

# BANK OF UGANDA

Office of  
The Director  
Commercial Banking Department



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## CIRCULAR TO ALL COMMERCIAL BANKS

### RISK WEIGHTING OF CONTINGENT CLAIMS IN CAPITAL ADEQUACY COMPUTATION

We have noted that some commercial banks do not apply proper risk weights for contingent claims while compiling the quarterly BS100A for Capital Adequacy as called for in the Regulation on Capital Adequacy Requirements for Financial Institutions.

In this connection, all banks are reminded to apply the recommended risk weights for capital adequacy computation as follows:

<u>Contingent Claim:</u>	<u>Risk Weight</u>
Contingencies secured by cash collateral	0%
Direct credit substitutes (guarantees and acceptances)	100%
Transaction related (performance bonds and standbys)	50%
Documentary credits (trade related and self liquidating)	20%
Other commitments (unused formal facilities)	50%

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J. Bagyenda'.

J. Bagyenda (Mrs)  
Director Commercial Banking

Copy: Governor  
Deputy Governor  
Executive Director Supervision