

# BANK OF UGANDA

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The Director  
Commercial Banking Department



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## CIRCULAR TO CHIEF EXECUTIVES OF COMMERCIAL BANKS

### INTERBANK LENDING LIMITS

Bank of Uganda has noted that some banks have set their internal Interbank Lending Limits way above the restrictions stipulated in FIA, 2004.

In this connection, Bank of Uganda wishes to bring to the attention of all banks to Section 31 (6) of FIA, 2004 which states ".....*financial institutions may grant to another financial institution an advance or credit facility which is more than 25% of its total capital except that the advance or credit facility shall not exceed 50% of its total capital; shall not have a maturity exceeding one year; and shall immediately be reported to the Central Bank.*"

In addition to the above stated provision, all banks should also take note of Section 33 of FIA 2004 which refers to **Restrictions on Inter Institutional Placements and Loans** and ensure compliance of all the relevant provisions of FIA 2004, at all times.

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

J. Bagyenda (Mrs)  
**DIRECTOR COMMERCIAL BANKING**

Copy: Governor  
Deputy Governor  
EDS  
EDR

n.o.o. Mr. William Cox  
Advisor to Governor