meeting held with Member Bank Heads of Bancassurance at Golden Tulip Hotel

In 2021, the committee focused on leveraging financial inclusion strategies to reach out to the biggest percentage of Ugandans with insurance propositions and strengthening working partnerships with key stakeholders such as the Insurance Regulatory Authority, Uganda Insurers Association, Insurance Training College Uganda.

According to the Insurance Regulatory Authority, the contribution of bancassurance increased by 8.22% of market gross written premiums as at October 2021.

Uganda Bankers' Association in collaboration with Uganda Insurers Association held a Bancassurance breakfast meeting in October 2021 that provided a good platform for SFIs to share experiences, strategies for market penetration as well as capacity building across the market to drive the Bancassurance road map.

It was noted during the meeting that Bancassurance was contributing 2% of Bank's revenue and the members were encouraged to improve this position further.

The meeting agreed to the following;

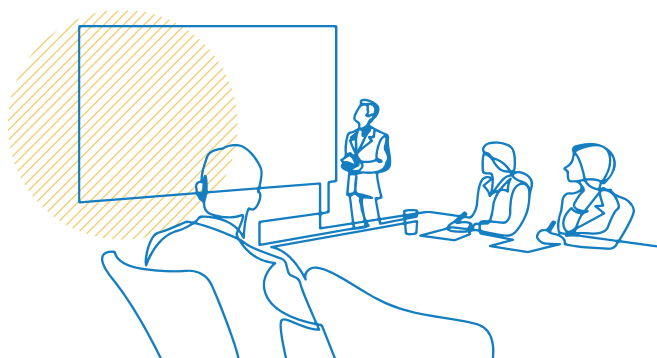
- Strengthening sales models with more bank branches able to sell bancassurance
- Aligning Bancassurance strategy to all channels of distribution within the bank structure (retail, commercial and digital space)
- Increasing support towards marketing budgets to enable awareness and bancassurance penetration in the market
- Embracing Bancassurance within the overall bank strategy, structure and culture of the bank

- Leveraging technology for Bancassurance system for business efficiency and reporting
- Engagements with the Insurance Training College Uganda to develop tailored training programs for bank staff and bank agents.



Mr. Paul Kavuma, CEO Uganda Insurers' Association speaks during the Bancassurance Breakfast Meeting held at Golden Tulip Hotel

HIGHLIGHTS



In 2021, a total of 107 committee meetings were held.

The UBA secretariat extends appreciation to the respective committee leadership

and members for dedicating time to delivering on their respective mandates and supporting the industry ultimately. We look forward to a more productive 2022.



Uganda
Bankers'
Association

Promoting Partnerships. Transforming Banking.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE TO: ALL CHIEF EXECUTIVE
OFFICERS OF UBA MEMBER INSTITUTIONS

13th
MAY

The Annual General Meeting of UBA
is scheduled for 13th May, 2022
starting at 4.00pm

Agenda for UBA AGM

1. Welcome Remarks by the Chairman & Confirmation of the Agenda
2. Minutes of the previous meeting held on 14th May 2021
3. Matters Arising
4. Chairman's Report
5. Treasurers Report: Presentation of Accounts for the year 2021 and the expression of opinion by the External Auditors
6. Membership Updates
7. Election of office bearers
8. A.O.B

CHAIRMAN'S REPORT

Dear Members,

I take this opportunity to welcome you all to the 2022 Annual General Meeting of the Uganda Bankers' Association and thank you for setting time aside to be part of this meeting.

We thank God we are able to meet today to take stock of events of the year past, since our AGM meeting.

Good corporate governance requires that at each annual general meeting, the chairman presents a report on the performance of the

association in the prior year, and any other major events in the banking sector to its members.

The banking sector had to continue adapting to the adjustments occasioned by the COVID-19 pandemic that continued in 2021 and constrained the year with further outbreaks of the delta and omicron variants in Q2 and Q4 respectively.

The impact of the delta virus was

devastating with widespread infections and deaths in the country. This led to stringent measures coupled with another total lock down in May 2021, with key sectors of education, tourism and hospitality being most impacted. The lockdown measures were eased with time, and the economy was finally opened to all sectors in January 2022.

Recovery is expected over the medium term and a lot of support will be required from all key stakeholders including the banking sector to encourage credit growth and revive the economy.



Mathias Katamba
UBA Chairman

1.0 INDUSTRY PERFORMANCE REVIEW 2021

Conditions in the domestic financial markets remained stable supported by an accommodative monetary policy stance and relative stability in the foreign exchange market.

Industry Assets and Liabilities

The total assets of the banking industry grew by 8.4% year on year, from Ugx 38.2 trillion at end of December 2020 to Ugx 41.4 trillion as at end December 2021. This growth was driven by;

- Growth in loans and advances by 8% (Ugx. 0.9 trillion) from Ugx 16.3 trillion reported in 2020 to Ugx 17.2 trillion in 2021.
- Marketable trading securities that increased year on year by 10% (Ugx. 531 billion) from Ugx. 5.3 trillion as at December 31, 2020, to Ugx. 5.8 trillion a year later.

Customer deposits grew by 6% (Ugx. 1.7 trillion) year on year from Ugx 26.8 trillion in December 2020 to Ugx 28.2 trillion in December 2021.

The total number of accounts recorded grew by 9.5% year on year from

17,762,123 as at December 2020 to 19,447,332 as at end December 2021.

The number of Agent Banking outlets recorded were 20,106 as at end of December 2021 compared to 15,716 at the end of December 2020.

Earnings and Profitability

The aggregate banking sector profitability improved in 2021 despite the challenging macroeconomic and other conditions. Total comprehensive income for the banking sector was recorded at Ugx. 1.04tn by the break of 2021 from Ugx 782.7bn reported in December 31, 2020.

Eighteen (18) of the twenty-six (26) commercial banks recorded profits (69%), compared to nineteen (19) of the twenty four (24) in 2020.

Industry average cost to income ratio excluding loan provisions improved significantly from 68% to 55.2% year on year.

Whilst aggregate ROA dropped from 2.7% in 2020 to 2.5% year on year because of higher proportionate increase in total asset growth compared to growth of income, ROE improved from 16.1% as at end of December 2020 to 23.2% as at the end of 2021.

On aggregate, the banking sector capital position remained strong supported by BOU policy restrictions on dividend payments and credit relief measures.

By end of the year, the Aggregate Core/RWA stood at 22.2% for Commercial Banks, 14.7% for Credit Institutions and 38.6% for MDIs.

The stock of loans under covid-19 credit relief restructure was at 3.1 trillion at end of December 2021 of which 1st restructure was 1.1 trillion, 2nd restructure was 1.4 trillion, 3rd restructure was 0.57 trillion and the balance of 0.6 trillion being 4th restructure.



The aggregate banking sector profitability improved in 2021 despite the challenging macroeconomic and other conditions. Total comprehensive income for the banking sector was recorded at Ugx. 1.04tn by the break of 2021 from Ugx 782.7bn reported in December 31, 2020.

The banking industry played its role as an engine to facilitate activities in all other sectors of the economy by providing a range of relief measures and interventions to support growth and economic recovery during and post COVID-19 Pandemic lockdown.

The Credit Relief Measures (CRM) put in place on April 01, 2020, to support COVID-19 impacted businesses expired on March 31st, 2021, and were renewed by the regulator for another 6 months until September 30, 2021.

Further accommodations for sectors such as education and hospitality that remained under lockdown were put in place to enable Supervised Financial Institutions (SFIs) to continue providing credit relief till end of September 2022.



The banking industry played its role as an engine to facilitate activities in all other sectors of the economy by providing a range of relief measures and interventions to support growth and economic recovery during and post COVID-19 Pandemic lockdown.

2.0 MEMBERSHIP & STRUCTURES

In November 2021, I&M Group PLC officially launched its rebranded operations in Uganda as I&M Bank (Uganda) Limited, following its acquisition of Uganda's Orient Bank Ltd on 30th April 2021.

In December 2021, Bank of Uganda granted Post Bank Uganda Limited, a license, to operate as a fully-fledged Tier 1 commercial bank bringing the number to 26 Tier 1 Supervised Financial Institutions.

In October 2021, Bank of

Uganda issued the Agent Banking Company, the industry special purpose vehicle operating the shared agent banking platform a payment services operator license.

Members agreed that considering that UBA is a non-profit organization, a separate entity be considered to oversee all of UBA's investments that are profit oriented to enable them better operate within the realities of commercial environment.

HIGHLIGHTS OF OTHER KEY ACTIVITIES THROUGH THE YEAR 2021

3.0 PROPOSED REFORMS AND OTHER REGULATORY DEVELOPMENTS IN THE BANKING & FINANCIAL SERVICES SECTOR

3.1 PROPOSED REGULATORY REFORMS

On the 15th of March 2019, UBA member institutions together with Bank of Uganda and key stakeholders gathered at Serena Kigo for a full day retreat reviewing the operating environment for regulated financial institutions and at the end of it all, agreed to constitute a team to;

- Review the existing laws and regulations in the banking sector including the Financial Intelligence Authority (FIA), its supporting regulations, guidelines, circulars, risk

management guidelines with the objective of identifying limitations impacting business opportunities for the sector and areas of improvement in products and services.

- Review the laws and regulations from other regulatory jurisdictions for purposes of benchmarking which could in-turn inform, have a bearing, or impact financial institutions business in Uganda.
- Recommend any other reforms, changes, adaptations, in the oversight & practice of banking operations as appropriate.

The output of this team that was constituted was the regulatory reforms report which was finalized and handed over to the Deputy Governor of Bank of Uganda on 15th October 2021 by myself, together with the Executive Director of Financial Sector Deepening Uganda (FSDU).

The review covered 11 thematic areas including Governance, Legal, Compliance, Credit, Credit Reference Bureau (CRB), Information and Communications Technology, Digital Financial Services & Agent Banking, Operations, Clearing & Settlements, Finance and Treasury.

This report shared recommendations across the 11 thematic areas for amendments and a framework for implementing these changes. The recommendations are intended to boost banking operations in the country by improving efficiency, reducing cost of access, enhancing the safety and soundness of the financial sector, unlocking the potential of financial technology, and streamlining laws and regulations to enable regulated financial institutions to fully play their role in realizing Uganda's Vision 2040.

The detailed report can be accessed through this link <https://ugandabankers.org/other-publications/>

We are deeply grateful to FSDU, Friends Consult, Ortus Advocates and the team at the UBA secretariat for the support, time and effort accorded to this very important assignment that will inform improvements for the banking sector.

3.2 PROPOSED INCREASE IN PAID UP CAPITAL:

On 20th August 2021, we received notification from the Executive Director Supervision, that Bank of Uganda was considering an upward revision of the minimum paid up capital. The correspondence which referred to section 26(5) of

the Financial Institutions Act 2004 and Section 15(3) of the Micro Deposit Taking Institutions Act 2003 indicated that Bank of Uganda intended to increase the minimum paid up capital requirements for Commercial Banks, Credit Institutions (Cis) and Micro Finance Deposit Taking Institutions (MDIs) within 3 years as follows:

| No. | Institution | Current Paid Up Capital | Proposed Paid Up Capital |
|-----|---------------------|-------------------------|--------------------------|
| 1 | Commercial Banks | Ugx. 25 billion | Ugx. 150 billion |
| 2 | Credit Institutions | Ugx. 1 billion | Ugx. 25 billion |
| 3 | MDIs | Ugx. 500 million | Ugx. 10 billion |

The rationale for the proposed changes were indicated as follows:

- The real value of the required minimum capital requirements had been eroded overtime, and needed to be aligned with the macroeconomic developments, as well as enhancement of financial stability and monetary policy transmission.
- There was need to align capital requirements with financial system developments including growth in assets, risk exposure and other regulatory developments.
- There was need to enhance domestic capacity to finance Uganda's growing economy especially

in light of the developments in the oil & gas sector and the related supporting infrastructure and local content development.

- The need to enhance Uganda's banking industry competitiveness in the EAC common financial market.

We held extensive discussions with BOU regarding the proposed changes as an industry and as individual SFIs and we were notified that a similar process would continue with the Ministry of Finance Planning and Economic Development (MOFPED) as appropriate.

We do believe the position will become clearer in 2022.

3.3 LIBOR TRANSITION

T In December 2020, Bank of Uganda provided member SFIs a transition road map with critical milestones for completing the transition from Libor as a benchmark for both financial and non-financial transactions at the end of December 2021.

In October 2021, we wrote to BOU and requested for a one-year extension from December 31, 2021, to December 2022 to enable more preparedness and less customer impact, specifically:

- To provide more time for remediation and conversion of legacy complex LIBOR-linked contracts involving multi-lateral lenders from other jurisdictions aligned to the FCA LIBOR cessation timelines.
- To allow for smooth landing of the new alternative reference rates
- Enable more client training/ acclimatization as deemed necessary in the spirit of treating customers fairly.

Bank of Uganda communicated and advised the approval to extend the LIBOR

transition deadline from 31st December 2021 to 31st December 2022. SFIs were however expected to cease entering into new LIBOR-linked contracts by 31st December 2021.

3.4 BASEL II IMPLEMENTATION

During the year 2021, BOU issued a circular on the implementation of Basel II Capital Accord in Uganda. The communication provided the guidelines purposed to aid the transition of the respective SFIs to Basel II and the documented guidelines included:

1. ICAAP guidelines.
2. Credit Risk Guidelines.
3. Operational Risk Guidelines.
4. Stress Testing Guidelines.

By the end of the year, the Basel II implementation had been fully embedded, however additional work was created in respect of tailoring data capture and reporting to suit the guiding metrics in Basel II for credit relief measures issued by BOU in 2021. I hope that all member SFIs have now closed this bit as well.

4. ICT & DIGITAL FINANCIAL SERVICE INITIATIVES

4.1 ELECTRONIC KNOW YOUR CUSTOMER (E-KYC) PROJECT

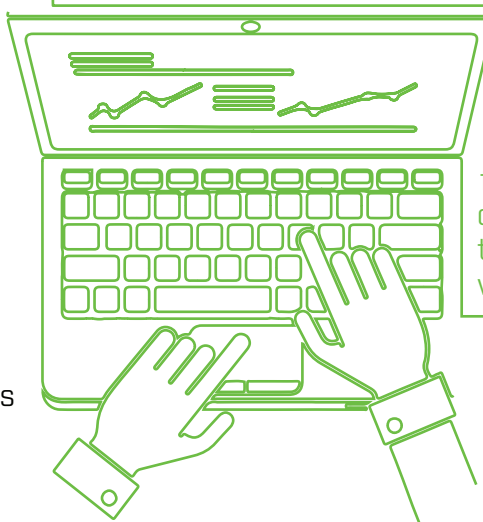
This project was conceptualized in Q4 2019 in order to actualize UBA's medium term (2019- 2021) strategy that focuses on leveraging ICT for digital financial services in order to increase access to financial services and drive initiatives that lower the cost of delivering financial services, manage the risk and increase financial inclusion.

The sustainable and seamless delivery of financial services relies significantly on the ease of uniquely identifying customers and having an agreed form of identification for the sector to use. The absence of a flexible, timely and cost-effective means of verifying consumers' identity by the SFIs has been a major

constraint to financial inclusion in Uganda. Electronic - KYC is a critical foundational component for Uganda's financial industry towards building a robust digital ecosystem in line with NDP III objectives.

Together with Financial Sector Deepening (FSD) Uganda, Laboremus Uganda, Uganda Bankers' Association (UBA) and Bank of Uganda supported the development of a technical infrastructure enabling the supervised financial institutions (SFIs) to:

1. Update records of their customers with the National Identification Number, as per the directives of the Deposit Protection Fund (DPF) issued in 2019.
2. Electronically validate the identity of their customers using their National Identity Number (NIN) for new account opening and transaction validation.



We thank Financial Sector Deepening Uganda (FSDU), Laboremus, National Information Technology Authority- Uganda (NITA-U), and National Identification and Registration Authority Uganda (NIRA) who walked with us this far and will rely on their continued support in embedding and operationalizing the system into business as usual in the course of 2022.

Members, you will recall that we agreed to establish the Cyber Security Operations Centre to enable financial institutions in Uganda to collaborate, share knowledge and best practices in cyber security and leverage lessons learned/unique experiences to mitigate emerging cyber threats and vulnerabilities to safeguard the banking and financial system.

The safe and efficient operations of the banking Infrastructure is critical to promoting financial stability and economic growth, thus, the shared cyber security capability and center of excellence will provide key services to foster cyber resilience for the entire industry & its members.

We have outsourced a consultant to develop the mode and framework for the Centre

4.3 INITIATIVES TO SUPPORT AGENT BANKING IN UGANDA

Agent banking services remains a key component within the national financial inclusion strategy by contributing to the reduction in access barriers to financial inclusion.

To date, there are 22 Supervised financial institutions integrated on the shared agent banking system (SABS) with over 15,000 authorized agents across the country facilitating the transactions through the interoperable platform.

In 2021, we received financial support from GIZ PRUDEV and Financial Sector Deepening Uganda respectively towards:

- Scaling up the uptake/ utilization of agent banking services in northern Uganda through a public awareness campaign in the Acholi and Lango sub-regions. The campaign is enabling better understanding of the services offered and raising fraud awareness among others.
- Production of a video documentary and case study on the journey of the shared agent banking network in Uganda that profiled of the successes, challenges faced and lessons learned in the course of development of the interoperable platform. This is an important visibility tool that will used

during future engagements.

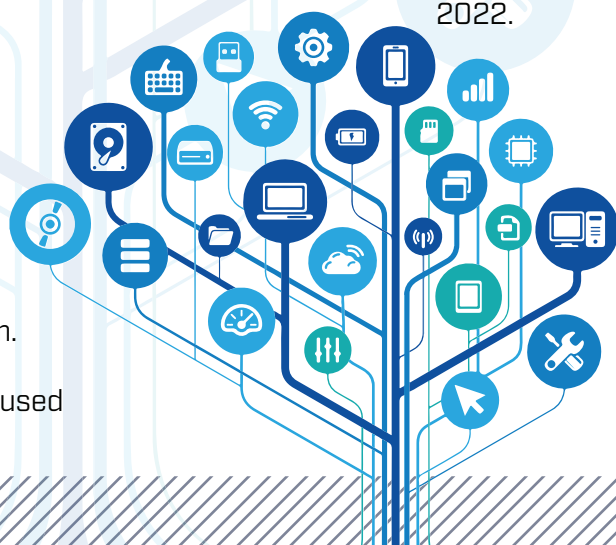
Further UBA and Uganda Christian University with support from FSDU undertook a research in Western Uganda on how agent banking is accelerating financial inclusion. The validation and subsequent dissemination of the findings are key activities for 2022.

We remain grateful to all the various stakeholders, member financial institutions, development partners, Bank of Uganda, MOFPED and other government agencies that continue to support growth of agent banking in Uganda.

4.4 ENHANCING INDUSTRY CAPACITY IN THE PAYMENTS SPACE

 The UBA Investment committee established in September 2020 went into full drive in 2021 to put in place a plan to deliver the industry's vision on payments. In the month of October 2021, the committee delivered a detailed report of recommendations and the roadmap to bring alive this vision working closely with Bank of Uganda.

An implementation framework together with structure to see this through were agreed on and we expect execution of these plans to take shape in 2022.



5. SUPPORT TO THE EDUCATION SECTOR

5.1 ENGAGEMENT WITH THE PROPRIETORS OF PRIVATE EDUCATIONAL INSTITUTIONS.

We held an engagement with the Proprietors of Private Educational

Institutions Association of Uganda (PPEIAU), at the Private Schools Proprietors National Interactive Forum to discuss the interventions by the banking sector to provide relief to educational Institutions that had remained closed for almost 2 years because of the lockdown occasioned by COVID-19 control measures.

Key issues covered in the deliberations included:

- The impact of COVID-19 on the economy including schools and educational institutions loan portfolio.
- Interventions so far by the financial sector and potential risks that could arise from prolonged use

of credit relief measures.

- Recommendations made to both BOU and MOFPED regarding the establishment of the education sector recovery fund (ERF) considering that this particular sector would take longer to recover.

The above engagements provided a good opportunity to determine clear solutions and progress for the education sector and we will continue to dialogue with all relevant stakeholders to determine additional support required.

5.2 INDUSTRY SPECIFIC ACCOMMODATIONS

The banking and financial services sector provided support to the education sector that was devastated by the COVID-19 pandemic and had been on lockdown for almost two (2) years. The specific accommodations provided for 12 months ending September 2022 included:

- » Waiver of early repayment fee clauses which would otherwise limit the ability of the customers to pay off

- » loans using other sources of income.
- » Waiver of any other penalty related clauses in the loan contracts due to inability to meet loan obligations in a timely manner as per loan terms.
- » No further accruing of interest on unpaid interest on the restructured portfolio.
- » For the restructured education sector portfolio, discounting interest rates charged effective 1st January 2022 by between 10%-25%.
- » The above accommodations

were also extended to staff of private educational institutions for salary-based loans acquired before lockdown.

- » Financial Institutions committed to support educational institutions once opened in January 2022 in debt management as well as working capital needs including towards meeting of SOPs.

The above accommodations will be made available to the borrowers including institutions and staff upon receipt of a request from them.

5.3 ENGAGEMENT WITH THE PARLIAMENTARY COMMITTEE ON EDUCATION, SPORTS & SOCIAL AFFAIRS



The Parliamentary Committee on Education invited us to share views on the proposal for government to put in place a recovery fund

for the education sector and also highlight the support the banking sector could offer to private schools to ease their debt burden and obligations.

During the meeting, the UBA ED highlighted:

- The contribution of the banking sector through the credit relief measures and additional support over the next 12 months ending September 2022.
- What had been done to support the education sector so far, through loan restructures.
- Proposals for long term interventions to support the education sector which had been forwarded to Ministry of Finance Planning and Economic Development and the Ministry for Education respectively for consideration.

5.4 ENGAGEMENT WITH FIRST LADY & MINISTER FOR EDUCATION



The First Lady with members of UBA at State House

The Executive and members of the UBA Stakeholder Committee together with BOU and MOFPED met with the Minister for Education and discussed accommodations for the education sector and support that could be offered to private school owners impacted by COVID-19. The meeting also discussed the detailed submission and proposals shared with the Ministries of Education & Finance regarding

long term interventions.

In this meeting we highlighted,

- Support the industry had provided to the education sector and the economy as a whole since the advent of the COVID-19 pandemic.
- Specific industry support to the education sector and accommodations agreed on over the next 12 months.
- Highlighted the risks and burden of having all accommodations

shouldered by the financial sector only, especially non-performing loans challenges and sustainability.

- Highlighted proposed interventions for the education sector both medium term and long-term.
- Proposed to government other interventions towards the challenge of debt, arrears & funding options to support the opening of schools.

6. SUPPORT TO MSMEs

6.1 SMALL BUSINESS RECOVERY FUND (SBRF)

On 23rd November 2021, we signed a tripartite participation agreement between

MOFPED, BOU & UBA for the establishment and roll out of the Small Business Recovery Fund.



Minister of Finance Planning and Economic Development, Hon. Matia Kasaija, UBA Chairman, Mr. Mathias Katamba and BOU Deputy Governor Mr. Michael Atingi-Ego after the signing the agreement and launching of the Small Business Recovery Fund at MOFPED Offices

The Ugx. 200 billion Small Business Recovery Fund (SBRF) was established in November 2021 as a partnership between the Government of Uganda (GOU) through the Ministry of Finance, Planning and Economic Development (MOFPED), Bank of Uganda (BOU), and Supervised Financial Institutions (SFIs) purposed to extend credit to small businesses that suffered financial distress arising from the effects of COVID-19 and yet show potential for recovery.

GOU provided Ugx. 100 billion (50%) for the SBRF for MSME support while SFIs would contribute the other Ugx 100 billion (50%) of the seed capital as well as undertake loan administration as a revolving fund. (For more information on features of the SBRF, visit our website and link herewith).

We will in 2022, continue raising awareness about this fund and progress with processing applications through the participating financial institutions as part of the efforts to support MSMEs and wider economic recovery.

6.2 SUPPORT TOWARDS CLEAN ENERGY AND RENEWABLE ENERGY SECTOR

We sought and received financial support from GIZ PREEP (Promoting Renewable Energy Efficiency Project) of EUR 100,000 (Approx Ugx 387M) towards improving uptake of renewable energy and energy efficiency products and services in four (4) target districts in

Acholi and Lango Sub regions including Arua, Lira, Gulu and Soroti.

The support is intended for strengthening the capacity of the private sector SMEs working in the renewable energy (RE) and clean energy (CE) sub sectors to develop bankable proposals and be able to access funds from financial institutions that have presence in the four (4) districts of implementation.

The focus of the project is gap analysis, product development, SME de-risking, SME profiling and ensuring SME readiness by way of bankable proposals.

We are grateful to GIZ for all the support provided through these partnerships over the last few years towards extending both reach and range of services by the banking sector.

6.3 ENGAGEMENT WITH INTERNATIONAL FINANCE CORPORATION (IFC)

We had engagements with the IFC in 2021 that focused on supporting SME businesses recover from the impact of COVID-19.

These included:

- * Collaboration to deliver a webinar where IFC presented a report on challenges and opportunities for MSME financing in the times of COVID-19 together with a market bite report that was shared with member banks.
- * Together with MOFPED, participated in various discussions on scoping activities to enable the finalization of a customized program of support to Uganda. Subsequent discussions focused on draft proposals to support warehouse receipts systems, commodity exchanges, secured agri-finance transactions and collateral registries among others. Deliberations were also held regarding the support required from government and the private sector in mobilizing businesses to kick-start this support.

7. UNLOCKING OPPORTUNITIES FOR PLAYERS IN THE AGRICULTURAL VALUE CHAIN

7.1 ACCELERATING GREEN FINANCE IN UGANDA'S FINANCIAL SECTOR

Uganda has committed itself to pursuing a pathway to a green and inclusive economy. The financial sector can play an essential role in mobilizing the required capital and hedging against environmental risks; as well as providing capital to SMEs which provide ecologically sustainable solutions to foster a green and inclusive economy.

In order to support the development and/or embedding of green financing in the banking sector, we partnered with Uganda Green Enterprise Finance Accelerator (UGEFA) project fully funded by the European Union and launched the Green Finance Academy in July 2021. This academy will provide capacity building support for financial institutions in Uganda, including a comprehensive package of activities like training and an innovation hub as well as solution pitching.

I encourage all our member financial institutions to embrace this initiative and actively participate in the capacity building sessions.

7.2 SUPPORTING ACCESS TO FINANCE FOR SMALL HOLDER FARMERS

In 2021, we signed a strategic partnership with GIZ RELAPU (Responsible Land Policy in Uganda) to improve on the attractiveness of small holder farmers to financial institutions by addressing the challenge of access to finance for populations in this category via a pilot project in the districts of Mityana, Mubende, Gomba and Kassanda and the Teso sub region (Soroti and Katakwi).

The pilot project entailed promoting uptake and use of the Land Inventory Protocol (LIP) a secure database of with geo-mapped particulars of the land occupants on mailo titles and their respective Certificates of Occupancy (COP), a quasi-type of title recognized by the ministry of lands that financial institutions could use as collateral/security when extending credit facilities to farmers and other players in the agribusiness value chain.

We will continue to work with GIZ RELAPU and the Ministry of Lands to support our member financial institutions to strengthen this framework and develop products for small holder farmers.



7.3 ENGAGEMENT WITH OPERATION WEALTH CREATION (OWC)

We held meetings and shared our report on Agriculture and Trade Commodity Expansion Activities (ATCEA) with the Operation Wealth Creation (OWC) team.

This was in response to an earlier request from OWC for us to frame the opportunity

space in commodity trade, articulate the key challenges and constraints in commodity trade financing and ultimately design a framework to unlock the potential/opportunities in the agriculture and commodity trade & value chain.

In this submission, we emphasized the importance of incentivizing agriculture financing and risk

mitigation framework in order to make lending to the sector more attractive to financial institutions as well as facilitating access to markets. We also articulated the need for timely and accurate agri-business data, through partnerships and collaborations, as well as addressing any short comings identified in the operations of the Agricultural Credit Facility (ACF) co-funded by Government.

8. OTHER STAKEHOLDER ENGAGEMENTS AND PARTNERSHIPS

8.1 ENGAGEMENT WITH H.E THE PRESIDENT AT KYANKWANZI:

I was invited and attended a retreat in Kyankwanzi for the private sector on 04th December 2021 where I had opportunity to position the banking sector to H.E the President of Uganda and other key stakeholders in the country.

During this engagement, I specifically highlighted:

- The role the banking sector has played in the development of the country.
- The make-up and drivers of interest rates in Uganda and the role government can play towards seeing it come down.
- The support the banking sector has provided thus far to the economy during the COVID-19 pandemic and specific support to the education sector which was one of those most impacted.
- Commitment of the banking sector to support the country's development agenda and specific alignment with the national development plan.

I sought specific support from H.E, in changing the perception about the banking and financial services sector as a whole.

8.2 ENGAGEMENTS WITH THE MINISTRY OF FINANCE PLANNING & ECONOMIC DEVELOPMENT

The association held a number of fruitful engagements with the Ministry of Finance and the Uganda Revenue Authority through which a number of fiscal policy matters including tax amendments for inclusion in the 2022/2023 budget were presented.

Further engagements were held with the permanent secretary & secretary to the treasury (PSST) and other ministry officials on the perception of the banking sector, support the banking sector could provide to impacted sectors of education and hospitality, as well as support required to fast track crucial outstanding pieces of legislations or amendments.

We further, engaged MOFPED on the following:

- » The aspirations and commitments from the banking and financial services sector towards alignment with specific focus areas in the national development plan.
- » Discussed proposals as sent to the Ministry of Education and Sports regarding the proposed Education Sector Recovery Fund.
- » Engaged MOFPED and BOU on the issue of government domestic arrears and the challenges this placed on service providers to government who have outstanding loan facilities with the financial sector. We proposed ways in which the same could be

converted into government bonds while at the same time easing the burden of obligated customers to settle their obligations in the recovery period.

8.3 ENGAGEMENT WITH THE WORLD BANK & IMF

The secretariat had various discussions with IMF & the World Bank in the course of the year on the state of the economy and the various interventions required to turn the dial and support recovery.

Specific engagements included:

- » Participation in private sector diagnostic on opportunities and constraints in sectors that are key to supporting the country's development agenda.
- » A webinar co-hosted by the International Committee on Credit Reporting on the "Role of Cloud in Promoting Credit Infrastructure: Myths and Realities" which member UBA member institutions attended.

9. RESEARCH COLLABORATIONS

Through strategic partnerships, the secretariat undertook a range of research collaborations culminating into research reports and sectoral paper briefs that will be used to inform wider sector engagements for growth and economic development.

A report on initiatives to decrease the cost of doing

business in the banking sector in Uganda was published in partnership with Makerere University Business School. This was purposed to assess and document best practices that can be individually and collaboratively adopted to reduce costs of doing business in the banking sector in Uganda and benefits therein passed on to customers. This report among others identified and recommended the following;

- Industry wide as well as institution specific structural changes.
- Promotion of more shared infrastructure and industry wide resources including IT systems, data centers, physical channels, and 3rd party services to benefit from economies of scale.
- Collaborations and partnerships with stakeholders in the banking ecosystem including technology providers, government agencies, and other service providers.

The secretariat further undertook reviews and produced briefs on key sectors impacted by the Covid-19 pandemic including education, hotel, tourism & hospitality sectors, real estate sector and the manufacturing sector which will continue to guide our engagements with relevant stakeholders.

10. COMMUNICATIONS AND CORPORATE AFFAIRS

As part of the effort to enhance public awareness and knowledge sharing, a number of initiatives/partnerships

were implemented in line with UBA's Communications and Corporate Affairs Strategy.

10.1 ENGAGEMENTS WITH THE MEDIA AND THE GENERAL PUBLIC

During the year, the secretariat continued with awareness communications particularly on-line. The communications team also undertook several media engagements (through TV and radio talk shows, and print media) and other fora to educate customers on dormant and inactive accounts, customer rights and obligations per the Financial Institutions Act, fraud risks & mitigation measures, and the small business recovery fund among others.

10.2 ANNUAL BANKERS' CONFERENCE 2021

We delivered the fourth (4th) series of the annual bankers' conference, also the first (1st) hybrid (virtual/physical) on 26th & 27th July 2021 under the theme "Bend but don't break": How the Financial Sector can thrive in the era of the 4th Industrial revolution where the Governor of the Central Bank of Kenya, Dr Patrick Njoroge delivered the note address.

Key conference takeaways & publications therefrom are available on our website and conference magazine.

10.3 ANNUAL BANKING AND FINANCIAL SERVICES AWARENESS MONTH/ WORLD SAVINGS DAY

We participated in the annual banking and financial services awareness month and virtual banker's sports gala organized in collaboration with the Uganda Institute of Banking and Financial Services (UIBFS). This public awareness event was purposed on improving financial literacy in the public domain with the aim of promoting prudent financial behavior so as to better deal with future emergencies such as COVID-19.

10.4 COVID-19 AWARENESS AND VACCINATION CAMPAIGN

The COVID-19 Pandemic was a game changer that brought to light the need for flexibility around customer service channels, products and services, collaborations & partnerships and internal organizational structures & re-alignments to cope with a crisis of such proportion.

The banking & financial services sector stepped up support and awareness of COVID-19 to ensure the safety of their customers and staff through:

1. Driving customer awareness on alternative digital channels and the safe usage of the same for transacting.
2. COVID-19 awareness sessions were held by the individual member

SFIs, and an awareness webinar was held by the UBA COVID-19 task force in partnership with the Uganda Institute of Banking and Financial Services.

3. The banking sector promoted hybrid working practices in order to embed social distancing, enabling, and supporting staff to work from home.
4. Vaccination of staff to compliment the effort of individual member institutions, where a total of 1560 kampala based staff were vaccinated in 5 locations in the metro areas. Efforts are underway to extend the vaccination to centers outside Kampala in Q2 of 2022.

11. UBA MEDIUM TERM STRATEGY

11.1 END OF STRATEGY PERIOD 2019-2021

The UBA strategy period 2019-2021 came to an end with the following achievements realized in the period:

1. Additional funding amounting to Ugx. 3.9 billion was secured from development partners.
2. Increased visibility of the organization's work through stakeholder engagements and use of online channels including social media.
3. Submission of the regulatory reforms

report with key recommendations to improve the operating environment for financial institutions.

4. Establishment of the research and strategy directorate to inform & support our engagements with stakeholders.
5. Continued rise in the profile our flagship Annual Bankers' Conference now a key industry event in collaboration with both national and international partners.
6. Delivery of the Electronic Know Your Customer (E-KYC)/ Access to NIRA database project with 25 supervised financial institutions out of the 36 connected to NIRA by end of December 2021.
7. Establishment of the Green Finance Academy in partnership with Adelphi to support capacity building for financial institutions in SME green financing.
8. Operationalization of the International Center for Arbitration and Mediation in Kampala (ICAMEK) that offers Alternative Dispute Resolution as opposed to long drawn out litigations in courts of law, particularly for

recovery cases.

11.2 STRATEGIC PLAN 2022-2024

The strategic plan for the period 2022 – 2024 was concluded and approved/adopted with the following key objectives;

1. Positioning the industry to support economic recovery post COVID-19 pandemic.
2. Bringing alive and implementing identified key strategic projects including the cyber security center as well as payments infrastructure to support the national switch.
3. Continuation with stakeholder engagements and alignments to support specific sectors identified as growth accelerators/multipliers in the national development plan priorities.
4. Building resilience across the banking & financial services sector.
5. Consolidating and enhancing the achievements of the previous strategy period 2019 – 2021 specifically, focusing on:
 - Championing and collaborating on initiatives intended

at driving down the average industry cost of delivering financial services in Uganda.

- Championing the growth, development, and adoption of robust, 24/7, secure, integrated multi-channel digital infrastructure required to transform the industry and harness financial service opportunities in intermediation, credit, and payments space.
- Championing initiatives to promote financial inclusion, penetration of banking services, participation by the banking industry in key national projects driving the economy and overall expansion and leadership in the financial services sector.

12. CHALLENGES

The year was not short of challenges including the loss of staff and partners due to COVID-19, stressed portfolios arising from the pandemic, fraud risks, delays in concluding crucial pieces of legislation and regulations among others.

The Industry continued to feel the shockwaves of the decision passed by the High Court in the case of Ham Enterprises Vs Diamond Trust Bank in 2020. Diamond Trust Bank appealed this ruling and

was successful in the Court of Appeal, as the matter was referred back to the High Court to be heard before a new Judge.

The Industry continues to closely follow up this matter to its final resolution.

13. OUTLOOK FOR 2022

2 021 GDP growth was estimated at just below 4% and recovery is expected in 2022 since the economy has fully opened, and the inflows to support investments in the Oil & Gas sector are expected to spur economic activity particularly following the final investment decisions (FID) sign offs.

The key drivers likely to shape this recovery & growth in 2022 include:

- With government focus now turning to vaccination and public information. There is a very low expectation of lockdowns/ restrictions re-emerging and a significant rebound in trade, education, tourism sectors are expected.
- Up to \$10Bn

investment in the oil and gas sector announced in February 2022 and we estimate 5-7% of that will be direct local spend activating growth in key sectors including construction, services and agriculture.

- Public sector investments in infrastructure particularly roads, airport, power dams.

We remain optimistic that the economy will rebound, with hopes hinged around services (ICT), agriculture, trade, manufacturing, tourism, Oil & gas, as well as new markets access in the DRC Congo.

The financial sector is well positioned to support the current and emerging needs of customers and to support the economy in recovery mode now and in the medium term period.

14. CONCLUSION

I take this opportunity to convey my gratitude to all of you member CEOs and the institutions

you represent for the support rendered and cohesiveness demonstrated throughout 2021.

I specially thank members of the executive with whom we worked very closely to deliver the association's mandate & activity plan for 2021.

Very deep & special thanks to the UBA secretariat led by the Executive Director and his entire team supported by the UBA committees for being the engine behind the above achievements. We thank you most sincerely for the good work you do for the industry.

Lastly I say thank you to our regulator Bank of Uganda with whom we have maintained a very warm, cordial & excellent relationship, our various partners, customers & all stakeholders for the tremendous support, openness and collaboration exhibited throughout the year 2021.

May the year 2022 bring us closer to deliver more.

Mathias Katamba
Chairman, Uganda Bankers' Association

KEY ACTIVITIES IN 2021

REPORT ON THE ANNUAL BANKERS' CONFERENCE 2021



Uganda Bankers' Association and Partners held the 4th edition of the Annual Bankers' Conference 2021 (ABC 2021) on 26th and 27th July 2021 as the first hybrid conference. Majority of the participants were enabled to join and participate in the conference virtually with a few attending the event physically.

Under the theme ***"Bend but do not break: How the financial sector can***

thrive in the era of the 4th industrial revolution", the conference comprised four panel discussions that focused on;

- (i) Redefining financial inclusion and deepening access to financial services.
- (ii) Driving insights through data analytics and harnessing opportunities from the unprecedented processing power & storage capacity in 4iR.

(iii) Trending developments in the payments space: emerging trends & future outlook.

(iv) Confronting fraud & cyber security risks.

The UBA Chairman Mathias Katamba in his remarks noted that the proliferation of disruptive technology had impacted the financial services sector most especially in terms of delivery of services. *"There is a need to redefine financial inclusion putting on context the vulnerable people like refugees; and foster collaborative innovation that design services with the customers in mind. Collaborative innovation brings the need to design services with the customers in mind"*. The Chairman emphasized that all stakeholders had a

responsibility to guide the 4th Industrial Revolution.

In his remarks, the Governor Bank of Uganda, Prof Emmanuel Tumusiime Mutebile (RIP) noted that technology innovations worldwide had been critical in navigating the hurdles of COVID-19 in financial sector. Seamless access of financial services and sustained continuity are attributed to technology developments. He further shared that in a bid to provide an enabling environment, the National Payments Act had been enacted in Uganda and a National Task Force on 4iR constituted.

A draft strategy had subsequently been developed for adoption.



L-R; UBA ED Willbrod Owor., Stanbic CEO Ann Juuko, Chief State Attorney (Forensics) Office of the DPP, Caroline Acio, Ag. Director Forensic Services Uganda Police Force, Mr. Andrew Mubiru, EDS BOU, Dr. Tumubweinee Twinemanzi at the Annual Bankers' Conference event held at Serena Hotel



Mr. Micheal Niyitegeka, Program Director, Refactory at Clarke International University moderated a session with Mr. James Byaruhanga GM, Raxio Data Centre Uganda as one of the panelists at Serena Hotel

The keynote address was delivered by the Governor, Central Bank of Kenya, Dr. Patrick Ngugi Njoroge who emphasized that technology and innovations were being adopted at an exponential rate, making developers compromise on quality of their products. He further shared that there was need to identify ways to navigate and ensure that, people centricity

takes place in products and services development. There was further need to maximize opportunities resulting from innovation while minimizing risks.

He closed his remarks by likening technology developments to a marathon in terms of duration, consistency and perseverance with an eye on quality.



KEY TAKE OUTS FROM THE DELIBERATIONS HELD AT THE CONFERENCE

- Financial institutions should re-engineer their business models and adopt new and more efficient business operational frameworks in order to ensure the seamless accessibility of financial services, their continued sustainability and customer responsiveness.

Sharing digital infrastructure will reduce cost of financial services to customers especially in the digital era. There is need to advance partnerships between financial institutions and other stakeholders in the financial ecosystem including government and private sector to create a shared digital infrastructure aimed at deepening access to financial services.

- Financial Institutions should

invest in digital Literacy, if they are to fully prepare the population & harness the potential in 4IR.

- Financial institutions should create opportunities for economic empowerment, for many of those who are at the bottom of the pyramid in order to achieve the objective of financial inclusion.
- Financial institutions should enable the unbanked generate & save income as well as sustainable opportunities for growth.
- Environmental, Social and Governance (ESG) considerations - It is now widely appreciated that businesses can only be as successful as the societies they operate in and draw their existence from. ESG considerations must be paramount in any organization's strategy and operations and financial

institutions must rise to this challenge.

- Alignment with National priorities by enabling the creation of employment – One of the biggest challenges in Uganda today and in the future is lack of employment. This can be turned around by supporting key sectors that provide employment both directly and indirectly through their respective ecosystems.
- Supporting the recovery of businesses and the wider economy should be at the heart of Financial Institutions that will thrive in the new digital era. Targeted financial services to MSMEs and other vulnerable groups particularly women and the youth is an imperative. This will need to be supplemented by business advisory services and upskilling, as MSMEs pivot their business models to fit in the new normal.
- E-commerce has exploded as businesses are pivoted to the digital marketplace. Businesses in diverse sectors have to a large extent transformed their businesses riding on digital rails and platforms. The banking sector should explore opportunities and partnerships that will support e-commerce.
- An increasing reliance on technology solutions and third-party service providers increases operational risks,



UBA Chairman speaks at ABC 2021 Event

“

E-commerce has exploded as businesses are pivoted to the digital marketplace. Businesses in diverse sectors have to a large extent transformed their businesses riding on digital rails and platforms. The banking sector should explore opportunities and partnerships that will support e-commerce.

including cyber-security and Money Laundering risks. Even as financial institutions reap from innovation, they must remain alive to the risks and mitigate them. There is upsurge in online scams, identity theft and social engineering attacks. Financial Institutions must therefore reinforce their cyber defenses internally to neutralize the insider threat.

Externally, the financial institutions must build a circle of trust, nationally, regionally, and globally to share information and co-ordinate their cyber responses.

- Maximizing returns whilst minimizing risk - Emerging technology including artificial intelligence is a goldmine in building credit profiles and enhancing access to financial

services for segments of our populace with thin credit history and who lack collateral. Developing an Industry database of credit customers and data sharing to enable credit scoring and improvement of customer behavior, among other benefits will improve the quality of lending and improve the industry understanding of their customers.





LAUNCH OF THE UBA- UGEFA GREEN FINANCE ACADEMY (ACCELERATING GREEN FINANCE IN UGANDA'S FINANCIAL SECTOR)



Ms. Eva Sewaguude Jagwe, UBA, Director Strategy & Innovation, speaks at the launch of the Green Finance Academy at Serena Hotel in Kampala

Uganda Bankers' Association in partnership with the Uganda Green Finance Accelerator (UGEFA)-fully funded by the delegation of the European Union to Uganda launched the Green Finance Academy on 1st June 2021.

The Green Finance Academy offers an exclusive opportunity to UBA member banks and key ecosystem actors to strengthen the financial sector's capacity to successfully finance green small and medium sized enterprises (SMEs)

and environmental related projects in Uganda

The Academy will deliver hands-on training support to financiers to gain a thorough understanding and develop the ground work to deliver tailored financing for green investments, including for SMEs across sector, while tapping into the growing international capital earmarked for climate and broader green finance purposes.

UBA member banks will benefit from access to case studies and global good practices of green finance- thus laying the basis for co-creating the next generation of financial instruments for green finance in Uganda.





The Academy supports the commitments of the Uganda Green Growth Development Strategy and its focus on five investments areas of agriculture, natural capital management, green cities, transport and energy.

Following its launch, the inaugural 3-day capacity building session with member banks was held from December 6-December 8th 2021 and was officially opened by

Ms. Nadia Cannata, the Head of Sustainable Development, European Union Delegation to the Republic of Uganda.

This session addressed delivering green finance for sustainable investments, gaining understanding of green finance and opportunity to finance green SMEs and how to use the acquired knowledge to co-create the next generation of financial mechanisms to deliver

capital to green investments in Uganda.

Representatives from Bank of Africa, Cairo Bank, Equity Bank, FINCA Uganda Ltd, Housing Finance Bank, Post Bank Uganda Ltd and United Bank for Africa (UBA) participated in this initial session that further explored opportunities to expand their products, services and policies in line with green banking opportunities in Uganda.

Participating in the Green Finance Academy will enable the financial institutions to continue to refining their Green Finance Instruments while exploring opportunities for further green banking policy integration with the expert guidance of the UGEFA Team. The next phase of the training through the Academy is scheduled for March 2022.



UGEFA Training Session held in December 2021



UBA member banks will benefit from access to case studies and global good practices of green finance-thus laying the basis for co-creating the next generation of financial instruments for green finance in Uganda.



UGEFA Training Session held in December 2021



UGEFA Training Session held in December 2021

SUPPORT TOWARDS INCREASED PRODUCTIVITY OF THE SMALL HOLDER FARMERS



UBA Executive Director Wilbrod Owor and Team Leader GIZ Relapu Thorsten Huber after signing the Memorandum of Understanding at the UBA Offices in April 2021

The sector continues to explore opportunities and initiatives that facilitate agribusiness lending and ultimately rural development.

In 2021, Uganda Bankers' Association signed a memorandum of understanding with GIZ RELAPU to collaborate in implementing a pilot project aimed at promoting the uptake and use of the land inventory protocol (LIP) and certificate of occupancy (COO) as collateral to increase access to finance across the agricultural value chain. The Land Inventory Protocol (LIP) is a comprehensive

document that provides for evidence of land occupancy rights as agreed between a tenant and the landlord, ascertained by the Area Land Committee, after inspection of the land.

This document is also a supplement to the demarcation form 24 compiled by the Area Land Committee for boundary certification regarding the land described herein under the provisions of the Land Act, 1998 and Land Regulations 2004. The LIP can be used as a basis for obtaining a Certificate of Occupancy which is now reflected in the national land information system.

The pilot project was undertaken in Mityana (Mityana, Mubende, Kassanda, Gomba) and Teso sub region (Soroti & Katakwi), & entailed working with the ministry of lands, district authorities & other stakeholders, civil society organizations, local communities and involved mapping & capturing the land owners (private mailo title holders) & their tenants (kibanja) land parcel data including location data, shape, size, boundaries, usage/economic activity on the land, personal details of the beneficiary, neighbors, easements & restrictions with permission & active participation of both the landowners & tenants.

Specifically, this project sought to,

- Improve the institutional framework & procedures involved in securing land rights.
- Create awareness of land rights & increase participation of stakeholders especially locals in formalization &

implementation of land policies, laws & regulations.

- Raise awareness of private agricultural investors & financial institutions about opportunities in use of LIPS, COO and Certificate of Customary Ownership (CCO)

Centenary bank, Equity bank, Pride Microfinance, FINCA, Post Bank, Opportunity Bank are among the Six (6) Financial Institutions that are participating in this pilot project and will benefit from the positive aspects which include useful data gathered (KYC as well as collateral data), wider customer base catchment area and reduced costs of verifying land related data.

According to data provided by GIZ RELAPU, to date a total of, 112,00 participants are aware of land rights, 91,000 households have been mapped, 82,000 LIPs have been issued with 2500 land conflicts solved within the project

target districts.

In 2022, UBA will in partnership with GIZ RELAPU provide technical support to the participating financial institutions to train staff in the LIPS, COO and CCOs, develop guidelines for use of these land documents and support continuous sensitization/awareness and scale up of this initiative.



Data capture and compilation of Land Inventory Protocols are supported by:



MEETING ON THE READINESS OF THE BANKING SECTOR FOR DEVELOPMENT OF THE OIL AND GAS INDUSTRY IN UGANDA



Uganda's oil and gas sector has advanced to the development phase with all agreements close to completion. This is expected to open up a number of business opportunities from the anticipated investment of \$15 to \$20 billion in 3-5 years.

On the 23rd of February 2021, Uganda Bankers' Association

partnered with the Uganda Chamber of Mines & Petroleum to host a breakfast meeting to review banking sector readiness for the developments in the oil & gas sector in Uganda.

The meeting addressed specific concerns and challenges and in addition highlighted:

1. The opportunities available for the financial service providers within the oil and gas sector.
2. The existing national content framework meant to ensure local participation and value retention.
3. Standards and requirements for supply of services to the oil and gas sector.
4. Financial services sector positioning for the various phase of developments therein.

In 2022, We will continue to engage with Bank of Uganda, member banks and various stakeholders to explore & utilize opportunities to strengthen the capacity of financial institutions to fully participate and contribute to the growth of the oil and gas sector.

VIRTUAL BREAKFAST MEETING

Tuesday 23rd February 2021
08:00 - 10.00 AM (GMT+3)

GUEST SPEAKERS FROM

PETROLEUM AUTHORITY OF UGANDA UNOC TOTAL

Host
Mr. Patrick Mweheire
Vice Chairman - UCMP Council

Meeting ID:
952-042-28591

KTA ADVOCATES 2021 SYMPOSIUM ON HARNESSING INTELLECTUAL PROPERTY IN THE FOURTH INDUSTRIAL REVOLUTION

KTA ANNUAL SYMPOSIUM

21st-22nd OCT 2021

Theme: Harnessing Intellectual Property in The Fourth Industrial Revolution

Chair

Patrick Mugisha
Ministry of Science, Technology & Innovation

Jaminah Apio
Partner, ABM Advocates

Agaba Gilbert
Director IP, URSB

Moses Bazibu
Master Vision Bearer, Voices & Beats Records

Sunday Godfrey Ndamugoba
Partner, Amant IP

Wilbrod Owor
ED, Uganda Bankers' Association

Topic BS1- 01 Topic – Valuation & Securitization of Intellectual Property Assets

Partners: NSSF, XROKE, waape, NTA, etc.

Co-Covered by: [Logo]

UBA participated in an annual symposium that was convened by KTA Advocates, a specialized law firm with a niche in technology, media, telecommunications and intellectual property.

Under the theme **HARNESSING INTELLECTUAL PROPERTY IN THE FOURTH INDUSTRIAL REVOLUTION**, the Symposium hosted key note speakers and panelists from the creatives industry, lawyers, academics, regulators and policy makers applying key 4IR characteristics in emerging and existing technologies, thought leaders and development partner organizations.

Uganda Bankers' Association (UBA) Executive Director, Wilbrod Owor, joined a panel that comprised representatives from IP Cluster Uganda Law Society, Uganda Registration Services Bureau (URSB), Webber Wentzel South Africa, ABM Advocates and Master Vision

Bearer of Voices and Beats on a session that discussed valuation & securitization of Intellectual Property Assets. The discussions explored the issue of how IP assets can be valued and used as collateral to secure loans and other transactions.



Under the theme **HARNESSING INTELLECTUAL PROPERTY IN THE FOURTH INDUSTRIAL REVOLUTION**, the Symposium hosted key note speakers and panelists from the creatives industry, lawyers, academics, regulators and policy makers applying key 4IR characteristics in emerging and existing technologies, thought leaders and development partner organizations.

BANKING SECTOR COLLABORATION WITH AGRI-FINTECHS



The Secretariat in partnership with the Financial Technology Service Providers Association (FITSPA) and Agricultural Business Initiatives (aBi Finance) hosted a breakfast meeting and facilitated discussions on how financial institutions and agri-fintechs could collaborate on addressing the challenges around good data for extending lines of credit purposed for players in the agriculture space.

Representatives from Fintechs

and Financial Institutions supporting the agricultural sector participated in the forum that highlighted existing agritech solutions, and discussed among others innovation in the area of data collection, aggregation, and mobile payments scheduling.

The key take away from this engagement was the need for an agritech information database that can be utilized by both fintechs and financial institutions for the purpose of developing and extending low

cost financial products and services to farmers across Uganda.

UBA in liaison with FITSPA, FSDU and aBi will develop a concept paper on the viability of this platform that can host a credible agri-data depository that would provide a basis for better risk assessment and thus increased lending to the agricultural sector. The concept paper and the implementation of this project will be a key focus for 2022.



Agritech forum participants



Agritech forum underway

OUTPUT FROM THE RESEARCH DIRECTORATE OF UBA

REPORT ON DECREASING THE COST OF DOING BUSINESS IN THE BANKING SECTOR IN UGANDA

In 2021, Uganda Bankers' Association in partnership with Makerere University Business School undertook a study on decreasing the cost of doing business in the banking sector in Uganda with the goal of documenting and sharing best practices that can be individually and collaboratively adopted in order to reduce costs of doing business in the banking sector in Uganda, with consumer benefit in mind.

Key findings and recommendations of the study findings included;

1. The key cost drivers among the SFIs are technology and digital enablement, staff costs, cash handling and management, impairments and provisions, rental and occupancy, interest expense, among others. For cash associated costs, Cash In Transit (CIT) was indicated as the highest followed by insurance, cash handling and security, among others. The report recommended that cash costs be managed through cash collaborative route sharing for CIT vans, encouraging customers to use of digital, mobile banking channels and agency banking, optimizing branch and ATM networks.
2. The banking sector is characterized by a high rate of duplication of infrastructure which contributes to the high industry cost to income ratio and such infrastructure includes ATMs, security guards, data centers, POS machines, Agent banking platforms and IT and AML Audits. To reduce the costs, SFIs should adopt strategies that include digital migration, adoption and process optimization, staff rationalization initiatives like reducing staff, monitoring and reporting on variable costs, renegotiating rental and other contracts, centralizing and consolidation of processes.
3. SFIs face several challenges in cost management such as staff cost, alignment and readiness, regulatory requirements, changes in customer needs, changes in strategy and internal processes, among others. Despite the fact that technology adoption is key in cost reduction, it is hindered by factors like high technology costs, low customer readiness and adoption, skill gaps, stiff competition from MNOs, digital service taxation, slow regulator response to technology changes, among others.
4. To benefit through economies of scale and learning transfer, the banking fraternity should collaborate and jointly execute some areas including sharing technology and infrastructure (e.g., ATMs and data centers), digitalization, regular engagements with key stakeholders, information sharing, training, customer care, security services (e.g. CIT and guards), cash collaborations and partnerships and industry price negotiations. Also, while the CRB is instrumental in the loan process, sharing of information on

customer credit behavior among the SFIs would add extra value to the credit process and minimize information asymmetry, adverse selection and moral hazard.

5. To ensure seamless and successful industry collaborations, some considerations need to be taken into account for example signed and executed agreements supported by detailed implementation plans, mandates and a communication framework, ability to have networked core banking systems and a centralized payment switch, agreement on shared services costs in advance and management, collaboration with MNOs and Fintechs as key service providers and business partners, customer awareness and public sensitization, among others.

The overall research recommendations include establishment of industry utilities like industry databases, industry negotiations with focus on key cost lines like IT services, rental space, security and professional services, changes in some laws and regulations, engagements with the

legal fraternity and judicial system. Also, sustainable partnerships with key players outside the banking industry like MDAs, regulators, Development partners, multinational organizations, NGOs, among others are key.

The report further recommended that when the SFIs have realized cost savings, these

should be transferred to the customers through customer sensitization and training, lending at lower rates and decreasing or removal of bank charges, community CSR projects, support to vulnerable groups including women, youth, and SMEs and support to key catalytic sectors including agriculture and education.

“

The overall research recommendations include establishment of industry utilities like industry databases, industry negotiations with focus on key cost lines like IT services, rental space, security and professional services, changes in some laws and regulations, engagements with the legal fraternity and judicial system. Also, sustainable partnerships with key players outside the banking industry like MDAs, regulators, Development partners, multinational organizations, NGOs, among others are key.

ROLE AND CONTRIBUTION OF FINANCIAL INSTITUTIONS

Financial Institutions have direct, indirect and induced effects on the economy according to a survey report prepared and shared by PricewaterhouseCoopers (PWC). Uganda Bankers' Association contracted PWC to undertake this assignment.

The report indicated that the direct contributions comprised hiring and facilitating workers, paying taxes and purchasing goods and services from the local economy. Indirect effects include creation of value-add by the banking sector and its clientele who spend money on suppliers, which money is then re-spent by the suppliers. The induced effect is the final demand where households re-spend their wages.

Financial Institutions provide financing for loans locally through taking deposits from Ugandans, which loans provide capital to businesses that transform it into value-added, that is, transformation of raw materials into finished products and the businesses also create employment through their operations and those of their suppliers.

In addition, banks that operate as subsidiaries of international banking groups mobilize foreign financing for locally operating businesses, thus creating direct and indirect socio-economic impacts.

The banking sector provides financing to several sectors of the economy including special interest groups like SMEs, Women, Youth and SACCOs. According to BoU, the total private sector credit was UGX 17,221 bn as at September 2020 and lending to the primary growth sectors constituted more than 50% of private sector credit. Credit to the primary growth sectors was as follows; Trade 3,3184bn (20.8%), Building, Mortgage, Construction and Real Estate 3,183bn (20.0%), Agriculture 2,160bn (13.6%), Manufacturing 1,936bn (12.2%) and Transport and Communication 656bn (4.1%).

The banking sector contributes to the performance of different sectors through purchase of goods and services from their vendors and

according to the PWC report, in 2019, a total of UGX 860 bn was spent against the following services; Administrative and Support Service 196bn (22.6%), Trade and repairs 151bn (17.4%), Information and Communication 130bn (15.0%), Financial Insurance 94bn (10.9%), Professional, scientific and technical 63bn (6.1%), Accommodation and Food Service 47bn (5.4%), Real Estate 47bn (5.4%), Education 24,745mn (2.8%), Electricity 24,093mn (2.8%), Transportation and storage 24,962mn (2.8%) and Petroleum and Gas 10,046mn (1.2%).

42.9% of the survey respondents recommended that banks be incentivized to lend to the private sector at affordable interest rates, furthermore government should consider availing credit risk share instruments or loan guarantees to reduce level of credit risk exposures for the banking sector.



SUBMISSION OF REGULATORY REFORMS IN THE BANKING SECTOR



On 15th March 2019, CEOs of member financial institutions gathered together with the Bank of Uganda (BOU), coupled with representation from several development partners and agencies including FSD Uganda, World Bank, IMF, EU, UNCDF, aBi, GIZ among others at Serena Hotel Kigo for a retreat.

The session took stock of developments in the banking and financial services industry including emerging issues, trends, opportunities and challenges as well as factors constraining the operating environment for

regulated financial institutions.

Key among several actions and takeaways agreed on at the end of the retreat, was to undertake a study/ review of areas where reforms would be required to improve the operating environment, including legislative and regulatory changes where necessary. A joint team from Uganda Bankers' Association (UBA) and Bank of Uganda was constituted to undertake this assignment.

With the financial support from Financial Sector Deepening Uganda

(FSDU), a consultant firm Friends Consult, was contracted to provide technical assistance to the joint UBA-BOU regulatory reforms project taskforce in progressing the gathering & review of

proposals, insights, constraints, best practices and to consult stakeholders as appropriate as well as benchmark with trends & practices across the region and overseas.



Ms. Rashmi Pillar FSDU, UBA Chairman Mr. Mathias Katamba and Deputy Governor Dr. Micheal Atingi Ego pose with the Regulatory Reforms Report



The recommendations aim to boost financial inclusion in the country by improving efficiency, reducing cost of access, enhancing the safety and soundness of the financial sector...

Following various stakeholder consultations and validations, Friends Consult in partnership with Ortus Africa, the joint UBA-BOU regulatory reforms project taskforce completed the assignment and on October 15, 2021, the final report on the proposed regulatory reforms in the banking sector was handed over to the Deputy Governor Bank of Uganda.

The extensive report includes recommendations for the review and amendment of banking

regulation in Uganda and covered 11 thematic areas of;

- **Governance**
- **Legal**
- **Compliance**
- **Credit**
- **Credit Reference Bureau**
- **Information & Communication Technology (ICT)**
- **Digital Financial Services & Agent Banking**
- **Operations**
- **Clearing & Settlements,**
- **Finance**
- **Treasury**

The recommendations aim to boost financial inclusion in the country by improving efficiency, reducing cost of access, enhancing the safety and soundness of the financial sector, further unlocking the potential of financial technology, and streamlining laws and regulations to enable regulated financial institutions to fully play their role in realizing Uganda's Vision 2040.

Currently, the Bank of Uganda is reviewing the report and will provide guidance in terms of next steps and categorization of the recommendations.

We are grateful to Financial Sector Deepening Uganda for extending financial and technical support towards this project and look forward to developing an action plan framework for execution of the recommendations in close collaboration with Bank of Uganda.



SHARED AGENT BANKING PLATFORM



The Board of Directors of the Agent Banking Company of Uganda Ltd

“

...22 Financial Institutions and over 15,000 agents on the platform providing various services such as cash deposits, and withdrawals, interbank transfers, utility payments and statutory payments [URA and NSSF] among others. The percentage of active agents transacting on the shared platform is 65%.

Since its launch in 2018, the Shared Agent banking platform has seen consistent growth even during the economic downturn related to the effects of COVID-19 in 2020.

In 2021, Agent Banking Company was granted a licence by Bank of Uganda as a Payment Systems Operator (Large Funds Transfer & Clearing Systems or Switches) under licence number PSD 07/21.

Currently, there are 22 Financial Institutions and over 15,000 agents on the platform providing various services such as cash deposits, and withdrawals, interbank transfers,

utility payments and statutory payments (URA and NSSF) among others. The percentage of active agents transacting on the shared platform is 65%.

In 2021, UBA with support from FSDU, produced a video documentary and case study report titled “Making Elephants Dance”. These highlighted the journey of Uganda’s shared agent banking network, the achievements, challenges, opportunities and lessons learned over the years since the launch of the interoperable technology platform. Specifically the case study covered the following areas: the



circumstances that led to the introduction and development of the shared agent banking network, the functionalities and implementation of the shared agent banking platform and how these may have contributed to the operational success of the system, the key successes, weaknesses, challenges faced, and opportunities for the shared agent banking network in Uganda; and key lessons from the implementation of the shared agent banking network in Uganda and exploring how these may be replicated in other markets that seek to implement a shared agent network.

Both the video documentary and case study are key reference materials for decision making and have been shared with stakeholders. In 2022, UBA will continue use the same to profile the project to diverse stakeholders.

In 2021, UBA received additional funding from GIZ PRUDEV to scale up the utilization of shared agent banking services in Acholi and Lango sub regions over a period of 12 months. Particularly utilizing a three pronged approach comprising media awareness, trainings, community engagement.

The platform continues to evolve and each day the industry learns from the agents on its platform and the customers it serves. The Ambitions of Agent Banking Company are huge, it still plans to grow its agent network, increase agent activity, and more importantly increase affordable formal financial services to rural customers in the next couple of years.

We are grateful to the Bank of Uganda, Agent Banking Company, the aBi, GIZ PRUDEV, FSDU, and Eclectics International for the support this far.



ABC License issued by BOU



Agent Banking Training



Bank Agent



ABC (U) LTD is licensed & regulated by the Central Bank of Uganda.





“The CEO awards are a recognition and profile awards that seek to spotlight the role that CFOs and finance functions play within organisations.”

Best performing CFOs celebrated

Platform. Chief Financial Officer (CFO) awards are a platform for sharing best practice, drive awareness, inspire action and develop a community of finance leaders, committed to create more sustainable outcomes for their organisations.

BY JOYCE AHEERWA
editor@ubabankers.org.ug

The Chief Financial Officer (CFO) awards are a recognition and profile awards that seek to spotlight the role that CFOs and finance functions play within organisations.

The awards are part of a bigger CFO agenda run by Association of Chartered Certified Accountants (ACCA) and Deloitte, which includes CFO forums, webinars and roundtable events for networking and learning, sharing professional insights, best practice and mentoring each other. All these seek to inspire action and develop a community of finance leaders that are committed to create more sustainable outcomes for their organisations.

Theme
This year's awards were held under the theme: "Finance leaders as change agents in the fourth industrial revolution."

Winners of the fifth edition of the ACCA, Deloitte Uganda CFO awards during the awards ceremony held at the Kampala Serena Hotel recently. PHOTOGRAPH BY: [Name]

According to Ms Charlotte Kunkunda, business development manager ACCA Uganda, in the wake of the Covid-19 pandemic and the disruption that followed, companies and organisations were subjected to a lot of change and had to turn around many things to be able to stay afloat.

"In the first year of the pandemic, this resilience was celebrated but going forward we needed to shift the attention to sustainability and celebrate finance functions that have led their organisations and businesses through the crisis into a sustainable future today and in future," Ms Kunkunda says.

She adds that the sustainability agenda has gone beyond just the financial performance and growth to the impact that companies can demonstrate to their communities and society as a whole.

note the CFOs' roles in enabling their businesses impact their societies, respond to the climate change needs, and address governance both in action and reporting to their diverse stakeholders," says Ms Kunkunda.

WINNERS

- CFO of the Year Award - Stevens Mwanje, CFO ISSF Uganda
- Not-for-profit Award - Maria Soloma Nassima, CFO at Baylor College of Medicine
- Sustainability Award - Julia Katanaka, Head of Finance at Wazalendo SACCO Ltd
- Young CFO Award - Kazi Dorothy Asimwe, Head of Finance at Equity Bank
- Finance Transformation Award - Denis Ochieng, Director Finance and Business Operations at UDE
- Public Sector Award - Emmanuel Mugagga, CFO at UNOC
- Strategic Execution Award - Martin Mukasa, Head of Finance at Mengo Hospital
- SME Award - None of the nominees met the judging criteria

BoU steps up pressure on banks to limit risks

BoU has started reviewing regulations to mitigate technological risks in financial services as the 4th Industrial Revolution (4IR) is set to change the way banks do business.

BY MARTIN LUTHER OKETCHI

Increased adoption of technology in transforming the global financial landscape, raising opportunities and challenges for both authorities and regulated institutions in countries.

Using technology in capturing, storing and analysing data in the fourth industrial revolution increases the risk of data misuse and privacy violations in the financial services sector.

One important area of innovation in the application of financial technology for regulatory and compliance requirements and reporting by regulated institutions and applications of PaaS used by authorities for regulatory supervision and more risk mitigation.

ence took place last week under the theme: "Bend but Don't Break: How Players in the Financial Services Sector can thrive in the Era of the 4th Industrial Revolution."

Dr Twineke, one of the panelists at the bankers conference, said Bank of Uganda is adjusting its regulatory role to mitigate risks that come with technology.

"The technology always runs much faster and is ahead of the regulation and supervision. The fourth industrial revolution will outpace the rate of regulation and supervision. It is inevitable to be one step behind but not being very far behind."

Technology and innovation are transforming the global and national financial landscape. But it also presents opportunities, risks and challenges for regulators and institutions and authorities.

Dr Twineke said that the financial institutions should identify the risks and ensure effectiveness of their systems to minimise the negative impact and put in place risk mitigation measures. He also said that the financial institutions should identify the risks and ensure effectiveness of their systems to minimise the negative impact and put in place risk mitigation measures.

spouse risk, IT resiliency and continuity risk, Technology vendor and third-party risk, data management risk, IT programme execution risk and technology operation risk.

Dr Twineke argued that banks should be prepared and positioned to identify emerging trends to deal with any risks that may occur.

As the fourth industrial revolution unfolds with technological advancements, Dr Twineke said some risks will never go away. So, banks should have the technologies that can minimise the impact of the risk posed by technology usage in financial services.

The fourth industrial revolution is coming at a time when achieving total financial inclusion for the citizens is still a challenge to many governments and policy makers especially the less developed countries.

Financial inclusion
Financial inclusion is a priority in many economies and, increasingly, at the global level and several countries have implemented or are in the process of implementing financial inclusion policies.

Financial inclusion is an international policy priority and demand-side initiative including financial education, financial literacy, and financial capability training to help people to use financial services and thus to reach financial inclusion.

Mr Janku said: "The fourth industrial revolution is the fastest way for realising financial inclusion in Uganda."

Big data compilation is one of the key elements that entail financial services in the era of the fourth industrial revolution. Financial access to data is usually collected from either financial services providers (FSPs) or users.

When customer data is properly organized and interpreted, business leaders can leverage that information to improve customer engagement through personalized outreach.

Mr Janku said the availability of big data is very important for the banks in the provision of financial services to the general public.

However, Mr Janku highlighted that emerging technologies are coming with high costs for the intermediaries to fully provide the digitalised financial services.

Mr Janku said there is still a problem of high costs in administering technologies in financial services which the regulator must look into.

Financial education is increasingly important, and not just for investors. It is becoming essential for the average family trying to decide how to balance its budget, buy a house, fund the children's education and ensure an income when the parents retire.

As the fintech is increasingly recognised as a key enabler for financial and competitive financial markets while ensuring access to traditionally underserved consumers.

The board chair of the Financial Technologies Service Providers Association (FTSPA), Mr Peter Kawemba said there is need for collaboration between the fintech companies and banks in providing financial services.

Mr Kawemba said Uganda lacks skilled people in technology services and there is need to develop human capital.

Costs. The fourth industrial revolution is the fastest way for realising financial inclusion in Uganda. But there is still a problem of high costs in administering technologies in financial services which the regulator must look into. Mr Anne Janku, the chief executive officer of Standard Bank says.



Customers in a banking hall, Kanda in Uganda, should identify the risks of the





AWARDS

URA AWARDS

Uganda Revenue Authority recognized most complaint tax payers in 2021 at the Authority's headquarters in Nakawa, Kampala.

The following UBA members were awarded under respective categories;

- Excel Awards- Housing Finance Bank as 2nd runner up and Citibank as Winner
- Vantage Awards- Pride Microfinance Uganda Ltd
- Trailblazer awards- Ecobank, United Bank for Africa Uganda Ltd



Mr. Michael Mugabi, CEO Housing Finance Bank receives the URA Award from the Minister of Finance Hon. Matia Kasajja



Mr. Robert Jaggwe, ED Citibank holds the URA award



Ms. Grace Mulisa, the CEO Ecobank Uganda receives the URA Award from Hon. Evelyn Anite, the State Minister for Privatization and Investment





Group Photo at Awards Ceremony

CFO AWARDS 2021

During the year staff of member banks received recognitions for various contributions made in their line of work. We join them to celebrate these achievements and more to come in future.

The winners in the 5th edition of ACCCA, Deloitte CFO Awards included

- Finance Transformation Award for the year 2021- Denis Ochieng, Director Finance & Business
- Operations at Uganda Development Bank Ltd.
- Young CFO Award- Kezia Dorothy Asimwe, Head of Finance at Equity Bank Uganda Ltd



Winners of the 5th Edition of the ACCA, Deloitte Uganda CFO Awards during the awards ceremony held at Kampala Serena Hotel

MEMBER BANK CEO FAREWELLS



In 2021, the Banking Fraternity bid farewell to members who had completed their tenure of service and wished

them well in their respective new undertakings. In the same way, we also welcomed new member CEOs to the UBA family.

OVER UGX 8.7 BILLION IN CORPORATE SOCIAL RESPONSIBILITY

COVID VACCINATION EXERCISE

One year after the first Covid-19 case was identified in Uganda, the country launched its vaccination exercise to ultimately have the critical percentage of all citizens, residents and refugees get the jab.

To support the exercise, in 2021 the Uganda Bankers' Association COVID Task

Force in partnership with KCCA and MARSH Insurance Broker launched a vaccination drive for Bank staff. The exercise involved mobilization of bank staff and awareness sessions that were facilitated by Dr. Julius Otim- Min. Of Health/KCCA.

Three vaccination centers namely Absa Bank head office, Equity Bank head

office and Serena Kampala Hotel were identified. After the exercise, 1,560 Staff turned up to be vaccinated.

In addition, the member banks also carried out independent drives for bank staff that had been unable to come to the vaccination centers that had been arranged by the Association.



To support the exercise, in 2021 the Uganda Bankers' Association COVID Task Force in partnership with KCCA and MARSH Insurance Broker launched a vaccination drive for Bank staff.



THE VIRTUAL BANKERS' SPORTS GALA & THE BANKING AND FINANCIAL SERVICES AWARENESS MONTH

Uganda Bankers' Association and the Uganda Institute of Banking and Financial Services together with partners across the banking and financial services sector organized a two in one virtual bankers' sports gala and season two of the Annual Banking and Financial Services Awareness month (BFSAM)

that took place from October to December 2021 under the theme: **"My Steps My Wealth"**

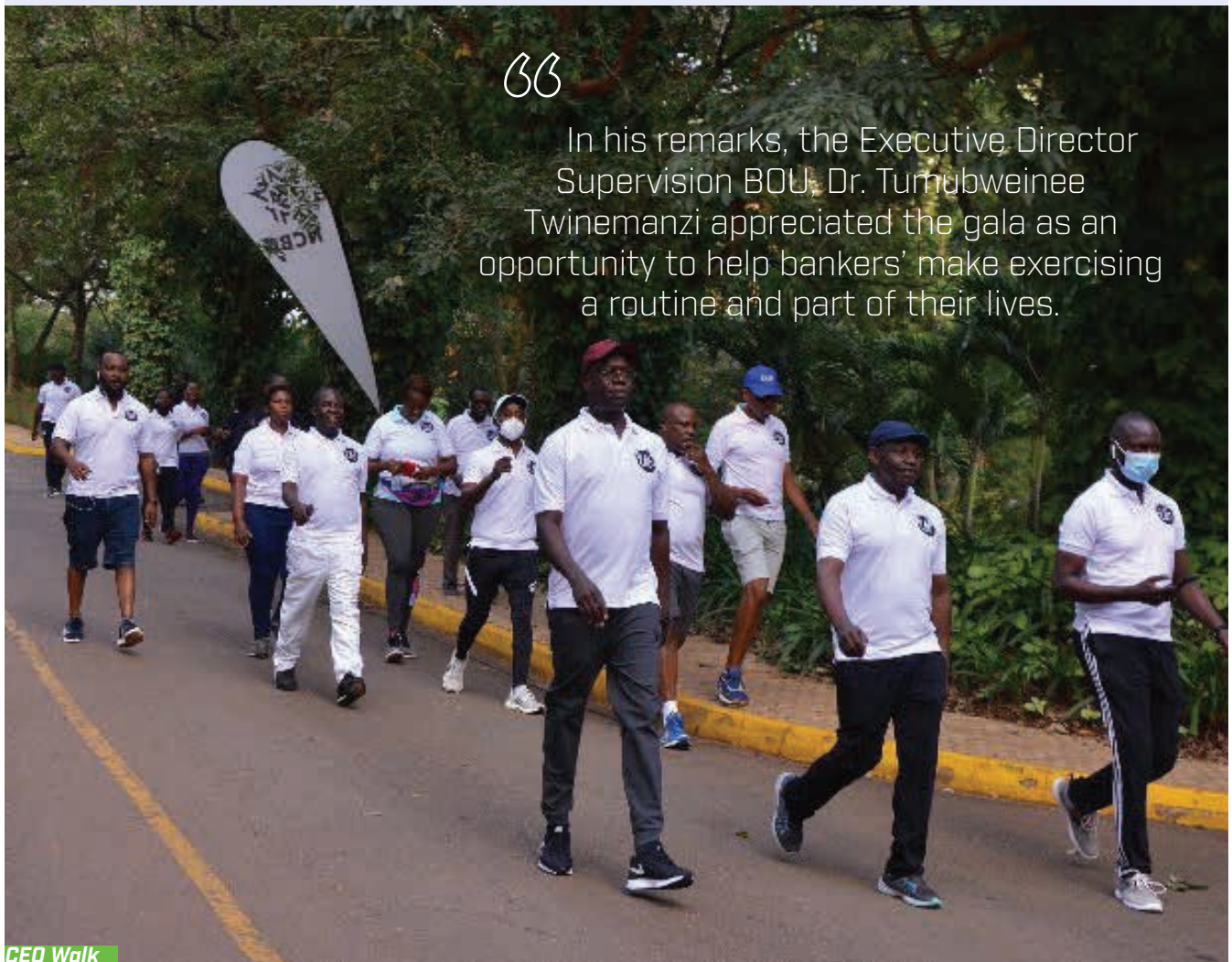
This sporting event included an element of corporate social responsibility in the form of mass financial literacy through the annual banking and financial services awareness campaign.

In his remarks, the Executive Director Supervision BOU, Dr. Tumubweinee Twinemanzi appreciated the gala as an opportunity to help bankers' make exercising a routine and part of their lives.

The virtual games were launched with a CEO run/walk at Serena Hotel.

BB

In his remarks, the Executive Director Supervision BOU, Dr. Tumubweinee Twinemanzi appreciated the gala as an opportunity to help bankers' make exercising a routine and part of their lives.



CEO Walk

The Bankers' Sports Gala comprised 21 days fitness challenge, online chess, online quiz, freestyle video presentation and climaxed with a virtual run to celebrate the 2021 World Savings Day on 31st October 2021 where participants /runners took part in the 3km, 5km and 10km races around Kampala City with start/ finishing points at Sheraton

Hotel while the rest of the runners participated in their respective localities.

The virtual run was flagged off by the Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija and Mr. Mackay Aomu, Director National Payment Systems at Bank of Uganda.



The Bankers' Sports Gala comprised 21 days fitness challenge, online chess, online quiz, freestyle video presentation



Mr. Keith Kalyegira, the CEO Capital Markets Authority (CMA), hands a trophy to one of the winners

UGAFODE Microfinance (MDI) Ltd was crowned the overall winner of the 2021 Bankers' Sports Gala having triumphed in the online chess, online quiz, free style video presentation, 21-day fitness challenge and the virtual run with a total of 351 points, NCBA Bank was second with 331 points followed by a tie for third position between Housing Finance Bank and dfcu Bank with 328 points.



Participants received awards from CEO CMA

COMMEMORATION OF THE INTERNATIONAL WORLD SAVINGS DAY

On 31st October 2021, UBA together with UIBFS joined BOU to organize the day's celebrations to commemorate World Savings Day under the theme **Save as soon as you Earn.**

A breakfast meeting was held as part of the days activities. In his remarks, the Guest of Honour, the Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija, noted that the increased participation of households and businesses in the formal financial system will lead to increased savings

for investment through financial intermediation, facilitating sustainable economic recovery and growth for Uganda, increased households' incomes and job creation.

He made a call to stakeholders to extend awareness and sensitization programs more to people in the villages [rural areas]

Mr. Mackay Aomu, who represented the Governor Bank of Uganda encouraged everyone to save for the future and stated that "savings is a discipline and that when you don't save you may not be

able to maintain your standard of living in the long run"

The Chairman Uganda Bankers' Association, Mr. Mathias Katamba in his remarks noted that the banking sector continues to support customer education, investments and mobilize savings with an aim of contributing to economic development.

At the breakfast meeting, a panel discussion was held and focused on savings and investment, loans, microfinance insurance and retirement.

The panel comprised;

- Mrs. Edith Tusubira, ED Uganda Microfinance Regulatory Authority (UMRA)
- Mr. Martin Anthony Nsubuga, CEO, Uganda Retirement Benefits Regulatory Authority (URBA)
- Mr. Keith kalyegira, CEO Capital Markets Authority (CMA)
- Mrs. Julia Clare Olima Oyet, CEO Deposit Protection Fund of Uganda (DPF-U)



Panel Discussion during breakfast meeting

ANNUAL BANKING AND FINANCIAL SERVICES AWARENESS MONTH

As part of CSR, UBA and UIBFS held season two of the Annual Banking and Financial Services Awareness Month that aimed to empower the bank customers and general public with financial knowledge and resources in order to make the right financial decisions and especially adapt to the current COVID-19 pandemic circumstances. In addition, blood donation drives were held at Absa Bank and Bank of Baroda

during the month.

The financial literacy awareness campaigns covered various topics targeting segments such as youth, women, SMEs, family and formal employees and the messages were largely communicated through live webinar events on zoom, live social media broadcasts on facebook, twitter, interviews on radio media, radio adverts/DJ mentions and newspaper strip adverts.

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...aimed to empower the bank customers and general public with financial knowledge and resources in order to make the right financial decisions and especially adapt to the current COVID-19 pandemic circumstances.



Minister of Finance at the Commemoration of World Savings

UBA MEMBER BANK CSR

FINCA (U) Ltd



FINCA Uganda management lead by the Board Chair Mrs. Olive Lumonye handed over Masks to the Honorable Minister of Education, the First Lady Honorable Janet K Kataaha, at Kololo Independence ground. This function took place on 18th/ November/ 2021.

The Foundation of International Community Assistance better known as FINCA,

through its partners FINCA UK and Shield Wear – Liverpool, made a donation of One million three hundred

thousand (1.3 Million) masks towards the Ministry of Education.

This donation was in liaison with their sister company-Bright life Uganda- A subsidiary of FINCA International focused on the provision of affordable and safe solar solutions to areas with electricity leap frog grid connections. These masks were a token of support and appreciation to the medical students in the tertiary

institutions.

If COVID taught us anything, it was to be ready with the technical medical human resources to fight any other endemic or pandemic.

According to the world Health organization (WHO), wearing of face masks, along with vaccination, remains one of the most effective ways for people to substantially protect themselves and others from COVID-19 infection

CAIRO BANK UGANDA



The Bank responded to Ministry of Health call to support the government in its efforts to fight against the spread of coronavirus pandemic. The Bank donated Personal Protection Equipment worth UGX.100Million to support the government in mitigating the spread of contracting the virus amongst students of Makerere School of Health Sciences.



The Executive Team handover Personal Protection Equipment to the Team from Ministry of Health and Makerere School of Health Sciences officials

KCB (U) Ltd



CURE Hospital Support

KCB Bank Uganda contributed Ugx 17 million towards Brain Surgery of Vulnerable Children at Cure Hospital

KCB Bank Uganda, through its Foundation program carries out annual Corporate Social Responsibility initiatives under its 5 pillars i.e., Health, Education, Environment,

Humanitarian and Twekozeze. The Bank invests in sustainable transformation of communities as part of its CSR approach. As a sign of the bank's commitment to sustainable development to alleviate

poverty, enhance well-being and as part of the philanthropic programs, the bank extended support to vulnerable children at Cure Hospital in Mbale district. The hospital serves local communities and is run on donation with limited resources. It is based on this background that KCB Bank Uganda donated of Ugx.17 million to facilitate surgical operations on 17 vulnerable children with life threatening conditions that included Hydrocephalus, spinal bifida, neural tube defects and brain tumors. The support was through a neuro-surgery campaign, an initiative of the Rotary Club of Kampala-Muyenga in partnership with Cure Children's Hospital, instigated to bring the neurological needs of children to the forefront, create awareness and provide free surgery for children, with support from partners.



KCB Bank Uganda Donated Personal Protective Gear to Ayile Primary School



In the month of May 2021, KCB Bank Uganda donated Personal Protective Gear (PPE), 50 Class Desks and 500 facemasks worth UGX 11,250,000 to Ayile Primary School in Lira District. The school is a government UPE school located in Aromo sub county Lira district with over

1,359 enrolled learners and 24 staff.

Owing to the Ministry of Health guidelines on observing Standard Operating Procedures (SOPs) that include social distancing and wearing of face masks, the Bank made this donation to support and

improve the education and wellbeing of teachers and pupils. Covid-19 pandemic greatly had an impact on the continuity of education especially for children from impoverished backgrounds to an extent that some administrators doubted the schools would be able to meet the SOP-stipulated social distancing which they attributed to inadequate infrastructure.

Consequently, the donation by KCB Bank Uganda came in handy in fostering a conducive learning environment for both teachers and Learners

STANBIC (U) Ltd

MATERNAL HEALTH INITIATIVE

The health of mothers in our country impacts us all and to promote improved maternal health care, Stanbic Uganda partnered with various players in the public and private sector to raise support and greater awareness of the issues mothers face.

The partners included:

ATC Uganda, Huawei, Vivo energy, Liberty Life, UNOC, MTN, Umeme, Uganda Communication Commission, Trademark East Africa, Total, NSSF, Crown Beverages, Uganda Breweries Limited, AFREXIM and United Nations Development Program.

The aim is to address the four critical areas affecting maternal health in Uganda by giving hospital equipment, mothers welfare through mama kits, community outreach and sensitization and ensure health workers welfare are taken care off.

In addition, Stanbic together with the various partners made a hamper donation to Uganda's largest maternal health centre – Kawempe Hospital to support



EVERY CHILD DESERVES A MOTHER

Join us and donate towards a **mama kit** that goes for only **UGX 30,000** and save a mother's life and a child's future. **Donations over and above are very much appreciated.**

Bank: **Stanbic Bank**
 Account Number: **9030018093749**
 Account Name: **Maternal Health Fundraising Initiative**
 FlexiPay merchant code: **122726**
 MTN Merchant Code: **319011**
 Airtel Merchant Code: **1193036**

#EveryMotherCounts

the health care workers during the pandemic.

The Bank also started an awareness campaign under the theme 'Every Mother Counts', in which it intends to ensure that government hospitals have proper lifesaving equipment, individual mothers receive proper care during their pregnancy period and ensure that doctors, midwives

and nurses are appreciated, comfortable and enjoy delivering quality services to these mothers.

Stanbic donated over UGX130 million worth of mamakits in 3 batches contributed towards by staff and matched by the CSI department in 2021 and this supported over 4,000 mothers that came through the hospital.



Equipment handover with CE Anne juuka, PS Atwiine Diana and Ms Semanda Dorothy

STANBIC NATIONAL SCHOOLS CHAMPIONSHIP

Stanbic National Schools Championship is an education programme under Stanbic Bank's Corporate Social Investments that aims to provide a holistic approach to learning and capacity development for Students and Teachers in secondary schools in various areas including: Career growth and development, Financial education, Business and Entrepreneurship, Teacher training and capacity development and Psychosocial Wellness.

The championship focus areas are life skills, financial education that aims at encouraging the students towards critical thinking, promoting financial literacy and providing exposure to vast knowledge beyond the classroom.

The Stanbic National Schools Championship is a four-tier competition involving:

- New schools (Startup)

- Challenge;
- Schools with existing businesses (BizGrow Challenge);
- Alumni (AlumGrow Challenge) and
- Teachers (TeachGrow Challenge).

Annually, over 60, 000 students from more than 100 Ugandan secondary schools participate in the various education challenges that climax in October with outstanding business ideas standing a chance of being linked to investors on top of winning expensive prizes from the bank. From 2016 to 2021, the number of students skilled has jumped from 96 to 2, 300, the number of teachers skilled increased from 32 to 100 and the number of student business ideas generated moved from zero at the start of the championship to 600 in 2021.

In 2021, Stanbic invested over UGX 1 Billion into the National Schools Championship.



Muyenga High School students showcased their project to CE Anne Juuko and Hon Sarah Mateke



Teach-grow: Penny



Startup: Kyebambe



Biz-grow: Otiino Waa Comprehensive School Girls School



Alum-grow: I-Tech Africa Drug Center

STANDARD CHARTERED BANK UGANDA



Albert Saltson CEO, Standard Chartered Bank Uganda handed over a dummy cheque to the Minister of Agriculture, animal industry and Fisheries, Hon. Vincent Sempijja and Petra Van Haren Country Manager, ICCO Uganda

Standard Chartered Bank Uganda in partnership with our Futuremakers partners, Interchurch Corporation Organisation for development (ICCO Uganda), Challenges Worldwide and BRAC Uganda, we reached 6,000 beneficiaries in 2021. Through the Economic Recovery COVID19 Initiative, 600 youth in agribusiness were supported with access to finance sessions, business mentorship, digital marketing skills training and hardship grant of Ugx 200 million was offered to 152 youth in Lira and Nebbi districts to help them sustain their business operations.



Youth in Northern Uganda undergoing one of the training sessions and business mentorship as part of the Standard Chartered Bank and ICCO Uganda 'Youth in agribusiness' programme

The Bank's Goal programme being implemented by BRAC has supported 5,000 girls with life skills through the Goal curriculum modules – Be yourself, Be healthy, Be empowered, Be independent and Be money savvy. We have empowered more than 480,000 girls since 2006 through our GOAL Project.

GOAL girls in one of their community clubs having their weekly training



Standard Chartered Bank Uganda in partnership with Challenges Worldwide is running a 'Youth to Work' project where 120 University graduates have been supported through

internship placements in SMEs. The 90 SMEs that hosted the youth were also supported through Masterclasses to empower them with skills such as audit readiness and financial

literacy. The Programme continues to focus on personal and professional development of the Junior Associates for 2 cohorts with emphasis on career.



A group photo of the youth Standard Chartered Bank is supporting under the Youth to Work project

BANK OF BARODA UGANDA LIMITED



Mr. Raj Kumar Meena, Managing Director, Bank of Baroda (Uganda) Limited, distributed food and household Basic necessities to U-care Orphanage in Luzira on the occasion of 69th Foundation day of Bank on 18.12.2021.



<<<

Mr. Raj Kumar Meena, Managing Director Bank of Baroda (Uganda) Limited, distributed food and other household essentials to Orphans and Widows of AIDs Uganda in Nsambya to commemorate 69th Foundation day of Bank on 18.12.2021.

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CENTENARY BANK: CANCER RUN MARKS 10 YEARS

1 0 years of running against cancer! 10 years of resilience, 10 years of spreading awareness against the scourge, and 10 years of coming together to search for solutions against cancer.

Centenary Bank has seen participation in the Cancer run grow from 100 participants to 50,000 participants annually in and outside Uganda in cities like Pennsylvania (USA), Moscow (Russia), Dubai (UAE), Pretoria (SAF), Mombasa and Nairobi (Kenya), and Kigali (Rwanda) among others.

From the cancer run proceeds, the Bank has been able to put up a fully operational

and equipped 36-bed cancer treatment centre at Nsambya Hospital worth UGX1.5 billion and now it has been recognized as a regional cancer treatment centre.

Centenary Bank has gone ahead to organize family health days where each year, over 1000 women are screened for breast and cervical cancer. The Bank has supported production of cancer reading materials to help care takers and cancer patients with the relevant facts about cancer. Cancer parades have been organized as part of the awareness sessions, to educate the public about cancer.

The Bank's focus now is on the construction of the 2 bunkers that shall house the linear accelerator machines that support in the treatment of the cancer patients, and so far Ugx.2.5b has been raised out of the estimated cost which is over \$4.5m.

As the Bank starts on the next 10 years, they call upon all people in and outside Uganda to support this journey. Corporate companies, NGOs, Charities, Foundations, Individuals are welcome join this noble cause.



The Managing Director Centenary Bank, Fabian Kasi joined other runners during the 2021 Cancer Run

CENTENARY BANK: ENVIRONMENTAL STEWARDSHIP- CENTENARY BANK EMBRACES PAPER RECYCLING

In 2021, the environmental Stewardship campaign dubbed “Centecho” continued, and we had a total of 25 branches carrying out different environmental initiatives, for example in Masindi and Bundibugyo, the branches participated in tree planting after partnering with local municipalities, this was done during the world environment day. In Mbale and Soroti, 30 waste bins were donated to support the waste management initiative and keeping the municipalities clean. Seven (07) water tanks were also donated to different schools to enable water harvesting and reduce on the burden of water bills in most community schools.

Among other wins was the roll out of the paper recycling initiative. A total of 45,620 tons of obsolete records were recycled in 2021 as a move towards Environmental sustainability. From this recycling initiative, the bank earned a total of UGX. 13M that shall be used to promote other environmental initiatives. It should be noted that previously the bank was burning the obsolete records at the incineration centre, this had a direct impact on the environment from the fumes emitted, and also the health of staff involved in the exercise was at stake considering they could directly inhale these emissions. The recycled paper can now be turned books for use in schools, tissue used in lavatories, and printing paper used in offices.



“

In Mbale and Soroti, 30 waste bins were donated to support the waste management initiative and keeping the municipalities clean.

DIAMOND TRUST BANK

DTB Uganda is committed to Uganda's sustainable economic growth. This is achieved through the integrated business approach that considers the society the bank operates in a major player for the achievement of its business goals.

Diamond Trust Bank builds

partnership with communities to provide solutions that enable sustainability as it takes care of creating value for our stakeholders.

ENVIRONMENT CONSERVATION

DTB in partnership with Aga Khan Education Services celebrated the world environment day by planting

trees around schools. Over 100 Fruit trees were planted to conserve the environment, provide shelter and food to the school community.

DTB Senior management led by the Head branches and Channels Benson Okot Otema spearheaded the tree planting exercise.



Tree Planting



Over 100
Fruit trees were
planted to conserve
the environment,
provide shelter and
food to the school
community.

Cancer Awareness Drive

DTB Uganda partnered with the Uganda Women's Cancer Support Organization - UWOCASO in a cancer awareness drive.

Customers and staff participated in the cancer awareness engagement held online and face to face.



Cancer Awareness

HOUSING FINANCE BANK

HOUSING FINANCE BANK SIGNS MOU WITH HABITAT FOR HUMANITY AND THE BUGANDA KINGDOM

HANDS OVER CHEQUE WORTH 40 MILLION FOR CONSTRUCTION OF TWO HOUSES TO THE UNPRIVILEGED



As the only tier, 1 commercial bank that is fully owned by Ugandans, one of Housing Finance Bank's key social responsibility pillars is to build a better society, as it continues to care about people.

This aspiration is also in line with the prescriptions of the Sustainable Development Goals underlined under SDG 11, which looks at striving to provide

*Nakafeero Hnaifah
– Kagameba village,
Kooki County Rakai
District*

access to decent housing for the truly marginalized and vulnerable in our society.

In line with the Bank's mandate is to enable homeownership and financial independence to its growing population across all walks of life, the bank donated two complete houses

to two unprivileged families each costing Ugx. 20million.

Each of these houses was complete with a 3000-litre water tank, a VIP Latrine, and an adjacent shower stall. See some pictures below of before and after the construction.



*Nabweggamo Josephine – Mawokota County,
Luwala Village, Mpigi District.*

HOUSING FINANCE BANK DONATES FOOD ITEMS TO VULNERABLE CITY SLUM DWELLERS

The pandemic has left hundreds of Ugandans vulnerable without what to eat or drink. During this time, Housing Finance Bank donated food items to residents of Mulimira Zone, Bukoto in

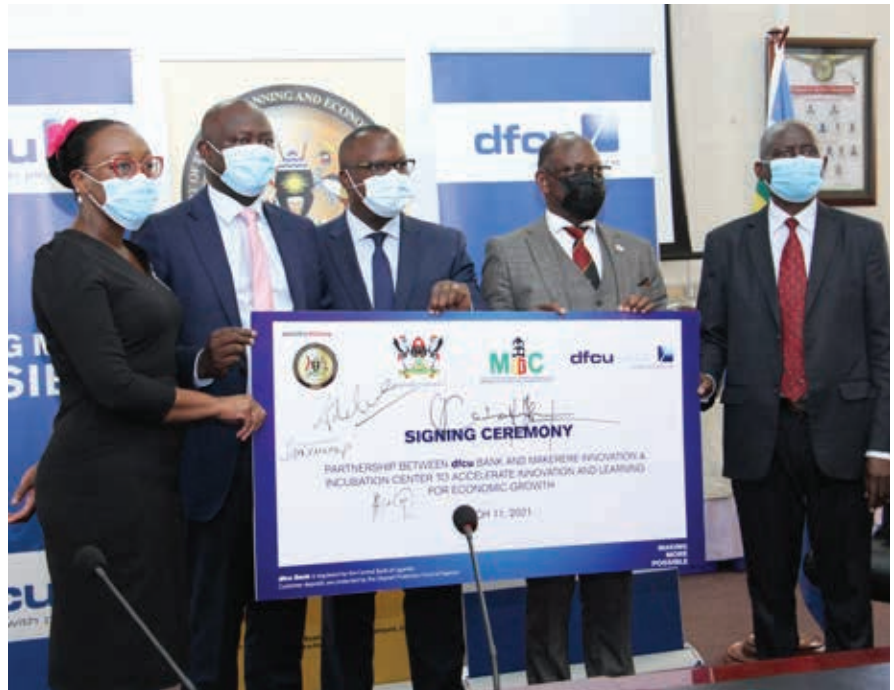
Nakawa division. At least 100 vulnerable people including the blind, young mothers, pregnant mothers, the disabled, and the elderly among others benefited from the bank's donation. A package contained 10 kilograms of maize flour, salt, sugar, beans, and soap.



dfcu Bank

During 2021, dfcu Bank made a positive contribution to the communities we serve through interventions several areas. The highlights for the year included the following:

1. Partnerships that drove innovation: During the year dfcu Bank, Makerere University and the Ministry of Finance, Planning & Economic Development implemented a strategic partnership that offered a platform for young entrepreneurs to advance ideas on innovative solutions for enterprises that create socio-economic impact in Uganda.



Partnerships that drive innovation: Signed a strategic partnership with Makerere University and the Ministry of Finance, Planning & Economic Development to advance innovation.

2. Community Health: The Bank continued its support towards the health and safety of vulnerable groups through several activities:

a. Partnership with the Buganda Kingdom to drive awareness for HIV. Through the Kabaka Run initiative (Men against HIV to save the Girl Child), the Bank continued its partnership

with the Kingdom of Buganda aimed at raising sustained understanding that testing for HIV is an essential gateway to HIV prevention, care and treatment.



The Katikiro of Buganda Kingdom, Dwek. Charles Peter Mayiga chats up the dfcu Kabaka Run team

b. Support to the Uganda Cancer Institute. Undertook to construct a 100-seater patient shelter to provide the outpatients with a secure and decent

waiting area as they access health services at the Institute. The Bank has also refurbished the play area at the children's cancer ward.



Handover of Uganda Cancer Institute Shelter

3. Supporting financial education: The dfcu financial inclusion strategy goes beyond providing access to bank accounts and other basic financial services, as we want people to have the skills to manage their finances, so they can make the right choices about what products and services meet their needs. The financial education initiatives are online as well as face-to-face through workshops and trainings. Over sixty financial literacy sessions were held during the year to target groups including women, savings groups and SMEs.



dfcu Bank CEO, Mathias Katamba launches the Top 100 SME program

UNITED BANK FOR AFRICA

UBA DONATED UGX 5M TO CURE BRAIN SURGERY RUN

UBA Uganda made a contribution of Ugx 5m towards the Cure Brain Surgery run, organized by Cure Children's Hospital Mbale on October 23rd, 2021. The 5th annual 'Cure Brain Surgery' Run was organized to raise funds for vulnerable children with Hydrocephalus, Spina Bifida, Brain Tumors and other life threatening neurosurgical conditions.

The funds were to support lifesaving neurosurgery for 200 pediatric patients at CURE Children's Hospital.

UBA Uganda was represented by a team from Mbale branch. The bank is committed to the communities it serves and will continue to find similar ways to give back and support these communities.



UBA BLOOD DONATION DRIVE



In a bid to give back to the community, whilst encouraging customer participation, UBA Uganda organized a 3-day blood drive at its Head Office. As a result of COVID-19, the number of blood donors had gone down hence affecting blood collection and creating a shortage in supply of blood to patients who need it.

Staff and walk in customers were mobilized to donate blood to victims that lay anemic in Ugandan hospitals. Over 150 pints of blood were collected. The bank pledged to continue holding similar blood donation drives to support those in need.



The funds were to support lifesaving neurosurgery for 200 pediatric patients at CURE Children's Hospital.

BANK OF AFRICA – UGANDA Ltd

RAMADHAN DONATIONS

BANK OF AFRICA – UGANDA Ltd. strives to meet its responsibilities to society and is committed to supporting the local communities where it operates. With the extensive impact of the COVID-19 pandemic, community based organizations struggled to meet their basic needs as their

source of income is highly dependent on funding.

During the Ramadhan season, the Bank donated an assortment of food items namely; rice, wheat flour, sugar and other household items to Save the Islamic Society Uganda (SISU) orphanage and four mosques located in Arua, Jinja, Mbarara and Mulago.



BANK OF AFRICA's Senior Management hand over items to Ms. Nadia JAFFER, second right, one of the proprietors of Save the Islamic Society Uganda (SISU) orphanage.



DONATION TO ORPHANAGE

During the customer appreciation month in October, the Bank donated a variety healthy food items and fruits to Care for the Children Uganda Orphanage in Nsambya. The orphanage cares for over 50 children both at the orphanage and within the surrounding areas. With the Covid-19 pandemic, it

was imperative that people maintain a healthy diet to boost their immune system. The Bank continues to reaffirm its commitment to supporting communities and transforming lives of people. The Bank also offered financial literacy to both the children and administrative staff of the orphanage during the visit.



BANK OF AFRICA staff pose for a photo with some of the children at Care for the Children Uganda Orphanage

FINANCIAL LITERACY

In line with BOA Uganda's mission to contribute to the country's economic development, the Bank continues to make substantial efforts driven by paying considerable attention to CSR interventions promoting financial literacy. This is through creating innovative financial literacy programs, activities, events, and partnerships that empower customers in making informed choices

facilitating their financial welfare.

In May, the Bank held four customer forums delivering financial management, capacity building, and specialized financial services to support contractors' recovery. One physical meeting was in Kampala and two virtual engagements conducted in the northern and western regions of the country. These forums attracted over 500 attendees within the sector.



The Bank's Executive Director Bernard R. MAGULU interacting with the contractors

CITIBANK

CITIBANK DONATES UGX 270 MILLION TO HELP LOCAL SURGERY IN GLOBAL PANDEMIC



Citibank donates UGX 270 million to help local surgery in global pandemic

Citibank Uganda in partnership with Joint Medical Store (JMS), Centres for Diseases Control (CDC) and Infectious Disease Institute (IDI), officially handed over a refurbished and fully equipped theatre at the Kajjansi Health Centre IV, to the Minister of Health, Hon. Jane Ruth Aceng. This was part of Citi Uganda's COVID-19 donation worth UGX 270 million to the Government of Uganda towards the fight against COVID-19. Citi's contribution of UGX 270 million in

medical equipment to the Kajjansi theatre will enable the theatre continuously serve people needing medical care long after the pandemic. The fully equipped theatre was in direct response to the need to serve expectant mothers and all patient categories in need of operating theatre services within the Entebbe, Munyonyo and Kajjansi areas who were previously attended to at the Entebbe General Hospital, that was cordoned off for purposes of exclusively managing COVID-19 patients.

CITIBANK SUPPORTS MICROENTREPRENEURS THROUGH THE CITI MICROENTREPRENEURSHIP AWARDS PROGRAM



Citi has partnered with the Association of Microfinance Institutions in Uganda (AMFIU) for the past 11 years to implement the Citi Microentrepreneurship Awards program in Uganda. The total contribution to this program is over USD 700,000 (over UGX 2.5 Billion).

The Citi Microentrepreneurship Awards program was launched in 2005 and is a signature initiative of the Citi Foundation aimed at raising awareness about the importance of Microentrepreneurship

and microfinance in supporting the financial inclusion and economic empowerment of low-income individuals. The objective of the Citi Microentrepreneurship Awards program is to illustrate and promote the effective role that microfinance plays in poverty alleviation around the world. In particular, the program seeks to generate recognition for the extraordinary contributions that individual Microentrepreneurs have made to the economic sustainability of their families as well as their communities.

66

The objective of the Citi Microentrepreneurship Awards program is to illustrate and promote the effective role that microfinance plays in poverty alleviation around the world.



Assets Reconstruction Company

BACKGROUND

The Assets Reconstruction Company (ARC) is a private-sector led initiative established by the Uganda Bankers' Association (UBA) to address the alarming build-up of Non-Performing Loans (NPLs) in Uganda's financial services sector over the past ten years, peaking at 10.5% at the end of 2016.

The ARC was formed following a study in 2015 by Price Waterhouse Coopers (PwC). This study, which was commissioned by the UBA,

Ministry of Finance, Planning and Economic Development, and the Bank of Uganda to recommend a mechanism through which NPLs in the financial system could be resolved sustainably. PwC recommended the formation of an asset management company (AMC) to address this issue.

CLB Capital manages all the operations of the ARC and reports to a Board of Directors of the ARC, which was appointed by the UBA. The current Board of the ARC comprises the UBA's Executive Committee. The Mandate of the Asset Reconstruction it

to focus on the restructuring, recovery and recuperation of the distressed entities as opposed to the outright sale of their assets.

PARTNERSHIPS

For the purpose of raising capital, ARC has been building a partnership with International Finance Corporation (IFC) as well as strategic partnerships with Private Equity Firms like Alantra and Vital Capital. Through these partnerships, the ARC will be able to provide long term flexible capital.

SENIOR MANAGEMENT TEAM



Dr. Imre Balogh



Mr. Walter Ogwal



Mr. Joseph Murabula



Mr. Joseph Ogwal



Mr. Kabiito Karamagi



Mr. Phillip Dande

REMEMBERING THE LATE PROF. EMMANUEL TUMUSIIME MUTEBILE, GOVERNOR BANK OF UGANDA

BB

We will remember him for being resolute on no policy reversals at challenging times...



The late Governor at the UBA Annual Bankers Conference Event



The late Governor and UBA Chairman

On 23rd January 2022, we received unpleasant news that the Governor had been called for higher service by the Almighty God our creator.

We will remember him for being resolute on no policy reversals at challenging times like 2016 when our East African sub region weighed options including the possibility of adopting interest rate regimes/caps and Prof Mutebile stood firm on the path of market determined & driven policy approaches.

We will miss and remember Governor Mutebile for his jokes and impeccable sense of humor at social moments outside. He was gifted with the spirit of love & enormous generosity. He gave a lot to colleagues and friends out of the goodness of his heart.

Prof Mutebile was a great

Economist and Governor.

We will miss him, we will remember him, Prof Mutebile has earned his place in the annals of the history of Uganda and he will forever continue to be present with each and every one of us, in our hearts, in our lives, in our economy.

Thank you, Governor, for having guided the industry carefully, skilfully and successfully.



UBA Vice Sarah Arapta paid a courtesy visit to the last Prof. Emmanuel Tumusiime Mutebile at his home



UBA Member Bank CEOs prepare to attend the funeral service for the last Prof. Emmanuel Tumusiime Mutebile at Kololo Ceremonial Grounds on 28th January 2022

OBITUARIES

We remember our colleagues who have departed from us and continue to celebrate their achievements and efforts towards developing and growing the banking and financial services sector.



Mr. Everest Kayondo
Chairman of Kampala City
Traders Association (KACITA)



Mr. Gideon Badagawa
Private Sector
Foundation Uganda ED

May their Souls Rest in Peace

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.0 ORGANIZATION INFORMATION

1.1 INCORPORATION

Uganda Bankers Association (UBA) was started out as a Non-Governmental Organisation and later developed into a company limited by guarantee. Founded in 1981, Uganda Bankers' Association (UBA) is an umbrella organization for financial institutions licensed and supervised by Bank of Uganda. UBA was established in 1981 and is currently made up of 36 members comprising 25 Commercial Banks, 2 development banks (Uganda Development Bank & East African Development Bank) and 9 Associate Members comprising Tier 2 & Tier 3 Financial institutions.

UBA's mandate among other things includes the promotion, protection, representation and development of the professional and business interests of members.

This also includes fostering orderly conditions within the banking industry subject to the laws prevailing at any time in Uganda.

The objectives of UBA are;

- Develop and maintain a code of ethics and best banking practices among its membership.
- To encourage & undertake high quality policy development initiatives and research on the banking sector, including trends, key issues & drivers impacting on or influencing the industry and national development processes therein through partnerships in banking & finance, in collaboration with other agencies (local, regional, international including academia) and research networks to generate new and original policy insights.
- To develop and deliver advocacy strategies to influence relevant stakeholders and achieve policy changes at industry and national level.
- To work closely with the regulator BOU and other non-bank financial institutions & organizations in promoting financial sector growth, through training, development of products, technologies & initiatives to promote financial sector growth.
- To promote and represent the professional interests of its members

1.2 PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Uganda Bankers' Association
Plot 2702 Block 244
Nyangweso Road
Tank hill Muyenga
P.O. Box 8002
Kampala

1.3 BANKERS

Bank of Baroda (Uganda) Ltd.
Plot No.18, Kampala Uganda
P.O Box 7197
Kampala, Uganda

NCBA Bank Uganda Ltd.
Rwenzori Towers, Nakasero
Road
P.O Box 28707
Kampala, Uganda

ABSA Bank Uganda Ltd.
Plot 4 Hannington Road
P.O Box 2971
Kampala, Uganda

United Bank of Africa.
Jinja Road Branch Plot 2,

1.4 STAKEHOLDERS EXTERNAL STAKEHOLDERS



INTERNAL STAKEHOLDERS

- Member Financial Institutions
- Executive Committee
- Employees
- Management

1.5 SOLICITORS

H&G Advocates
2nd Floor H&G Chambers
P.O. Box 7026
Kampala.

1.6 AUDITORS

Kisaka & Company
Certified Public Accountants
Plot 77, Buganda Road
P. O. Box 27917, Kampala,
Uganda
Tel: 0414-255453
Fax: 0414-257592
Email: kisaka@africaonline.co.ug
kisaka@utlonline.co.ug
Website: www.kisakacpa.ug

2.0 EXECUTIVE COMMITTEE REPORT

2.1 INTRODUCTION

The Executive Committee submits its report and the audited financial statements for the year ended 31 December 2021, which discloses the state of affairs of Uganda Bankers' Association ("the Association").

2.2 PRINCIPAL ACTIVITY

"To protect, represent and develop the professional business interest of its members."

2.3 VISION, MISSION AND VALUES

Vision: "A strong, vibrant and respected financial services industry in the East African

region".

MISSION

"To promote a sound banking environment through research and innovation, advocacy, good governance and best practices."

VALUES

- Integrity
- Transparency
- Professionalism
- Good Governance
- Teamwork
- Service Excellence

2.4 STRATEGIC OBJECTIVES 2019 - 2021

- Championing the growth, development & adoption of robust, 24/7, secure, integrated multi-channel digital infrastructure required to transform the industry & harness financial service opportunities in intermediation, credit & payments space
- Championing initiatives intended at driving down the average industry cost of delivering financial services in Uganda (lower cost income ratio as measure of efficiency).
- Championing initiatives to promote financial inclusion, penetration of banking services, participation by the banking industry in key national projects driving the economy and overall expansion and leadership in the financial services sector.
- Consolidating & enhancing the achievements of the strategy period 2016-2018

2.5 SUMMARY OF ACHIEVEMENTS AND GAPS IN STRATEGIC PERIOD 2019 - 2021

| Objectives | Achievements | Gaps |
|---|---|---|
| Championing the growth, development & adoption of robust, 24/7, secure, integrated multi-channel digital infrastructure required to transform the industry & harness financial service opportunities in intermediation, credit & payments space. | <ul style="list-style-type: none"> ABC successfully launched in 2018. Received BOU License in Oct 2021, No of SFIs connected now 22 by year end. ABC reported breakeven by end of 2021. Now preparing for equity injection. 20,201 agents by the end of December 2021 located in most major districts across the country Average annual growth rate in transaction volume is 78% & value is 77% Key partnerships with GIZ, IFC, FSDU & Abi for provision of funding and technical support 15 services enabled on the SABS Achieved breakeven point in February 2021 Have achieved the Ugx. 1tn value of transactions and are consistent MoM since March 2021. System & technology improvements | <ul style="list-style-type: none"> 42% of agents active as at end of December 2021 Agent location – mainly major towns, with 62% of the agents located in central region System challenges and fraud challenges for member banks. |
| Championing initiatives intended at driving down the average industry cost of delivering financial services in Uganda (lower cost income ratio as measure of efficiency). | <ul style="list-style-type: none"> Delivered a detailed report on cost drivers & proposed interventions (Cost of doing biz report). CTI dropped to below 60% for the banking industry as at end of 2020. Center for Arbitration & Mediation (ICAMEK) now fully operational to channel case backlog away from courts of law. Strong industry focus on costs supported by research. Some industry collaborations on cost that need further traction Member support and good will available | <ul style="list-style-type: none"> Average industry CTI had risen to 61% at end of June 2021 Collaborations outside the banking sector that will help support low-cost service to customers and financial inclusion. |
| Championing initiatives to promote financial inclusion, penetration of banking services, participation by the banking industry in key national projects driving the economy and overall expansion and leadership in the financial services sector | <ul style="list-style-type: none"> Improved financial inclusion statistics Agent banking has widened the area of coverage of formal banking services | <ul style="list-style-type: none"> Linkages to SACCOS, VSLAs, MNOs and Fintechs that will enable low-cost financial inclusion Gaps in financial and digital awareness |
| Consolidating & enhancing the achievements of the strategy period 2016-2018 which included: | <p>In consolidating & enhancing the achievements of the prior strategy period, we focused on improving on the realization of 2016-2018 deliverables by:</p> <p>a) Submitted Regulatory reforms report.</p> <p>b) Strengthening Governance organs including productivity of UBA Committees. Key deliverables for the UBA committees in 2021 include:</p> <p>i. Investment committee sourced service providers and recommendation the</p> <p>direction UBA should take in regards the National Payments Switch</p> <p>ii. UBA Stakeholder engagement committee held key engagements in the year including on the education sector recovery with the ministry of education, various parliament committees and the executive arm on the status of the banking sector and support towards the recovery of the country.</p> <p>iii. CFO committee engaged URA through PWC on the treatment of</p> | <ul style="list-style-type: none"> Inconsistency of committee meetings and thus value from all the 15 committees Increasing the number and engagement through social media channels Skills improvement through training of the judiciary and customers digital awareness Stabilizing and realizing the investment intent of all the UBA companies Continue to diversify the sources of funds |

| Objectives | Achievements | Gaps |
|------------|---|------|
| | <p>VAT on imported services. URA confirmed UBA's understanding that for financial services whose supplies are exempt from tax will no longer be required to account for VAT.</p> <p>iv. Further, the CFO committee undertook training on Stress testing, ICAAP and Basel II. The training was attended by staff of member banks in Finance, Risk, Compliance, and Internal Audit.</p> <p>v. Credit Committee supported the industry during deliberations of the credit support measures and credit relief measures and reporting</p> <p>vi. HR Committee – Support to staff during the lockdown and during recovery, as well as spearheading the COVID-19 vaccination resulting into over 2,000 staff vaccinated in Kampala.</p> <p>vii. Bancassurance committee in conjunction with the insurance association undertook media engagements and workshops to raise awareness on bancassurance.</p> <p>viii. The Fraud Committee has been instrumental on collecting and collating fraud information and trends in and out of the sector and have held various training sessions on the same.</p> <p>ix. The Treasurers forum engaged world bank and IFC on the developments and outlook of the financial sector, and what may be required to support the recovery of the economy. Further, they held</p> <p>c) Strengthening collaborations and partnerships.</p> <p>d) Strengthening lobbying, advocacy, and stakeholder engagements – Key engagements in the period included:</p> <p>i. BOU especially during the COVID-19 pandemic</p> <p>ii. Ministry of Finance, Planning and Economic</p> <p>Development in launch participation in small biz recovery fund and matters as they relate to the industry and the budget planning</p> <p>iii. Parliament of Uganda</p> <p>iv. Ministry of Education & the First Lady for private schools' support when sector opened</p> <p>v. PSFU on industry dialogue & matters</p> <p>vi. UGEFA and Green finance launch</p> <p>vii. IFC – Stress testing training, SME survey and reporting as well as SME training</p> <p>viii. UCMP on oil Gas SME financing support</p> <p>ix. Fitspa on Agritech and support financing</p> <p>e) Continuously improving the Annual Bankers' Conference - Delivered a hybrid bankers conference on 4IR.</p> <p>f) Continuing to drive visibility initiatives - more -e-media channels utilized in 2021</p> <p>g) Continuing to champion industry skills improvement initiatives – Workshops and trainings held for members including training on Risk Management, Climate Change, Stress Testing, ICAAP and Basel II.</p> <p>h) Delivering results from the research function – with publications done in 2021 including sector analyses (Education, Agricultural, Tourism & Hospitality and Manufacturing), ABC Analysis and more papers now coming out in 2022.</p> <p>i) Stabilizing UBA investments in ABC, ARC, and ICAMEK.</p> <p>j) Continuing to diversify funding sources for UBA - Additional funding amounting to Ugx. 2.3bn secured from development partners. Further, funding mobilized by member SFIs to a tune of Ugx. 1.7bn for various projects including NIRA, IFC and PWC sector contribution</p> | |

2.6 FUNDING

| Source Of Funding | Actual (2021) Ugx '000 | Actual (2020) Ugx '000 |
|----------------------------------|------------------------|------------------------|
| Annual Subscription | 1,454,815 | 1,236,342 |
| Annual Bankers Conference | 262,900 | - |
| Agency and Other Funds | 311,718 | 170,941 |
| Interest | 45,419 | 41,071 |
| Cyber Security Operations Centre | 676,224 | 1,860,045 |
| Total Funds | 2,751,135 | 3,329,398 |

2.8 EXECUTIVE COMMITTEE

The executive committee members who held office during the year and to the date of this report were:

| No | Name | Role Organisation | Designation |
|----|--------------------------------|-------------------------------|------------------|
| 1 | Mr. Mathias Katumba | CEO dfcu Bank | Chairman |
| 2 | Ms. Sarah Arapta | CEO Citibank (U) Ltd | Vice Chairperson |
| 3 | Mr. Varghese Thambi | CEO Diamond Trust Bank Ltd | Hon. Treasurer |
| 4 | Mr. Sam Ntulume | ED I&M Bank Limited | Hon. Auditor |
| 5 | Mr. Albert Saltson | CEO Standard Chartered Bank | Committee Member |
| 6 | Ms. Veronicah Gladys Namagembe | CEO Pride Microfinance Ltd | Committee Member |
| 7 | Mr. Wilbrod Owor | ED Uganda Bankers Association | Secretary |

Attendance of Executive Committee meetings

The duties and responsibilities of the Executive are exercised

through the discussions and decisions that are reached during the

following meetings that took place during the year.

| Uganda Bankers Association Executive Committee Attendance Tracker | | | | | | | | | | | | | | | |
|---|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-------------------------|------------------------|
| UBA Executive Committee | Designation | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | No of meetings attended | % of meetings attended |
| 1 Mr. Mathias Katumba | Chairman | √ | X | Non | X | √ | √ | Non | √ | √ | √ | √ | Non | 7 | 78% |
| 2 Ms. Sarah Arapta | Vice Chair | X | √ | Non | √ | √ | √ | Non | X | √ | √ | √ | Non | 7 | 78% |
| 3 Mr. Varghese Thambi | Hon. Treasurer | √ | √ | Non | X | √ | X | Non | √ | √ | √ | √ | Non | 7 | 78% |
| 4 Mr. Samuel Ntulume | Hon. Auditor | √ | √ | Non | √ | √ | √ | Non | X | √ | √ | √ | Non | 8 | 89% |
| 5 Mr. Albert Saltson | Committee Member | √ | √ | Non | X | √ | X | Non | √ | X | √ | √ | Non | 6 | 67% |
| 6 Ms. Veronicah Gladys Namagembe | Committee Member | X | √ | Non | √ | √ | √ | Non | √ | X | √ | √ | Non | 7 | 78% |
| 7 Mr. Wilbrod Humphreys Owor | Executive Director | √ | √ | Non | √ | √ | √ | Non | √ | √ | √ | √ | Non | 9 | 100% |
| Total Number of meetings held | | | | | | | | | | | | | | | |
| No meetings held in the months of March, July and December 2021 | | | | | | | | | | | | | | | |

Key

X – Absent with apology

√ - Attended

2.9 MEMBERSHIP

UBA Membership comprises of supervised financial institutions operating in Uganda and the two development banks are also members of the association. The principal activity of the Association is the protection, representation, and development of professional business interests of its members.

2.10 AUDITORS

The auditors, Kisaka & Company CPA, were appointed to carry out the audit of the organisation for the year ended 31 December 2021 and have expressed their willingness to continue in office in accordance with Section 167 (2) of the 2012 Companies Act, Cap 110, and Laws of Uganda.

| Name | Annual Subscription 2020 | Annual Subscription 2021 |
|---------------------------------------|--------------------------|------------------------------------|
| ABC Capital Bank Uganda Ltd | 32,084,065 | 37,088,526 |
| Afriland First Bank | - | Afriland First Bank |
| Bank of Africa | 40,794,592 | 45,784,023 |
| Bank of Baroda | 50,515,303 | 58,314,913 |
| Bank of India Uganda Ltd | 33,466,810 | 39,939,720 |
| ABSA Bank Uganda | 62,260,198 | 76,435,975 |
| BRAC (U) LTD | 5,000,000 | 9,120,521 |
| Cairo Bank Uganda | 32,824,047 | 38,610,758 |
| Centenary Bank Limited | 65,116,956 | 78,081,306 |
| Citibank Uganda Limited | 42,914,225 | 47,976,052 |
| Commercial Bank of Africa | 33,210,179 | Merged with NC bank to become NCBA |
| DFCU Bank Ltd | 69,162,507 | 71,128,204 |
| Diamond Trust Bank | 50,579,117 | 56,468,853 |
| East African Development Bank | 48,539,218 | 39,348,852 |
| Eco Bank Limited | 36,234,893 | 44,244,693 |
| EFC Uganda Ltd | 0 | 8,417,672 |
| Equity Bank Uganda Ltd | 44,186,578 | 55,414,476 |
| Exim Bank Uganda Ltd | 34,913,319 | 40,386,878 |
| Finance Trust Bank Ltd | 33,590,049 | 39,421,005 |
| FINCA Uganda Limited | 5,000,000 | 8,853,032 |
| GT Bank Ltd | 33,841,890 | 39,039,552 |
| Housing Finance Bank Ltd | 40,499,031 | 47,062,439 |
| KCB Bank Uganda Limited | 40,628,170 | 46,450,936 |
| Mercantile Credit Bank Ltd | 5,000,000 | 8,460,326 |
| NCBA Limited | 34,087,881 | 42,684,150 |
| Opportunity Bank | 32,801,921 | 38,363,293 |
| I&M Bank Uganda Limited | 39,853,711 | 45,915,254 |
| Post Bank Uganda Limited | 5,000,000 | 9,937,294 |
| Pride Microfinance Limited | 5,000,000 | 9,346,037 |
| Stanbic Bank Limited | 98,769,109 | 114,112,002 |
| Standard Chartered Bank | 66,449,158 | 73,249,958 |
| Top Finance Bank | 5,000,000 | 8,288,447 |
| Tropical Bank Ltd | 34,891,416 | 40,094,048 |
| ugafode microfinance Ltd | 0 | 8,403,708 |
| Uganda Development Bank Limited | 35,070,523 | 42,083,257 |
| United Bank for Africa Uganda Limited | 34,056,273 | 41,649,731 |
| Yako Microfinance Ltd | 5,000,000 | 8,238,912 |
| Total | 1,236,341,139 | 1,454,814,803 |

By Order of Executive Committee

Signed:  Date: 22/3/2022

3.0 STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Uganda Companies Act, 2012 required the Executive Committee to prepare the financial statements for each financial year, which give a true and fair of the state of affairs of the Association as at the end of the financial year and of its operating results for that year. It also requires the Executive Committee to ensure the Association keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association.

The Executive


Committee is ultimately responsible for the internal control. The Executive Committee delegates responsibility for internal control to management at the secretariat. Standards and systems of internal control are designed, approved, and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Association's assets. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent and using

the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Executive Committee accepts responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act 2012. The Executive

Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association and of its operating results. The Executive Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the executive committee to indicate the association will not remain a going concern from the date of this statement.


Chairman

22/03/2022
Date


Hon. Treasurer

22/03/2022
Date


Executive Director

22/3/2022
Date

4.0 INDEPENDENT AUDITORS' REPORT TO MEMBERS OF UBA'S EXECUTIVE COMMITTEE

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

4.1.1 OPINION

We have audited the financial statements of UBA [the Association], which comprise the statement of financial position as at December 31, December 2021, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the UBA as at December 31, 2021, and its Income and Expenditure and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

4.1.2 BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

4.1.3 KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report in this regard.

4.1.4 MANAGEMENT'S APPROPRIATE USE OF THE GOING CONCERN BASIS OF ACCOUNTING

Based on the audit evidence obtained, we are not aware of existence of any material uncertainty related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern.

4.1.5 RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance-

Executive Committee are responsible for overseeing the Association's Financial reporting process.

4.1.6 OTHER INFORMATION

Management of responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

4.1.7 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a

guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit 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 A's internal control.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

e. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the

planned scope and timing of the audit and significant findings, including any significant deficiencies in internal council that we identify during our audit.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters

communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the

public interest benefits of such communication.

4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Ugandan Companies Act 2012, we report to you, based on our audit, that:

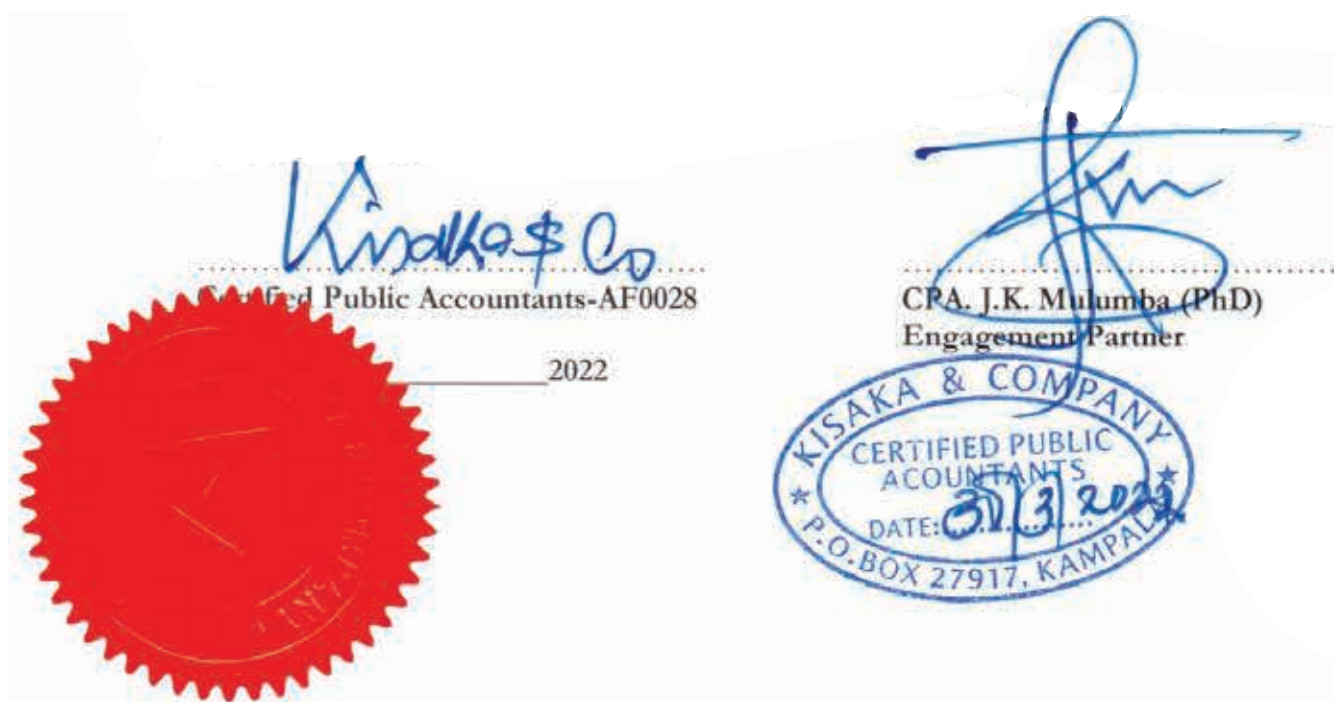
a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit.

b. In our opinion proper books of account have been kept by the

Association, so far as appears from our examination of those books; and

c. The Association's statement of financial position and statement of Income and Expenditure are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report was CPA J.K. Mulumba (Ph.D.)-P0045.



5.0 STATEMENT OF FINANCIAL POSITION

| | | 31-Dec-21 | 31-Dec-20 |
|-------------------------------------|---------|------------------|------------------|
| | Notes | Ugshs "000" | Ugshs "000" |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property & Equipment | 9.9 | 135,381 | 136,678 |
| Right of Use | 9.10 | 57,880 | 110,963 |
| Intangible Assets | 9.11 | 968 | 1,740 |
| | | 194,229 | 249,381 |
| Investments | | | |
| Investment in ARC | 9.12 | 660,535 | 660,535 |
| Investment in ABC | 9.12 | 4,769,274 | 4,769,274 |
| | | 5,429,809 | 5,429,809 |
| Related Parties | 9.13(a) | 308,861 | 312,916 |
| | | 308,861 | 312,916 |
| Current Assets | | | |
| Cash & Cash Equivalents | 9.14 | 1,052,560 | 486,340 |
| Accounts Receivables | 9.15 | 1,077,551 | 845,926 |
| Prepayments | 9.16 | 97,636 | 47,824 |
| | | 2,227,747 | 1,380,090 |
| Total Assets | | 8,160,646 | 7,372,196 |
| LIABILITIES AND EQUITY | | | |
| Non-Current Liabilities | | | |
| Deferred Revenue | 9.17 | 1,322,310 | 480,895 |
| Related Party ARC | 9.13(b) | 287,409 | 287,409 |
| Lease Liability | 9.18 | 45,737 | 110,154 |
| | | 1,655,456 | 878,458 |
| Current Liabilities | | | |
| Payables | 9.19 | 1,118,857 | 1,227,409 |
| | | 1,118,857 | 1,227,409 |
| Equity and Reserves | | | |
| Equity | 7.0 | 5,429,809 | 5,429,809 |
| Reserves | 7.0 | (43,476) | (163,480) |
| | | 5,386,333 | 5,266,329 |
| Total Liabilities and Equity | | 8,160,646 | 7,372,196 |

The financial statements were approved by the Executive Committee on.....2022 and were signed on its behalf by:





Executive Director Chairman Hon. Treasurer

6.0 STATEMENT OF INCOME AND EXPENDITURE

| | <i>Notes</i> | <i>31-Dec-21</i> <i>Ugshs "000"</i> | <i>31-Dec-20</i> <i>Ugshs "000"</i> |
|----------------------------|--------------|--|--|
| Income | | | |
| Agency Banking | 9.2 | 311,778 | 170,941 |
| Annual Banker's Conference | 9.2 | 262,900 | - |
| Annual subscription | 9.2 | 1,454,815 | 1,257,341 |
| Interest Income | 9.2 | 45,419 | 41,071 |
| Other Income | 9.2 | 676,224 | 1,860,045 |
| Total | | 2,751,135 | 3,329,398 |
| Expenditure | | | |
| Administration Expenses | 9.3 | 400,591 | 968,849 |
| Finance Expenses | 9.4 | 18,292 | 11,439 |
| Governance Expenses | 9.5 | 7,641 | 12,685 |
| Staff Expenses | 9.6 | 1,013,069 | 911,143 |
| UBA Activities/Initiatives | 9.7 | 221,171 | 76,957 |
| Project Expenses | 9.8 | 989,069 | 1,415,359 |
| | | 2,649,832 | 3,396,432 |
| Surplus/(Deficit) | | 101,304 | (67,034) |

7.0 STATEMENT OF CHANGES IN RESERVES

| | Retained Earnings <i>Ugshs "000"</i> | ARC Fund <i>Ugshs "000"</i> | ABC Fund <i>Ugshs "000"</i> | Total <i>Ugshs "000"</i> |
|------------------------------------|--|---------------------------------------|---------------------------------------|------------------------------------|
| As at 01 Jan 2020 | (90,681) | 660,534 | 4,769,274 | 5,339,128 |
| Deficit for the year | (72,799) | - | - | (72,799) |
| As at 31 Dec 2020 | (163,480) | 660,534 | 4,769,274 | 5,266,329 |
| As at 01 Jan 2021 | (163,480) | 660,535 | 4,769,274 | 5,266,329 |
| Prior year adjustment ¹ | 18,700 | - | - | 18,700 |
| Surplus for the period | 101,304 | - | - | 101,304 |
| As at 31 Dec 2021 | (43,476) | 660,535 | 4,769,274 | 5,386,333 |

8.0 STATEMENT OF CASH FLOWS

| | | 31-Dec-21 | 31-Dec-20 |
|--|-------|------------------|------------------|
| | Notes | Ugshs "000" | Ugshs "000" |
| Cash flow from operating activities | | | |
| Surplus/(Deficit) for the period | 6.0 | 101,304 | (72,799) |
| Adjustments | | | |
| Depreciation Expense | 9.9 | 23,168 | 22,262 |
| Interest Expense | 9.18 | 7,249 | 10,211 |
| Amortization of Intangible Assets | 9.11 | 564 | 870 |
| Depreciation Expenses to ROU Asset | 9.10 | 58,038 | 64,238 |
| Loss on disposal | 9.3 | 7,269 | - |
| Prior year adjustment of Bad Debts | 9.3 | 18,700 | - |
| | | 216,291 | 24,782 |
| Cash flow from Operating activities | | | |
| Changes in Working Capital | | | |
| Movement in Related Party | 9.13 | 4,055 | (226,981) |
| Decrease/(Increase) in Accounts Receivables | 9.15 | (231,625) | 47,316 |
| Decrease/(Increase) in Prepayments | 9.16 | (49,812) | (14,188) |
| (Decrease)/Increase in Accounts Payables | 9.19 | (108,552) | 226,595 |
| | | (385,934) | 32,742 |
| Net Cash flow used in/ generated from operating activities | | (169,643) | 57,524 |
| Cash flow from Investing Activities | | | |
| Purchase of Property and Equipment | 9.9 | (28,932) | (35,972) |
| Purchase of right of use | | (4,954) | - |
| Net cash flow used in investing activities | | (33,886) | (35,972) |
| Cash flow from Financing Activities | | | |
| Deferred Revenue | 9.17 | 841,415 | (348,645) |
| Lease Payments | 9.18 | (71,666) | (75,259) |
| Net Cash flow used in/ generated from financing activities | | 769,749 | (423,904) |
| Net (Decrease)/ Increase in cash equivalents | | 566,220 | (402,352) |
| Cash & Cash Equivalents as at the beginning | | 486,340 | 888,692 |
| Cash and Cash equivalents as at 31-Dec-2021 | 9.14 | 1,052,560 | 486,340 |

9.0 NOTES TO THE FINANCIAL STATEMENTS

9.1 REPORTING ENTITY

Uganda Bankers' Association (UBA) was started as a Non-Governmental Organization and later established into a company limited by guarantee. Founded in 1981, UBA is an umbrella organization for financial institutions licenced and supervised by Bank of Uganda. UBA was established in 1981 and is currently made up of 36 members comprising 25 commercial banks, 2 development banks (Uganda Development Bank and East African Development Bank) and 9 Associate members comprising tier 2 & tier 3 Financial Institutions.

UBA's mandate among other things includes promotion, protection, representation, and development of professional and business interests of its members. This also includes fostering orderly conditions within the banking industry subject to the laws prevailing at any time in Uganda.

9.1.1 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

(a) Basis of Preparation
The financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Ugandan Companies Act 2012 (Cap 110).

The financial statements have been prepared on an historical cost basis, unless otherwise stated. The financial statements values are presented in Uganda Shillings (UShs).

(b) New standards, Amendments, and Interpretations Issued but Not Yet Effective
At the date of authorisation of these financial statements, the following standards and interpretations which have not yet been applied in these financial statements were in issue but not yet effective for the year presented.

Amendment to IAS

1 "Classification of liabilities as Current or Non-current" (issued in January 2020), effective for annual periods beginning on or after 1 January 2023 clarify a criterion for classifying a liability as non-current the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

Amendment to IAS 16 Property, Plant and Equipment "Proceeds before intended use" (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the costs of producing those items in profit or loss.

Amendment to IFRS 1 First-time adoption of International Financial Reporting Standards "Subsidiary as a first-time

adopter" (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amount reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D 16 (a) of IFRS 1.

Amendments to IFRS 3 Business Combinations - the amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for the liabilities and contingent liabilities that would be within the scope of IAS 37 of IFRIC 21 Levies if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual periods beginning on or after 1 January 2022.

IFRS 17 "Insurance Contracts" (issued in May 2017),

effective for annual periods beginning on or after 1 January 2023, establishes the principles for recognition, measurement, presentation, and disclosures of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents these contracts. The Association does not issue insurance contracts.

Amendments to IFSR 9 Financial Instruments “Fees in the 10 percent test for derecognition of financial liabilities” (issued in May 2020, effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or

received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf Amendment to IAS 41 Agriculture “Taxation in fair value measurements” (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, removes the requirements in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

Amendment to IAS 37 Provision, Contingent Liabilities, and Contingent Assets effective for annual periods beginning on or after 1st January 2022.

Management does not expect that the adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The Association plans to apply the changes above, if applicable, from their effective dates.

(c) Accounting Judgments, Estimates and Assumptions

The preparation of the Association’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(d) Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(e) Property and equipment
Estimates of residual values are made by management in addition to the estimates of expected useful lives of property and equipment.

The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, and the intention of management.

Residual values of an asset are determined by estimating the amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of age and in a condition expected at the end of its useful life.

The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the Association with similar assets and the intention of management.

(f) Income Recognition
Income represents subscriptions from member banks and interest income earned on cash deposits held in

banks. The income is recorded in the financial statements in the year of receipt or, in the year of commitment to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. Income also has receipts from nonmember funds including development partners.

(g) Expenditure
Expenditure represents costs incurred in the year on administration, staff, governance and costs of promotion, protection, representation, and development of members' interests.

(h) Property and Equipment
Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All other repair and maintenance costs are recognised in the Statement of Financial Activities as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Computer

equipment and accessories - 3 years

- Office equipment - 8 years
- Furniture and fittings - 8 years.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Activities when the asset is derecognised.

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

(i) Intangible Assets
Intangible asset relates to the accounting software called quick books that was obtained as a tool to keep the UBA's books of accounts.

Amortisation is calculated on a straight-line basis at 33.3% per annum.

(j) Financial Instruments - Initial Recognition and Subsequent Measurement
The classification of financial instruments at 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.

Financial assets

Initial recognition and measurement
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Association commits to purchase or sell the asset.

The Association's financial assets

include cash and short-term deposits, and accounts receivable.

Subsequent measurement
The Association's financial assets are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'financial Investments-available for sale' or 'financial assets designated at fair value through profit or loss.

After initial measurement, these financial assets are subsequently measured at amortized cost, using the effective interest rate method, less allowance for impairment. Amortization is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in the Statement of Financial Activities. The losses arising from impairment

are included in the Statement of Financial Activities.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired; and UBA 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 Association has transferred substantially all the risks and rewards of the asset, or (b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank, cash on hand, bank overdrafts and short-term deposits with an original maturity of three months or less.

(l) Reserves

Reserves relate to the accumulated retained earnings of the prior year and the surplus for 2021.

(m) Financial Liabilities

The Association's financial liabilities include accounts payable.

Subsequent measurement
After initial measurement, the Association's financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortization is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in the Statement of Financial Activities.

De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an

existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Financial Activities.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(n) Foreign Currency Translation

The Association's financial statements are presented in Uganda Shillings (Ushs), which is also the Association's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Association at their respective functional currency rates

prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date which is 1USD=Shs. 3,611 (Ref: Bank of Uganda) All differences are taken to the Statement of Financial Activities.

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.

(o) Impairment of Non-Financial Assets
The Association assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Association estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its

recoverable amount.

Impairment losses are recognised in the Statement of Financial Activities in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication is found, the Association estimates the asset's recoverable amount. 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 that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of

Financial Activities.

(p) National Social Security Fund contributions
The association contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Association's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The Association's contributions are charged to the Statement of Financial Activities in the period to which they relate.

(q) Impairment of Financial Assets
The Association assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that

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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(r) Tax
According to the Income Tax Act, Cap 340, under section 2(bb), the Association qualifies as an exempt entity for tax purposes. The Association obtained a tax exemption certificate from Uganda Revenue Authority (Certificate No. S.5914/4346, dated 7 March 2003).

(s) Investment in Joint Venture
Agent Banking Company is a Joint

Venture over which Uganda Bankers' Association has contractual arrangements to jointly share the control over the economic activity of the entity with one or more parties. The Association's interest in joint the venture is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Association's share of the Joint Ventures' income and expenses, assets and liabilities and cash flows of the jointly controlled entity on a line-by-line basis with similar items in the Association's financial statements.

Investments in the joint venture are carried at cost less accumulated impairment losses in the Association's balance sheet. On disposal of investments in the joint venture the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

9.2 INCOME

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|----------------------------|--------------------------|--------------------------|
| Agency Banking | 311,778 | 170,941 |
| Annual Banker's Conference | 262,900 | - |
| Annual subscription | 1,454,815 | 1,257,341 |
| Interest Income | 45,419 | 41,071 |
| Other Income** | 676,224 | 1,860,045 |
| | 2,751,135 | 3,329,398 |

** Other income comprises of receipts from NIRA for the NIRA project, bidding fees, GIZ grant receipts for ABC Company.

9.3 ADMINISTRATION EXPENSES

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|----------------------------|--------------------------|--------------------------|
| ICT Expenses | 70,162 | 69,325 |
| Office Expenses & Supplies | 28,287 | 20,625 |
| Other General Expenses*** | 13,134 | 463,260 |
| Printing & Stationery | 37,854 | 30,005 |
| Professional Fees | 92,512 | 243,535 |
| Rent and Rates | 13,125 | 10 |
| Travel & Subsistence | 28,279 | 41,047 |
| Utilities | 13,889 | 13,672 |
| Depreciation | 77,380 | 87,370 |
| Loss on Disposal**** | 7,269 | - |
| Bad Debts | 18,700 | - |
| | 400,591 | 968,849 |

*** Other general expenses comprise of repairs & maintenance, TV subscription, membership and subscription, Donations expenses.

**** This relates to disposal of assets namely computer equipment, furniture and fittings and intangible asset that was done on 31st October 2021.

9.4 FINANCE EXPENSES

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|--------------------|--------------------------|--------------------------|
| Interest Expense** | 6,684 | 10,211 |
| Bank Charges | 1,172 | 1,228 |
| Exchange Loss | 10,435 | - |
| | 18,292 | 11,439 |

** This relates interest expense on the right of use asset for the Muyenga office.

9.5 GOVERNANCE EXPENSES

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|--------------------------|--------------------------|--------------------------|
| Honorarium Expenses | - | - |
| Member Meeting Costs | 2,627 | 10,504 |
| Sub - Committee Expenses | 5,014 | 2,181 |
| | 7,641 | 12,685 |

9.6 STAFF EXPENSES

| | 31-Dec-21 Ugshs "000" | 31-Dec-20 Ugshs "000" |
|-------------------|--------------------------|--------------------------|
| Salaries & Wages | 803,603 | 723,958 |
| Gratuity | 79,356 | 72,395 |
| NSSF 10% | 79,356 | 72,396 |
| Medical Expenses | 32,019 | 23,234 |
| Temporary Wages | 18,235 | 18,560 |
| Local Service Tax | 500 | 600 |
| | 1,013,069 | 911,143 |

9.7 UBA ACTIVITIES/INITIATIVES

| | 31-Dec-21 Ugshs "000" | 31-Dec-20 Ugshs "000" |
|---|--------------------------|--------------------------|
| Advertising | 13,798 | 35,698 |
| Stakeholder Engagements & PR Support | 34,218 | 18,889 |
| Seminars, Dinners Workshops & Other Events, social media, and Annual Bankers Conference | 173,155 | 22,370 |
| | 221,171 | 76,957 |

9.8 PROJECT COSTS

| | 31-Dec-21 Ugshs "000" | 31-Dec-20 Ugshs "000" |
|---|--------------------------|--------------------------|
| Agency Banking Expenses | 312,311 | 454,628 |
| NIRA Connectivity Expenses | 597,927 | 928,536 |
| Special Projects Costs Including the National Payments Switch project | 78,831 | 32,195 |
| | 989,069 | 1,415,359 |

9.9 PROPERTY AND EQUIPMENT

| | Computers and Accessories Ugshs "000" | Office Equipment Ugshs "000" | Furniture & fittings Ugshs "000" | Totals Ugshs "000" |
|---------------------------------------|--|---------------------------------|-------------------------------------|-----------------------|
| Cost | | | | |
| As at 01 January 2021 | 67,449 | 49,358 | 136,416 | 253,223 |
| Additions | 13,214 | 9,218 | 6,500 | 28,932 |
| Disposals** | (2,266) | (3,819) | (9,477) | (15,562) |
| As at 31 December 2021 | 78,397 | 54,757 | 133,439 | 266,593 |
| Accumulated Depreciation | | | | |
| As at 01 January 2021 | 44,851 | 21,573 | 50,122 | 116,546 |
| Disposals** | (1,478) | (2,271) | (4,753) | (8,502) |
| Charge for the period | 8,972 | 3,681 | 10,515 | 23,168 |
| As at 31 December 2021 | 52,345 | 22,983 | 55,884 | 131,212 |
| Net Book Value as at 31-December 2021 | 26,052 | 31,774 | 77,555 | 135,381 |
| Net Book Value as at 31-December 2020 | 22,598 | 27,785 | 86,294 | 136,677 |

*** This relates to assets disposed off by management on the 31 October 2021.

9.10 RIGHT OF USE ASSET

| | 31-Dec-21 Ugshs "000" | 31-Dec-20 Ugshs "000" |
|-----------------------|--------------------------|--------------------------|
| As at 01 January | 244,961 | 233,252 |
| Additions | 4,954 | 11,709 |
| As at 31 December | 249,915 | 244,961 |
| Depreciation | | |
| As at 01-January | 133,997 | 69,759 |
| Charge for the period | 58,038 | 64,238 |
| As at 31 December | 192,035 | 133,997 |
| As at 31 December | 57,880 | 110,964 |

This relates to the leased office premises in Muyenga that is presented as its own line in the statement of financial position.

9.11 INTANGIBLE ASSET

| | Ugshs "000" | Ugshs "000" |
|---------------------------------|--------------|--------------|
| Cost | | |
| As at 01-January | 6,712 | 6,712 |
| Additions | - | - |
| Disposals** | (2,190) | - |
| As at 31-December | 4,522 | 6,712 |
| Accumulated Amortization | | |
| As at 01-January | 4,972 | 4,102 |
| Amortization charge on Disposal | (1,982) | - |
| Charge for the period | 564 | 870 |
| As at 31-December | 3,554 | 4,972 |
| NBV as at 31-December | 968 | 1,740 |

** This relates to disposal of part of quick books acquired in January 2016.

9.12 INVESTMENTS

| | 31-Dec-21 <i>Ugshs "000"</i> | 31-Dec-20 <i>Ugshs "000"</i> |
|-------------------|---------------------------------|---------------------------------|
| Investment in ARC | 660,535 | 660,535 |
| Investment in ABC | 4,769,274 | 4,769,274 |
| | 5,429,809 | 5,429,809 |

9.13 RELATED PARTIES*9.13(a) Related parties - Receivables*

| | Agent Banking Company <i>Ushs "000"</i> | ICAMEK/ ADR <i>Ushs "000"</i> | Short-term Advance <i>Ushs "000"</i> | Total <i>Ushs "000"</i> |
|---------------------------|--|---|--|----------------------------|
| As at 01 Jan- 2021 | 287,624 | 25,292 | - | 312,916 |
| Additions | - | - | 215,000 | 215,000 |
| Payments | (219,055) | - | - | (219,055) |
| As at 31 Dec 2021 | 68,569 | 25,292 | 215,000 | 308,861 |

9.13(b) Related parties – ARC Payable

| | 31-Dec-21 <i>Ushs "000"</i> | 31-Dec-20 <i>Ushs "000"</i> |
|---------------------------|--------------------------------|--------------------------------|
| As at 01 Jan- 2021 | (287,409) | (287,409) |
| Additions | - | - |
| Payments | - | - |
| As at 31 Dec 2021 | (287,409) | (287,409) |

9.14 CASH AND BANK

| | 31-Dec-21 <i>Ugshs "000"</i> | 31-Dec-20 <i>Ugshs "000"</i> |
|--------------------------------|---------------------------------|---------------------------------|
| Barclays Bank: Current Account | 21,240 | 103,214 |
| Baroda Bank: Current Account | 642,160 | 153,896 |
| Petty Cash | - | 1,282 |
| NC Bank: Current Account Ugx | 579 | 180,167 |
| NC Bank: Giz Project Account | 388,431 | 47,632 |
| United Bank for Africa | 149 | 149 |
| | 1,052,560 | 486,340 |

9.15 ACCOUNTS RECEIVABLES

| | 31-Dec-21 <i>Ugshs "000"</i> | 31-Dec-20 <i>Ugshs "000"</i> |
|-------------------|---------------------------------|---------------------------------|
| Trade Receivables | 1,073,569 | 845,926 |
| Other Receivables | 3,982 | 0 |
| | 1,077,551 | 845,926 |

9.16 PREPAYMENTS

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|------------------------------|--------------------------|--------------------------|
| Prepaid Rent | 69,829 | - |
| Amortization of prepaid Rent | (51,391) | - |
| Other Prepayments | 79,198 | 47,824 |
| | 97,636 | 47,824 |

9.17 DEFERRED REVENUE

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|------------------------------------|--------------------------|--------------------------|
| Agency Banking | 53,582 | 106,792 |
| IFC Project (Repurposed for C-SOC) | 816,071 | 161,550 |
| NIRA Contributions | 113,555 | 114,861 |
| Deferred Revenue* | 339,102 | 97,692 |
| | 1,322,310 | 480,895 |

* Deferred revenue included Mastercard, contribution to copyright not yet executed, and member contributions to legal cases not yet concluded

9.18 LEASE LIABILITY

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|-----------------------------|--------------------------|--------------------------|
| As at 01-January | 110,154 | 163,493 |
| Interest on lease liability | 7,249 | 10,211 |
| | 117,403 | 173,704 |
| Lease payments | (71,666) | (75,259) |
| Renewals/Additions | - | 11,709 |
| As at 31-December | 45,737 | 110,154 |

9.19 PAYABLES

| | 31-Dec-21 Ugshs “000” | 31-Dec-20 Ugshs “000” |
|------------------|--------------------------|--------------------------|
| Audit fees | 13,580 | 14,915 |
| Other Payables | 21,356 | 61,652 |
| Trade Payables | 925,439 | 1,057,217 |
| Gratuity Payable | 158,482 | 93,625 |
| | 1,118,857 | 1,227,409 |

9.20 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the Statement of Financial Position date.

9.21 EMPLOYEES

The number of employees as at 31 December 2021 was 6 Staff (2020: 6 staff).

Uganda Bankers' Association

Annual Report



The International Centre for Arbitration and Mediation in Kampala “ICAMEK”, is registered as a Company Limited by Guarantee to serve as a complimentary independent Arbitration & Mediation Centre and offer a platform as a preferred centre for Alternative Dispute Resolution [ADR] in Africa, providing relevant and distinctive ADR services responsive to the evolving needs of all stakeholders on the African Continent.

For more information visit the ICAMEK Offices on 4th Floor Trust Tower, Nakasero, Kampala and Wesbite: <https://www.icamek.org>