

# BANK OF UGANDA

Office of  
The Director,  
Commercial Banking Department



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June 8, 2004

## **CIRCULAR TO ALL COMMERCIAL BANKS**

### Net Open Position – Off-balance Sheet Items

On June 6, 2003, Bank of Uganda issued a circular reminding all commercial banks to include all "unfunded commitments" and "other off-balance sheet items" in calculating the daily net open foreign exchange position. This was after observing that some banks did not include in their calculations these off-balance sheet items.

Following further consultative discussions with the Uganda Bankers' Association (UBA) on the treatment of such off-balance sheet items, banks are hereby required to include unfunded letters of credit, guarantees, performance bonds and other commitments at 20% of their recorded value in calculating the net open position. Please note that those off-balance sheet items that are guaranteed by the World Bank and other multilateral lending institutions will continue to be excluded from the calculation as long as the guarantee is unconditional and payable upon first demand. The amount excluded and particulars of the guarantors must be disclosed by way of a footnote in the Daily forex returns.

The attached form "Daily Foreign Currency Exposure Monitoring Return" reflects the above changes and should be submitted by all authorised dealer banks with effect from June 14, 2004.

J. Bigyenda (Mrs.)  
Director, Commercial Banking

Copies: Governor  
Ag. Deputy Governor  
Executive Director Research  
Executive Director Supervision  
Executive Secretary, UBA

Daily Foreign Currency Exposure Monitoring Return

Authorized Dealer Bank

Date

(In Thousands)

	SINGLED CURRENCY EXPOSURE							Rand	Others
	US\$	UK	YEN	CHF	US\$	KShs	Others		
<b>I FOREIGN EXCHANGE ASSETS (+)</b>									
(a) Currency on hand									
(b) Due from banks abroad (Nos.ro)									
(c) Cheques and items in transit									
(d) Loans and Advances									
(e) Accrued Interest receivable									
(f) Other assets									
<b>II FOREIGN EXCHANGE LIABILITIES (-)</b>									
(a) Due to banks abroad									
(b) Foreign currency deposits									
(c) Loans payable									
(d) Accrued interest payable									
(e) Other liabilities									
<b>III OFF-BALANCE SHEET</b>									
(a) Undelivered spot purchases (+)									
(b) Undelivered spot sale (-)									
(c) Forward purchase (+)									
(d) Forward sales (-)									
(e) Options, Swaps, Derivatives (+)/(-)									
(f) Contingent liabilities (- (Note 1) (at 20% of recorded value) - Letters of credit - Guarantees - Performance Bonds - Other Commitments									
<b>IV FOREIGN EXCHANGE POSITION</b>									
(a) Net Long/Short (-) Position in FX Currency									
(b) Exchange Rate in Shillings (Mid Rate)									
(c) Net Position in Shillings									
<b>V FOREX POSITION LIMIT</b>									
(a) Total Net Long Position (+)									
(b) Total Net Short Position (-)									
(c) OVERALL EXPOSURE (higher of (a) & (b))									
(d) Exposure Limit (25% of core capital) Core capital is Shs .....									
(e) EXCESS OVER LIMIT									

Note 1: Off-balance sheet items exclude the following guarantees issued by World Bank and other multilateral lending institutions. (Please enclose details if relevant and as set)

CERTIFIED CORRECT: