

Emmanuel Tumusiime-Mutebile: Developing a vibrant capital market in Uganda

Speech by Mr Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the Official Listing of Bonus Shares at the Uganda Securities Exchange, Kampala, 7 June 2013.

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The Global Chairman & Managing Director, Bank of Baroda & Guest of Honour – **Mr. S. S. Mundra**

Governing Council Members, Uganda Securities Exchange,

Chief Executive Officer, Capital Markets Authority,

Chairman and Board of Directors, Bank of Baroda (U) Ltd,

Dignitaries and invited guests in your respective capacities,

Ladies and Gentlemen,

Good Morning

It gives me great pleasure to be the Chief Guest on the occasion of the Official Listing of the Bonus Shares of the Bank of Baroda (Uganda) Ltd. I would like to commend the Board and the management of Bank of Baroda for their foresight in issuing bonus shares to facilitate the increase in the bank's paid up capital, as well as for their continued good stewardship of the bank.

The Bank of Uganda raised the minimum paid up capital requirement for banks, from Shs 4 billion in 2011 to Shs 25 billion. The motivation for the increase was both to strengthen the capital base of banks and to bring our minimum paid up capital requirement closer to those of our partners in the East African Community.

Most of the banks operating in Uganda already had a capital base, in terms of total shareholders' funds, which exceeded Shs 25 billion prior to the statutory increase in paid up capital coming into effect (which for banks already operating in Uganda, was March of this year).

For some banks, however, it was necessary to restructure their capital by transferring funds from their retained reserves to their paid up capital. Issuing bonus shares to shareholders is one way of implementing such a transfer. It also provides a mechanism for rewarding the existing shareholders out of the profits generated by the bank. This is actually the second time in the last two years that the Bank of Baroda has issued bonus shares to its shareholders, thereby increasing its paid up capital.

The Bank of Baroda has made a prominent contribution to the development of a vibrant capital market in Uganda. It was the first financial institution to be listed on the Uganda Securities Exchange (USE). Since it was first listed, the value of the bank's shares has grown remarkably.

The Bank of Baroda is one of the oldest banks in this country, and has survived and flourished through good and bad times. It has been a reliable partner for the business community. In recent years the bank has expanded both its branch network and its asset portfolio to take advantage of the robust growth in the business sector. Good corporate governance, a commitment to providing high quality services to its customers and meticulous compliance with the regulatory and statutory requirements has been the hallmark of the bank. I would like to wish the Bank of Baroda the very best for the years to come.

With these remarks, allow me to once again congratulate the shareholders, the Board and senior management of Bank of Baroda for the issuance of bonus shares and for continuing to support both the development of the banking industry in Uganda and the country's capital markets.

I hereby declare the Bank of Baroda bonus shares listed on Uganda Securities Exchange.

Thank you.