



ANNUAL REPORT

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UGANDA BANKERS' ASSOCIATION

Established in 1981, as an umbrella body, Uganda Bankers' Association membership consists of Uganda Development Bank, Commercial Banks and financial institutions licensed and supervised by Bank of Uganda.

UGANDA BANKERS' ASSOCIATION

ANNUAL
REPORT

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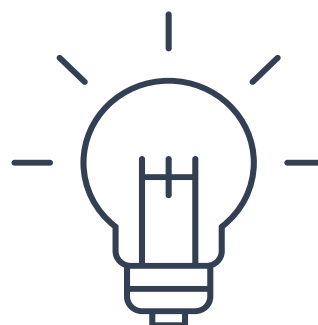
Financial Statements for the Year
ending December 2017

ABOUT
**UGANDA
BANKERS
ASSOCIATION**



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



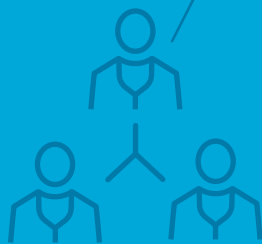
UBA VISION

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 & GOVERNANCE

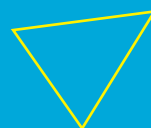
UBA is an association of 29 financial institutions and secretariat that is situated at Tank hill Muyenga. The banks constitute the general body and are represented by the Chief Executive Officers

The UBA Apex governance council is made up of all the member bank CEOs. The Executive Committee is made 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 complement of 4 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

1. *Clearing House Committee*
2. *Operations Committee*
3. *Credit Reference Bureau Committee*
4. *Frauds and Forgeries Committee*
5. *Compliancy Committee*
6. *Legal Committee*
7. *Treasurer's forum Committee*
8. *Credit Committee*
9. *Cyber Security Committee*
10. *Chief Finance Officers (CFO's) Committee*

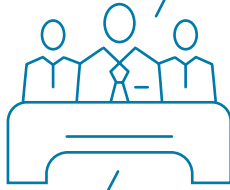




UBA MEMBERS AS AT

31ST DECEMBER 2017

- | | |
|-----------------------------------------|---------------------------------------|
| 1. ABC Capital Bank Ltd | 16. Guaranty Trust Bank |
| 2. Bank of Africa Uganda Ltd | 17. Housing Finance Bank |
| 3. Bank of Baroda | 18. KCB Bank Uganda Ltd |
| 4. Bank of India | 19. NC Bank Uganda Limited |
| 5. Barclays Bank | 20. Orient Bank |
| 6. Cairo International Bank | 21. Stanbic Bank |
| 7. Centenary Bank | 22. Standard Chartered Bank |
| 8. Citibank | 23. Tropical Bank |
| 9. Commercial Bank of Africa Uganda Ltd | 24. Uganda Development Bank |
| 10. DFCU Bank | 25. United Bank for Africa Uganda Ltd |
| 11. Diamond Trust Bank | 26. Pride Microfinance Uganda Ltd |
| 12. Eco Bank | 27. Opportunity Bank Uganda Ltd |
| 13. Equity Bank | 28. Post Bank Uganda Ltd |
| 14. Exim Bank | 29. Finca Uganda Ltd |
| 15. Finance Trust Bank | |



UBA

EXECUTIVE COMMITTEE

2017



Centenary Bank:
Fabian Kasi
(Chairman)



Barclays Bank:
Rakesh Kumar Jha
(Vice Chairman)



Finance Trust Bank
Annet Nakawunde Mulindwa
(Hon. Auditor)



Stanbic Bank
Patrick Mweheire
(Hon. Treasurer)



Uganda Bankers Association
Wilbrod Humphreys Owor
(Executive Director)

UBA



COMMITTEE REPRESENTATIVES

CLEARING HOUSE COMMITTEE

Sponsoring CEO : Tropical Bank (Mr. Krakesh Sameh Mahmud)

Chair: Tropical Bank (Gloria Awori)

Vice Chair: Centenary Bank (Rose Namutebi)

Secretary: Standard Chatered Bank (David Muwonge)

OPERATIONS COMMITTEE

Sponsoring CEO : Exim Bank (Mr. Sabhapathy Krishnan Triplicane)

Chair: Exim Bank Silas Namachanja

Vice Chair: Centenary Bank (Omara Martin)

Secretary: NC Bank (Jenah Kirabo)

CREDIT REFERENCE BUREAU COMMITTEE

Sponsoring CEO : Housing Finance Bank (Mr. Mathias Katamba)

Chair: Housing Finance Bank Joshua Dhuani

Vice Chair: Standard Chartered Bank (Aidah Nantege)

Secretary: Pride Microfinance (Leila Najjuuko)

FRAUDS AND FORGERIES COMMITTEE

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

Chair: Diamond Trust Bank(Benjamin Balinda)

COMPLIANCE COMMITTEE

Sponsoring CEO: ECO Bank (Mr. Clement Doodoo)

Chair: Eco Bank (Patricia Omallah)

Vice Chair: DFCU Bank (Abdu Victor Nyabongo)

Secretary: Barclays Bank (Ruth Kagabane)

UBA COMMITTEE REPRESENTATIVES

LEGAL COMMITTEE

Sponsoring CEO: Barclays Bank (Mr. Rakesh Jha)

Chair: Barclays Bank (Angelina Namakula Ofwono)

Vice Chair: Housing Finance Bank (Ann Abeja)

Secretary: Citibank (Brian Kalule)

TREASURER'S FORUM COMMITTEE

Sponsoring CEO : Citibank (Ms. Sarah Arapta)

Chair: Stanbic Bank (Anne Juuko)

Vice Chair: Citibank (Ronald Mayanja)

Secretary: UBA Secretariat (Peace Adia)

CREDIT COMMITTEE

Sponsoring CEO : Orient Bank (Mr. Julius Kakeeto)

Chair: Orient Bank (Millie Nkaja)

Vice Chair: Standard Chartered Bank (Patrick Ishanga)

Secretary: Orient Bank (Joshua Wahkata)

CYBER SECURITY COMMITTEE

Sponsoring CEO : Stanbic Bank (Mr. Patrick Mweheire)

Chair: Stanbic Bank (Herbert Olowo)

Vice Chair: Tropical Bank (Francis Musinguzi)

Secretary: ECO Bank (Andrew Walusimbi)

CHIEF FINANCE OFFICERS' (CFOS) COMMITTEE

Sponsoring CEO: Centenary Bank (Mr. Fabian Kasi)

Chair: Centenary Bank (Godfrey Byekwaso)

Secretary: Housing Finance Bank (Medad John Mwesigwa)

UBA MANAGEMENT PROFILES



WILBROD HUMPHREYS OWOR:
Executive Director UBA

Mr. Owor holds an MBA in strategic Management (ESAMI/MSM) and Degree in Bachelor of Commerce (Finance) of Makerere University.

Wilbrod who has been in the banking sector rising to the rank of Managing Director/Chief Executive Officer, has 25 years of working experience spanning across key sectors of the economy including manufacturing, trade/commerce, International Development Agency/ NGO world as well as consulting & advisory services.

He has business development and management experience in financial and consumer services institutions with practical experience in financial management, business development, skills development and banking financial products/services.



PATRICIA AMITO LUTWAMA :
Head Communications & Corporate Affairs

Ms. Patricia Amito Lutwama is an experienced program management professional with extensive experience in strategic communications management and development/management of grant proposals. She holds a Master's degree in Business Administration (ESAMI) and a Bachelor of Science degree in Quantitative Economics from Makerere University.

Patricia has over 10 years' work experience in program and financial management, partnership and business development, with a track record of professionalism and integrity.

She previously served as Head of Programs, Program Manager and Finance Officer at Straight Talk Foundation.



DAVID JUUKO:

Head Finance and Administration

David is a finance & accounting professional with over 10 years progressive experience in different sectors namely Education, Hospitality, Information Technology, Manufacturing and Transport & Logistics.

He previously worked with service and computer industries as a Finance Officer and he joins UBA from Rift Valley Railways where he worked as a Senior Accountant.

Mr. Juuko pursued a Bachelor of Business Administration (Accounting) at Makerere University Business School and currently finalizing ACCA Certification Course.



MUSA MAYANJA LWANGA

Head Research and Market Development

Musa holds a Master's degree in International Economics (2009) from the Berlin School of Economics and Law (Hochschule für Wirtschaft und Recht Berlin) and a BSc. degree in Quantitative Economics (2000) from Makerere University, Kampala.

He has over eight years of experience in conducting policy relevant research in several fields of Economics.

Mr. Mayanja has wealth of experience in designing and implementing largescale surveys and has contributed to several publications translated into Fact Sheets and Blogs, Working/Discussion Papers, Conference Presentations & Policy Briefs.

Mr. Lwanga is a member of the African Econometrics Society and the Uganda Economists Association. He sits on a number of technical working committees including at the Ministry of Finance Planning and Economic development and the GIS Financial services working group at the Financial Sector Deepening Uganda (FSDU).

Prior to joining UBA, Musa was a Research Analyst at the Economic Policy Research Centre (EPRC) here in Uganda, Kampala.

NOTICE OF ANNUAL GENERAL MEETING



Uganda
Bankers'
Association

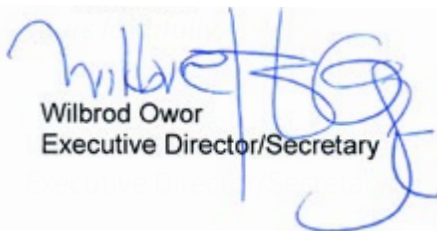
Date: 12th April 2018

NOTICE TO: **ALL CHIEF EXECUTIVES OF UBA MEMBER INSTITUTIONS**

The Annual General Meeting of UBA is scheduled for **Friday 4th May 2018** starting at **4p.m.**

Agenda for UBA AGM

1. Welcome Remarks by the Chairman & confirmation of Agenda
2. Minutes of the previous meeting held on 12th May 2017.
3. Matters Arising.
4. Chairman's Report.
5. Treasurers Report.
a) Presentation of Accounts for the Year 2017 by External Auditors
b) Appointment of External Auditors for the Year 2018.
6. Update of membership Register & Resolutions on Investments.
7. Elections of office bearers.
8. A.O.B.



Wilbrod Owor
Executive Director/Secretary



UBA CHAIRMAN'S MESSAGE



Centenary Bank:
Fabian Kasi (Chairman)

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

2017 INDUSTRY REVIEW

Although the year 2017 began with continued slow credit growth resulting from spillover effects of slow economic activity and high non-performing loans whose share to gross loans stood at 10.47 percent in December 2016, Banks exercised a lot of caution during the year and this effort dropped NPL ratios from the 10.5% of 2016 to 5.6% at end of December 2017.

Gross loans hardly grew by a marginal 1.5% from Ugshs 11.5Trn to Ugshs 11.7 Trn reflecting challenges in the credit space inspite of the monetary easing championed by the Central Bank during the year.

The key sectors of manufacturing, trade & real estate which constitute 12.6%, 18.7% and 20.5% of total industry lending respectively suffered heavily with trade & commerce registering a decimal growth of only 0.1%, while manufacturing and real estate actually slipped downwards by 1.1% and 2.9% respectively. Customer deposits grew by 12% from Ugshs 16.2 Trn to Ugshs 18.2 Trn

The consolidated industry results indicate that total assets of the banking industry increased by 12% from Ugshs 23.7 Trn to Ugshs 26.5 Trn over the year to 31st December 2017.

Overall the banking sector's profitability improved significantly and average return on equity (ROE) and return on assets (ROA) improved to 16% and 2.7% respectively.

The major banking industry event of the year however, was the timely resolution of the Crane bank issue by Bank of Uganda without loss to depositors or contagion to the rest of the banking system. The Purchase and Assumption agreement entered between Bank of Uganda and DFCU bank guaranteed smooth transition and integration of customers into DFCU bank who were able to access their deposits seamlessly, did ensure continued stability in the industry.

MEDIUM TERM STRATEGY 2016-2018:

In the year 2017, we continued with implementation of our medium term strategy 2016-2018 in line with the five (5) pillars of Building Institutional Capacity, Enhancing Stakeholder Engagement, Undertaking initiatives to broaden our Financial base, Enhancing our visibility and Facilitating Research and Innovation:

BUILDING CAPACITY.

We have continued to build capacity at the secretariat and beefed up our staffing with a substantive Head for Finance & Administration as well as the Head of Research & Market Development.

We also shifted to larger and purpose built office premises in Muyenga, that accommodate the Secretariat, the Agent Banking Company and the Assets Reconstruction Company.

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 1.9bn was received by way of grant financial support & technical assistance from our Development Partners towards the Shared Agent Banking Platform.

An additional sum of Ugx 1.5bn I expected in the course of 2018 and Ugx 500Mn in 2019.

We thank the Development partners here below for their tremendous support to UBA. We further convey our gratitude to C-GAP for the technical assistance provided throughout this project.

No	Partner Commitment	Contribution to date (Ugshs) received in 2017	Contribution Expected in 2018	Contributions Expected in 2019	Totals over Period
1.	FSDU	182,574,000			182,574,000
2.	αBI Trust	1,674,569,379	1,392,010,072	518,238,150	3,584,817,601
3.	GIZ	106,569,000	106,569,000		213,138,000
	Total	1,963,712,379	1,498,579,072	518,238,150	3,980,529,601

PROJECTS:

The **Shared Agent Banking Platform** was launched on 25th of April 2018 at our Secretariat Offices in Muyenga, presided over by the Minister for Finance, Planning & Economic Development and all UBA members were very visibly well represented at this function.

The Platform was commissioned with seven member banks and I trust that over the next 8-10 weeks more members who are at advanced stages of integration will be on board as well.

The **Assets Reconstruction Company (ARC)** started operations in September 2017 with offices at the same Muyenga premises after we signed a management agreement with CLB Capital as managers. The Managers are currently finalizing a strategy for raising the much required capital for transaction funding. We received recommendation

from the Ministry of Finance to the World Bank to extend technical Assistance to the ARC. We look forward to this support

We held our maiden & first **Annual Banking Conference 2017** in July last year under the theme The Future of Banking: The conference was very well received and we are now geared to hold our 2nd conference this year on the 17th of July 2018 under the theme, Financial Sector Stability: Managing Risk in a growing & fast changing environment.

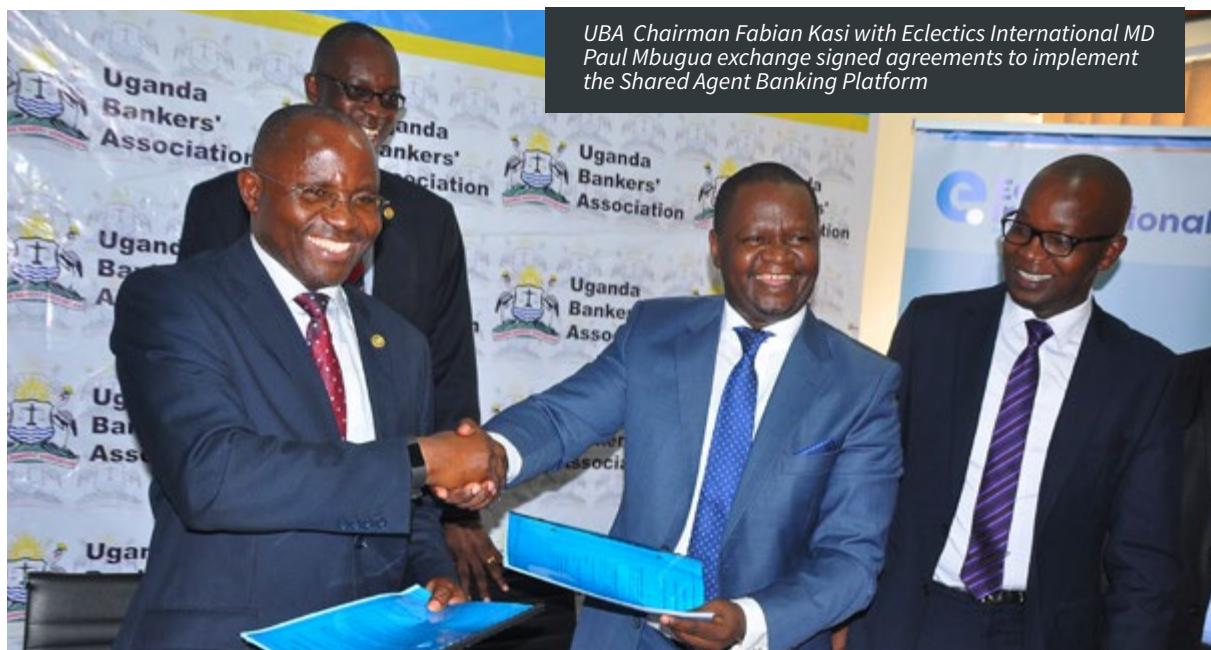
I call upon all of you once again to support this conference.

New Project Underway: Valuation Management and Tracking: One of the key projects for 2018 that will require your full support and participation is the piloting and once successful, the full role out of the valuation management and tracking system.

You will recall that we held meetings with Institute of Surveyors and Valuer's Associations regarding challenges in the area of valuation and agreed to join them in piloting and testing the valuation management system presented by Valores to address the following,

1. *Track Efficiency & Turn Around Time.*
2. *Enforce adherence to the valuation standards & practices through digitization of the valuation process.*
3. *Build an acceptable database for comparisons.*
4. *Track & ensure competent valuers undertake services they are qualified to handle.*
5. *Facilitate harmonization of Fee Structures & Minimize associated conflict of Interest.*

To undertake this pilot/test phase, a tripartite MOU was signed to pave way for commencement of the pilot and as such look forward to your participation.



UBA Chairman Fabian Kasi with Eclectics International MD Paul Mbugua exchange signed agreements to implement the Shared Agent Banking Platform

STAKEHOLDER ENGAGEMENT.

We undertook a number of stakeholder engagements during the course of 2017 and early 2018, key among which include,

1. Five (5) stakeholder engagements held with,

1. *Law Enforcement Agencies,*
2. *Valuers, surveyors, auctioneers,*
3. *Parliamentary Committees,*
4. *Civil society Advocacy Group and*
- 5 *Educational Institutions.*

2. We initiated dialogue and opened relationships with several development partners including MasterCard, FSDU, GIZ, ABI Trust, UNCDF, DFID, USAID, World Bank and IFC among others. It is these relationships that have translated into grant funding referred to above.

3. All our members were selected as implementing partners of National Financial Inclusion Strategy represented by the UBA at the Inter-Institutional Committee.

4. Expanded UBA membership to include other regulated financial institutions and today, Pride, post Bank, Opportunity Bank and Mercantile Credit Bank Limited are Associate Members. We welcome them to the UBA fraternity and look forward to their contributions.

5. In March this year, together with the Uganda Law Society, we hosted the Judiciary

and launched an interim board of trustees to steer the process of establishing an Alternative Dispute Resolution & Arbitration Center. The Center will initially be based at the ULS offices and is meant to address the frustration arising from long periods of litigation attributed to Case backlog, shortage of Judges, abuse of the law by Advocates that file frivolous applications with the intention of delaying the court process.

The result of this has been that member banks have had colossal sums of money held up in long recovery processes, thus impairing capital and earnings capacity.

VISIBILITY & PROFILING OF UBA

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

It is my hope that with the coming on board of a substantive Head for Research, we will strengthen our delivery of research based advocacy strategies to influence relevant stakeholders and achieve policy changes at industry and national level.

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, and the pressure to lower interest rates and reduce costs of operations remained alive. I thank the various members who have been responding to this call through downward revision of lending rates.

Our most recent challenge was the notices issued by Uganda Revenue Authority for customer information for the last two years, 2016 & 2017. The implementation of this notice had far reaching implications to the stability of the banking & financial

sector and economy as a whole and would have exposed the core of banking business to legal and sustainability risks. We are thus grateful for the timely intervention of Government and look forward to having this matter completely resolved & disposed of.

THE FUTURE OF THE INDUSTRY:

- Our industry is evolving by the day driven by technology more than ever before. This will continue to be the case and as such our business models must

be flexible to cope with the level of disruption technology brings about.

- Cyber Security will continue being a threat as we digitize more and more aspects of our business and once again, we must remain ahead of this risk.
- The implementation of IFRS9 is this year and its full impact will start being seen as we progress the years ahead. I trust that all members have had sufficient preparations for this standard.

CONCLUSION.

I thank my colleagues at EXCO and the Secretariat for executing our decisions very well and to all of you for the tremendous support demonstrated all through. I would like to thank all the chairpersons and sponsoring CEOs of the various committees for the support and commitment offered during the year.

I hope to see UBA growing from strength to strength based on the level of achievement of our medium term strategy.

Fabian Kasi

*Chairman, Uganda Bankers Association
25th April 2018*



EXECUTIVE DIRECTOR'S MESSAGE



Uganda Bankers Association
Wilbrod Humphreys Owor
(Executive Director)

UBA FINDS NEW HOME

Last year, after nearly 17 years at our former office premises, we moved to our new home in Muyenga where we secured large and special purposes premises to house not only the UBA Secretariat, but also the Agent Banking Company (ABC) hosting & running the Shared Agent Banking Platform and Data Center, as well as the Assets Reconstruction Company earlier on referred to.

DIGITAL FINANCIAL SERVICES & COST SAVINGS

As digital financial services become an increasingly prominent feature of the banking market, the sharing of joint platforms by banks offers the potential to generate significant costs savings, which can be passed on to customers.

We further believe that with approvals of agents and agent banking plans now coming through from Bank of Uganda, and commencement of the actual roll out of Agent Banking by member banks, the multiplier & trickle down effects therein will ultimately contribute to reviving the economy.



CHALLENGES

The above positive strides, notwithstanding, there remain areas the industry is yet to make progress or benefit from the progress registered by sister institutions and bodies.

Bank lending

2017 was quite a year. The banking sector witnessed modest growth in private sector credit which remained subdued despite sustained monetary easing and high liquidity within the industry.

This subdued loan demand situation was precipitated by the overall unfavorable economic slow-down that could not have helped businesses to generate the typical demand required to drive credit growth.

Average Prime lending rates have dropped from **25%** to **20.8%** with most banks lending the corporate sector way below prime.

A vibrant economy fueled by credit growth drives business, better fiscal performance and employment. We shall continue to dialogue with BOU & Government on uplifting aggregate demand and credit growth.

Other Challenges

- a) The slow progress and inability to interface with NIRA and gain access to bio data for authentication of basic identity information required for account opening.
- b) The slow progress of automation of the process of undertaking company searches at URSB which requirement is mandatory for capturing and authenticating key customer information and transaction processing for non- personal accounts.
- c) Several Tax & fiscal regimes constraining banking business, and by extension, other businesses for which we have continued to engage the relevant authorities specifically the Tax Policy division of the Finance Planning Ministry, but progress is very slow.



BANK CFOS during the CFO Forum

- d) Delayed settlement of domestic arrears due to suppliers & service providers to Government which in-turn hurts the banking sector via non-performing loans.
- e) Case backlogs arising from shortage of judicial officers as well as court injunctions and the subsequent financial implications that come along with delayed or long and expensive litigation processes which in turn hamper business continuity.
- f) Non-standardization of valuation processes and malpractices therein coupled with delays in the land registry departments.

We will continue engaging and dialoging with all parties therein to work on resolving these issues.

Member Banks will also continue to devise ways and means of managing cost escalation particularly those within their means, through collaboration, shared initiatives, and harnessing more from partnerships with service providers like (CRBs, Telecoms, Fin-techs, etc.) and going forward you will be seeing many of these, all ultimately aimed at bringing down the cost of service delivery to the end customer

Key Focus Areas for 2018

a) Addressing the challenge of prolonged Litigation & its impact to the Banking Sector. (Proposed Alternative Dispute Resolution (ADR) for Banking & Finance)

Regarding challenges of long, expensive, litigation processes anchored in injunctions that constrain business, UBA, together with ULS are spearheading an Alternative Dispute Resolution (ADR) mechanism that will serve the Private sector as a whole, through arbitration & mediation.

b) Medium Term Industry IT Strategy.

Cyber attacks topped lists of threats for the last two years and this trend is predicted to continue.

The digital disruption in the Financial Services Sector has led to an exponential increase in the services/ products and customers online. To address the varied nature of customer needs the previously restricted banking systems are now tightly integrated with billers, aggregators, third party payment systems and switches, telco mobile money services and



Housing Finance Peter Angubua, Stanbic Bank Herbert Olowo and CEO Compuscan Mark Mwanje at the Banking information requirements meeting

government financial systems. These touch points further extend the threat, landscape and vulnerability to cyber attacks (cybercrime and cyberfraud) and cyber security endeavors must scale accordingly.

The UBA Cyber security Committee is therefore working to Institutionalize a common, shared platform to collaborate, share knowledge and practices in cyber security leverage lessons learned/ unique experiences to mitigate emerging cyber threats and vulnerabilities and to safe guard the banking system by addressing current and emerging cyber threats and vulnerabilities.

c) Adoption of GOAML

Money Laundering and the financing of terrorism are global problems that can threaten the security and stability of financial institutions and systems, undermine economic prosperity and weaken governance systems.

The goAML application is a UNODC strategic response to financial crime including money laundering and terrorist financing. It is an integrated database and intelligent analysis system intended for use by Financial Intelligence Units worldwide.

UBA will continue to engage with the Financial Intelligence Authority to support the adoption of this application in Uganda.

Bancassurance

In line with the objectives of the Financial Institutions Act as amended, that made provision for banc-assurance, member banks are now being issued with banc-assurance licenses that paved the way for banks to further support the insurance sector and among others contribute to 12penetration.

We look forward to working closely with our colleagues in the insurance sector as well as with our own customers who will now be able to access these services under one roof.

Gratitude Statement

We cannot forget to express our sincere gratitude to the partners (aBi Trust, Financial Sector Deepening Uganda, Financial Sector Deepening Africa, C-GAP, GIZ, Eclectics International. CLB Partners) who have provided both technical and financial assistance to enable us bring to life our various projects.

We look forward to continued collaboration and support to realize the goals of financial inclusion.

Wilbrod Humphreys Owor
Executive Director
Uganda Bankers Association



CEO Uganda Development Bank Ms. Patricia Ojangole, UBA ED Wilbrod Humphreys Owor and Delegates during the Islamic Banking Workshop

Islamic Banking

In Uganda, the Financial Institutions (Amendment Act)-2016 provides for Islamic Banking which is guided by Shari'ah principles as laid down in Islamic commercial law.

With Islamic Banking, financial services are offered without using the conventional interest based system. Particularly;

- The bank comes into partnership with the cli-

ents to share profits and losses on basis of their capital share and investment

- Market speculation is not practiced under Islamic banking. Money accrued needs to have a corresponding counter value.
- Islamic banking prohibits the charging of interest (called riba) or usury (lending money at high interest rates)
- Ethical Investing is practiced in Islamic banking.

Investments such as Alcohol, Gambling, Prostitution and Recreational drugs are prohibited.

In 2017, Uganda Development Bank and the Association of Development Finance Institutions in member Countries of the Islamic Development Bank (ADFIMI) organized a joint workshop on Essentials of Islamic Banking under the Theme: Adoption of Islamic Banking in Uganda and the way forward.



UBA ACTIVITIES

REPORT ON THE ANNUAL BANKERS CONFERENCE

Uganda Bankers Association hosted the inaugural Annual Bankers Conference on 19th July 2017. The Bankers' Conference is the Association's Annual Event during which generation of new ideas and insights in the areas of interest to the banking industry is facilitated.

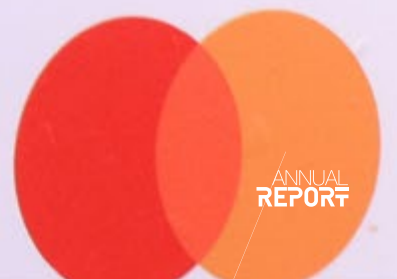
The bankers conference theme for 2017 was: The future of Banking. The theme resonated well with the current trends and dynamics including technology and demographics and just like many sectors, evolution in the banking space is real and must cope with the pace of change that has made the globe a village. The demand for the banking and financial services to reach the lowest segments of the population at affordable prices with relevant/appropriate products and services is more urgent than ever before.

The conference addressed the following issues:

- *The Digital Finance Revolution: Trends & Insights and cyber risks therein*
- *Addressing the challenges/gaps & Shortages of long term financing*
- *Financing of the Agriculture Value Chain: How can banks be encouraged to play big time in this sector?*
- *Responsible & Sustainable Banking*
- *Regulatory Oversight/Reforms: How is regulation and oversight supervision coping with fast paced changes happening in the banking & financial sector?*



*Minister of Finance Planning and Economic Development, **Hon. Matia Kasaija** speaking at the Inaugural Annual Bankers Conference 2017.*





The Governor Bank of Uganda Proff. Emmanuel Tumusiime Mutebile and the Keynote Speaker Proff, Ndungu at the ABC 2017 event



CEO Diamond Trust Bank with Guests during the Annual Bankers Conference 2017



Head Legal Housing Finance Bank Ms. Anne Abeja and CEO Uganda Insurers Asscoaition during the ABC 2017 event



THE FIVE PAPERS WERE PUBLISHED AT THE CONFERENCE

1. **Fintech is the new normal but brings with it regulatory headaches** by Brian Kalule, Advocate High Court of Uganda, Partner Bowmans Uganda.
2. **Towards a global cyber security regulatory framework for the banking industry:** Which way for Uganda by Silver Kayondo, Advocate High Court of Uganda.
3. **Cyber Security:** emerging risks and threats by Kenneth Muhangi, Advocate High Court of Uganda.
4. **Key Challenges faced by government in accelerating financial deepening and inclusion** by Simon Mutungi Muhairwe.
5. **Radical Reform in the Financial Services Sector: A blue print for prudential Regulation of Financial and Banking Services Sector in Uganda** by Onyango George

ANNUAL BANKERS DINNER 2017

On the 24th November 2017, Uganda Bankers Association (UBA) hosted guests to an Annual Dinner. The Guest of Honour at this event was the Minister of Energy & Mineral Development, Hon. Irene Muloni. The positive developments and strides registered in the Energy Sector (Oil & Gas) and the role of Banks in supporting players across the value chain was emphasized at this event. UBA committed to engaging the line Ministry as well as the Chamber of Mines and Petroleum.



*Hon. Irene Muloni
Minister for Energy
and Mineral
Development
Speaking during
the Annual Bankers
Dinner 2017*



*MD Housing Finance
Bank Mathias
Katamba, BOU's
Benedict Sekabira
and Kenneth Kitariko
- CEO African Alliance
Uganda/ Chair
Diamond Trust Bank*



*Mr. Patrick Ocaïlap,
Ms. Judy Obitre
Gama, H.E Barbara
Mulwana and Mr.
Fabian Kasi at the
Annual Bankers
Dinner 2017 Event*



*Stanbi Bank CE
Patrick Mweheire,
Hon. Elly Karuhanga,
MOFEPD Patrick
Ocaïlap during
the Annual Bankers
Dinner 2017*

REPORT ON THE UBA AGENT BANKING SHARED PLATFORM PROJECT

The Financial Institution (Amendment) Act, 2016 makes provisions for Agent Banking, an initiative that will enable banks enter into the digital financial space to increase access to banking services and ultimately drive financial inclusion across the country by increasing access to affordable financial and banking services targeting more of the unbanked and underserved population groups.

Uganda Bankers Association in partnership with Eclectics International is facilitating the roll out of Agent Banking through a shared platform supported by a range of agents spread across the country.

Eclectics International Ltd, the technology partner finalized the development of an interoperable shared platform that will connect all member banks to the agent network.

This technology platform will enable all agents provide agent banking services to customers of all/any of the financial institutions on the

platform and allow the commercial banks harness the benefits that accrue from collaboration. The individual financial institutions will continue to drive the recruitment of customers and marketing of their own products and services.

Ultimately, banks shall realize increased points of presence at a reduced cost of expansion with a great opportunity and ability to upgrade technology and minimal capital expenditure cost. This is a sustainable step for our member banks to reduce their costs of operations.

The reduction in cost of doing business for banks will further be passed on to other stakeholders by way of introduction of new mass market products, secure lending opportunity for banks to extend loans to agents.

This Agent Banking Interoperable technology platform project has potential to cause sector-wide impact, greatly increasing financial inclusion in Uganda more so to the rural communities, majority of which derive their livelihoods from agriculture.

UBA STAKEHOLDER ENGAGEMENTS

The secretariat works with a cross section of stakeholders and continuously engages with them on issue impacting the banking sector.

During the course of 2017, the secretariat facilitated the following engagements

JUDICIARY AND LAW ENFORCEMENT AGENCIES

In order to strengthen collaboration between the Judiciary, law enforcement

agencies and the banking sector, UBA in conjunction with the Judiciary held a workshop and explored ways of strengthening the capacity of the Judiciary to resolve various issues like case back log, delays in litigation and others which affect the operations of Banks.

There are high amounts of money involved in Bank related cases which could be used in more productive investment opportunities that contribute to Uganda's economic growth.

The Stakeholders resolved to carry out educative

training sessions that would enlighten Judicial officers on how better to handle Bank matters, to utilize the court users forum, also to maximize processes like mediation and also to look to establish a framework within which Alternative Dispute Resolution can operate successfully.

We will continue to engage with the Judiciary and law enforcement in this regard.



Bank Heads of Legal with Principle Judge Hon. Yorokamu Bamwine during the Meeting with Judiciary



Representatives from NITA and Metropole CRB at the Banking Information requirements meeting

MANAGING BANK INFORMATION REQUIREMENTS



ED NITA James Saaka speaking during the meeting on Banking information requirements

During the course of the year, UBA continued to actively engage with the Credit Reference Bureaus, National Identification and Registration Authority (NIRA), National Information Technology Authority (NITA), Uganda Registration Services Bureau and banks, towards establishing a collaboration framework on extended banking service introductions, sharing of data, related information and promoting financial inclusion. UBA is also in talks with NIRA regarding third party interface host to enable banks access biometric data

The Secretariat continued to engage with NITA, with the aim to collaborate on developing capacity to detect and mitigate cyber threats and Vulnerabilities. To support this UBA's Cyber security Committee continued to Share issues and explored possible avenues to address the issues. UBA is represented at the National Information Security Advisory Group (NISAG) that is Chaired by NITA



Participants during UBA stakeholder engagements with Institutions of Higher Learning

Promoting Skills development for private sector growth and competitiveness

As we strive to advance and establish a platform to support continuous human capacity development in the banking industry, UBA engaged with institutions of higher learning and Human Resource Heads from the respective UBA member Banks. The engagement

aimed at creating awareness and instilling appreciation of the role human capacity development plays in the Institution’s growth and competitiveness.

The need to strengthen the Public Private Partnerships to close gaps and capacity building initiatives for human resource within the sector was well emphasized.

Through the meeting, we

were able to hold an enriching discourse with various institution heads and heads of HR on Human resource issues.

Strengthening the Capacity of the institute of Banking and Financial Services, which is the training unit for the banking sector in Uganda to ensure the courses delivered through this institution are relevant to the sector.



Stakeholder Engagement Meeting with Institutions of Higher Learning

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Financial Literacy

On behalf of the industry, UBA supported various consumer awareness and education campaigns

- Raising awareness on fraud through the **“Don’t be fake campaign:** UBA partnered with the Anti-Counterfeit Network Uganda to raise awareness and engage legislators in a discussion on the implications of counterfeit currencies to legislature through the “Don’t Be Fake campaign.

Advancing Financial Inclusion

The National Financial Inclusion Strategy was launched in 2017 with emphasis on five pillars;

- Reduce financial exclusion and barriers to accessing financial services
- Develop the credit infrastructure
- Build the digital infrastructure
- Deepen and broaden formal savings, investment and insurance usage; and
- Protect and empower individuals with enhanced financial capability.

As one of the key stakeholders, UBA will to play a critical role of providing strategic oversight in implementation of this strategy. UBA members

continue to develop and execute initiatives that will drive financial inclusion and improve financial literacy levels;

World Savings Day 2017:

Banks play a vital role in supporting financial education activities in communities across the country, helping societies improve their capacity to save a portion of their earnings. In 2017, banks joined the central Bank of Uganda in commemorating the World Savings Day. World Saving day activities were held across the country with support from bank branches.

Holiday Career Clinic:

In an effort to enhance the skills and knowledge of young people to make early bold steps towards pursuing careers in banking, Uganda Bankers Association partnered with Careerpath, a Ugandan non-profit Organization to implement the Holiday Career Clinic. This event sought to support young people (Primary and Secondary) with this knowledge and skills enhancement, learn about work, and secondary school life, discover, and set early career goals and meet career mentors to guide them through pursuing a career in banking.



Young People interact with guests during the Holiday Career Guidance Program

Public Engagements via social media & radio:

Live CEO chat was introduced as a means of promoting financial literacy and public engagement. During the events, Bank Chief Executive Officers engaged the public through UBA's online platform with the objective of seeking and giving feedback on various topical issues. Online media Platforms are increasingly a fast growing trend of engaging with the public in real time.

Through participation in radio talk shows, UBA and its members were able to engage the public on issues that were affecting the industry. This forum offered UBA a platform to discuss the public's concerns about digital banking following the introduction of Agent Banking.

UBA MEMBER BANK EVENTS/ ACTIVITIES



Standard Chartered Bank and ENS Africa during a Corporate Governance Workshop



Ecobank MD- Clement Dodo, explains takes customers through the functionalities of the Ecobank Mobile App



Bank of Africa - SME Proposition Launch 2017



Ecobank ED- Annette Kihuguru explains the Mobile App Scan and Pay function to Hon. Gabriel Ajedra - State Minister of Finance. Looking on from the Left is the Ecobank Board Chairman - Mr. Lubwama Henry



MD Finance Trust Bank Mrs. Anne Nakawunde Mulindwa with EDS Ms. Justine Bagyenda at the Launch of Loan Ku Simu



CEO Craft Silicon Mr. Kamal B. MD Centenary Bank Mr. Fabian K, & ED Finance Trust Bank Mr. Denis K. exchange MOUS during the launch of Interbank Transfer

UBA MEMBER BANK EVENTS/ ACTIVITIES



FINANCIAL REPORTING AWARDS (FIRE) AWARDS 2017: Stanbic Bank Finance team poses with the award



STANBIC BANK AWARDED BEST BANK IN UGANDA – EURO MONEY AWARDS UK

L – R: Cathy Adengo receives Stanbic Uganda’s award for Best Bank in Uganda at the Euro Money Awards together with representatives from Standard Bank Group who also received awards for Best Wealth Management and Best Investment Bank in Africa.



20 DFCU Investment Clubs at a workshop in Nairobi as part of a Financial Inclusion Campaign



DFCU Bank & Rabobank Foundation handover a cheque worth \$ 2.8 million to Agribusiness Development Centre (ADC) for upskilling of farmer based organisations.

UBA MEMBER BANK EVENTS/ ACTIVITIES



Barclays at 90 water project in partnership with National Water and Sewerage Cooperation

As part of the events to mark the Bank's 90 year heritage in Uganda, Barclays partnered with National Water and Sewerage Cooperation to provide access to clean and safe water to people living in rural and semi urban areas across the country. 100 Public Water Stand Points (PSPs) were constructed in over 90 locations countrywide enabling over 50,000 people to access to clean safe water.

Rakesh Jha Managing Director, Barclays Uganda at the official commissioning of one of the 5 water ATMs in Kasokoso slum in Kampala.



Barclays MD Rakesh Jha, Group Deputy CEO Peter Matlare, Prof & Mrs. Emmanuel Mutebile, Mrs. Justine Bagyenda & Barclays Uganda Chairman Swithin Munyatiwali at Barclays @90 years



Equity Banks Sam Kirubi and Anthony Kituuka during the launch of the Eazzy Suite of Products



Launch of the Equity Bank Supreme Branch at Buganda Road



KCBU MD Joram Kiarie -Cetre-handing over 100 mattresses to Mbarara Referral Hospital Director Dr Celestine Barigye recently(1)



SME financial literacy participants in Mbale listen to Eunie Wekesa the National Chairperson Uganda Small Scale Industries Association(USSIA).(1)

UBA MEMBER BANK EVENTS/ ACTIVITIES



HOUSING FINANCE BANK

Housing Finance Bank Supported Children Undergoing Cancer Treatment at Bless the Child Foundation,



BANK OF BARODA

Bank of Baroda MD together with Minister of Foreign Affairs during the Inauguration of Blood Donation Camp at Kampala



CITI BANK

Citi Microentrepreneurship Awards Program



Participants at Citi Inaugural Excellence in financial Journalism Training



DTB

UGANDA MARATHON 2017

DTB extended its sponsorship to Uganda International Marathon an organization that is in charge with organizing the Masaka Marathon. All proceeds went toward helping Orphans and Community projects in Masaka.



WORLD SAVINGS DAY

DTB in conjunction with Bank of Uganda joined the rest of the world to celebrate world savings day with the objective of financial inclusion and encouraging savings.

REPORTS OF THE COMMITTEE CHAIRPERSONS

UBA Activities are managed by the secretariat which works in coordination with ten committees. UBA Member banks nominate representative on Annual basis. The following are the reports compiled by each committee for the year 2017.

SUMMARY REPORTS 2017

Name of Committee	Clearing House Committee
Chairperson	Gloria Awori- Tropical Bank
Vice Chairperson	Rose Namutebi- Centenary Bank
Secretary	David Muwonge- Standard Chartered Bank
Committee priorities	Support the cheque truncation and the new automated clearing house
Committee Achievements in 2017	<ul style="list-style-type: none"> • Concluded on the implementation of the ISO 20022 standards to be used in the in ACH and cheque truncation. • Commenced under updating of the clearing rules which are now on review with BOU legal team • Closed out most of the issues on the tracking log with the ones left to be sorted out by the ACH.
Committee Goals for 2018	<ol style="list-style-type: none"> 1. Central cheques archival. 2. ACH go-live. Ensuring all banks are ready for 18th Feb 2018 and all teams including upcountry branches and clearing centers are been trained.

Name of Committee	Credit Reference Bureau Committee
Chairperson	Joshua Dhuani- Housing Finance Bank Uganda Ltd
Vice Chairperson	Aidah Nantege- Standard Chartered Bank
Secretary	Leilah Najjuuko- Pride Microfinance Limited (MDI) Uganda
Committee priorities	<ul style="list-style-type: none"> i. Monitors the general status of the Project (e.g. implementation status, data standardisation, assesses performance of the CRBs, co-funding issues, review of guidelines and laws pertaining to the CRB project). ii. Discusses existing products and services iii. Discusses possible recommendations for the improvement and further development of services and products of the Project. iv. Advise the on the pricing of products and services v. Advise on technical manuals (DSM, DSS & DVR), including the layout and content of CRB reports vi. Advise on aligning the CRBS with consumer protection vii. Advise on biometric Identification system, progress and emerging issues viii. Advise on standardisation and streamlining the dispute resolution process among Pls ix. Advise and participate in Public Awareness Campaigns (PAC) for the CRB Services x. Give advice on the governance and operational structures of the financial sector in Uganda in relation to other environments that have fully embraced and harnessed the CRBS.w xi. Give advice and feedback to BOU and the UBA Executive Committee on the status of the project and quality of service from the service providers xii. Coordinate industry wide CRB activities. xiii. Discusses any priority issues related to the Project
Committee Achievements in 2017	<ul style="list-style-type: none"> • Established 4 CRB Workstreams to address the key pillars of CIS. • Undertook an industry wide data clean-up exercise that reduced pending Credit applications by over 70% consequently reducing the dispute traffic industry wide. • Supported 6 Pls to refine reporting of Written off Loans, Overdrafts, Borrower stakeholders and Guarantors. • Successfully conducted 16 Meetings as CRB Committee of UBA to address key emerging Credit Information Sharing Challenges.
Committee Goals for 2018	<ol style="list-style-type: none"> 1. Set up a CRB Unit within the Secretariat to co-ordinate market Development issues (3 persons for a start). 2. Plan for hosting of CRB solutions, information on UBA Website 3. Plan for a CRB Hub to ease industrial data submission. 4. Workshops to speed up onboarding of Accredited Credit Providers and Expansion of CRB Data catchment. 5. Support the fast-tracking of FCS Transition to URSB and NIRA Identifiers. 6. Track the Establishment and implementation of CRB Joint Task Force. 7. Provide funding for Key Committee activities to attract active participation(especially at work-stream level)

Name of Committee	Operations Committee
Chairperson	Silas Namachanja- Exim Bank
Vice Chairperson	Martine Omara- Centenary Bank Uganda Ltd
Secretary	Jenah Kirabo- NC Bank
Committee priorities	<p>To provide a forum for UBA member banks to discuss non-competitive issues relating to banking operations with an aim of improving industry efficiency.</p> <p>2. In consultation with the clearing house committee the operations committee will formulate/review and advise payment industry standards in association with other competent authorities to world class standards.</p> <p>3. Together with the Bank of Uganda (BOU) AND THE uba clearing house committee, to oversee the payment systems and maintain their operational efficiency and financial integrity to world class standards.</p> <p>4. To coordinate industry efforts in the containment of Fraud, Money Laundering, Robbery and other Security related issues.</p>
Committee Achievements in 2017	<p>1. Handling of un-presented drafts</p> <p>2. Biometric verification - Vendor presentations</p> <p>3. CTS Implementation (Still on-going)</p> <p>4. Straight through processing (STP) of payments</p>
Committee Goals for 2018	<p>1. CTS Implementation & public awareness</p> <p>2. EMV cards to reduce ATM frauds</p> <p>3. Biometric customer verification</p> <p>4. Reduction of cyber crimes</p> <p>5. Reduction in BOU cash processing charges</p> <p>6. Swift CSP attestation & upgrades</p>

Name of Committee	Frauds and Forgeries Committee
Chairperson	Benjamin Balinda- Diamond Trust Bank
Committee priorities	Discussing fraud related risks and recommending actionable solutions to the UBA
Committee Goals for 2018	Assist the member banks to note the various risk affecting the banking environment and recommending actionable solutions to mitigate and solve such risks.

Name of Committee	Compliance Committee
Chairperson	Patricia Omallah- ECO Bank
Vice Chairperson	Abdul Victor Nabongho- DFCU Bank
Secretary	Ruth Kagabane- Barclays Bank Uganda Ltd
Committee priorities	<p>To discuss and engage relevant stakeholders matters of importance arising from the Financial Institutions Act and its regulations, Anti Money Laundering Act and the Financial Intelligence Authority Guidelines and other relevant Regulations</p> <ul style="list-style-type: none"> ii. To update member banks on new regulations or pending regulations that affect the industry iii. To support the establishment of uniform compliance standards across the member banks iv. To establish a cordial working relationship with respective Regulators v. To update member banks of key development in the banking industry vi. To make reports to the UBA on deliberations of the committee vii. To participate in new laws being written to ensure the members interest are taken care of viii. To organise Compliance forums for the member banks Compliance Officers on a regular basis
Committee Achievements in 2017	<p>Represented Regulated Banks at the FATF Country review. Good Performance led to removal of Uganda from the FATF high risk countries' list.</p> <ul style="list-style-type: none"> • Initiated proposal for use of the National ID data access project by Banks in Uganda. • Drive to push for compliance as an independent unit in the member banks a development that is gaining traction. • Increased participation of member Banks in the sub-committee engagements. • Participated in the National Risk assessment. • Participated in Parliamentary discussions on the AML amendments and successfully pushing through certain amendments.
Committee Goals for 2018	<ol style="list-style-type: none"> 1. Standardisation of minimum KYC standards across the industry/ E-KYC / Simplified due diligence with National ID database. 2. Follow up on the NIRA integration project. 3. With NIRA on board Financial institutions will have a national database to verify National ID, however we would still have challenges with verification of Non-national, thus the need to have lobby for partnership with Immigration Department for non-nationals documentation to be verified too. 4. Follow up with URSB to be in position to collect information on Ultimate Beneficial owner. 5. Go AML implementation, all stakeholders should be brought on board for ease of implementation across board. 6. Follow up with FIA to inspect/examine the other accountable persons to reduce on negative publicity/ competition against banks. 7. Follow up on the Trade license case to eliminate the double charge. 8. Involvement of Financial institutions during amendments to regulations especially the AML regulation amendments and its applicability. 9. Independence of compliance functions in the industry.

Name of Committee	Legal Committee
Chairperson	Angelina Namakula Ofwono- Barclays Bank Uganda Ltd
Vice Chairperson	Anne Abeja- Housing Finance Bank Uganda
Secretary	Brian Kalule- Citibank
Committee priorities	<ol style="list-style-type: none"> 1. Steering the Alternative Dispute Resolution (ADR) mechanism for the Banking industry. 2. Engagement with the Judiciary on issues affecting the banking sector through the Banking and Finance cluster of the Uganda Law Society. 3. Continuous updates on the latest legal and regulatory issues of interest to the banking sector.
Committee Achievements in 2017	<ol style="list-style-type: none"> 1. Engaged Judiciary on case backlog and court injunctions. 2. Commenced strategic litigation against KCCA and the Attorney General challenging unfair taxation. 3. Participated in the Inaugural UBA Conference and some Committee members' articles were published in the UBA Magazine. 4. Participated in the set-up process for the Asset Reconstruction Company (ARC) and the Agency Banking Company. Attendance by all the member banks.
Committee Goals for 2018	<ol style="list-style-type: none"> 1. Realization of the ADR mechanism for banking disputes. 2. Judicial Conference on latest developments in the Banking sector. 3. Closer partnership with the Banking & Finance law cluster of the Uganda Law Society. 4. Strategic litigation, advocacy and lobbying on matters of interest to the Banking sector.

Name of Committee	Treasurers' Forum Committee
Chairperson	Anne Juuko -Stanbic Bank
Vice Chairperson	Ronald Mayanja -CitiBank
Secretary	Peace Adia- ACI Uganda
Committee priorities	<p>To prompt greater international cooperation within the framework at the foreign exchange dealing profession and similarly develop links of friendship and cordial relationship between foreign exchange and money market dealers</p> <p>b) To improve technical skills and knowledge among dealers, and to promote the professional training and competence of new dealers.</p> <p>c) To seek any means to protect and improve the reputation and dignity of the foreign exchange and money market dealing profession.</p> <p>d) To take an active interest in the work and activities of ACI Uganda</p> <p>e) To develop new techniques and best practices in providing foreign exchange and money markets products.</p>

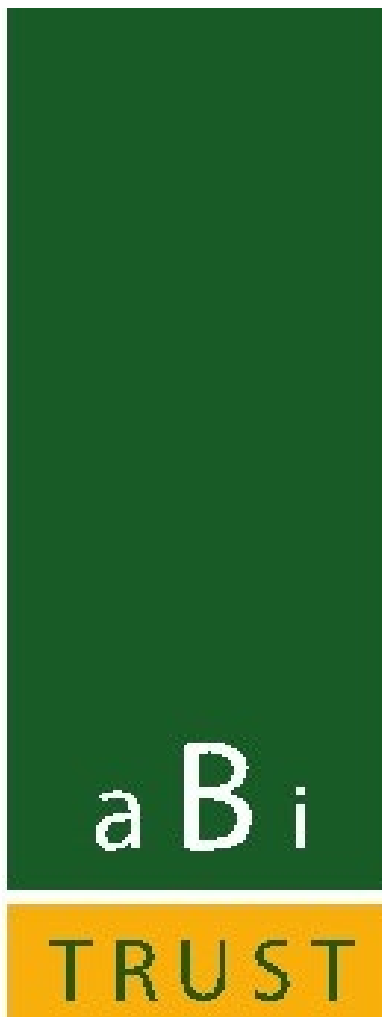
Name of Committee	Credit Committee
Chairperson	Millie Nkaja- Orient Bank Uganda Ltd
Vice Chairperson	Ishanga Patrick- Standard Chartered Bank
Secretary	Joshua Wahkata- Orient Bank
Committee priorities	<p>To review and give informed recommendations on the prudential guidelines for any credit related issues, industry responses required, standards & aspects that UBA members may wish to seek input, views & improvements.</p> <p>2. To consider risk, issues, developments and trends impacting lending & make timely recommendations as appropriate including and not limited to the following,</p> <p>a) Issues impacting recovery processes e.g. auction processes, adjournments in court hearing dates; to be done in collaboration with the legal affairs sub-committee.</p> <p>b) Valuation issues & any standardization required.</p> <p>c) Technical land & company registry matters that affect UBA members through delays in effecting registration of security items; to be done in collaboration with the legal affairs sub-committee.</p> <p>d) To analyse and make suggestions where applicable, on the Lands Act & Consumer Protection Act clauses that impact UBA members negatively like Spousal Consent, Lengthy Notice Periods for Defaulters, Penalty of early loan repayment.</p> <p>e) Consider proposals that can assist the banking industry improve responsiveness to stakeholders.</p>
Committee Achievements in 2017	<p>1. Reviewed Agricultural Credit Facility (ACF) challenges and recommendations</p> <p>2. Initiated process of standardization and digitization of valuation process</p>
Committee Goals for 2018	Developing and delivering capacity building plan for all member bank Credit Officers.

Name of Committee	Cyber Security Committee
Chairperson	Herbert Olowo- Stanbic Bank Uganda Ltd
Vice Chairperson	Francis Musinguzi- Tropical Bank Uganda Ltd
Secretary	Andrew Walumsimbi- ECO Bank
Committee priorities	<p>Identifying the key common cybersecurity challenges in the banking industry and effective ways of addressing them.</p> <ul style="list-style-type: none"> • Sharing knowledge on the cybersecurity incidents, trends, responses and lessons learned. • Collaborating on cybersecurity initiatives such as capacity development and customer awareness • Establish a network of industry expertise that can be leveraged on as and when need arises to respond to emerging threats. • Building shared local blacklists/fraudster database for early warning and detection with the intent of understanding, sharing data and managing eCrime • Collaborate on developing capacity to detect and mitigate cyber threats and vulnerabilities. • Represent UBA on national and international fora
Committee Achievements in 2017	<ul style="list-style-type: none"> • Establish information sharing portal • Secured representation on NISAG • Drafted and established minimum Cyber Security Standards • Held dialogue and engagement with NITA & other International Agencies
Committee Goals for 2018	Prepare medium term Cyber Security Strategy for the Industry.

Name of Committee	CFOS' Committee
Chairperson	Godfrey Byewkwaso- Centenary Bank Uganda Ltd
Secretary	Medad John Mwesigwa- Housing Finance Bank
Committee priorities	<p>1. Support the objectives of UBA and provide advisory support to UBA on technical Finance Matters whenever necessary.</p> <p>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.</p> <p>These matters include and are not limited to,</p> <p><i>a) Banking business threats & opportunities coupled with required strategies therein.</i></p> <p><i>b) Legal or regulatory matters that have a financial or strategic bearing.</i></p> <p><i>c) Tax Matters.</i></p> <p><i>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.</i></p> <p><i>e) Specific issues of an ALCO nature or those with a bearing on bank profitability including business models, change management, market development etc.</i></p> <p>3. Promote Professional Development for members of the forum.</p> <p>4. Review & consider emerging Issues & all other aspects that have a bearing on the future of Banking</p>
Committee Achievements in 2017	The forum was constituted in the last month of the 4th quarter of 2017
Committee Goals for 2018	<p>1. To compile and submit tax proposals to be incorporated in the budget reading of 2019/2020.</p> <p>2. To organize a seminar specific to CFOs in collaboration with ICPAU.</p> <p>3. To organize 2 formal events for all UBA CFOs</p>



DEVELOPMENT PARTNERS



ABI TRUST

aBi was founded in 2010 by Government of Uganda & Denmark to promote private sector agribusiness development. aBi comprises of aBi Trust and aBi Finance.

aBi Finance Products

- *Financial Services Development*
- *Lines of Credit including a Clean Technology facility*
- *Credit Guarantees*
- *Fund Management*

aBi is providing financial support to UBA under the Financial Services Development for the Agent Banking project.

Agricultural Business Initiative (aBi) Trust will support the procurement of Agent Accessories & equipment which is much needed if this project is going to take off, awareness and visibility of agent premises.

aBi Trust is supporting UBA by extension of grant funding to cover Agent devices, training of bank staff and agents and communication (agent banking awareness and financial literacy)



FINANCIAL SECTOR DEEPENING UGANDA (FSDU)

Financial Sector Deepening Uganda (FSDU) is an independent not-for-profit company committed to promoting greater access to financial services in Uganda. FSD Uganda seeks to develop a more inclusive financial sector with a focus on low-income individuals (particularly women) and Micro, Small and Medium Enterprises (MSMEs). We support innovation, conduct research, help promote and improve policy, laws and regulation that shape the financial sector in Uganda.

FSD Uganda works with both public and private sector players to develop sustainable improvements in the livelihoods of low-income individuals through reduced vulnerability to shocks, increased incomes and employment creation.

FSD Uganda is funded by Department for International Development (DFID) UKaid and is part of a network of nine financial inclusion organizations working in the sub-Saharan region of Africa

Financial Sector Deepening Uganda strives to have a deeper, broader and more inclusive financial sector in the country.

FSDU has provided support to UBA by way of grant funding for technical, advisory and consulting roles for Agent Banking Project, documentation of operational processes and training /capacity building.





GIZ

GIZ IS a provider of international cooperation services for sustainable development and international education work, with over 50 years of experience in a wide variety of areas, including economic development and employment, energy and the environment, and peace and security. GIZ works with businesses, civil society actors and research institutions, fostering successful interaction between development policy and other policy fields and areas of activity.

GIZ works with partners to deliver flexible, effective and cost-effective solutions that offer people better prospects and sustainably improve their living conditions.

UBA with financial support from GIZ will implement Agent Banking Communication awareness activities, sponsor programs on TV, radio and print supplements within which, relevant information on Agent Banking shared technology platform will be shared with the public regularly



C-GAP PROFILE

The Consultative Group to Assist the Poor is a global partnership of more than 30 leading organizations that seek to advance financial inclusion. CGAP develops innovative solutions through practical research and active engagement with financial service providers, policy makers, and funders to enable approaches at scale. Housed at the World Bank, CGAP combines a pragmatic approach to responsible market development with an evidence-based advocacy platform to increase access to the financial services the poor need to improve their lives.

CGAP is a partner of UBA, providing technical support to operations and design of the Agent Banking Project.



FSD Africa, created in 2012, is a financial sector development programme or “FSD” based in Nairobi. It is funded by UK aid from the UK Government. FSD Africa aims to reduce poverty across sub-Saharan Africa by building financial markets that are efficient, robust and inclusive.

FSD Africa is a market facilitator or catalyst. It applies a combination of resources, expertise and research to address financial market failures and deliver lasting impact. FSD Africa has a mandate to work across sub-Saharan Africa on issues that relate to financial inclusion and finance for growth

FSD Africa is also a regional platform. It fosters collaboration, best practice transfer, economies of scale and coherence between development agencies, donors, financial institutions, practitioners and government entities with a role in financial market development in sub-Saharan Africa. In particular, FSD Africa provides strategic and operational support to the FSD Network.

FSDA has provided financial support to UBA to facilitate the development of an Agent Banking Training Curriculum and Manual, Training of Bank staff and Agents.



ICT PARTNER

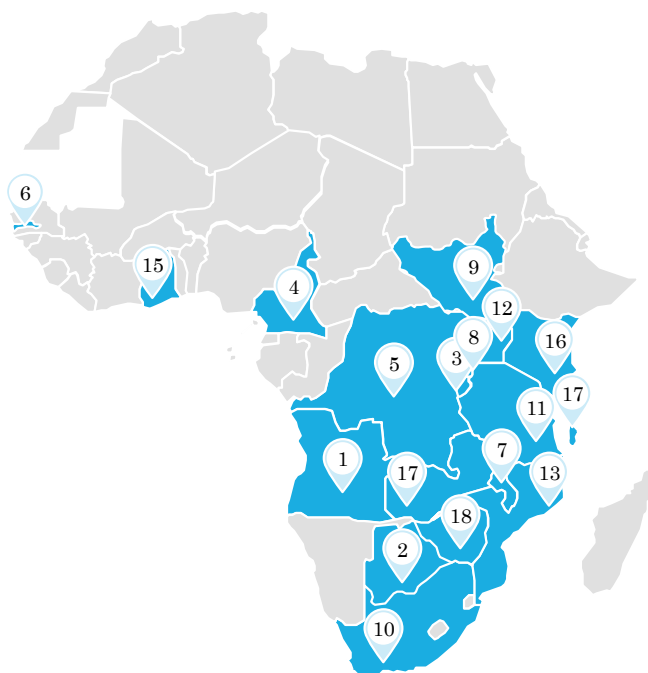
Eclectics International is a leading information communications technology (ICT) company based in Nairobi Kenya, offering innovative banking & financial solution to over 24 banks across 24 countries in Africa.

Eclectics has specialized technical team of over 200 employees spread across different departments who do support & provide consultancy, hardware, software and infrastructure systems all packages as complete solutions.

Eclectics International has utilized technology from renown software engineering powerhouses to develop next generation products that are compatible with the emerging web standards and services.

PRESENCE:

Eclectics International is a Pan-African Private Company serving over 205+ banks across 23 countries in Africa today.



Angola
Botswana
Burundi
Cameroon
DRC
Gambia
Malawi
Uganda
South Sudan
South Africa
Tanzania
Rwanda

Mozambique
Zambia
Ghana
Kenya
Namibia
Zanzibar
Zimbabwe
Mauritius
Sudan
Somalia
Djibuti



Assets Reconstruction Company

Supporting Business Revival

ASSETS RECONSTRUCTION COMPANY

The Assets Reconstruction Company (ARC) is a private sector –led Initiative that was incorporated on the 16th March 2017.

Uganda Bankers Association (UBA) mandated a management team CLB Capital to roll out the operations of the Assets Reconstruction Company (ARC)

The Mandate of the ARC is,

a) Acquisition of Non-Performing Loans from challenged commercial banks, improve retained earnings & capitalization & stimulate recovery of banking system.

b) Increase opportunity for reconstruction, turnaround, equity investments intended to revitalize viable business.

The ARC targets the following Assets;

Non –Performing Loans: Assets held by Financial Institutions classified as non-performing in accordance with the Financial Institutions (Credit Classification and Provisioning) regulations.

Written-Off Debt: Assets written off by the Banks (Includes assets subject to litigation).

Performing Assets: Performing assets which due to their risk profile would compromise the Financial Institutions ability to comply with the prudential requirements.

Other Assets: Such other assets as would be approved by the ARC's governance structures.

For more information please contact;

Assets Reconstruction Company
Plot 2702, Block 244 Nyangweso Road, off Kironde Road
Tankhill Muyenga, Kampala, Uganda



AGENT BANKING

AGENT BANKING COMPANY

The Agent Banking Company Uganda Limited was established and fully registered with the Registrar of Companies in 2017 as a limited liability Company.

The Agent Banking Company of Uganda Limited was established with the main purpose of providing a shared Agent Banking platform that will enable licensed and supervised financial Institutions extend Agent banking & other services on to the Ugandan market.

The day to day operations of the Agent Banking Company Uganda are managed under the leadership of Commercial Director/Ag CEO Mr. Richard Yego supported by the Head of Operations and Agent Network Management Coordinator.

For more information please contact;

Agent Banking Company

Plot 2702, Block 244 Nyangweso Road, off Kironde Road

Tank Hill Muyenga, Kampala, Uganda.

Telephone: +256 312 180000

Website: www.agentbanking.co.ug





UGANDA BANKERS' ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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1.0 ORGANIZATION INFORMATION

1.1 Incorporation

Uganda Bankers Association (UBA) was started out as a Non Governmental Organisation and later developed into a company limited by guarantee. Founded in 1981, 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

1.2 Principal place of business and registered office

Uganda Bankers' Association

Plot 2702 Block 244, Nyangweso Road – Off Kironde Road, Tank Hill Muyenga P.O. Box 8002, Kampala

1.3 Bankers

Bank of Baroda

18 Kampala Road
P.O. Box 7197
Kampala

NC Bank

Rwenzori Towers, Nakasero Rd
P.O. Box 28707
Kampala

1.4 Solicitors

Mrs. Kateera & Kagumire

Stanbic Chambers, P.O. Box 7026, Kampala

1.5 Auditors

Kisaka & Company

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

2.0 EXECUTIVE COMMITTEE REPORT

2.1 Introduction

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

2.2 Principal activity

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

2.4 Vision, Mission and Values



2.5 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 the economy;
- SO5:** To promote research and innovation in the industry

2.5 Summary of achievements

Objective	Expected outputs	Achievements		
		Actual outputs	Outcomes (short-term)	Impact (long-term behavioral change)
SO1	<ol style="list-style-type: none"> 1. Review UBA Governance structure 2. Review the Secretariat Management structure 3. Review the Secretariat infrastructure needs 4. Review/Develop operational policies and procedures 5. Develop and implement a training plan 	<ol style="list-style-type: none"> 1. Reviewed and approved governance structure in place 2. UBA management structure reviewed and approved. 3. Finance and Administration, Procurement and Human Resource Manuals developed and approved by EXCO. 4. Substantive Head of Finance & Administration was recruited and Head Research coming on Board in 2018. 5. Moved to bigger and more suitable premises in October 2017. 6. Initiated Strategy Review Process at the sister Institution of Uganda Institute for Banking and Financial Services (UIBFS) responsible for Training. 	<ol style="list-style-type: none"> 1. An active and functional UBA governance structure meeting monthly. 2. Improved management of UBA day to day operations with staffing enhancement underway (ED, Communications, Financial Management and Research) 3. Conducive and sustainable environment to house and handle secretariat. 4. Efficient and effective management of UBA resources and improved accountability 5. Increased capability through training and capacity building for staff at secretariat and member banks 	<ol style="list-style-type: none"> 1. Good governance 2. Service excellence 3. Professionalism 4. Competent and committed staff that is well motivated
SO2	<ol style="list-style-type: none"> 1. Develop and implement a stakeholder engagement plan 2. Establish and operationalize round table forums with other financial institutions 3. Move all banks to achieve EMV compliance 4. Provide an environment for multiple switch providers for competitive service delivery 	<ol style="list-style-type: none"> 1. Five (5) stakeholder engagements held (, 1. Law Enforcement Agencies, 2. Valuers, surveyors, auctioneers, 3. Parliamentary Committees, 4. Civil society Advocacy Group and 5 Educational Institutions. 2. Commenced Relationships with several Development partners including Mastercard, FSDU, GIZ, ABI Trust, UN-CDF, DFID, USAID, World Bank and IFC among others. 	<ol style="list-style-type: none"> 1. Increased visibility of the organization through increased stakeholder engagements. 2. Improved documentation and exchange of issues related to the financial services sector. 3. Relationship with Development Partners will assist in furthering UBA Objectives including where appropriate grant funding to support specific initiatives. 	<ol style="list-style-type: none"> 1. Strong vibrant & engaging Organization for partnerships. 2. Positive changes in terms of influencing policy 3. Increased awareness about Banking Sector & Role in the Economy

Objective	Expected outputs	Achievements		
		Actual outputs	Outcomes (short-term)	Impact (long-term behavioral change)
SO2	<p>5.Position the industry to take advantage of emerging sectors</p> <p>6.Establish a framework to address the gaps in the cross border mobile payment</p> <p>7.Support the initiatives of the formation of East African Banking Association</p> <p>8.Leverage the East African Bankers Association to the gaps in cross border payment space</p>	<p>3.UBA & Its members selected as implementing partners of National Financial Inclusion Strategy.</p> <p>4.Made input towards various pieces of legislation in the respective parliamentary committees.</p> <p>5.Expanded UBA membership in include other regulated financial institutions</p> <p>6.Member Banks pursuing EMV agenda individually</p> <p>7.on the major project undertaken for 2017 is the Agent Banking Project using a shared platform which commenced in 2017 and is due for commissioning in 2018. This is a milestone switching & payments platform that will be scaled up periodically</p> <p>8.The Assets Reconstruction Company was incorporated in 2017 and commenced operations in October 2017. The ARC is expected to play a big role in addressing challenges facing the banking sector arising from high value exposure from non-performing loans /businesses and constraints around reconstruction/turnaround or other appropriate means of assisting such businesses.</p> <p>9.Meetings have been held with the Banking Association of Kenya, Tanzania, Rwanda to establish the East African Bankers Association to be housed in Arusha. A Draft of the MEMARTS and Funding framework is currently under review.</p>	<p>4.Increased EMV compliance among the member banks</p> <p>5.The Shared Agent Banking d System (SABS) is expected to contribute to driving of penetration & financial inclusion as a shared payment gateway.</p> <p>6.Strengthened collaborations with regional Bankers' Associations.</p>	

Objective	Expected outputs	Achievements		
		Actual outputs	Outcomes (short-term)	Impact (long-term behavioral change)
SO3	<ol style="list-style-type: none"> 1. Review membership and subscription structure 2. Develop proposals for funding and technical assistance 3. Organize round-table seminars 4. Develop and implement a UBA investment policy 5. Create a club house 	<ol style="list-style-type: none"> 1. Membership & Funding Structures were reviewed and approved in 2016 2. Development Assistance proposals were submitted and grant funding secured as summarized in the financial statements. 3. Agent Banking Company (ABC) and the Assets Reconstruction Company (RC) were incorporated as UBA investment. Club house concept put on hold. 	<ol style="list-style-type: none"> 1. Widened UBA funding base. 2. Improved and stronger relationships built with potential funding agencies to support UBA programs and priorities 3. Better understanding of potential partners who can support UBA work 4. Improved engagement of UBA as a key stakeholder in the implementation of the National Financial Inclusion Strategy 	<ol style="list-style-type: none"> 1. Financial independence & sustainability. 2. Ability to undertake projects, initiatives for best practices & growth of the Banking Industry.
SO4	<ol style="list-style-type: none"> 1. Develop and operationalise a UBA communication strategy 2. Develop and implement a CSR strategy 	<ol style="list-style-type: none"> 1. Communications strategy for UBA developed. CSR strategy incorporated. 2. Various visibility and communication initiatives undertaken during the year. 3. PR Agency engaged for additional support. 	<ol style="list-style-type: none"> 1. Top of mind awareness about UBA. 2. New relationships established with fintechs, development partners, media houses, research agencies, Government MDAs among others. 	<ol style="list-style-type: none"> 1. Visibility 2. Social Impact through advocacy, awareness, education
SO5	<ol style="list-style-type: none"> 1. Research on ways of mitigating fraud in the industry 2. Devise mechanisms to utilise existing human resource expertise within the members 3. Partner with Universities, telecoms and development partners to foster research and innovation 	<ol style="list-style-type: none"> 1. Frauds and forgeries committee functional, documenting and sharing recommendations on fraud in the industry. 2. UBA Cyber Security Committee established. 3. Annual Banking Conference initiative agreed as a strategic platform to share trends and experiences within the sector. 	<ol style="list-style-type: none"> 1. Increased awareness of categories of frauds affecting the sector and identification of new collaborations especially with law enforcement agencies 2. Strategic relationships established with diverse stakeholders to support successful implementation of the Annual Banking Conference and advance UBA program priorities. 	<ol style="list-style-type: none"> 1. Enhancement of knowledge & best practices 2. Contribution to regional initiatives for financial sector development.

Objective	Expected outputs	Achievements		
		Actual outputs	Outcomes (short-term)	Impact (long-term behavioral change)
S05	4.Coordinate University students' research on topical financial services industry issues 5.Keep track of developments in the region and international markets	4.Preliminary engagements held with Universities & Economic Policy Research Center for Research Collaboration. This initiative will be mainstreamed and anchored by the Head of Research when he resumes in 2018. 5.Other partners identified and formal collaboration partnerships signed include Mastercard.		

2.6 Future plans and funding

Source of funding	Amounts expected (2017) UGX '000	Actual (2017) UGX '000	Actual (2016) UGX '000
Membership subscriptions and Contributions towards financial literacy/ Market development Business as usual	949,758	904,800	572,000
Member contributions + Development Partners for Projects.	2,771,739	2,799,3000	416,608

2.7 Executive Committee

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

No	Name	Bank /Organisation	Designation
1.	Mr. Fabian Kasi	Centenary Bank Ltd	Chairman
2.	Mr. Jha Rakesh	Barclays Bank	Vice Chairperson
3.	Mr. Joram Karie	KCB Bank Uganda Ltd	Hon. Treasurer (Ceased June 2017)
4.	Mr. Patrick Mweheire	Stanbic Bank Uganda Ltd	Hon. Treasurer (Appointed June 2017)
5.	Mrs. Anne N Mulindwa	Finance Trust Bank Ltd	Hon. Internal Auditor
6	Mr. Owor Wilbrod Humphreys	Uganda Bankers Association	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.

	Chairman	Vice Chairman	Hon. Treasurer	Hon. Auditor	Executive Director
January	x	√	√	x	√
February	x	√	√	√	√
March	√	x	X	√	√
April	√	√	√	√	√
May	√	√	√	√	√
June	√	x	√	√	√
July	√	√	√	√	√
August	√	√	√	x	√
September ***					
October	√	√	√	√	√
November	√	√	√	x	√
December	√	√	x	√	√

*** Meeting was not held in September as majority ExCo members were out of the country on other duties.

Key

x - Absent with apology

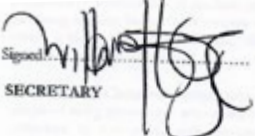
√ - Attended

2.10 Auditors

The auditors, Kisaka & Company CPA, were appointed to carry out the audit of the organisation for the year ended 31 December 2017 and have expressed their willingness to continue in office in accordance with Section 159(2) of the 2012 Companies Act, Cap 110, and Laws of Uganda.

2.11 Approval of financial statements

The financial statements of the company, as indicated above, were approved by the the Executive Committee on 4th May, 2018 and are signed on its behalf by:

Signed:  Date: 04/15/2018
SECRETARY

3.0 STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

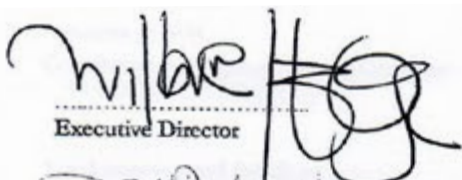
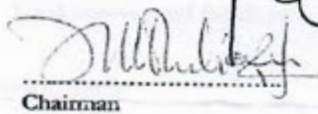
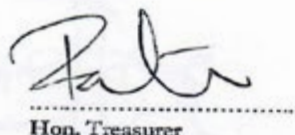
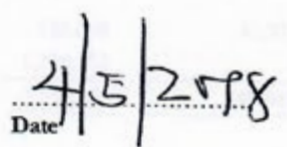
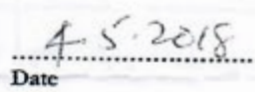
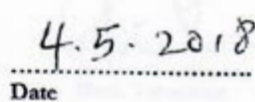
The Ugandan Companies Act, 2012 requires the Executive Committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association as at the end of the financial year and of its operating results for that year. It also requires the Executive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

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

delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Executive Committee accepts responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act 2012. The Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association and of its operating results. The Executive Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

As at 31 December 2017 and to the date of this report, the Executive Committee confirms that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus, the financial statements have been prepared on a going concern basis.

 Executive Director	 Chairman	 Hon. Treasurer	 Date
			 Date
			 Date

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

4.1 Opinion

We have audited the financial statements of Uganda Banker's Association (UBA) which comprise the statement of financial position as at 31 December 2017, the statement of financial activities, statement of changes in reserves 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 financial statements present fairly, in all material respects, the financial position of Uganda Bankers' Association as at 31 December, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act 2012.

4.2 Basis for Opinion

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

4.3 Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in Joint Venture (Agent Banking Company)

Member financial institutions and development Partners contributed funds to setting up of the Agent Banking Company as a Joint Venture between UBA and Eclectics International Uganda.

The current investment in Joint Venture amounts to

UGX
1,009,198,000



Assets purchased and expenses incurred on behalf of the Agent Banking Company were originally booked as transactions of UBA. These transactions have been reclassified as an investment to the Joint Venture. The current investment in Joint Venture amounts to UGX 1,009,198,000 - Note 9.10

Non-consolidation of Asset Reconstruction Company 'ARC'

IFRS 10 – Consolidated Financial Statements – requires entities to consolidate entities their control. UBA wholly owns and controls the activities of the Asset Reconstruction Company. Though ARC has not started operations, costs have been incurred by UBA relating to activities of ARC. No consolidated financial statements have been prepared for UBA neither separate financial statements for ARC. Costs incurred on ARC are reflected in the financial statements of UBA as an investment in ARC. The current investment in amounts to UGX 389,283,000 - Note 9.11

4.4 Responsibilities of the directors for the Financial Statements

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

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Executive Committee is responsible for overseeing the Association's financial reporting process.

4.5 Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

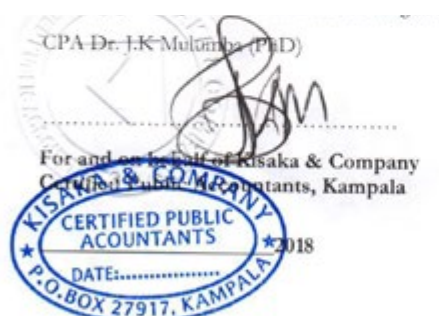
and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

4.6 Other Reporting Responsibilities

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;*
- (ii) in our opinion proper books of account have been kept by the Association, so far as appears from our examination of those books; and*
- (iii) the Association's statement of financial position and statement of financial activities are in agreement with the books of account.*

The engagement partner on the audit resulting in this independent auditor's report was




5.0 STATEMENT OF FINANCIAL ACTIVITIES

		Budget	Subscriptions	Project ARC	Project Agency Banking	Annual Banking Conference	Total	Total
		31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-16
	Notes	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Income								
Subscriptions and new entrants	9.2	949,758	904,800	-	-	-	904,800	572,000
Other contributions	9.4	496,012	-	-	-	237,839	237,839	376,114
Other income	9.4	38,000	70,238	-	-	-	70,238	40,494
		1,487,770	975,038	-	-	237,839	1,209,677	988,608
Promotion, protection, representation and development of members' interests	9.5	275,725	123,241	-	-	199,450	322,691	221,118
Governance costs	9.6	-	15,043	-	-	18,035	33,078	7,372
Staff costs	9.7	444,986	441,454	-	-	-	441,454	367,103
Administration costs	9.8	229,333	242,553	-	-	81,809	324,362	203,246
Annual Bankers' Conf Expenses		496,012	-	-	-	-		
		1,446,056	822,291	-	-	299,294	1,121,585	798,839
Operating surplus/ (deficit)		41,714	149,547	-	-	(61,455)	88,092	189,769
Net surplus/ deficit for the year		41,714	149,547	-	-	(61,455)	88,092	189,769

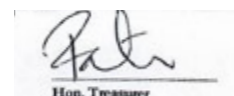
6.0 STATEMENT OF FINANCIAL POSITION

		31-Dec-17	31-Dec-16
	Notes	Shs '000'	Shs '000'
Noncurrent assets			
Property and equipment	9.9	98,767	36,580
Investment in ABC	9.10	1,009,198	-
Investment in ARC	9.11	389,283	336,819
Intangible asset	9.12	974	1,460
		1,498,222	374,859
Current assets			
Cash and cash equivalents	9.13	1,850,897	88,684
Held to maturity financial assets	9.14	275,306	249,336
Accounts receivable	9.15	101,018	39,080
		2,227,221	377,100
Total assets		3,725,443	751,959
Reserves			
Accumulated reserves	7.0	410,762	375,133
ABC Fund	7.0	1,009,198	-
ARC Fund	7.0	389,283	336,819
		1,809,243	711,952
Current liabilities			
Accounts payable	9.16	126,099	40,007
Contributions to Agency Banking Company	9.17	1,790,102	-
		1,916,201	40,007
Total reserves and liabilities		3,725,443	751,959

The financial statements were approved by the Executive Committee on 04/ 5/ 2018 and were signed on its behalf by:




Chairman



Hon. Treasurer

7.0 STATEMENT OF CHANGES IN RESERVES

	Retained Earnings	ARC Fund	ABC Fund	Total
Note	Shs '000'	Shs '000'	Shs '000'	Shs '000'
As at 1 January 2016	459,046	-	-	459,047
Inventory (books)	(5,786)	-	-	(5,786)
ARC Contributions	(336,819)	336,819	-	-
Restatement of the ARC Amortization	33,684	-	-	33,684
Prior year adjustments	1,558	-	-	1,558
Surplus/(Deficit) for the year	189,769	-	-	189,769
Balance as at 31 December 2016	341,452	336,819	-	678,271
As at 1 January 2017	341,452	336,819	-	678,271
ARC Contribution	-	-	-	-
ABC Contributions	-	-	1,009,198	1,009,198
Prior year adjustment	-	33,682	-	33,682
Reclassified expenditure	(18,782)	18,782	-	-
Surplus for the year	88,092	-	-	88,092
	410,762	389,283	1,009,198	1,809,243

8.0 STATEMENT OF CASH FLOWS

		31-Dec-17	31-Dec-16
	Notes	Shs '000'	Shs '000'
Cash flow from operating activities			
Surplus for the year as per accounts	5.0	88,092	189,769
Adjustments			
Depreciation expenses	9.9	11,765	11,279
Loss/Gain on sale of assets	9.4	-	2,097
Amortization of intangible asset	9.12	487	730
Interest income on fixed deposit	9.4	(57,538)	(31,093)
Exchange difference on ARC settlement	9.4	-	4,295
Amortization of deferred Expenditure	9.4	-	33,682
Prior year adjustment	7.0	-	1,558
Net cash flow from operating activities		7,246	212,317
Changes in working capital			
Decrease/(Increase) in Accounts receivable	9.15	(61,939)	(33,580)
Increase/(Decrease) in Accounts payable	9.16	86,092	17,890
		24,153	(15,690)
Net Cash flow from operating activities		31,399	196,627
Cash flows from investing activities			
Purchase of property and equipment	9.9	(73,951)	(20,114)
Interest income on fixed deposits	9.4	-	9,639
Net proceeds from financial assets of held to maturity	9.14	25,970	300,000
Purchase of held to maturity financial assets	9.14	-	(300,000)
Investment in Joint Venture	9.10	-	-
Deferred revenue- Agency Banking Company	9.17	1,790,102	-
Others		(28,084)	-
Decrease/(Increase) in Deferred expenditure		-	-
Net Cash flows from investing activities		1,714,037	(10,475)
Cash flows from financing activities			
Payment of ARC Consultancy Fees	7.0	16,778	(341,114)
Net cash flow from financing activities		16,778	(341,114)
Net increase/(decrease) in cash & cash equivalents		1,762,214	
Cash and cash equivalents as at 1 January		88,683	243,645
Cash and cash equivalents as at 31 December		1,850,897	88,683

9.0 NOTES TO THE FINANCIAL STATEMENTS

9.1 Accounting entity

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.

9.1.1 Significant accounting policies

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

(a) Basis of Preparation

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

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

(b) Accounting judgments, estimates and assumptions

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

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 probably 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.

(e)Property and equipment

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

•Computer equipment and accessories	3 years
•Office equipment	8 years
•Furniture and fittings	8 years





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

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

(f) 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. Amortisation is calculated on a straight line basis at 33.3% per annum.

(g) Deferred Expenditure

Deferred expenditure relates to the Asset construction company's consultation payment made to PWC. It has been maintained in the books because the benefits from it will be enjoyed over a period of 10 years thus recognising it at its carrying value after amortisation.

(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.

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

<p>(i) Cash and cash equivalents</p> <p>Cash and cash equivalents comprise of cash at bank, cash on hand, bank overdrafts and short-term deposits with an original maturity of three months or less.</p>	<p>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.</p>	<p>the Statement of Financial Activities.</p>
<p>(j)Reserves</p> <p>Reserves relate to the accumulated retained earnings of the prior year and the surplus for 2017.</p>	<p>De-recognition</p> <p>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</p>	<p>Offsetting of financial instruments</p> <p>Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.</p>
<p>(k)Financial liabilities</p> <p>The Association's financial liabilities include accounts payable.</p> <p>Subsequent measurement After initial measurement, the Association's financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortization</p>	<p>in the respective carrying amounts is recognized in</p>	<p>(l)Foreign currency translation</p> <p>The Association's financial statements are presented in Uganda Shillings (Ushs), which is also the Association's functional currency.</p>

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



Transactions and balances

Transactions in foreign currencies are initially recorded by the Association at their respective functional currency rates prevailing at the date of the transaction.

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

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

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

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication is found, the Association estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Activities.

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

(p) Tax

According to the Income Tax Act, Cap 340, under section 2(bb), the Association qualifies as an exempt entity for tax purposes. The Association obtained a tax exemption certificate from Uganda Revenue Authority (Certificate No. S.5914/4346, dated 7 March 2003). During the year, UBA also engaged Price Water House Coopers (PWC) to work hand in hand with URA to renew the exemption certificate with URA.

(q) Investment in Joint Venture

Agent Banking Company is a Joint Venture over which Uganda Bankers' Association has contractual arrangements to jointly share the control over the economic activity of the entity with one or more parties. The Association's interest in joint the venture is accounted for in the consolidated financial statements using proportionate consolidation. Proportionate consolidation involves combining the Association's share of the Joint Ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entity on a line-by-line basis with similar items in the Association's financial statements.

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

As at 31 December 2017, the Joint Venture had not started operations



9.2 Subscription income

	31 Dec 2017	31 Dec 2017	31 Dec 2016
	Budget	Actual	Actual
	Shs '000'	Shs '000'	Shs '000'
ABC Capital Bank Limited	26,217	26,217	22,000
Bank of Africa	33,774	33,774	22,000
Bank of Baroda	41,246	41,246	22,000
Bank of India	27,089	27,089	22,000
Barclays Bank Uganda Limited	46,717	46,717	22,000
Cairo International Bank Limited	26,795	26,795	22,000
Centenary Bank	51,305	51,305	22,000
Citibank	34,860	34,860	22,000
Commercial Bank for Africa (Uganda) Ltd	26,738	26,738	22,000
Crane Bank	48,958	-	22,000
DFCU	46,713	46,713	22,000
Diamond Trust	42,782	42,782	22,000
ECO Bank Limited	29,295	29,295	22,000
Equity Bank	33,678	33,678	22,000
Finance Trust Bank	27,539	27,539	22,000
Guaranty Trust Bank	27,108	27,108	22,000
Housing Finance Bank	33,633	33,633	22,000
Imperial Exim Bank Limited	29,752	29,752	22,000
KCB Uganda Limited	34,976	34,976	22,000
NC Bank Uganda Ltd	28,206	28,206	22,000
Orient Bank Limited	32,753	32,753	22,000
Stanbic Bank Uganda Limited	74,177	74,177	22,000
Standard Chartered Bank	60,549	60,549	22,000
Tropical Bank Limited	28,917	28,920	22,000
Uganda Development Bank	28,250	28,250	22,000
United Bank for Africa	27,728	27,728	22,000
	949,758	900,800	572,000
Subscriptions from Associate members			
Opportunity Bank Uganda	1,000	1,000	-
Post Bank	1,000	1,000	-
Pride Microfinance Bank Ltd	1,000	1,000	-
Finca Uganda	1,000	1,000	-
	4,000	4,000	-
	953,758	904,800	572,000

9.3 Contributions from Members towards Agency Banking

	31 Dec 2017	31 Dec 2017	31 Dec 2016
	Budget	Actual	Actual
	Shs '000'	Shs '000'	Shs '000'
ABC Capital Bank Limited	1,980	1,980	13,000
Bank of Africa	25,147	25,147	14,000
Bank of Baroda	48,048	48,048	15,000
Bank of India	4,656	4,656	13,000
Barclays Bank Uganda Limited	64,819	64,818	15,000
Cairo International Bank Limited	3,751	3,751	13,000
Centenary Bank	78,882	78,882	15,000
Citibank	28,474	-	15,000
Commercial Bank for Africa (U) Ltd	3,759	3,759	13,000
Crane Bank	-	-	15,000
DFCU	64,805	64,805	15,000
Diamond Trust	52,758	52,758	15,000
Eco Bank Limited	11,418	11,418	14,000
Equity Bank	24,848	-	14,000
Finance Trust Bank	6,036	6,036	13,000
Guaranty Trust Bank	4,714	4,714	13,000
Housing Finance Bank	24,712	24,712	14,000
Exim Bank Limited	12,816	12,816	13,000
KCB	28,829	28,829	14,000
NC Bank Uganda Ltd.	8,077	-	13,000
Orient Bank Limited	22,017	22,017	14,000
Stanbic Bank Uganda Limited	148,986	148,906	15,000
Standard Chartered bank	107,215	107,115	15,000
Tropical Bank Limited	10,258	10,258	14,000
Uganda Development Bank	8,213	-	13,000
United Bank for Africa	6,614	6,614	13,000
	801,832	732,039	363,000
Contributions from other Partners			
Development partners	1,970,071	1,970,071	-
Others	-	27,561	-
	1,970,071	1,997,632	-
	2,771,903	2,729,671	363,000

9.4 Other income

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Interest income	57,538	40,495
Contributions towards Annual Dinner & Conference	237,839	-
Sale of bids	9,500	-
	304,877	40,495

9.5 Promotion, protection, representation and development of members' interests

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Annual and quarterly dinners	55,294	39,731
Members' meeting costs ***	217,752	21,475
Member Farewell activities (Dinner & Plaques)	6,431	8,178
Membership and subscription (FUE & PSFU)	3,500	1,500
Financial literacy	-	24,660
Stakeholders meeting (colloquiums)	28,632	32,194
Workshops and training	3,500	1,845
Legal expenses- Attorney General Vs Stanchart & Others	-	35,400
ARC legislation consultancy expenses	-	8,000
Advertising	7,560	14,454
Bad debts written off	22	-
Amortisation of ARC	-	33,682
	322,691	221,118

9.6 Governance costs

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Honorarium expenses **	19,135	957
Sub-committee expenses	13,943	6,415
	33,078	7,372

9.7 Staff costs

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Salaries (includes employer's NSSF contribution)	369,101	329,173
Christmas gifts to UBA stakeholders	5,070	600
Gratuity expenses	33,139	9,193
Medical expense	7,467	4,886
Local service tax	400	400
Staff welfare	26,277	1,862
Recruitment costs	-	20,988
	441,454	367,102

9.8 Administration expenses

	31 Dec 2017	31 Dec 2016
	Shs '000'	Shs '000'
Printing, posting and stationery		
Printing	72,460	5,428
Stationery	13,516	7,858
Post and Courier services	6,273	3,499
Rent and rates		
Rent of office premises	48,612	34,022
Street parking	3,900	2,400
Telecoms and internet		
IT support	8,947	1,081
Telephone costs	6,918	7,332
Internet	328	-
Domain registration and Web Hosting	-	944
Legal and professional fees		
Consultancy fees	14,864	3,000
Professional fees	29,511	47,500
Audit fees	10,300	7,670
Accountancy fees	5,100	3,000
Literature and publicity		
Advertising costs	27,457	18,763
Retainer- Media consultancy	1,770	26,067
Newspapers and periodicals	444	1,444
Travel and subsistence		
Foreign travel	6,105	13,019
Local travel	10,519	4,270
General administrative costs		
Depreciation expenses	18,594	11,279
Office expenses	22,702	351
Repairs and maintenance	3,271	693
Others- Condolences	17,331	-
Bank charges	1,763	1,601
Exchange loss	22	4,295
Amortization cost	487	730
	324,362	203,246

9.9 Property and equipment

	Computers & Accessories	Office equipment	Furniture, & fittings	Total
	33.3%	12.5%	12.5%	
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Cost				
As at 1 January 2017	32,032	21,950	26,227	79,849
Additions during the year	7,247	-	66,704	73,951
As at 31 December 2017	39,279	21,950	92,931	153,800
Depreciation				
As at 1 January 2017	17,942	13,457	11,869	43,268
Charge for the year	6,377	1,016	4,372	11,765
As at 31 December 2017	24,319	14,473	16,241	55,033
Net Book value				
As at 31 December 2017	14,960	7,117	76,690	98,767
As at 31 December 2016	14,090	8,133	14,356	36,580

9.10 Investment in Joint Venture

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Agency Banking Corporation		
Pre-operation expenses	425,884	-
Property, plant and equipment	583,314	-
	1,009,198	-

9.11 Investment in Asset Reconstruction Company

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Deferred expenditure b/f	336,819	303,137
Prior year adjustment	33,682	-
Reclassified expenses from retained earnings	18,782	
Amortization	-	(33,682)
Restated		67,364
Net Book value	389,283	336,819

9.12 Intangible asset

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Cost		
As at 1 January	2,190	2,190
Additions	-	-
As at 31 December	2,190	2,190
Amortisation		
As at 1 January	730	-
Charge for the year	486	730
As at 31 December	1,216	730
Net Book value	974	1,460

9.13 Cash and bank balances

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
NC Bank	1,786,432	-
Bank of Baroda	64,465	88,684
	1,850,897	88,684

9.14 Held to maturity financial assets

	Bank of Baroda	NC Bank	Orient Bank	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'
At 1 January	249,335	-	-	249,335	527,882
New placements	-	250,000	250,000	500,000	-
Interest Income	17,833	7,479	11,416	36,728	21,904
Redeemed on maturity	-	(257,479)	(261,416)	(518,895)	(309,639)
Maturities re-invested	267,168	-	-	267,168	240,147
Accrued interest	8,138	-	-	8,138	9,189
As at 31 December	275,306	-	-	275,306	249,336

9.15 Accounts receivable

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Prepayments *	18,269	1,512
Member contributions towards ARC **	13,120	26,240
Annual subscription	-	11,000
Interest Income receivable	-	328
Member contributions towards ABC ***	69,630	-
	101,019	39,080

9.16 Accounts payable

	31-Dec-17	31-Dec-16
	Shs '000'	Shs '000'
Sundry creditors	82,660	32,337
Provision for gratuity	33,139	-
Audit fees payable	10,300	7,670
	126,099	40,007

9.17 Deferred Revenue

		31-Dec-17	31-Dec-16
		Shs '000'	Shs '000'
Member banks' contributions		801,668	-
Contributions from development partners		1,970,071	-
Other contributions		27,561	-
Total contributions	9.3	2,799,300	-
Less)			
Investment in Joint Venture		(1,009,198)	-
Deferred Partners' contributions		1,790,102	-

9.18 Financial risk management

UBA's financial instruments include receivables, cash and short term deposits and accounts payable. The main risks arising from the association's financial instruments are credit risk and liquidity risk.

Credit risk

Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. The Association's maximum exposure to credit risk for the com-

ponents of the statement of financial position as at 31 December 2017 is Nil.

Liquidity Risk

Liquidity Risk is the risk that UBA will encounter difficulty in meeting obligations associated with financial instruments. The risk is monitored by regular creditor analysis and review of UBA's cash flows. The table below summarizes the maturity profile of the Association's financial assets and liabilities based on contractual undiscounted receipts and payments at 31 December 2017.

31 December 2016	1 to 3 months	4 to 6 months	7 to 12 months	Total
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Financial assets				
Cash and cash equivalents	88,684	-	-	88,684
Held to maturity financial assets		-	249,336	249,336
Accounts receivable	39,080	-	-	39,080
Total financial assets	127,764		249,336	377,100
Financial Liabilities				
Short term loan	-	-	-	-
Accounts payable	40,007	-	-	40,007
Total financial liabilities	40,007	-	-	40,007
Net Liquidity Gap as at 31-Dec-16	87,757	-	249,336	337,093

31 December 2017	1 to 3 months	4 to 6 months	7 to 12 months	Total
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Financial assets				
Cash and cash equivalents	1,850,897	-	-	1,850,897
Held to maturity financial assets	-	-	275,306	275,306
Accounts receivable	101,019	-	-	101,019
Total financial assets	1,951,916	-	275,306	2,227,222
Financial Liabilities				
Short term loan	-	-	-	-
Accounts payable	126,099	-	-	126,099
Total financial liabilities	126,099	-	-	126,099
Net Liquidity Gap as at 31-Dec-17	1,825,817	-	275,306	2,101,123

9.19 Events after the reporting period

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

9.20 Employees

The number of employees as at 31 December 2017 was 4 (2016: 4) to include;

- *Executive Director*
- *Head of Communications & Corporate Affairs*
- *Administration Manager*
- *Executive Assistant to the ED*



UGANDA BANKERS' ASSOCIATION
(A Company Limited By Guarantee)



Life Simplified