

BANK OF UGANDA

Office of
The Director
Commercial Banking Department



37/43 KAMPALA ROAD,
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Cables: UGABANK

Ref: BS/A2/01(A)

Date: December 14, 2004

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,

J. Bagyenda (Mrs)
Director Commercial Banking

Copy: Governor
Deputy Governor
Executive Director Supervision

BANK OF UGANDA

OFFICE OF
THE EXECUTIVE DIRECTOR
SUPERVISION



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EDS.B.66

25th November, 2004

To: Chief Executives of Commercial Banks

Change in the Determination of the Rediscount Rate

As you may be aware, the rediscount rate is based on the moving average of the annualized yield on the 91-Treasury bill, derived from the four previous auctions, plus a margin. Bank of Uganda has decided to reduce the number of auction observations used as the basis for setting the rediscount rate from the current four to three. This change takes immediate effect.

Ruth Egunu (Mrs)

Executive Director Supervision

N.o.o Governor
Ag. Deputy Governor
Director Commercial Banking

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EDS.B.66

September 1, 2004

CIRCULAR TO ALL COMMERCIAL BANKS AND CREDIT INSTITUTIONS

Display of Charges, Fees and Commissions in Branch premises

All commercial banks and credit institutions are hereby reminded that charges, fees, and commissions must be displayed in a conspicuous place in all branch premises. This is to ensure transparency in providing financial services.

Anthony Opio
Ag. Executive Director Supervision

Copy: Governor
Ag. Deputy Governor
Director Commercial Banking

BANK OF UGANDA

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Ref: BS/A2/01(A)

June 22, 2004

CIRCULAR TO ALL COMMERCIAL BANKS

CALCULATION AND MONITORING OF CASH RESERVE REQUIREMENT

In order to streamline the Cash Reserve Requirement as an instrument of monetary policy management, the following changes will be made effective 1st July 2004.

- i) The cash reserve ratio on all deposits will be a uniform rate of 9.5%.
- ii) The reservable base will be computed on the basis of daily positions averaged over a two-week period.
- iii) The daily reserve position will be the balance on the clearing account at Bank of Uganda plus the eligible proportion of vault cash at the close of business on the respective day.
- iv) The eligible proportion of vault cash is maintained at 50% for commercial banks with 10 or more branches outside Kampala and 30% for commercial banks with less than 10 branches outside Kampala.
- v) Commercial Banks are further reminded of the following: -
 - a) The reserve maintenance period remains two weeks. Commercial banks can, on a daily basis operate up to 50% below the reserve requirement as long as they meet the required amount over the maintenance period.
 - b) A commercial bank whose cash reserves fall below 50% of the required minimum on any day will be penalized for that day, over and above any penalty levied if it also fails to comply with the average minimum for the two week period as provided for under section 39(4) of the BOU Statute 1993.
- vi) No figures shall be reported on Saturdays, Sundays and public holidays. The figures shall be for the main office and all other branches/offices in Uganda.

Weekly Cash Reserves Report should be submitted to Bank of Uganda, Commercial Banking department and Research department by Tuesday following the end of week to which the return refers.

Attached please find the format of the Cash Reserves Report to be submitted to Bank of Uganda.



J. Bagyenda (Mrs)

Director Commercial Banking

Copy: Governor
Ag. Deputy Governor
Executive Director Supervision

AUTHENTICATION OF STATUTORY RETURNS (FORM BS 200)



SUBMITTED TO BANK OF UGANDA

(to be forwarded to BOU, by fax or by hand, on the same day of submitting the electronic returns)

Name of Return : _____

Date of Return : _____

Date of Submission : _____

Authentication Figure : 434,200

The submitted returns have been properly authorised for submission to Bank of Uganda.

Authorised Signatory(ies) :

Name and Position

Name and Position

Table 1: Example Calculation of Authentication Figure¹

Shs.

Cash	400
Balance with banks	8,000
Investments	1,800
Bank of Uganda Schemes	0
Advances	60,000
Premises and Other Fixed Assets	4,000
Net Due from Own Offices in Uganda	0
Items in Transit	100
Other Assets	15,000
Total Assets	89,300
Deposit Liabilities	48,000
Balances Due to Commercial Banks	5,000
Associated Companies in Uganda	20,000
Administered Funds	0
Borrowings at Bank of Uganda	0
Net Due to Own Offices in Uganda	0
For Items in Transit	0
Other Liabilities	1,500
Provisions	2,500
Total Liabilities	77,000
Capital	10,800
Profit and Loss	1,500
Total Liabilities and Equity	89,300
Authentication Figure	434,200

¹ The example shows a simplified balance sheet, which has to be submitted by a commercial bank.

BANK OF UGANDA



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Our Ref: BS/A2/01(A)

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. Bagyeenda (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)

	SINGLE CURRENCY EXPOSURE							Others
	US\$	UK	YEN	USD	TShs	KShs	Rand	
I FOREIGN EXCHANGE ASSETS (+)								
(a) Currency on hand								
(b) Due from banks abroad (Nosiro)								
(c) Cheques and items in transit								
(d) Loans and Advances								
(e) Accrued Interest receivable								
(f) Other assets								
II FOREIGN EXCHANGE LIABILITIES (-)								
(a) Due to banks abroad								
(b) Foreign currency deposits								
(c) Loans payable								
(d) Accrued interest payable								
(e) Other liabilities								
III OFF-BALANCE SHEET								
(a) Undelivered spot purchases (+)								
(b) Undelivered spot sales (-)								
(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								
IV FOREIGN EXCHANGE POSITION								
(a) Net Long(-)/Short(-) Position in FX Currency								
(b) Exchange Rate in Shillings Mid Rate)								
(c) Net Position in Shillings								
V FOREX POSITION LIMIT								
(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 enumerate indicating amount and issuer)

CERTIFIED CORRECT:

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FINANCE



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EDF.023

May 18, 2004

Chief Executives of Commercial Banks.

SUBMISSION OF PAYMENT SYSTEM OVERSIGHT DATA

Please refer to the proceedings of the Governors' meeting with Chief Executive Officers of the commercial banks, which was held on 21st April 2004.

During the meeting, banks were reminded of the need to submit payment system oversight data on a monthly basis. This is to formally remind you to submit the said data on a monthly basis and in the agreed format.

As earlier advised, the data should be sent electronically to Banks Supervision Function for onward transmission to the National Payment System Secretariat. Details can be got from the National Payment System Secretariat.


E. Katimbo-Muganyizi
EXECUTIVE DIRECTOR FINANCE

Copy to: Chairman UBA
Executive Director UBA
Governor
Ag. Deputy Governor
Executive Director Supervision
Executive Director Operations

BANK OF UGANDA

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BS/B1/01(A)

May 14, 2004

CIRCULAR TO ALL COMMERCIAL BANKS

Re: Electronic submission of data to Bank of Uganda – Go Live

Over the past several months, BOU has been testing the Returns Automation System.

We now inform you that the testing of the said returns was successfully completed and the system will go live starting with April 2004 statutory returns. The submission deadline for April 2004 returns shall be May 15th 2004.

On going live, the following conditions should be fulfilled by every Commercial Bank:

1. **Authentication of Statutory Returns:** Each return submission must be accompanied by a single paged AUTHENTICATION OF STATUTORY RETURNS FORM (BS 200), duly completed and endorsed by the Institution's authorised officers with a sentence clearly stating that returns have been properly authorised for submission to Bank of Uganda. The form can be submitted by fax, or by hand.
2. **Monthly Statutory Returns:** All monthly returns shall henceforth be submitted in electronic format only, using the Returns Automation System. Banks will no longer submit hard copies of monthly returns to BOU effective May 15th 2004.
3. **Quarterly Statutory Returns:** In compliance with the Financial Institutions Act 2004, Banks should submit quarterly returns to BOU as follows;
 - (a) Hard copy returns certified by External Auditors (as previously done)
 - (b) Electronic returns through the Returns Automation system

BOU shall work with both (hard and soft) copies of the quarterly returns to verify consistency of the submitted information. The submission of parallel quarterly returns in 3(a) and 3(b) above shall be done up to December 2004 quarter, after which the hard copy returns shall be completely eliminated.

4. **Corrections to the returns:** Any corrections made to the returns must be accompanied by a fresh authentication form BS 200, as indicated in (1) above. This is to ensure authenticity of the changes.
5. **Reporting of Expenditure:** For the purpose of ensuring consistency and uniformity in the submission of data, all banks must adopt the same sign conventions (See attachment column C for details) for the figures entered into the template.

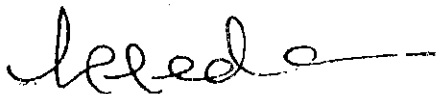
The entries for lines 45, 90, 923, 925, 934, 936, 958, 1062, 1063, 1073, 1141, 1142, and 1152 in the attachment, **MUST** strictly be **NEGATIVE**. Furthermore, banks **MUST** ensure that all fields in the template are filled and have no **NULL** values or misplaced data.

6. **Returns Template Changes:** In case changes need to be made to the electronic return template, there shall be formal communication from BOU before and after the necessary changes are effected by BOU.
7. **Return Submission Deadlines:** The deadline for all monthly and quarterly returns shall be 15th of the month following the reporting month.

All banks are required to submit complete, accurate and timely returns to the Bank of Uganda. Under Section 80 (3) and (4) of the Financial Institutions Act 2004, Bank of Uganda may impose a civil penalty of Shs 1.0 million per day and place restrictions on operations of financial institutions which fail to provide complete, accurate and timely returns. Effective May 15th 2004, such penalties and restrictions shall be strictly enforced.

In view of the above, it is imperative that Commercial Banks take extra care and scrutiny in the preparation and submission of data to BOU.

Yours faithfully



J. Bagyenda (Mrs.)

Director Commercial Banking

Copy: Governor
Deputy Governor
Executive Director: Supervision
Executive Director Finance
Director MIS
Director NBF
IMF Advisor

BANK OF UGANDA

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Ref: BS/B1/01

February 26, 2004

CIRCULAR TO ALL COMMERCIAL BANKS

Re: CALCULATION OF CASH RESERVE REQUIREMENTS

In the computation of minimum cash reserve balances, deposit liabilities due to financial institutions outside Uganda have hitherto been excluded. Like any other deposits in the system, these deposits have an impact on the money supply and credit creation capacities of banks holding them.

In order to take into account all the deposits in the domestic banking system, deposit liabilities due to financial institutions outside Uganda are now included in the computation of the minimum Cash Reserve Requirements. This took effect with the maintenance period beginning February 9, 2004.

Please take note of this amendment.

A handwritten signature in cursive script, appearing to read 'J. Bagyenda'.

J. Bagyenda (Mrs.)
Director Commercial Banking

Copy: Governor
Deputy Governor
Executive Director Supervision