

Uganda Bankers' Association

Annual
Report

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Uganda Bankers' Association

Annual **Report**





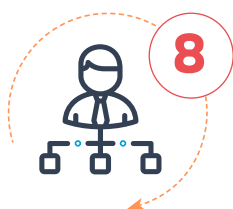
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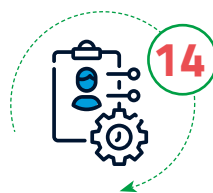
About Uganda
Bankers Association



UBA Member
Bank CEOs



UBA Structure and
Governance



UBA Executive
Committee 2018



UBA Members as at
31st December 2018



UBA Secretariat
Management Team

Content.



UBA Committee
Representatives



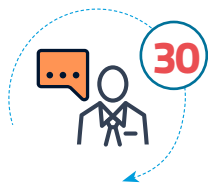
Key Developments in the
Uganda Banking Space



UBA Chairman's
Message



UBA's **new**
Strategy 2019-2021



Message from the
Executive Director



UBA
Activities 2018



Financial Statements **for the**
Year Ended 31 December 2018



About Uganda Bankers Association

Uganda Bankers' Association (UBA) is an umbrella organization for licensed commercial banks supervised by Bank of Uganda. UBA was established in 1981 and is currently made up of 32 Financial Institutions comprising Commercial Banks, Tier 2 Financial Institutions.

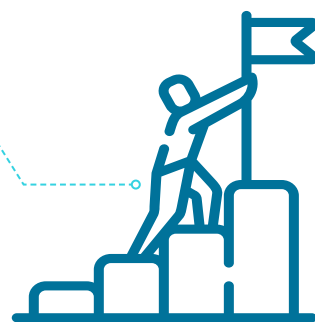


Established in
1981

Made up of
32
Members

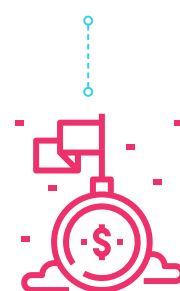
The objectives of UBA include;

- To 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



UBA Vision

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



UBA Mission

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



UBA Structure and Governance

UBA is an association of 32 Supervised Financial Institutions and the secretariat is situated at Tank hill Muyenga. The financial Institutions 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 five (5) members namely the Chairman, Vice Chairman, Hon. Treasurer, Hon. Auditor and the Executive Director/Secretary.

The UBA Secretariat has a full –time staff compliment of 5 employees who manage the day to day operations under the leadership of the Executive Director.

UBA Activities are managed by the secretariat which works in consultation with the following committees

- Clearing House Committee
- Operations Committee
- Credit Reference Bureau Committee
- Frauds and Forgeries Committee
- Compliancy Committee
- Legal Committee
- Treasurer’s forum Committee
- Credit Committee
- Cyber Security Committee
- CFO Forum Committee
- Digital Financial Services Committee
- Security Committee





UBA Members as at 31st December 2018

1.	ABC Capital Bank Ltd
2.	Bank of Africa Uganda Ltd
3.	Bank of Baroda
4.	Bank of India
5.	Barclays Bank
6.	Cairo International Bank
7.	Centenary Bank
8.	Citibank
9.	Commercial Bank of Africa Uganda Ltd
10.	DFCU Bank
11.	Diamond Trust
12.	Eco Bank
13.	Equity Bank
14.	Exim Bank
15.	Finance Trust Bank
16.	GT Bank
17.	Housing Finance
18.	KCB Bank Uganda Ltd

19.	NC Bank Uganda Limited
20.	Orient Bank
21.	Stanbic Bank
22.	Standard Chartered Bank
23.	Tropical Bank
24.	Uganda Development Bank
25.	United Bank for Africa Uganda Ltd

UBA Associate Members

26.	Pride Microfinance Uganda Limited
27.	Opportunity Bank
28.	FINCA
29.	Post Bank Uganda Limited
30.	Yako Microfinance
31.	Mercentile Credit Bank
32.	Top Finance Bank

Early in 2018, we lost one of our members, **Crane Bank Uganda Limited**.



UBA Member Bank CEOs



Mr. Jessy Timbwa
Ag. CEO, ABC
Capital Bank



Mr. Arthur Isiko
CEO Bank Of Africa



Mr. Ashwini Kumar
CEO, Bank Of Baroda
(U) LTD



Mr. Ajay Panth
CEO Bank Of India



Mr. Rakesh Jha
CEO Barclays Bank
(U) LTD



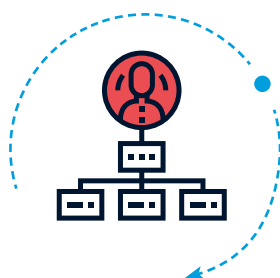
Mr. Fabian Kasi
CEO Centenary Bank



Ms. Sarah Arapta
CEO Citibank (U) LTD



Mr. Anthony Ndegwa
CEO Commercial Bank
For Africa



UBA Member Bank CEOs



Mr. Varghese Thambi
CEO Diamond Trust
Bank



Mr. Mathias Katamba
CEO DFCU Bank



Mr. Clement Dodoo
CEO ECO Bank (U)
LTD



Mr. Samuel Kirubi
CEO EQUITY Bank
(U) LTD



**Mr. Sabhapathy
Krishnan**
CEO EXIM Bank
(U) LTD



**Mrs. Annet
Nakawunde
Mulindwa**
CEO Finance
Trust Bank



Mr. Lekan Sanusi
CEO Guaranty Trust
Bank (U) LTD



Mr. Michael Mugabi
CEO Housing Finance
Bank



UBA Member Bank CEOs



Mr. Edgar Byama
CEO KCB Bank (U) LTD



Mr. Sam Ntulume
CEO NC Bank (U) LTD



Mr. Julius Kakeeto
CEO Orient Bank
(U) LTD



Mr. Patrick Mweheire
CEO Stanbic Bank
(U) LTD



Mr. Albert Saltson
CEO Standard
Chartered Bank
(U) LTD



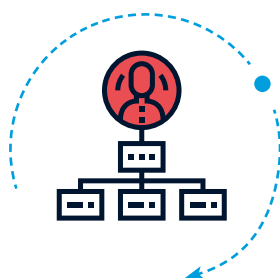
Mr. Dennis Kakeeto
CEO Tropical Bank
(U) LTD



**Mrs. Patricia
Ojangole**
CEO Uganda
Development Bank



Mr. James Onyutta
CEO FINCA (U) LTD



UBA Member Bank CEOs



Mrs. Veronica Namagembe
CEO Pride Microfinance
(U) LTD



Mr. Stephen Mukweli
CEO Post Bank
Uganda



Mr. Tineyi Mawocha
CEO Opportunity
Bank (U) LTD



Mr. Christopher Kabagambe
CEO Top Finance
Bank



Mr. Paul Senyomo
CEO Mercantile
Bank (U) LTD



Mr. Wilbrod Humphreys Owor
ED Uganda Bankers
Association



UBA Executive Committee 2018



Stanbic Bank
Patrick Mweheire
(Chairman)



Barclays Bank
Rakesh Kumar Jha
(Vice Chairman)



Citibank
Sarah Arapta
(Hon. Auditor)



DFCU Bank
Mathias Katamba,
(Hon. Treasurer)



Uganda Bankers Association
Wilbrod Humphreys Owor
(Executive Director)



UBA Secretariat Management Team



Wilbrod Humphreys Owor
Executive Director



Patricia Amito
Head Communications & Corporate Affairs



David Juuko
Head Finance and Administration



Musa Mayanja Lwanga
Head Research and Market Development



UBA Committee Representatives

Committee

Clearing House



Sponsoring CEO: Tropical Bank (Mr. Denis Ksakeeto)

Chair: Tropical Bank (Ms. Gloria Awori)

Vice Chair: Centenary Bank (Ms. Rose Namutebi Lukwago)

Secretary: Standard Chartered (Mr. Fredrick Nfaaki)

Operations



Sponsoring CEO: Exim Bank (Mr. T.K Sabhapathy)

Chair: Centenary Bank (Mr. Joseph Kimbowa)

Vice Chair: Standard Chartered (Mr. Joseph B. Mwesigye)

Secretary: Barclays Bank (Mr. Julius Ceaser Kiyemba)

Credit Reference



Sponsoring CEO: Housing Finance Bank (Mr. Micheal Mugabi)

Chair: Housing Finance Bank (Mr. Joshua Dhuani)

Vice Chair: Standard Chartered Bank (Ms. Aidah Nantege)

Secretary: Pride Microfinance Uganda Limited (Ms. Leila Najjuuko)



UBA Committee Representatives

Committee

Frauds and Forgeries



Sponsoring CEO: Diamond Trust Bank (Mr. Varghese Thambi)

Chair: Diamond Trust Bank (Mr. Benjamin Balinda)

Compliance



Sponsoring CEO: ECO Bank (Mr. Clement Dodoo)

Chair: Eco Bank (Ms. Patricia Omallah)

Vice Chair: DFCU (Mr. Abdu Victor Nabongho)

Secretary: Exim Bank (Benedict Kiza)

Legal



Sponsoring CEO: Barclays Bank (Mr. Rakesh Jha)

Chair: Barclays Bank (Ms. Angelina Namakula Ofwono)

Vice Chair: Housing Finance Bank (Ms. Anne Abeja)

Secretary: Bowmans (Mr. Brian Kalule)

Treasurer's forum



Sponsoring CEO: Citibank (Ms. Sarah Arapta)

Chair: Barclays Bank (Mr. David Arthur Wandera)

Secretary: Opportunity Bank (Ms. Peace Adia)



UBA Committee Representatives

Committee

Credit



Sponsoring CEO: Orient Bank (Mr. Julius Kakeeto)

Chair: Orient Bank (Ms. Millie Nkaja)

Vice Chair: Standard Chartered Bank name (Mr. Patrick Ishanga)

Secretary: Orient Bank (Mr. Joshua Wakada)

Cyber Security



Sponsoring CEO: Stanbic Bank (Mr. Patrick Mweheire)

Chair: Stanbic Bank (Mr. Herbert Olowo)

Vice Chair: Tropical Bank (Mr. Francis Musinguzi)

Secretary: ECO Bank (Mr. Andrew Walusimbi)

CFO Forum Committee



Sponsoring CEO: Centenary Bank (Mr. Fabian Kasi)

Chair: Centenary Bank (Godfrey Byekwaso)

Secretary: Housing Finance (Medad John Mwesigwa)

Manager Technical: Stanbic Bank (Samuel Mwogeza)

Manager Programs: DFCU Bank (Kate K. Kiiza)

Manager Information: KCB (Bruno Muhindi)

Digital Financial Services (DFS)



Chair: Barclays Bank (Mr. Kumaran Pather)

Vice Chair: Centenary Bank (Ms. Edith Kababure)

Secretary: Stanbic Bank (Ms. Veronica Sentongo)

Security

Chair: Stanbic Bank (Mr. Samson Tinka)



UBA Committees

In 2018, UBA committees grew from 9 to 12 with the establishment of Chief Finance Officers (CFO) forum Committee, Digital Financial Services (DFS) Committee and Security Committee



The Outgoing Chair UBA Legal Committee Mrs. Angelina Namakula Ofwono (Barclays Bank) hands over to Incoming Chair Ms. Anne Abeja (Housing Finance Bank)

1. Digital Financial Services Committee

The committee's mandate is to provide leadership, direction and advisory necessary to advance banking industry strategy, ensure continued growth with impact consistent with UBA's mission.

The committee will;

- Identify risks, fraud experiences, challenges, constraints, gaps as well as opportunities within current & future DFS partnerships impacting on business uptake, usage and growth.
- Provide recommendations, guidance, on terms, conditions, standards and any other frameworks for collaborations, partnerships, joint ventures, common platforms utilized in the industry in as far as business aspects of digital financial services are concerned.
- Foster collaborations with other stakeholders in as far as DFS is concerned to understand what is happening in the external environment including how digital trends are impacting our members and their businesses.
- Perform the roles of a repository and conductor of knowledge and expertise that can support UBA membership in deepening its knowledge and application of digital transformation.
- Be the working liaison body coordinating with BOU the usage & application of the regulatory sandbox.



2. Chief Finance Officers (CFO) Forum

The committee's mandate is to provide a platform and opportunity for Bank Chief Financial Officers and Heads of Finance to get together and exchange ideas/discuss issues related Finance & Strategy in as far as the member banks are concerned as well as professional growth and networking for finance officers in the banking Sector.

This Committee will:

1. Support the objectives of UBA and provide advisory support to UBA on technical Finance Matters whenever necessary.
2. Consider & review industry matters that have a bearing on finance & strategy in as far as Banking is concerned where UBA as the umbrella body for banks can be leveraged to derive benefit for its members.

These matters include and are not limited to,

- a) *Banking business threats & opportunities coupled with required strategies therein.*
- b) *Legal or regulatory matters that have a financial or strategic bearing.*
- c) *Tax Matters.*
- d) *Policy development & Implementation issues with stakeholders e.g. Government (Ministry of Finance, Budget), Legislative Arms of Government, Development partners in as far as banking is concerned.*
- e) *Specific issues of an ALCO nature or those with a bearing on bank profitability including business models, change management, market development etc.*

3. Promote Professional Development for members of the forum.
4. Review & consider emerging Issues & all other aspects that have a bearing on the future of Banking.
5. Undertake any specific task at the request of UBA.

3. Security Committee

The Committee's Mandate is to provide a platform for bank heads of security to share experiences and knowledge related to creating a safe and secure working environment and safeguard of the bank and its operations.

The Committee will;

1. Provide intelligence, information and related feedback on the security situation within the industry, country and the region at large.
2. Support Coordination and collaboration in all security issues and with all security agencies in reducing crimes
3. Hold periodic meetings with all security officers to share information, review incidents and look at new security products
4. Develop strategies to bring security costs down through sharing some infrastructure like CIT, Data Recovery Centers, Cash Centres and trainings among others



2018 OUTSTANDING COMMITTEES

Three committees were recognized for their contribution in various aspects of industry during the course of the year and according to the criteria below;

- a) A committee should have held 6 or more meetings throughout 2018.
- b) Level of attendance by member banks, should have been above average, more than 6 meetings in a year
- c) A committee should have dealt with at-least one industry issue and resolved it to the benefit of the industry.
- d) A committee should have demonstrated the strategic positioning of UBA by having new proposals/initiatives undertaken or pursued.
- e) A committee should have contributed to capacity building (trainings, workshops and learning exchanges) of its members

TREASURERS FORUM:

The achievements of the treasurers' forum in 2018 included;

- Adoption of E-Bond as an additional platform for trading in bonds with the primary goal of enhancing Secondary Market Activity, its gaining consensus amongst the member banks
- Getting approvals that allow “borrowing” of securities from the Hold to Maturity portfolios to Trading portfolios – this will help involve liquidity in the secondary market by availing more securities for sale
- Together with the ACI Dealing Association, the forum offered a variety of training courses to dealers including; Derivatives training, ACI dealing certificate courses, and simple FX swaps and Forwards training

CLEARING HOUSE COMMITTEE

On April 20, 2018, Bank of Uganda operationalized a new Automated Clearing

System, with a cheque truncation capability which was as a result of a direct request from the Uganda Bankers Association's Clearing House Committee in a bid to improve payments services in the country.

- The new system has expedited the cheque clearance to two days from the original four to five days with an aim to further reduce this to eventually a single day.
- This also eliminated the physical movement of cheques between banks and across bank branches, which up the process of cheque clearance, settlement among banks and realization of funds by the beneficiaries.” The beneficiaries of cheques therefore now receive their funds more rapidly.
- Other benefits include a reduction in the costs and risks of cheque clearing involved in cheque clearing, as electronic clearing is less vulnerable to fraud than manual cheque clearing.
- The entire country now has access to a single centralized cheque clearing platform as opposed to the previous decentralized and unaligned platforms.
- All Ugandans are now treated with uniformity in regard to cheque payment regardless of where in the country they deposit their cheques from.



UBA Committees

LEGAL COMMITTEE

The Committee's achievements in 2018 included;

1. Engagements with stakeholders

- a. The Committee with support from the UBA Secretariat had various engagements with the Judiciary such as :
 - The UBA-ULS Judiciary symposium on Trends and Developments in the Banking and Financial Sector.
 - Engagements initiated with the Judicial Training Institute to discuss and agree a formal framework for the UBA to provide training to the judiciary on areas within the industry (such as e-banking, agent banking, credit classification, among others).
- b. Commissioner of Lands – discussion on various matters related to securitization process.

- c. ULS – together with the UBA developed a private sector led arbitration centre (International Centre for Arbitration and Mediation in Kampala) to complement the Centre for Arbitration and Dispute Resolution.

2. Laws

- a. Data Protection and Privacy Bill – the Committee reviewed the Bill and comments were shared with Parliament.
- b. Securities in Moveable Property Bill – the Committee reviewed the Bill and shared comments with URSB. Members were also involved in the stakeholder engagements with URSB and are participating in the system testing.
- c. National Payments Bill – the Committee reviewed the Bill and shared comments with BOU.

3. Court Cases

The Committee is pursuing the below matters:

- a. Trade licenses imposed on Banks.
- b. Constitutional petition with URA

4. Industry Trends

- a. The Committee had discussions on industry trends, with the intention to help banks to solve and mitigate various issues; as well as drive stakeholder engagements. Areas discussed during the year included management of garnishee orders, privacy and integrity of electronic banking systems which can be accessed through phones and technology, challenges with foreclosures,
- b. The Committee also provided UBA with advice on various matters which affect the industry.





Notice of Annual General Meeting

Date: **24th May 2019**
Venue : **Golden Tulip**



Uganda
Bankers'
Association

NOTICE TO: ALL CHIEF EXECUTIVE OFFICERS OF UBA MEMBER INSTITUTIONS

The Annual General Meeting of UBA is scheduled for **Friday 24th May 2019** starting at **4pm**.

Agenda for UBA AGM

1. Welcome Remarks by the Chairman & Confirmation of Agenda.
2. Minutes of the previous meeting held on 4th May 2018.
3. Matters Arising.
4. Chairman's Report.
5. Treasurers Report;
 - Presentation of Accounts for the year 2018 by External Auditors,
6. Membership Updates.
7. Election of office bearers,
8. A.O.B

Wilbrod Humphreys Owor
Executive Director/Secretary



UBA Chairman's Message

2018 Banking Industry Review

2018 was a relatively tough year in spite of a rebound in credit growth amidst a sustained lowering of the central bank rate which reached single digit at 9% which contributed to the lowest average lending rates over the last 8 years of 20.3%

Year end loan balances were recorded at Ugx 12.7 trillion as at December 2018 compared to Ugx 11.3 trillion same time in 2017. Growth was recorded across all sectors.

Non-performing loans as a percentage of total loan book improved to 4.2% compared to 6.4% in the prior year.

Deposits were reported at Ugx 19.6 trillion in December 2018 compared to the 18.2 reported in 2017.

Total No of bank accounts were reported at 12,172,484 as at December 2018.

Total Industry Assets grew to Ugx 28.1 trillion as against the Ugx 26.6 trillion reported in 2017.

Cost Income ratio remained high at an average of 68% with several banks above 73%. Five member banks continued to report losses with another two breaking even.

The loan to deposit ratio remained at 68% meaning there is still room for lending (expanding credit)

Total profit after tax dropped to Ugx 751 billion compared to Ugx 762 billion reported in 2017. Overall the banking sector's profitability ratios dropped with average return on equity (ROE) and return on assets (ROA) improved to 16% to 14.7 and from 2.7% to 2.5% respectively.

The outlook for 2019 is positive and optimistic however the following remain key industry challenges,

- i. *Low banking penetration especially in the semi urban & rural areas coupled with low levels of financial literacy - A large number of the population is still uncomfortable accessing main stream banking services.*
- ii. *High operating cost – with industry cost income ratio at 68%. Including cyber risks.*
- iii. *Issues around Cost of Credit.*
 - a) Inadequate accurate & credible information/data for credit analysis.
 - b) 79% of the banks (19 out of 24) derive more than 60% of their income from Net Interest (Loan) revenues as opposed to Non-Interest revenues yet only 1.6 million borrowers in the banking system.
 - c) Non-performing loans – Although the industry NPA figure has drastically reduced, NPL remains a challenge with overall reduced business, customers diversion of proceeds and non-settlement of Government domestic arrears being the main causes.
 - d) Long litigation processes. Many loan defaulters move to courts of law to frustrate loan recovery processes.
 - e) Inaccurate asset valuations/Absence of a collateral registry – Adherence to valuation standards remains a challenge.
- iv. *Structural (unfavorable fiscal policies) limitations are hindering the ability of banks to aggressively support National targets.*

Our medium-term strategy 2019-2021 focuses on initiatives to address the above challenges supported by our various key stakeholders whom we will continue to engage and dialogue with.



UBA Chairman's Message

Medium Term Strategy 2016-2018:

The year 2018, was the conclusion period for our medium-term strategy 2016-2018 whose five (5) pillars were as follows.

- a) Building Institutional Capacity.
- b) Enhancing Stakeholder Engagement.
- c) Undertaking initiatives to broaden our Financial base
- d) Enhancing our visibility and,
- e) Facilitating Research and Innovation:

Building Capacity.

Beyond the institutional frameworks established in 2016 & 2017 which we continue to build on, we established three additional committees for CFOs, Digital Financial Services and Security respectively to address the critical emerging issues & trends the industry is facing. Early this year, we recognized the good work of three committees namely the legal, treasury & clearing committees for the outstanding work done during the year 2018 in training, legislative engagements and the role out of the Automated Clearing House (ACH) project among others.

The Secretariat also arranged for structured training sessions on IFRS9, Stressed Asset Portfolios, and AML/CFT for staff of the member banks in the course of the year.

We completed UBAs 3-year medium term Strategy (2019-2021) and followed up with a retreat with the regulator BOU and our development partners.

Broadening our Financial Base.

Since our last AGM, efforts to broaden our financial base continued and are now yielding results.

In the course of the year, a sum total of Ugx 213 million was received by way of grant financial support & technical assistance from our Development Partners (GIZ) towards the Shared Agent Banking Platform.

A sum of USD 950,000 of grant support has now been concluded with the IFC which we signed off in April 2019 to further support agent banking by way of scaling the agent network, strengthening the analysis & management information structures as well as stepping up of communications & awareness programs to drive usage.

We held positive discussions with the World Bank & IFC for technical assistance & capitalization of the Assets Reconstruction Company and an initial capacity building workshop was facilitated by WB/IFC for both our member bank heads of credit & ARC Management teams. Technical paper work required to progress the capitalization conversation is ongoing and expected to be concluded before end of July 2019.



A summary of engagements leading to enhancement of our financial base is partly covered in the stakeholder engagement status report below.

Stakeholder engagement.

We continued with a number of stakeholder engagements during the course of 2018, key among being with

- Parliamentary Committees where we made input towards various pieces of legislation to both BOU as well as in the respective parliamentary committees. (movable property, Data privacy, Commission on land inquiry).
- Co-hosted dialogue on Impact of counterfeits on financial sector held with the Anti Counterfeit Network Uganda (ACN).
- Engaged URA & the Ministry of Finance on Banking Sector Tax proposals and there is optimism that these will be

considered in the budget speech 2019/20.

- Secretariat provided technical support to, NFIS technical working group and Inter Institutional Committee meeting on the Financial Consumer Empowerment Mechanism.
- Continued engagement with Valuers & Surveyors to progress digitization of the valuation & collateral registration process (WIP).
- As earlier mentioned, we held positive discussions with the World Bank & IFC for technical assistance & capitalization of the Assets Reconstruction Company as well for technical assistance for the Agent



UBA Chairman's Message

Banking Company, leading to the initial capacity building workshop was facilitated by WB/ IFC for both our member bank heads of credit & ARC Management teams and support to the ABC of up to \$950,000 over the next 30 months.

- We commenced dialogue with the European Union (EUD) for support towards building our research function into a fully-fledged research center as well as extending technical support towards the alternative dispute resolution framework, for which we have championed together with the Uganda Law Society through the International Centre for Arbitration & Mediation in Kampala (ICAMEK).
- We held numerous consultations with our key stakeholders including the regulator and Ministry of Finance in developing our medium-term strategy 2019-2021.

The table below is a summary of the engagement plan.

UBA	BoU	FSDU	aBi Trust	GIZ	IFC	World Bank	EUD
Agent Banking/ Financial Inclusion	X	X	X	X	X		
Assets Reconstruction Company	X				X	X	
Arbitration & Mediation Center (ICAMEK)	X					X	X
NIRA Connectivity	X	X					
Digitization of Valuation Management & Collateral Registry for Banks	X	X	X				
Expansion of CRB Information Scope	X	X	X	X			
Cyber Security Infrastructure	X					X	
Capacity Building Institute of Banking & Financial Services	X		X			X	
Building Capacity; Research Center at UBA Secretariat	X	X					X
Regulatory Reforms	X	X				X	X

We thank the various Development partners for their tremendous support to UBA. I also invite you to read the views & aspirations our stakeholders have for UBA. A summary is included in the Annual Report.



UBA Chairman's Message

Visibility & Profiling of UBA

We held our 2nd **Annual Bankers Conference 2018** on the 17th of July 2018 under the theme, Financial Sector Stability: Managing Risk in a growing & fast changing environment and once again it was a successful conference graced by the Prime Minister of Uganda as guest of Honour, together with various resource persons and subject experts. The conference report issued subsequently summarizes the proceedings & key takeaways.

Our third conference series, now a signature event in our calendar will take place on the 16th of July 2019 under the theme "De-risking financing & investment in agriculture to promote inclusive growth and youth employment"

I call upon all of you once again to support this year's conference.

We participated on various TV and Radio Talk shows and continued collaboration with print media houses to support UBA project work and coverage of UBA wider sector activities. During the year communications initiatives were further undertaken to raise public awareness on agent banking services. We remain grateful to aBi Trust & GIZ for their support in this regard.

We held our Annual Bankers Dinner in November 2018 as opportunity to gather numerous stakeholders for year-end get together.

The above activities and initiatives continued to make UBA visible and profiled the sector differently.

Research

This function still at its infant stages is taking shape through the development of research partnerships in banking & finance,

in collaboration with other agencies (local, regional, international including academia) and research networks to enable UBA generate new and original policy insights as well as keep track of developments in the region and international markets.

We also expect to see more production and dissemination of research findings, publications, bulletins, position papers as appropriate through cross-organizational working groups and civil society networks.

Challenges:

- The Year was not short of challenges, as evidenced by the financial results across the industry summarized above. The cases in court regarding access to all customer information by URA, stamp duty and trade licenses for our numerous points of presence remain pending hearing or judgement, even though orders for stay of execution were realized.
- 2018 saw one of our members Crane Bank taken over for management by the Central Bank and ultimately by dfcu Bank. The interventions however mitigated risk across the sector including through contagion and we look forward to full resolution of any residual issues therein. The parliamentary inquiry thereafter added learnings which the industry will use to improve banking business.
- A key project of gaining access to the NIRA Database for KYC authentication was delayed by 14 months, and was hence not realized. We have held discussions with Bank of Uganda to get this back on track and hope to have this delivered before the end of the year.



UBA Chairman's Message

Medium Term Strategy for 2019-2021

In Q4 of 2018, we undertook & completed a very important activity of developing our medium-term strategy for the next three years. The elaborate exercise involved extensive consultations with both internal & external stakeholders to dimension focus areas given the trends in our industry/sector and the environment around us.

Leveraging ICT for digital financial services to increase access and initiatives to lower the cost of delivering financial services are cornerstones of this strategy. Please refer to the summary in the two pages dedicated to MTS 2019-2021 in our annual report for a quick over view.

We held a retreat with Bank of Uganda to review the strategy as well as dimension the much-needed regulatory reforms to help take the sector to the next level.

We have constituted a UBA taskforce to work through the details with a similar team from Bank of Uganda and look forward to the milestones therein.

Our future will be driven by ICT, Data, Collaborations and Partnerships. It is against this background that we are re-branding and changing our logo to speak to the needs & responses required of our times.

We will also continue to build & profile UBA differently through various activities one of which is the scaling of the Annual Sports Gala and positioning it among others to support social causes that enhance the lives of the communities where we derive business.

Conclusion

In conclusion, I would like to thank my colleagues at EXCO and the team at Secretariat led by the ED for the work done in the 2018 period of review and to all of you for the tremendous support demonstrated all through. I would like to thank all the chairpersons, members and sponsoring CEOs of the various committees for the support and commitment offered during the year.

I wish to thank all our development partners, JV partners, Managers of our other agencies and all those persons and institutions we work closely with for supporting UBA through 2018. We have an ambitious medium strategy and I look forward to your continued support.

I thank you.

Patrick Mweheire

Chairman, Uganda Bankers Association
24th May 2019



Message from the Executive Director

2018 was year 3 of our 2016-2018 medium term strategy. Like 2017, it was another vibrant year with a range of activities as shared by the Chairman and we thank all our members & stakeholders for the tremendous support throughout.

We have strengthened existing partnerships and built more collaborations. We have made more friends.

During our engagement with external stakeholders on the 2019-2021 Strategy, there was convergence on a couple of areas that UBA should focus on in the next three years. Some of the areas include the following, which were believed to be critical to the relevance of UBA.

- **Research Capability;** the need for strengthening the research function in the sector was deemed to be critical to enable us to have significant influence in our engagement with the different stakeholders specifically on the policy side and we hope to achieve more by working with other research entities to deliver research outputs that are specific to the needs of the sector.
- **Regulatory Reforms:** Banking has changed a lot and the need to re-align operations, regulation and oversight is obvious. We have continued to dialogue with the regulator Bank of Uganda on this important aspect and constituted a task force to work with the Central Bank in this regard. We are optimistic that this process will deliver the sought for changes.
- **Championing new business models;** Our membership has potential to introduce & weave collaborations & partnerships to pilot new business models. We will leverage on ICT and Data to explore new approaches for transforming the banking business with the aim of bringing on board a

bigger proportion of our population into the formal banking sector.

- **Thought Leadership;** Resulting from the above and the different professional persons we can draw from to engage the different stakeholders, we should play an active role in facilitating thought leadership to the sector which will in-turn enhance the visibility of UBA among the key stakeholders.

We have incorporated these in our strategy and prepared ourselves for this journey.

With the re-branding of UBA, our new identity will reinforce these aspirations, with partnership & collaborations.

I wish to thank the Chairman & members of UBA Executive Committee for the guidance provided, all the CEOs for their commitment and unwavering support throughout the 2016-2018 strategy period, the Secretariat staff & UBA Committees who implement the strategy and to the Development Partners, the regulator Bank of Uganda and Ministry of Finance for believing in us and our aspirations.

Let me also use this opportunity to once again thank the Uganda Law Society and Judiciary for the tremendous support rendered in championing the private sector led alternative dispute resolution framework to mitigate challenges faced in resolving disputes. We have a lot of hope in this vehicle to unlock capital tied in dispute and to boost investor confidence by such avenues.

We thank you for the commitment demonstrated and are confident that these efforts will bear fruit.

Wilbrod Humphreys Owor
Executive Director



Key Developments in the Uganda Banking Space

Review of the **National Payments Bill 2018**

The payments space has evolved overtime from the use of paper notes, and cheques among others to digital or e-payments. Furthermore customers are increasingly demanding for 24/7 secure and integrate payments experience with control in their hands.

Digital payments will eliminate the cost of managing paper notes, lower opportunity cost for consumers transacting and boost competitiveness. The fast pace and developments in the payments arena has seen the emergence of several players including fintechs, telecoms aggregators, cyber security actors etc.

As part of its strategy to regulate this pace, the Central Bank of Uganda drafted

a National Payments Policy to streamline regulation on digital payments and to provide for safety and efficiency of the payment system.

A well regulated payment system will ensure protection and integrity of the systems to issuers and users of electronic money, protection of payment systems and ultimately reducing transaction costs and expanding opportunities for commercial and financial transactions in an economy.

In 2018, Bank of Uganda convened a consultative meeting with key stakeholders giving opportunity to share views on the draft National Payments Bill 2018 and UBA participated in this meeting.



Once this bill is passed into law, it will provide for a more **modern, efficient** and **flexible payment system** for players in the financial services and the general public.



Data Privacy & Protection Bill

The Data Protection & Privacy Act, 2019 (DPPA) was assented to on 25th February, 2019 and consequently came into effect as law to address the issue of protection of personal data of Ugandan citizens. The Data Protection & Privacy Act is benchmarked against the EU Data Protection Regulation (GDPR) which regulates data protection amongst EU states and countries that associate with EU data subjects.

The DPPA will protect the privacy of the individual and of personal data by regulating the collection and processing of personal information. The objectives of the Act include:

- To protect the privacy of the individual and personal data.
- To regulate the collection and processing of personal information.
- To provide for the rights of the persons whose data is collected.
- To provide obligations of data collectors and data processors.
- To regulate the use or disclosure of personal information of personal information and for related matters.

Personal Data under the Act means information about a person from which the person can be identified,

that is recorded in any form and includes data that relates to;

- (a) the nationality, age or marital status of the person;
- (b) the educational level, or occupation of the person;
- (c) an identification number, symbol or other particulars assigned to a person;
- (d) identity data; or
- (e) other information which is in the possession of, or is likely to come into the possession of the data controller and includes an expression of opinion about the individual.

However an exception for personal data that may not be collected is provided under section 9 of the Act which provides that ;

“A person shall not collect or process personal data which relates to the religious or philosophical beliefs, political opinion, sexual life, financial information, health status or medical records of an individual.”

This section consequently protects financial information of data subjects which feeds into the duty of confidentiality owed to customers by financial institutions.

Data Privacy & Protection Bill

The Act purposes to stream line data controllers, collectors and processors in the collection of personal data from citizens and are described as below within the Act;

- A data controller is a party who decides the how and why personal data is collected, stored and processed.
- A data processor is a party who acts on data in accordance with the instructions of the controller
- A data collector is a person who collects personal data.
- In some cases, a Processor may be determined as joint controller.

Data controllers, collectors and processors are expected to perform their duties against the following principles as provided under section 3 of the Act;

“A data collector, data processor or data controller or any person who collects, processes, holds or uses personal data shall;

- (a) be accountable to the data subject for data collected, processed held or used;
- (b) collect and process data fairly and lawfully;
- (c) collect, process, use or hold adequate, relevant and not excessive or unnecessary personal data ;
- (d) retain personal data for the period authorised by law or for which the data is required; (e) ensure quality of information collected, processed , used or held;
- (e) ensure transparency and participation of the data subject in the collection, processing, use and holding of the personal data; and
- (f) observe security safeguards in respect of the data.

The above principles state the standard parameters within which parties may operate therefore providing a healthy balance for data collection between the collecting and processing bodies against the data subjects themselves.



Key Developments in the Uganda Banking Space

Data Privacy & Protection Bill

The DPPA 2019 in protecting the privacy of individuals confers the following rights on data subjects;

- A right to be informed in respect of their rights and processing of personal data
- A right to access and inspection of all personal data processed in relation to a data subject free of charge and within a month of request.
- A right to rectify inaccurate or incomplete data.
- A right to erasure, where the individual withdraws consent or the data is no longer necessary for the purpose for which it was collected.
- To tailor internal systems that comply with the Act and can satisfactorily address any queries raised by bodies acting in accordance with the Act.
- Determine whether partners in collaboration with members are data protection compliant and if not, then work to close the gap so as to be protected from 3rd party liability.
- Ensure explicit consent is obtained from data subjects where applicable and establish mechanisms for consent withdrawal.

A controller, collector or processor who violates these rights and breaches the right to privacy and data protection of individuals is subject to a penalty which can include a combination of fines and/or imprisonment.

As an industry within which members are data collectors, controllers, and/or processors, attention needs to be given to various aspects amongst which include;

- The nature of personal data collected and processed. It is important to make careful determination of where the data will be held and how it will be processed in a manner that is compliant to the Act.
- Also to make sure that data subjects are informed of their rights.
- Review and amend contracts with data processors to ensure that there is conformity with the law.
- Members are advised to establish at the earliest opportunity internal structures that provide for data privacy and protection officers whose responsibility it will be to ensure that the companies are data protection and privacy compliant. (Section 6 DPPA)



Key Developments in the Uganda Banking Space

The Security Interest in Movable Property Act, 2019

The Security Interest in Movable Property Act, 2019 was passed into law early this year and was drafted to provide for the use of movable property as collateral while at the same time mitigating the risk of borrowing by the financial sector. It also provides for the creation and perfection of security interest, rules for determining priority of claims among competing claimants and registration of security interest in movable property by notices and others.

Majority of Ugandans are running small businesses and own movable assets and yet have not been deemed credit worthy by financial institutions. The downside to this is that capital which could have been used as security is instead locked up. This is the challenge that the Act seeks to address and lays the legal groundwork for banks to lend against movable assets, including crops, livestock and vehicles.

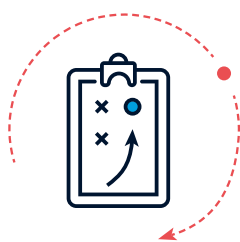
The implication of this would be that movable properties can be registered as interests and enable parties registering to get credit against the registered property.

The new law will make credit accessible to the public and will help banks to achieve the industry objective of financial inclusion in the economy while widening their client base at the same time.

The law allows Uganda Registration Services Bureau (URSB) to work with Financial Sector Deepening Uganda (FSD Uganda), Bank of Uganda and financial institutions to set up a formal movable collateral securities registry. Uganda Registration Services Bureau (URSB) will host this registry to facilitate and improve access to credit for borrowers from Financial and Non-financial Institutions in compliance with Part IV of the Act. The Registry will also enable banks to widen the scope of assets that Ugandans can deposit to acquire loans after due diligence has been undertaken to ensure that they are free of any encumbrances and the credibility of the borrower has been verified.

The development of this Registry is currently in progress and URSB has held numerous consultative meetings with financial institutions amongst the various stake holders to test run the system and elicit their user end requirements.

Currently the prototype has been shared, to which the financial institutions rendered their input and the industry awaits the final product that will be used to register assets and enable implementation of the law.



UBA's New strategy 2019-2021

Uganda Bankers Association is adopting a new strategic plan for 2019-2021 at a time of increasing innovations and increased use of IT in delivery of financial services in Uganda. Despite tremendous investments in digital infrastructure, steady economic growth, penetration of banking is still low especially in semi urban and rural areas with a large number of population still uncomfortable accessing main stream banking services.

Discussions on strategies to address the high operating costs for all financial institutions. Investments in shared cost initiatives such as SABS are one of the strategies UBA is championing and ultimately customers will be able to benefit by way of reductions in costs of credit.

In light of the above, the key components in UBA's new strategic plan will be;

- Championing initiatives intended at driving down the average industry cost of delivering financial services in Uganda
- Championing the growth, development and adoption of robust secure, integrated multi-channel digital infrastructure required to transform the industry and harness financial service opportunities
- Championing initiatives to promote financial inclusion and penetration of banking services.

Over the next 3 years, UBA will grow its strategic partnerships with various financial sector players to deliver financial services to the semi urban and rural populations through cost effective and efficient means.

The initiatives to transform the banking sector include;

1. Make use of the Annual Banking Conference as a knowledge initiative to generate more solutions, by engaging stakeholders and creating more partnerships to build the required momentum for shaping growth and sustainability strategies.
2. Bring on board more partners (development agencies for technical assistance) with whom we share aspirations.
3. Harness more from partners and have comparative negotiation with service providers (CRBs, Telecoms, VISA/MasterCard, and Bloomberg/Thompson Reuters).
4. Put in place a structured framework for continuous dialogue with key stakeholders like Ministry of Finance, Judiciary, URA, Parliament, etc.
5. Scale the Bankers Sports Gala into a major banking industry health, visibility and social responsibility event. Proceeds to be utilised for a pre-agreed social cause.
6. Strengthen the Research Function at the UBA Secretariat: We would like to transform the research desk into a reputable fully-fledged center and reference point for the banking industry. The center is expected to strengthen the policy origination and advocacy function.



UBA Stakeholder Voices

During the development of UBA strategy 2019-2021, various stakeholders were consulted and below is a summary of the areas critical for UBA over the next 3 years.

- 1. Research & Innovation Capability;** the need for research in the sector is one critical gap that currently requires urgent attention. The sector lacks consolidated critical data especially with regards to market information. This would enable UBA to have significant influence in its engagement with the different stakeholders specifically on the policy side. UBA should potentially work with research entities like EPRC to deliver research outputs that are specific to the needs of the sector. UBA should position herself as partner with leading research and innovation hubs in the country and region.
- 2. Thought Leadership;** as an apex body it is prudent that UBA has the potential to provide thought leadership to the sector. Given its nature UBA has access to professional persons whom it can draw from to engage the different stakeholders. This will enhance the visibility of UBA among the key stakeholders. However in order to undertake this role, there is need to re-align the research function such that leadership is driven by facts. UBA should position herself as a repository of key banking data which is used inform thought process and policy formulation. This will require UBA to deliberately go beyond the established membership structures to continuously interact with external stakeholders primarily the users of the banking services. It is prudent that UBA works with key industry associations in the execution of the 2019-2021 strategic plan.
- 3. Champion new business models;** whereas UBA does not operate a typical financial service to pilot new models, it does represent membership with whom collaboration is feasible. It was felt that there was a need to have spaces or partners who are keen to pilot new business models. The sector is known as one that is slow to react to change and as such takes long to adapt to new models. UBA has the potential of seeking out partnership in piloting new models in some cases with support of donor partners. The case in point is the agent banking model that has been supported by different partners. The need for new business models ought to significantly influence the financial inclusion agenda. Financial inclusion should not just become a

campaign but should be driven by new models that demonstrate the value for the different users in the market.

- 4. Capacity Building;** the current state of UIBFS was a major concern to the majority of the stakeholders engaged. The stakeholders felt that UIBFS has not re-aligned itself to offer programs that are appropriate to the current needs in the sector as such not contributing significantly to the growth of the sector. UBA has a responsibility of ensuring that UIBFS has the capacity to deliver state of the art programs to the sector at various levels. The Kenya School of Monetary Studies was a case-in-point that was referred to as great case-study of a model Financial Services School. The need for UBA to play a significant role in the operations/structuring of UIBFS was a major need. UIBFS could potentially become the research and innovation arm of the banking industry in the country.
- 5. Re-align the Annual Conference;** UBA was applauded for starting off the Annual Bankers Conference. The quality of the conference was befitting the sector. It was noted that this is critical and should be sustained at all costs. One key notable gap was that there was no known structure for the conference. It is currently an event that happens once a year with limited engagement pre or post the conference. There are a number of outcomes/resolutions that ought to inform engagements with the different stakeholders. It is imperative that UBA establishes a structure that is able to ensure that there is continuity beyond the conference. Different thematic areas could be identified for further engagement with the industry and partners.
- 6. Advocacy; like the Uganda Law Society,** UBA was challenged to raise up to the challenge to advocate for the sector. In all respect the financial sector fuels economy and ensuring that the different stakeholders are in tandem with its growth is essential.
- 7. Partnership Management;** it was noted that UBA should establish appropriate structures to manage the different partners. One key concern was the issue of managing accountabilities and reporting. Partners come with different requirements and being able to manage the expectations is critical. Within the organization there ought to be structures that ensure timely delivery of the expectations or agreed upon deliverables.



UBA Activities 2018



The Prime Minister of the Republic of Uganda, RT. Hon Ruhakana Rukunda, who was the Chief Guest at ABC 2018 poses with other delegates and sponsors at Kampala Serena Hotel.

1. Report on the Annual Bankers Conference 2018

In 2018, UBA held the second Annual Conference under the theme:
Financial Sector Stability: Managing Risk in a Growing & Fast Changing Environment.

In his remarks the UBA Chairman, Mr. Patrick Mweheire noted that financial sector risk had evolved tremendously over the years and continued to change and crystalize from different angles. Additionally, due to the important role that the banking & overall financial sector plays in any modern economy, stability of the sector had become a conversation in any equation thus the choice of the theme.



UBA Activities 2018

The Chief Guest at this year's conference was the Prime Minister of the Republic of Uganda RT. Hon Ruhakana Rugunda who recommended the designing of appropriate macro-prudential approaches that will help to shield the financial sector from stress.

He further noted that the increasing number of pan African banks entering the East African Region, enable banks to leverage a regional footprint, and thus cross-border regulation and collaboration are increasingly important in ensuring financial system stability.

The Prime Minister shared that the government was undertaking the installation of National Backbone Infrastructure, through the Ministry for ICT & the National Information Technology Authority Uganda (NITA-U). This infrastructure has facilitated connectivity especially in areas that are not commercially viable for the private sector, creating potential for the use of electronic banking channels in those areas.

In conclusion he noted that the above developments must be complimented by a legal framework conducive to a digital economy.

During the conference, Two keynote addresses were delivered by Mr. Jibrani Qureishi, the Regional Economist, East African at Standard Bank Group (Stanbic Bank) who talked about coping with the risk elements in dynamics

driving change in the banking and financial environment globally and Mr. John Mafungei Chikura, the Chief Executive Officer of the Deposit Protection Fund Zimbabwe who shared experiences and lessons from recent bank resolution, case study of Zimbabwe.

Collaborations and building synergies for alternative and cost effective service delivery as one of the ways of managing operational risks was emphasized.

A number of recommendations emerged from the discussions which included;

Implement alternative strategies that will shorten the resolution of recovery cases in the commercial courts which had contributed to constraining credit growth. This would in turn improve credit growth and ultimately lead to growth of the economy.

Progress legislation related to data privacy & protection which risk exposing financial institutions to legal challenges and loss of customer confidence

Harmonizing the 20% WHT on financial investment instruments with the rates in the sub region in order to encourage investors to subscribe to instruments in Uganda

Panellists during a session at ABC 2018





DTB CEO Mr. Varghese Thambi, Former CEO KCB Bank, Mr. Joram Kiarie, Orient Bank CEO Julius Kakeeto at the Annual Bankers Conference 2018 at Kampala Serena Hotel.

Some of the papers that were published during the conference included;



1. **Financial Sector Stress:** Cause Impact and Safeguards by Charles Augustine Abuka, Director Statistics Bank of Uganda



2. **Virtual Currencies:** benefits, risks and policy considerations by Charles Augustine Abuka, Director Statistics Bank of Uganda

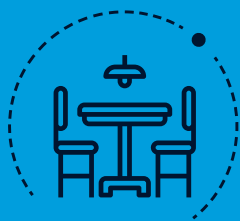


3. **Identifying sources of Commercial Bank Risk in Uganda Using the BASEL-3 Framework** by Corti Lakuma, Ronald Ochen, Job Lakal ad Gayathry Venugopal, Economic Policy Research Centre.



4. **Does the Volatility of Bank assets in Uganda warrant high minimum regulatory capital adequacy requirements?** By Martin Brownbridge and Kenneth Egesa, Bank of Uganda





UBA Activities



2. Annual Bankers Dinner 2018

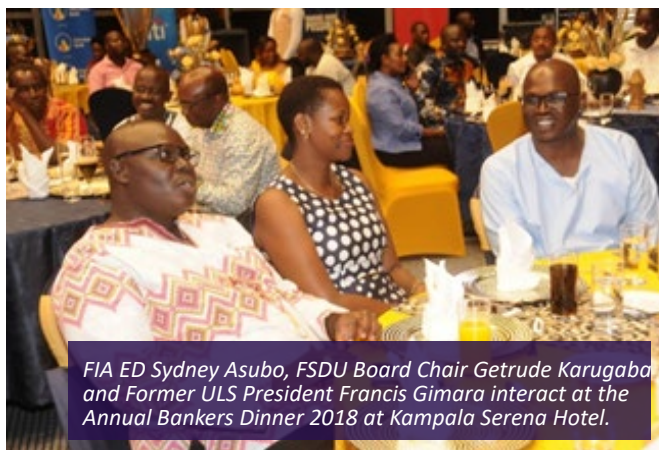
At the end of 2018, UBA hosted its stakeholders to an Annual Dinner. The guest of honor at this dinner was the Minister of Justice and Constitutional Affairs. Hon. Maj. Gen Kahinda Otafiire.

Key Highlights of the dinner included;

- *Submission of a report of International Center for Arbitration and Mediation Kampala (ICAMEK)*
- *Recognition of Business Journalists who positively covered the banking sector during the course of 2018*
- *Recognition of Bankers who attained various awards through the Uganda Institute of Banking and Financial services.*

The need for continuous collaboration between the banking and justice sector was emphasized UBA Chairman Mr. Patrick Mwehiere specifically in ensuring the Private Sector Led Alternative Dispute Resolution Framework is operationalized in the next year.

UBA committed to engaging development partners, Justice Ministry, Judiciary and Uganda Law Society in this regard.



FIA ED Sydney Asubo, FSDU Board Chair Getrude Karugaba and Former ULS President Francis Gimara interact at the Annual Bankers Dinner 2018 at Kampala Serena Hotel.



UBA Committee Chairs, Angelina Namakula Ofwono (Legal), David Wandera (Treasurers Forum) and Kumaran Pather (DFS) share a light moment at the Annual Bankers Dinner



Former Minister of Finance Mrs. Maria, Kiwanuka, Mastercard Frank Molla, Mathias Katamba (DFCU Bank) and another guest during the Annual Bankers Dinner 2018 at Kampala Serena Hotel



CEO Housing Finance Bank, Mr. Micheal Mugabi speaks with British Ambassador H.E Peter West and a Friend during the Annual Bankers Dinner 2018



UBA Chairman Mr. Patrick Mweheire and UBA Head Communications & Corporate Affairs Ms. Patricia Amito with some of the Business Journalists, Ms. Faridah Kulabako and Mr. Sam Sanya, who received awards for positively covering the banking sector.



UBA Activities



Members of the ADR Interim Board pose for a picture after inauguration by the BOU Deputy Governor Dr. Louis Kasekende.

3. Report on the Private Sector Led Alternative Dispute Resolution (ADR) Framework.

The ever growing caseload due to shortage of judicial officers, the numerous injunctions and delays impact the different sectors of the economy and constrain both lending and the underlying commercial and investment environment.

Unresolved non-performing loan cases impact bank earnings, impair capital and crowd out money that would have been made available for lending to other borrowers. This situation however is set to change for the better with the International Center for Arbitration and Mediation in Kampala (ICAMEK) that was registered as a company limited

by Guarantee in 2018 and its offices officially opened in April 2019.

The objectives of ICAMEK include;

1. To promote Access to Justice.
2. To train Arbitrators & Mediators & provide them with a much-needed resource Centre.
3. To reduce case backlog & promote economic growth by reducing time spent resolving disputes.
4. To position Uganda as an attractive/ competitive investment hub.



UBA Activities

The Arbitration and Mediation rules together with a code of conduct have been developed to govern proceedings with Center set to commence operations in May 2019. For enforcement purposes, the center shall refer to provisions under the Arbitration and Conciliation Act, 2000.

Arbitrators and mediators will be included on a roster and will be required to subscribe to a professional body for their respective professions before being registered as members of the center.

In the performance of its roles, the Center will offer training courses to promote and maintain a high standard of arbitrators in the country. The arbitrators and mediators will be governed by the code of conduct to ensure

professional ethics are observed. The Centre will also propose model dispute resolution clauses to be used in contracts/ agreements and provide instant access to a repository of both online and offline resources covering key arbitration topics.

Arbitration comes with part autonomy, expert Judgment, procedural flexibility, confidentiality and most importantly expediency, making it an appealing mode of dispute resolution that ideally favors all parties concerned.

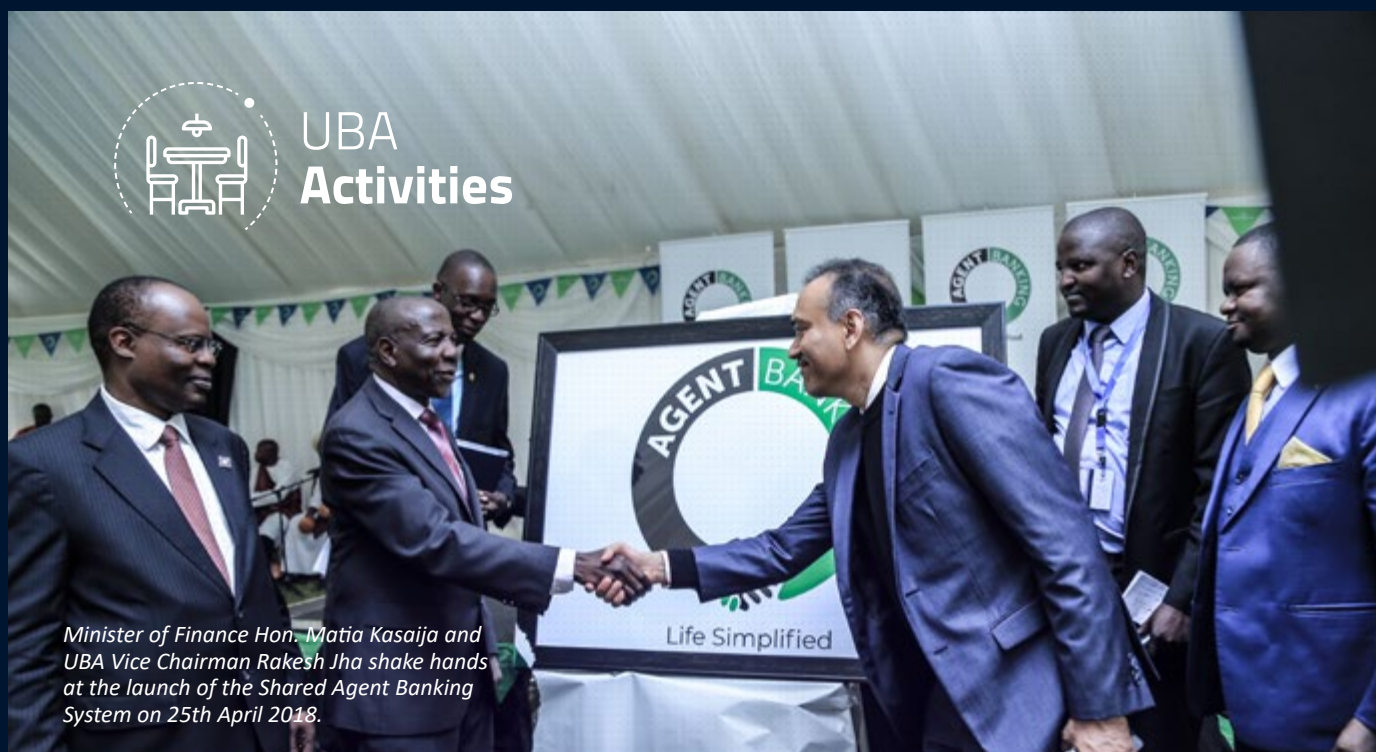
With support from the JLOs development Partners and the Ugandan Government, the International Center for Arbitration and Mediation Kampala (ICAMEK) was launched in April 2019.



Chief Justice of Uganda launches the consultative process for ADR at Mestil Hotel on 15th August 2018 with members of the ADR Interim Board, Uganda Law Society and Uganda Bankers Association.



UBA Activities



Minister of Finance Hon. Matia Kasaija and UBA Vice Chairman Rakesh Jha shake hands at the launch of the Shared Agent Banking System on 25th April 2018.

4. Report on the Shared Agent Banking, the new era in the Banking Sector.

Financial Technology is the best thing that has happened to the banking sector due to its potential to bring down costs while delivering convenience for the customer.

We remain grateful for the tremendous support from our partners, aBi, GIZ, FSDU, FSDA and Members Banks, extended towards Shared Agent Banking System so far.

On 25th April 2018 the Shared Agent banking System (SABs) was launched and Financial Institutions embarked on a new journey towards increasing access to formal banking services through bank agents and eliminating duplication of similar services and the related costs through use of a shared technology platform.

The Shared Agent Banking System (SABS) that connects banks, is an opportunity for financial

institutions to collaborate which is a critical component under the National Financial Inclusion Strategy 2017-2022, pillar number (i) that focuses on reducing financial exclusion and barriers to access financial services.

Post launch we focused on the following;

- a) Member Banks scaled Agent recruitments*
- b) Training*
- c) Communication & Awareness*

a) The industry currently has a total 8,805 agents approved by the Central Bank to with the number of active agents being 6,584, with current average monthly value of transactions at 738 billion as at March 2019.

b) In Partnership with Financial Sector Deepening Africa and Helix Microsave, UBA members and Agents received capacity building training in Agent Banking.



Participants with their certificates after the Training of Trainers session with Microsave on Agent Banking

These Agents are delivering services on behalf of Barclays Bank, Housing Finance Bank, Finance Trust Bank, DFCU Bank Diamond Trust Bank, Equity Bank, Centenary Bank, Stanbic Bank, Post Bank and KCB Bank who have actively rolled out Agent Banking. The services currently offered through Agents

include cash deposit, cash withdrawal, utilities payment, school fees payments, Account Balance statement and account opening origination among others.

In 2019, UBA will continue with training and quality management of Agents, communication &

awareness activities across the country with support from development partners.

As a sector, we expect to record new customer growth, improved deposit mobilization, increased outreach and customer service and branch decongestion among others.



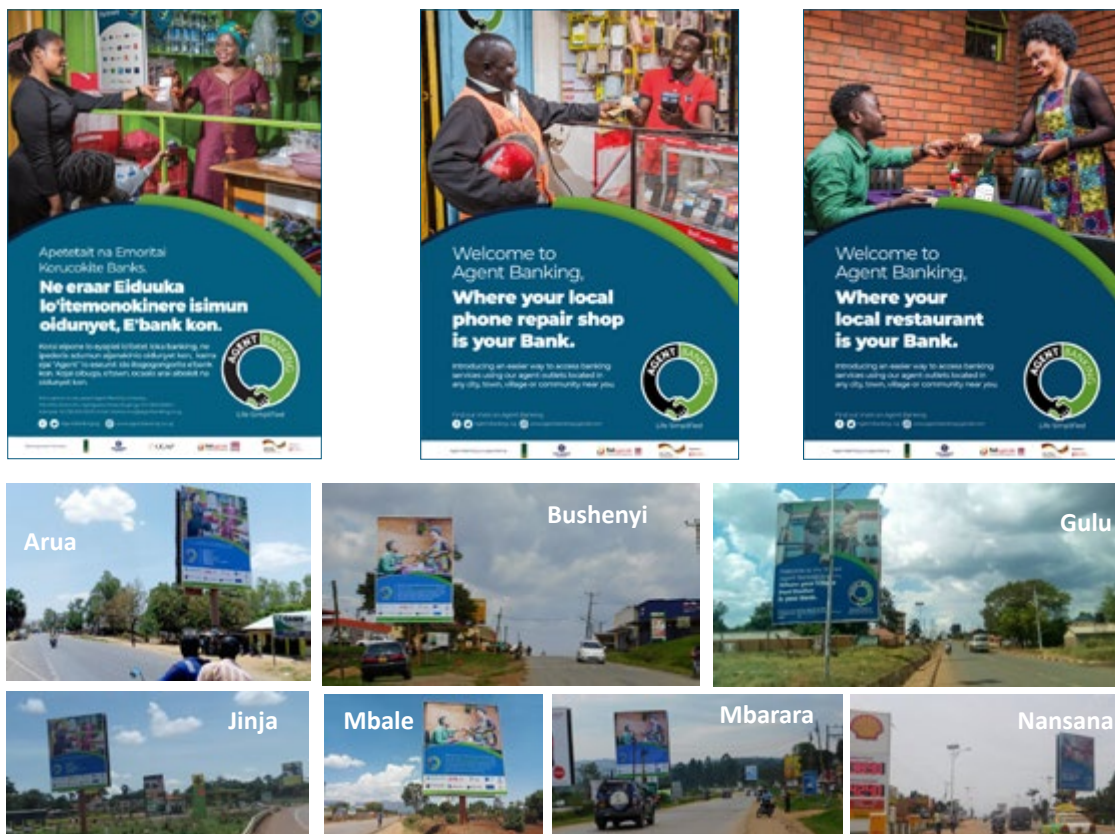
Above are some pictures of Agent Banking Capacity building sessions.

UBA Activities

c) In terms of communication, awareness and marketing we undertook the following

- Development of market facing brand logo for the Shared Agent Banking Service.
- Development of social media assets such as website for Agent Banking Company, Facebook and Twitter pages for Shared Agent Banking Service
- Production of posters, stickers, brochures and flyers in English, Luo, Ateso, 4Rs, Lusoga, Lugisu, and Luganda that were distributed to Agents and general population.
- Production and airing of radio spots in Luganda, English, Luo, Ateso, 4Rs, Lusoga and Lugisu.

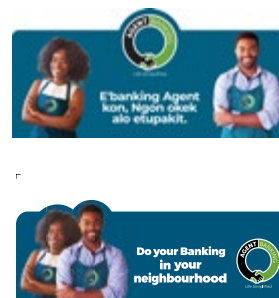
Agent Banking campaign in pictures.



Agent Banking campaign in the print media.



Bumper Stickers





Bank Staff, Representatives from UBA Secretariat, Uganda Insurers Association, Anti-Counterfeit Network Uganda and Financial Intelligence Authority at the financial sector dialogue on counterfeits held at Hotel Protea in Kampala on 27th September 2018

5. Report on Financial Sector **Dialogue on Counterfeits**

Since 2017 various sector players have embarked on an awareness campaign on counterfeits and the related impact these present.

Financial Institutions are exposed to counterfeit risks when they extend credit facilities to sectors that are affected by counterfeit or when they lend to those dealing in counterfeits. This is due in part that it's difficult to ascertain a legitimate client because of how complex counterfeit trade is in our markets.

This formed a good part of the discussion during the financial sector dialogue that was organized by UBA in partnership with Anti Counterfeit Network Uganda, that took place on 27th September 2018 at the Kampala Protea Hotel, and discussions focused on the impact of counterfeits on loan recovery and overall financial sector business

During the meeting it was noted that counterfeits had contributed partly to the challenge of Non-Performing Loans in the sector. Specifically, when funds are lent to

borrowers who procure counterfeit goods and these goods are confiscated, they are not able to service their loans and as a result default crystalizes.

The need to implement interventions that aim to mitigate counterfeit associated risks which among other involve, inclusion of an element of criminalizing dealing in counterfeits in the anti-counterfeit policy in future products that banks offer and banks widening their risk assessment criteria to black list counterfeiters from accessing additional credit from the banks were some of the recommendations from the meeting.

It was also agreed that training and awareness in counterfeit dealings was critical in enhancing the capacity of staff of financial institutions to support ethical business practices and the need to establish a promotion and protection fund that would facilitate the implementation of interventions that mitigate counterfeit associated risks in the financial sector is necessary. UBA will continue to dialogue with stakeholders in this regard.

6. Report on **Capacity Building**

Symposium on IFRS9

UBA with support from Compuscan, Stanbic Bank and Ernst & Young organized a one day symposium that focused on IFRS9, it's implementation experience in other jurisdiction and the tax implications of IFRS9 implementation.

The symposium was attended by 136 delegates comprising Finance Heads and Credit Heads of Supervised Financial Institutions, Bank of Uganda, Uganda Revenue Authority Officers, and professional Audit and Accounting firms among others.



Mr Paul Fallon, the joint IFRS9 programme lead at Standard Bank, facilitates session during the symposium





Participants pose for a group photo with facilitators after the training.

7. World Bank Training on Management of stressed portfolios

In 2018, the Assets Reconstruction Company (ARC) with assistance from the World Bank & IFC organized a training on management of stressed portfolios and asset reconstruction companies that took place on 2nd and 3rd of October at Golden Tulip Hotel.

The training covered among others, the following areas with facilitators sharing their experience in several jurisdictions.

- Holistic Approaches to NPL Resolution
- Good Practice in collateral valuation, asset restructuring

& pricing of distressed assets.

- Preparing and packaging NPLs for sale to investors
- International experiences in the management of Asset Management Companies

The key participants included ARC management team, member bank credit, legal & recovery teams, and Bank of Uganda staff from the commercial banking department.

The ARC management team, UBA together with the World Bank & IFC also separately held

a meeting with the Executive Director Supervision Bank of Uganda on the sidelines of the workshop to discuss the regulatory & oversight framework for the ARC.

During the course of 2019, an implementation framework will be developed to guide work that will be undertaken by the ARC.

We are grateful for the support received from the World Bank & IFC for the Assets Reconstruction Initiative so far and look forward to more future engagements in the same regard



Karlis Bauze, Senior Financial Sector Specialist, World Bank Group, Financial Sector Advisory Center facilitates a session during the training.



Participants during the World Bank Training on Management of Stressed Portfolios held in October 2018 at Golden Tulip Hotel



8. Report on **ESAAMLG** conference in Seychelles.



Participants at the ESAAMLG conference in Seychelles

Between 2nd and 8th September 2018, the 36th East and Southern Africa Anti Money Laundering Group (ESAAMLG) task force meeting of senior officials took place in Seychelles. The meeting was attended by representatives from the following member countries Angola, Botswana, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Mozambique, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The Banking sector was represented at this meeting by Executive Director UBA, Mr. Wilbrod Owor and the Chair UBA Compliance Committee, Ms. Patricia Omalla (Eco Bank).

Co-operating and supporting nations, organization and observers who also attended the task force meeting were: COMESA, GIZ, FATF secretariat, IMF, UK, USA, UN Security council 1267 committee, World Bank.

During the sessions, the mutual evaluation reports of Madagascar was discussed and adopted the report and recommended it to the council for approval. Madagascar will be under enhanced follow up process and will start reporting on its progress in April 2019 meeting. This applies to Seychelles too. Mutual evaluation draft report for Zambia is expected to be discussed in April 2019.

Once the options are discussed and considered, the Secretariat will finalize and publish the Revised ESAAMLG MoU on ESAAMLG website after the September 2018 meeting.

3. Mutual Evaluation report of Uganda

From the Mutual Evaluation report for Uganda, the following was noted: Uganda plans to address most if not all of the shortcomings identified in her mutual evaluation report by 2020. The National Risk assessment (NRA) exercise was undertaken and the NRA report has been adopted by Cabinet and published in September, 2017. The report is now being disseminated to all key stakeholders. The action plan prioritizes issues under the FATF core and key Recommendations. The issues are in the areas of; Identification of risks, development of policies and strengthening domestic coordination;



Report on **ESAAMLAG** conference in Seychelles.

- 1. Pursuing money laundering, terrorist financing and the financing of proliferation;*
- 2. Applying preventive measures for the financial sector and DNFBPs;*
- 3. Establishing powers and responsibilities for the competent authorities in their investigative, law enforcement and supervisory roles;*
- 4. Enhancing transparency and availability of beneficial ownership information of legal persons and arrangements; and*
- 5. Facilitating International Cooperation.*

2. Since the mutual evaluation on-site visit undertaken on 15 – 26 June, 2015 the following measures have already been taken;

A. National Risk Assessment. A national risk assessment was concluded to identify, assess and understand the ML/TF risks which are of a national threat to Uganda. The NRA exercise was done using the World Bank tool and the final report was published in September 2017 and is currently being disseminated to all stakeholders.

B. Strengthening the AML/CFT legal framework. In pursuit of strengthening Uganda's AML/CFT regime, a number of relevant laws have been amended in conformity with the standards. i. Amendments to the Anti-Terrorism Act, The Financial Institutions Act has been amended to streamline the

inconsistencies in CDD requirements and STR reporting obligations, The Capital Markets Authority (CMA) Act has been amended to designate CMA as a supervisory authority for AML/CFT purposes, The Insurance Act has also been amended to designate the Insurance Regulatory Authority (IRA) as a supervisory authority for AML/CFT, Regulations giving effect to the provisions of AMLA were promulgated in December 2015 and are being implemented, The Anti-Narcotics and Psychotropic Substances Act that criminalizes the predicate offences of illicit trafficking in narcotic and psychotropic substances was passed by Parliament and gazetted on February 05, 2016, The Anti-Money Laundering Act was amended by Parliament in March 2017 making it compliant with FATF Standards. Based on the above the Country tabled a request for re-rating for some of the issues raised during the mutual evaluation.

However, it was noted that while steps had been taken to address the deficiencies identified on the remaining 3 recommendations, the information provided did not support that the country had made sufficient progress to warrant re-rating. On that basis ECG recommended that the ratings should remain as they are for Rs 10, 26 and 29 and Uganda submits follow up reports.



CSR & UBA Member Events/ Activities

Boosting Global Remittances



In 2018, FINCA Uganda, Diamond Trust Bank and Xpress Money launched a partnership that is aimed at boosting remittances from Ugandans working and living abroad.

According to World Bank, remittances received by Ugandans in the country amounted to \$1,375b in 2017, accounting for 4.8% of the country's Gross Domestic Product (GDP). This income contributes to household expenditure, healthcare and education which ultimately has a large effect on poverty levels, standards of living and the overall growth of the economy.

Thus this partnership is timely considering the growing rates of outward remittances to Uganda.

This present value addition to the MoneyGram and Western Union Services already being offered on the market and boost the country's economy.

DTB participates in a blood donation drive

DTB participates in a blood donation drive in Kampala Road Branch in partnership with Uganda Blood Transfusion Services. DTB provides books to children of missionaries of the poor with disabilities to support their education.



Standard Chartered – equipment for visually impaired



Standard Chartered donated items worth **\$100,000 (shs 375M)** and also unveiled a grant of **\$90,000 (shs 337.5m)** to Uganda National Association of the Blind to support integrated schooling especially for schools that cater for visually impaired children.



CSR & UBA Member Events/ Activities

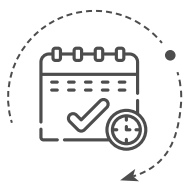
Barclays Bank Uganda

In 2018 Barclays Bank Uganda offered 44 full university scholarships worth **over 600M** to undergraduate students **in 12 universities** across the country.



Barclays Bank Uganda limited invested over **UGX 100M to train 2100 youth** in various universities and vocational institutions in employability skills under the Bank's ReadytoWork initiative. Over 270 of these received internship and work-placement opportunities under the programme through partner organizations and companies.

In 2018, Barclays Bank of Uganda limited donated library furniture and a Ready to Work resource centre worth over UGX 40 Million to Nkumba University.



CSR & UBA Member Events/ Activities

Centenary Bank CSR activities



Centenary Bank Sponsors the Annual Rotary Cancer Run.



Centenary Bank trains youth in Financial Literacy.

KCB Bank CSR activities



Head of IT & former Managing Director- KCB Bank Uganda donate blood during the drive at Kampala Road branch



Head Office staff of KCB Bank Uganda join in to donate blood.



KCB Bank through the Corporate Banking department donated generously to the construction of the new All Saints' Cathedral church in Nakasero



CSR & UBA Member Events/ Activities

Orient Bank



Second Orient Academy overall winner Michelle Kyeyune receives dummy cheque from Orient MD Julius Kakeeto

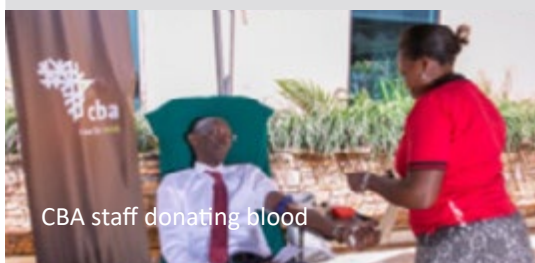
CBA Bank



Dummy cheque being handed over to school management team



Caption CBA staff in front of renovated classroom block



CBA staff donating blood



CBA staff donating blood

CBA donated Ugx 10,000,000/= to St. William Secondary School Kizibwa in Sheema District for renovation the roof of a classroom and office block that had collapsed during the rains in early 2018. A dummy cheque was officially handed over to the management of the school on 24th August 2018. CBA participated in blood donation drive in partnership with Nakasero Blood Bank.



CSR & UBA Member Events/ Activities

UBA

UBA in Partnership with UBA Foundation equipped secondary school students with literature through the “Read Africa” project



CBA Representative donates gives book



UBA team led by the Head of Retail Banking donated books (Things Fall Apart written by Chinua Achebe) to students of Fortportal and Mbale Progressive Secondary Schools

UBA through the UBA Foundation launched the Each One Teach One initiative where UBA staff voluntarily commit their time to their communities, teaching youth various skills such as cooking agriculture, foreign languages, photography, reading , writing, fashion design among others





CSR & UBA Member Events/ Activities

Stanbic SME Business Incubator



Stanbic Bank established a Business Incubator in May 2018 that provides capacity development programmes for Small and Medium Size Enterprises (SME's). The programmes are designed to help improve their business operations but most importantly prepare them to leverage the upcoming opportunities in Uganda's budding oil and gas sector.

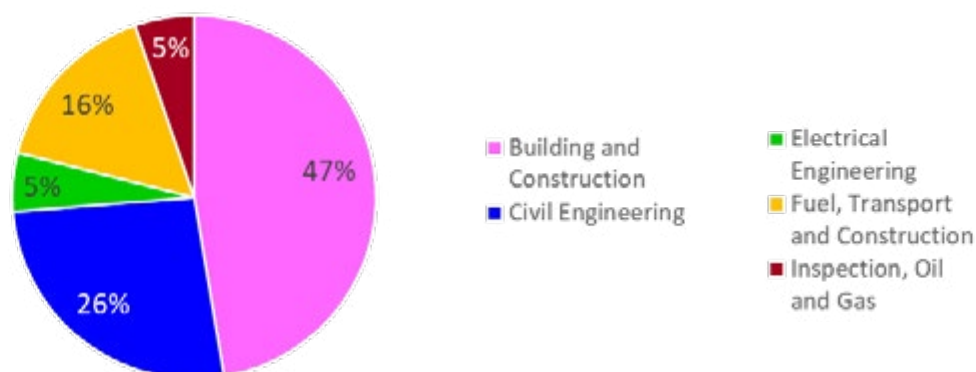
The incubator provides an enabling environment for SMEs to enhance their capacity, improve the way they do business and achieve long term

sustainability. To date, the incubator has run two successful cohorts and a total of 500 entrepreneurs from 200 small and medium enterprises have graduated from the incubator.

The training and capacity development programmes focus on: Business development services, networking events, focus group discussions, access to subject matter experts, mentoring and coaching and provide avenues for accessing markets and sourcing of funds.

SME participation:

SME participation by sector



Many of these have shown impressive growth in terms of finances and compliance while others have expanded their operations exponentially.

Local companies need as much support as possible to be able to participate in the Oil and Gas sector and maximize its benefits. This is an industry that requires very high operational standards and establishing the business incubator is an important step in facilitating this. Also, key to the success of this industry is collaborations between the public and private sector in order to achieve the ultimate goal of enabling the growth and sustainability of our enterprises.



CSR & UBA Member Events/ Activities

Cairo International Bank



Shauriyako village 'A' 2018 independence sports gala co-sponsored by Cairo International Bank



Cairo International Bank(CIB) Giving away IFTAR tokens to some members of Ggaba Mosque Muslim Association during 2018 Holly month of Ramadan.

Uganda Development Bank



Cheque Handover to igrowth winner.

i-Growth Accelerator Program

Uganda Development Bank, in partnership with the Resilient Africa Network (RAN Lab), runs an annual innovation program whose focus is to support commercialization of local start-ups and to stimulate a culture of innovation in Uganda in a bid to contribute to the country's socio- economic development. The i-Growth Accelerator program supports individuals to grow and expand their start-up enterprises in all sectors.

UDB sponsors students to attend internship in Karlsruhe, Germany

The Bank sponsored two university students to attend a fully-funded 3-month internship at the prestigious Fraunhofer-Institut für Chemische Technologie in Karlsruhe, Germany. The beneficiaries, Dalton Bakisuula from Kyambogo University and Martin Mugisha from Makerere University are both students of Applied Electro-Chemistry at their respective learning institutions. They are the inaugural participants of an initiative spearheaded by the bank in collaboration with the European Organization for Sustainable Development (EOSD). The partnership seeks to undertake cooperation in various areas including enhancing local capacity for a smart and sustainable economy and supporting innovation and technology transfer.

Uganda Development Bank co-financed the project, committing over 6000 euros, to cater for the cost of the return air tickets for the students as well and living expenses for the duration of their residency in Karlsruhe. The training-related costs were covered by the Fraunhofer-Institut.



Applied Electro-Chemical students Dalton Bakisuula (3rd left) and Martin Mugisha (2nd right) at the Institute of Chemical Technology in Karlsruhe, Germany. 1st left is Arshad Rab, CEO European Organization for Sustainable Development and to his right is Patricia Ojangole, Managing Director Uganda Development Bank. 1st right is Dr. Frank Mentrup, Mayor of the City of Karlsruhe and 3rd right is Dr. Stefan Troester.



CSR & UBA Member Events/ Activities

Citibank **boosts SMEs with business skills**



Dr Angella Namara (right) and her team at D'ace Clinic in Jinja worked with Citi volunteers Shivana Arora (2nd left) and Saskia Pump (2nd right) to renovate her clinic.

As part of its continued commitment to work with small medium entrepreneurs (SME s), a group of

senior analysts, associates and senior associates from Citibank completed a five-week volunteer programme in Uganda, working with local entrepreneurs to help improve and grow their businesses.

This was the third year that Citibank conducted its volunteer Africa programme, and the second year it took place in Uganda. The volunteers, made up of bankers selected from investment banking, capital markets origination and EMEA markets and securities businesses around the world, used their skills to help come up with ways to improve the overall business.

This was done by providing strategic guidance including record keeping, visibility through branding and marketing of products, and identifying areas that could

be used as a competitive advantage for their entrepreneurs.

The volunteers worked with 18 entrepreneurs based in Jinja and Mbale, who own and run a variety of businesses, including a fruit farm, restaurant, schools, medical clinics and dairy farmers.

Divided into teams, the volunteers mapped out the challenges and opportunities for each business in the market they operate before developing and testing plans for growth. At the end of the programme, the entrepreneurs pitched to Citi seniors for interest-free loans from a Citi fund worth Shs90m to support the growth plans put in place.

Citi worked in partnership with Balloon Ventures, a social enterprise that runs development programmes to give microenterprises the training, funding and support needed to grow, create jobs and build communities.



CSR & UBA Member Events/ Activities

Citibank Launches Program to curb Youth Unemployment.



Citibank Managing Director Ms. Sarah Arapta and Minister for Youth Hon. Florence Nakiwala Kiyingi with other guests after the launch of program to curb Youth unemployment.

The Citi Foundation launched the Girls Apprenticeship Program (GAP) Phase Three in Uganda. The program worth \$100,000 was launched in partnership with Technoserve, connected 60 young women (aged 16-24 years) to successful businesswomen who mentored them in tailoring, baking, hairdressing and art and crafts.

The launch was officiated by the Minister of Gender, Labour and Social Development and the Citibank Managing Director- Sarah Arapta.



CSR & UBA Member Events/ Activities

NC Bank



Financial literacy skills

The Bank partnered with Junior Achievement Uganda to deliver financial literacy training on ‘why money matters matter’ to the youth during the global week held on 2 March 2018. The students were provided with workplace training on skills needed for the future working generation. 35 students from four (4) schools: Gayaza High School, Ndejje Senior Secondary School, Aga Khan High School and Makerere College School participated in the event.



Blood donation drive

The Bank partnered with ENS Africa Advocates, Deloitte Uganda Limited to organize a blood donation drive on 23 March 2018 to facilitate the collection of blood to tackle the national shortage. A total of 75 units of blood was collected from the exercise.



CSR & UBA Member Events/ Activities

Bank of Baroda Uganda Ltd CSR activities



Blood Donation Camp



Health Check Up



Restoration and Plantation Camp



Sight Saving Camp

Bank of Baroda Uganda Ltd has been historically pioneer in envisaging into different CSR activities in the Country. Our endeavor has always been to reach out to people and add values to their life. The same culture of ours was exemplified last Financial Year when We Organized multiple activities for the benefit of the Society as whole and the same was received with lot of warmth. People exhibited their inclination and participated in good numbers in all the activities.

Some of the major events Organized by us are as Under:

- Restoration of-02- Hectares of land area by plantation of-1300- saplings by Mr. Ashwini Kumar, Managing Director and other staff members along with the staff of National Forestry Authority and residents of Mpigi Town organized on the occasion of 111th Foundation Day of the Parent Bank on 20.07.2018.(Picture Attached)
- Blood Donation Camp being inaugurated by Mr. Ashwini Kumar, Managing Director organized at Kansanga Branch on the occasion of Celebration of 111th Foundation Day of Parent Bank on 20.07.2018. (Picture Attached)
- Free Eye Sight Saving Camp organized by the Bank in conjunction with Lions Club Jinja on the occasion of celebration of 65th Foundation Day of the Bank on 18.12.2017. I was attended by various people in need and corrective measures were suggested instantly (Picture Attached)
- Free Medical Health Camp was organized by our Bank on the Occasion of our 66th Foundation Day on 18/12/2018. The camp was inaugurated by Mr. Ashwini Kumar Managing Directo. More than 600 needy people availed the medical services in the health Camp. (PictureAttached)



CSR & UBA Member Events/ Activities

GTBank – Operation Storm Our Locality (OSOL)



The team before they set off.

A large number of the Ugandan population are unbanked. This is due to a number of factors mainly being mistrust of banking institutions. Operation Storm Our Locality, an initiative started by GTBank's MD, Mr Lekan Sanusi is an activity whereby GTBank staff members from both front and back office go out to sensitise members of the communities around the bank's branches to banking and its benefits. Through this activity, the bank's aim was to increase trust between the public and the bank while also gaining business.



GTBank staff during an OSOL outing



CSR & UBA Member Events/ Activities

Equity Bank CSR



Equity Bank's ED Anthony Kituuka hands over a cheque worth Ugshs 10million to the Katikiro of Buganda Owek Charles Peter Mayiga at Mengo Bulange



Anthony Kituuka ED Equity Bnk hands over a cheque worth Ushs 5million to support the NSSF Blood Drive at City Square

Bank of Africa CSR



BANK OF AFRICA held several community initiatives in the year featuring over 20 different activities implemented across the network in support of key community health and education initiatives. Here a team of BOA Staff hand over delivery and surgery kits to management and staff of Naguru General Hospital, also known as China-Uganda Friendship Hospital Naguru



In line with the Bank's focus on developing SMEs, BANK OF AFRICA Senior Management interacted with over 400 SME owners across the country in specialized Business clinics. The clinics focused on delivering financial management and capacity building programs to SMEs across the country.



CSR & UBA Member Events/ Activities

Eco Bank CSR



Ecobank's managing director- Clement Dodoo, and the Executive Director- Annette Kihuguru, lay's foundation stone at Noah's Ark for their kitchen project



Ecobank staff donate foodstuffs and furniture to the management of Noah's Ark. A school for orphaned children with disabilities

Finance Trust Bank



FTB Digital Financial Literacy:

The Speaker of Parliament, Hon. Rebecca Alitwala Kadaga, MD – Finance Trust Bank - Annet Nakawunde Mulindwa and Craft Silicon Foundation CEO, Mrs. Priya Budhabhatti are joined by children at the launch of a mobile computer laboratory that offers free digital literacy to youth in slum areas of Katwe, Kisenyi, Bwaise, Kazo and Kalelwe. Over 300 youth have benefited from this program since its inception in 2018



Finance Trust Bank in partnership with UNCDF–

United Nations Capital Development Fund, developed a Girls Trust App which was embraced by over 1,000 girls holding the Girls choice savings account, which tool helped in provision of financial literacy and reproductive health to the girls aged 14-18 years.





UBA Financial Statements **for the year ended 31 December 2018**

CONTENTS

Organization information	2
Executive Committee's Report	3
Statement of Executive Committee's responsibilities	4
Independent auditors' report	5 – 7
Financial statements:	
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 22



UBA Financial Statements for the year ended 31 December 2018

ORGANIZATION INFORMATION

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, UBA is the umbrella body of commercial banks in Uganda. 24 commercial banks and one development bank comprise the UBA membership. Commercial banks are licensed and regulated by Bank of Uganda under the Financial Institutions Act 2004. At the UBA AGM held on 12th May 2017, the Constitution of UBA was amended to provide for Associate Membership comprising of Supervised Non Bank Financial Institutions to enable collaboration on cross cutting Industry Issues. During the year 2017, 4 Supervised Non Bank Financial Institutions joined UBA as associate members including Post bank Uganda, FINCA, Opportunity bank & Pride Microfinance.

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. (List these below.)

The objectives of UBA include,

- 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

EXECUTIVE COMMITTEE

Mr. Patrick Mweheire: Chairman
Mr. Rakesh Jha: Vice Chairman
Mrs. Sarah Arapta: Hon Auditor
Mr. Mathias Katamba: Hon Treasurer Director
Mr. Wilbrod Owor: Executive Director

REGISTERED OFFICE

Plot No. 2702, Block 244 Nyangweso Road
 P O Box 8002, Kampala, Uganda

INDEPENDENT AUDITOR

Deloitte & Touche
 Certified Public Accountant of Uganda
 3rd Floor, Rwenzori House, 1 Lumumba Avenue
 P O Box 10314, Kampala, Uganda

PRINCIPAL BANKERS

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

NC Bank

Rwenzori Towers, Nakasero Road
 P O Box 28707
 Kampala, Uganda

Barclays Bank

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

United Bank for Africa

Jinja Rd Branch Plot 2,
 Jinja Rd, Kampala, Uganda

SOLICITORS

Mrs. Kateera & Kagumire
 Stanbic Chambers
 P O Box 7026, Kampala, Uganda



UBA Financial Statements for the year ended 31 December 2018

EXECUTIVE COMMITTEE REPORT

Introduction The Executive Committee submits its report and the audited financial statements for the year ended 31 December 2017, which discloses the state of affairs of Uganda Bankers' Association ("the Association").

Principal activity The principal activity of the Association is the protection, representation and development of the professional business interest of its members.

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 and Service Excellence"

Strategic objectives

SO1: To strengthen the capacity of UBA to achieve its three year strategic plan

SO2: To enhance wider stakeholder engagement to promote financial services sector priorities

SO3: To broaden UBA funding base to achieve financial sustainability

SO4: To enhance visibility of UBA to play a supportive role in the banking and wider sector in

EXECUTIVE COMMITTEE

Mr. Patrick Mweheire: Chairman

Mr. Rakesh Jha: Vice Chairman

Mrs. Sarah Arapta: Hon Auditor

Mr. Mathias Katamba: Hon Treasurer Director

Mr. Wilbrod Owor: Executive Director

Attendance of Executive Committee meetings:

The duties and responsibilities of the Board are exercised through the discussions and decisions that are reached during the following meetings that took place during the year.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% SCORE
CHAIRMAN		✓			✓	✓	✓		✓	✓	✓		7	78%
VICE CHAIRMAN	✓	✓	✓		✓	✓			✓		✓		8	89%
HON. TREASURER	✓				✓					✓	✓		3	33%
HON. AUDITOR			✓			✓			✓	✓	✓		6	67%
EXECUTIVE DIRECTOR	✓	✓	✓		✓	✓	✓		✓	✓	✓		9	100%
TOTAL BY MONTH	3	3	3		4	4	3		4	4	5			
% SCORE	60%	60%	60%		80%	80%	60%		80%	80%	100%			



UBA Financial Statements for the year ended 31 December 2018

REPORT OF THE EXECUTIVE COMMITTEE

The executive committee submit their report and the audited financial statements for the year ended 31 December 2018 which disclose the state of affairs of the Association.

PRINCIPAL ACTIVITY

The principal activity of the Association is the protection, representation and development of the professional business interest of its members.

RESULTS	2018 Shs'000	2017 Shs'000
Operating (deficit)/surplus	(212,295)	88,092

EXECUTIVE COMMITTEE

The executive committee who held office during the year and at the date of this report are shown on page 2. In accordance with the Association's Articles of Association, no executive committee member is due for retirement by rotation.

INDEPENDENT AUDITOR

Deloitte & Touche, were appointed as statutory auditors and has expressed willingness to continue in office according to the Laws of Uganda.

BY ORDER OF THE EXECUTIVE COMMITTEE


 EXECUTIVE COMMITTEE/ ASSOCIATION SECRETARY
 KAMPALA
 20 May 2019



UBA Financial Statements for the year ended 31 December 2018

STATEMENT OF EXECUTIVE COMMITTEES' RESPONSIBILITIES

The executive committee is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association as at the end of the financial year. It also requires the executive committee to ensure that the Association maintains proper accounting records which disclose with reasonable accuracy the financial position of the Association. The executive committees is also responsible for safeguarding the assets of the Association.

The executive committee is responsible for the preparation and fair presentation of the financial statements in accordance with several with general Accounting guidelines. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The executive committee accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Financial Institutions Act, 2004 as amended by the Financial Institutions (Amendment) Act 2016, International Financial Reporting Standards and in the manner required by the Uganda 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 the Association's operating results. The executive committee further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

The executive committee certifies that to the best of their knowledge, the information furnished to the auditors for the purpose of the audit was correct and is an accurate representation of the Association's financial transactions.

Nothing has come to the attention of the executive committee to indicate that the Association will not remain a going concern for at least twelve months from the date of this statement.

Signed on 20 May 2019 on behalf of the Executive Committee by:


 Mr. Patrick Mweheire - Chairman


 Mr. Wilbrod Owor - Director



UBA Financial Statements for the year ended 31 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UGANDA BANKERS' ASSOCIATION

Opinion

"We have audited the financial statements of Uganda Bankers Association, set out on pages 8 to 23, which comprise of; the statement of financial position as at 31 December 2018, and the Income statement of, statement of changes in equity and 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 Association financial statements give a true and fair view of the financial position of the Association as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs).

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 the Audit of the Financial Statements section of our report. We are independent of the Association 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. 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.

Other information

The executive committees is responsible for the other information, which comprises the information included in the Report of the executive committee. The other information does not include the financial statements and our 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive committee for the financial statements

"The executive committee is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the executive 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, the executive committee is responsible for assessing the Association'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 the executive committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting



UBA Financial Statements for the year ended 31 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UGANDA BANKERS' ASSOCIATION (Continued...)

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 International Standards on Auditing (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 the 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 judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- 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 the executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive committee with a statement that we have complied 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.

The engagement partner responsible for the audit resulting in this independent auditors' report is Norbert Kagoro Practice Number P0035.

Certified Public Accountant of Uganda

**21 April 2019
Kampala**

**Norbert Kagoro
Partner**



UBA Financial Statements for the year ended 31 December 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 BUDGET	2018 BUSINESS AS USUAL	2018 ANNUAL BANKING CONFERENCE	2018 TOTAL	2017
		UShs '000'	UShs '000'	UShs '000'	UShs'000'	Ushs 000'
Income						
Subscriptions	3	1,005,000	1,008,000	-	1,008,000	904,800
Interest	3	58,498	41,766	-	41,766	57,538
Annual Bankers' Conference	3	350,000	-	281,848	281,848	237,839
Income from Partners		238,988	-	-	-	-
Other income	3	-	1,842,845	-	1,842,845	9,500
		1,652,486	2,892,611	281,848	3,174,459	1,209,677
Promotion protection and development	4	276,000	1,986,987	-	1,986,987	123,241
Governance costs	5		54,119	-	54,119	15,043
Staff costs	6	724,774	674,058	-	674,058	441,454
Annual Bankers' Conference	8	300,000	-	297,827	297,827	299,294
Administration costs		254,242	373,763	-	373,763	242,553
		1,555,016	3,088,927	297,826	3,386,754	1,121,585
Operating surplus/ (deficit)		97,470	(196,316)	(15,979)	(212,295)	88,092
Net(deficit)/ surplus for the year		97,470	(196,316)	(15,979)	(212,295)	88,092

The notes on pages 12 to 22 form an integral part of these financial statements.

Report of the independent auditor- pages 5 –




UBA Financial Statements for the year ended 31 December 2018

STATEMENT OF FINANCIAL POSITION

	Notes	2018 Shs '000	2017 Shs '000
Noncurrent assets			
Property and equipment	9	107,667	98,767
Investment in ABC		3,948,410	1,009,198
Investment in ARC		430,282	389,283
Intangible Asset	10	3,915	974
		<u>4,490,274</u>	<u>1,498,222</u>
Current assets			
Related Party: ABC	14	25,369	-
Related Party: ARC	14	66,697	-
Contributions to Agent Banking	12	-	275,306
Receivables	13	582,400	101,019
Cash and cash equivalents	11	653,065	1,850,897
		<u>1,327,531</u>	<u>2,227,221</u>
Total Assets		<u>5,817,805</u>	<u>3,725,443</u>
Reserves			
Accumulated reserves		198,467	410,762
ABC fund		3,948,410	1,009,198
ARC fund		430,282	389,283
		<u>4,577,159</u>	<u>1,809,243</u>
Current Liabilities			
Accounts payable	15	798,858	126,098
Deferred revenue	16	441,787	1,790,102
		<u>1,240,645</u>	<u>1,916,201</u>
Total Reserves and Liabilities		<u>5,817,804</u>	<u>3,725,443</u>

The financial statements on pages 8 to 22 were approved and authorised for issue by the Board of Directors on 20 May 2019 and were signed on its behalf by:


Mr. Patrick Mweheire


Mr. Wilbrod Owor

The notes on pages 12 to 22 form an integral part of these financial statements.
Report of the independent auditor can be found on pages 5 – 7



UBA Financial Statements for the year ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY

Note	Retained Earnings Ushs '000'	ARC Fund Ushs '000'	ABC Fund Ushs '000'	Total Ushs '000'
As at 1 January 2017	341,452	389,283	1,009,198	1,739,933
Prior year adjustments	(18,782)	-	-	(18,782)
Surplus for the year	88,092	-	-	88,092
As at 31 December 2017	410,762	389,283	1,009,198	1,809,243
As at 1 January 2018	410,762	389,283	1,009,198	1,809,243
Surplus for the year	(212,295)	40,999	2,939,212	2,767,916
As at 31 December 2018	198,467	430,282	3,948,410	4,577,159

The notes on pages 12 to 22 form an integral part of these financial statements.

Report of the independent auditor- pages 5 – 7

STATEMENT OF CASH FLOWS

	2018 Notes	2017 Shs`000	Shs`000
Cash flows from operating activities			
Surplus/deficit for the year as per accounts		(212,295)	88,092
Adjustments:			
Depreciation expenses		20,715	11,765
Amortisation of intangible assets		1,581	487
Cash flows from operating activities		(189,999)	100,344
Changes in Working Capital			
Increase in related party receivables		(92,065)	-
Increase in accounts receivable		(481,381)	(61,939)
Agency Banking Contribution		275,306	-
Increase in accounts payable		672,760	86,092
Net Cash flows from operating activities		184,619	124,497
Cash flows from investing activities			
Purchase of property, plant & equipment		(29,615)	(73,951)
Purchase of intangible asset		(4,522)	-
Interest income on Fixed Deposit		-	(57,538)
Others		-	(37,674)
Net cash flows from investing activities		(34,137)	(169,163)
Cash flows from financing activities			
Deferred Revenue- Agency Banking		(1,348,315)	1,790,102
Payment of ARC Consultancy fees		-	16,778
Net Cash flows from financing activities		(1,348,315)	1,806,880
Net decrease /increase in cash and cash equivalents		(1,197,832)	1,762,214
Cash and cash equivalents as at 1 January		1,850,897	88,683
Cash and cash equivalents as at 31 December		653,065	1,850,897

The notes on pages 12 to 22 form an integral part of these financial statements.

Report of the independent auditor- pages 5- 7



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS

Uganda Bankers' Association is a company limited by guarantee, incorporated in Uganda and carries out all operations from within Uganda. Any Bank licensed by Bank of Uganda and operating in Uganda is eligible for membership. The principal activity of the Association is the protection, representation and development of professional business interests of its members.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The Association did not decide to early adopt certain accounting standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Association has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Association. The nature and the impact of each new standard or amendment are described below:

(b) Changes in accounting policies and disclosures

Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring retrospective application.

- *Amendments to IAS 7 disclosure initiative;*
- *Amendments to IAS 12 Recognition of Deferred Tax Assets for unrealised losses; and*
- *Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014 – 2016 cycle.*

Amendments to IAS 7 disclosure initiative (effective for annual periods beginning on or after 1 January 2017)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017)



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

The amendments clarify the following:

1. Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost given rise a deductible temporary difference, irrespective of whether the debt instrument's holders expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively, but did not have an impact on the financial statements.

Amendments to IFRS 12 included in the 2014 – 2016 annual improvements cycle (effective for annual periods beginning on or after 1 January 2017)

The 2014 – 2016 annual improvements cycle includes amendments to an number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017.

Standard	Subject of amendment	Details
IFRS 12		
Disclosure of interests in other entities	Clarification of the scope of the Standard	<p>IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale.</p> <p>The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.</p> <p>The amendments apply retrospectively.</p>



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

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:

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.

(c) 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.

(d) Expenditure

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

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 recognized 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 recognized is derecognized 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 derecognized.

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 asset

Intangible asset relates to the accounting software called quick books that was obtained as a tool to keep the UBA's books of accounts. Amortization is calculated on a straight line basis at 33.3% per annum.

(g) Deferred Revenue

Deferred revenue relates to funds received from donors to fund the activities of the Agency Banking Company and the Asset Reconstruction Company. The amounts are recognised as income to the extent that the amounts are spent and then recognised as investments and funds recognised in equity.

(h) 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.



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

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

(i) 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 due months or less.

(j) Reserves

Reserves relate to the accumulated retained earnings of the prior year and the surplus for 2017.

(k) 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

liabilities simultaneously.

(l) 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 1 USD=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.

(m) 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 recognized 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 recognized impairment losses no longer exist or have decreased. If such indication is found, the Association estimates the asset's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Activities

(n) 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. (o) 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 reorganization 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.

(p) Tax

According to the Income Tax Act, Cap 340, under section 2(b), the Association qualifies as an exempt entity for tax purposes. The Association obtained a tax exemption certificate from Uganda Revenue Authority for the period from 1 January 2018 to 31 December 2019.



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

Bank Name	Total 2018	Total 2017
ABC Capital Bank Ltd	28,624,206	26,216,732
Bank of Africa	36,606,155	33,774,299
Bank of Baroda	46,451,213	41,246,006
Bank of India	29,949,827	27,089,432
Barclays	51,864,195	46,717,218
Cairo Int. Bank	29,200,710	26,794,515
CBA	29,568,176	26,738,106
Centenary Bank	56,944,055	51,305,414
CitiBank	39,888,074	34,860,186
DFCU Bank	66,160,457	46,713,190
Diamond Trust Bank	44,504,684	42,782,293
ECOBANK	31,505,000	29,295,443
Equity Bank	36,033,627	33,677,575
Exim Bank	31,903,711	29,751,959
Finance Trust Bank	30,078,526	27,517,260
GT BANK	29,789,364	27,108,102
Housing Finance	36,502,108	33,632,523
KCB	36,945,624	34,976,349
NC Bank	30,074,346	28,205,976
Orient Bank	34,927,036	32,752,980
Stanbic Bank	85,352,051	74,177,300
Standard Chartered	64,799,967	60,549,415
Tropical Bank	31,335,270	28,917,222
UBA	30,161,555	27,728,397
UDB	30,830,063	28,249,710
Total	1,000,000,000	900,777,602
Associate Members		
EFC	1,000,000.00	
YAKO MICROFINANCE LTD	1,000,000.00	
MCBL	1,000,000.00	
TOP FINANCE BANK	1,000,000.00	
Pride Microfinance Limited	1,000,000.00	1,000,000.00
Post Bank Uganda Limited	1,000,000.00	1,000,000.00
Opportunity Bank	1,000,000.00	1,000,000.00
FINCA Uganda Limited	1,000,000.00	1,000,000.00
	8,000,000.00	4,000,000.00



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

	2018 Shs`000	2017 Shs`000
3. Income		
Subscription Income	1,008,000	904,800
Interest income	41,766	57,538
Annual Bankers' Conference	281,848	237,839
Other income	11,812,845	9,500
	<u>3,144,459</u>	<u>1,209,677</u>
4. Promotion, protection and development		
Annual dinner	54,089	55,294
Colloquiums-stakeholder meeting	43,527	28,632
Financial literacy expenses	3,000	-
Member shared Legal Costs	2 1,296,753	-
Member Special Projects	3 475,319	-
Member other events and dinners	62,564	6,431
Newspaper Periodicals	16,613	-
Advertising expenses	35,122	7,560
Members meeting cost	-	217,752
Workshops and training	-	3,500
Bad debts written off	-	22
Member's subscription	-	3,500
	<u>1,986,987</u>	<u>322,691</u>
5. Governance Expenses		
Honorarium expenses	2,527	19,135
Sub-committee expenses	51,592	13,943
	<u>54,119</u>	<u>33,078</u>
6. Staff Costs		
Salaries (include 10% NSSF Contribution)	4586,728	369,101
-Gratuity Expenses	53,339	33,139
Medical expenses	20,192	7,467
Local Service Tax	600	400
Staff Welfare	0	31,347
Temp Wages	13,200	-
	<u>674,058</u>	<u>441,454</u>

1. It includes revenue from member banks to cover the case against URA accessing customer information for supervised institutions.
2. These are costs relating to all industry share legal costs, stamp duty case, trade license case with KCCA, and URA case accessing customer information.
3. The special project is the Lira currency centre to which 10 member banks participated.
4. The steep increase in staff salaries is due to the recruitment of 2 substantive senior managers at the secretariat.



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

7. Administration Expenses

	2018 Shs	2017 Shs
Printing, posting and stationery		
Printing	12,135	72,460
Stationery expenses	21,156	13,516
Rent & Rates		
Rent of office premises	80,877	48,612
Street parking	-	3,900
Telecoms and internet		
Domain & web hosting		
Internet	2,337	328
IT support	7,706	8,947
Telephone costs	11,916	6,918
Professional fees		
Consultancy fees	32,243	14,864
Accountancy fees	-	5,100
Audit fees	24,780	10,300
Legal Fees	1,815	29,511
Public Relations		
Advertising	4,000	27,457
Donation Expenses	4,331	-
Retainer- Media Consultancy	-	1,770
Travel and subsistence		
Local travel	21,110	6,105
Foreign travel expenses	29,450	10,519
Accommodation & Per Diem	19,245	-
Utilities		
Electricity	7,827	-
Water		1,135
Generator Diesel	3,840	-
Finance Costs		
Bank charges	3,979	1,763
Exchange Loss	3,313	22
Bad debts written off	-	-
Office Expenses & Supplies		
Office Supplies	4,353	22,702
Posting and courier services	5,980	6,273
News Papers & Magazines	999	444
Office Meeting Expenses	4,380	-
Outsourced Services	27,082	-
General Admin Expenses		
Others	-	17,331
Business Meals	5,023	-
Security Expenses		-
Repairs and maintenance expense	2,273	3,271
TV Subscription	1,411	-
Workshops and training	4,615	-
Membership & subscription expenses	2,158	-
Depreciation expenses	22,295	11,764
Amortization	-	487
	<hr/> 373,763	<hr/> 324,362
8. Annual Bankers' Conf Expenses	297,826	217,752



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

9. Property and Equipment

	Computer and Accessories UShs '000	Office Equipment UShs '000	Furniture & Fittings UShs '000	Total UShs '000
Cost				
At 1 January 2018	39,279	21,590	92,931	153,800
Additions	8,820	760	20,035	29,615
Disposal				
At 31 December 2018	48,099	22,350	112,966	183,415
Depreciation				
At 1 January 2018	24,319	14,473	16,241	55,033
Charge for the period	7,927	982	11,805	20,715
Disposal				-
At 31 December 2018	32,246	15,456	28,046	75,748
Net Book Value				
At 31 December 2018	15,853	6,894	84,920	107,667
At 31 December 2017	14,960	7,117	76,690	98,767

	2018 Shs'000	2017 Shs'000
10. Intangible Assets		
Cost		
As at 1 January 2017	2,190	2,190
Additions	4,522	-
As at 31 December 2017	6,712	2,190
Depreciation		
As at 1 January 2017	1,216	-
Charge for the year	1,581	730
As at 31 December 2017	2,797	730
Net Book Value	3,915	1,460
11. CASH AND CASH EQUIVALENTS		
NC Bank	457,487	1,786,432
Bank of Baroda	174,095	64,465
Barclays Bank	15,054	-
United Bank For Africa	4,790	-
Petty Cash	1,639	-
Net Book value	653,065	1,850,897

The carrying amounts of the Association's cash and bank balances are denominated in Uganda Shillings.

The Association is not exposed to credit risk on cash and bank balances as these are denominated in local currency.



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

				2018 Shs'000	2017 Shs'000
12. Held to Maturity Financial assets					
	Bank of Baroda	NC Bank	Orient Bank	Total	
As at 1st Jan 2018	275,306	-	-	275,306	249,335
New placements	-	500,000	-	500,000	500,000
Interest income	16,275	17,260	-	33,536	36,728
Redeemed on maturity	291,581	517,260	-	808,842	(518,895)
Maturities re-invested	-	-	-	-	267,168
Accrued interest	-	-	-	-	8,138
As at 31 December	-	-	-	-	275,306

13. Receivables

	2018 Shs '000	2017 Shs '000
	79,691	-
	57,901	82,749
Annual subscription receivable & Others Member contributions	364,709	-
towards ARC & ABC Contributions towards URA case Lira Currency	45,000	-
Centre KCCA case & Stamp Duty Prepayments- Rent	16,024	-
	19,074	18,269
	582,400	101,019

The carrying amounts of the Association's trade and other receivables are denominated in Uganda shillings.

14. Related Party Transactions and Balances

	Agent Banking Association 2018 Shs'000	Asset Recon- struction Co. 2017 Shs'000
As at 1 January 2018	-	-
Additions	25,369	66,697
31 December 2018	25,369	66,697



UBA Financial Statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

15. Accounts payable

	2018 Shs '000	2017 Shs '000
Audit fees payable	12,390	10,300
Sundry creditors	22,472	82,660
URA Case	5 605,185	-
Lira Currency Centre	50,000	-
Stamp Duty Case	18,300	-
Agent Banking	7,887	-
Provision for gratuity	82,624	33,138
	<hr/> 798,858	<hr/> 126,098

16. Deferred revenue

Balance as at 1 January 2018		1,790,102	-
Contributions	16.1	1,590,897	2,799,300
Funds spent		(2,939,212)	(1,009,198)
		<hr/> 441,787	<hr/> 1,790,102
As at 31 December 2018			

16.1 Development Partner Income Received

	2018
aBi Development	1,409,112
FSDU	(22,769)
GiZ	210,022
Total:	<hr/> 1,590,897

Uganda Bankers' Association

Annual **Report**





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