File
4/5/15

BANK OF UGANDA

OFFICE OF
THE EXECUTIVE DIRECTOR
SUPERVISION

37/43 KAMPALA ROAD,
P.O. BOX 7120,
KAMPALA

DIRECT LINE 256-414-230051
GENERAL LINE 256-414-258441 Ext 2403
FAX LINE 256-414-258515
TELEX 256-414-61059

CABLES UGABANK
Web site www.bou.or.ug

EDS.306.2

May 07, 2014

Circular to all Chief Executives of Commercial Banks

Instructions for Computation of the Liquidity Coverage Ratio

Please refer to the Bank of Uganda circular of Ref: EDS.306.2 dated February 11, 2014 informing commercial banks of the roll out of the Liquidity Coverage Ratio effective March 01, 2014. Banks were informed of the requirement to comply with the minimum Liquidity Coverage Ratio of 100% on an ongoing basis starting September 01, 2014.

The purpose of this circular is to forward the template and Instructions for Computation of the Liquidity Coverage ratio, to facilitate commercial banks' ability to compute and monitor compliance with the minimum requirement.

Yours faithfully

Benedict Ssekabira
Ag. Executive Director Supervision

BANK OF UGANDA
MAY 2014
DIRECTOR COMMERCIAL BANKING

GENERAL INSTRUCTIONS FOR THE LCR WORK SHEET

Bank of Uganda rolled out the Basel III Liquidity Coverage Ratio (LCR) to all commercial banks effective March 1 2014. The minimum requirement is 100%. The attached instructions are for filling in LCR worksheet and hence computing the Liquidity Coverage Ratio (LCR).

Fill in data into Column D using data from the *Maturity Analysis of Assets and Liabilities Report* for commercial banks. Cells in Column E already have formulas that multiply the conversion factors for each item with the amount and at the bottom, provide the overall LCR.

a) **Stock of high quality liquid assets**

1. <u>Cash;</u>

   Amounts for this item are always in the first maturity bracket (0-30 days). In the *Maturity Analysis of Assets and Liabilities Report*, this item is summed up with 'Balances from BOU'. Be sure to deduct these balances so as to remain with a value for 'cash' only.

2. <u>Balances with BOU;</u>

   In the *Maturity Analysis of Assets and Liabilities Report*, this item is summed up with 'cash'. Ensure that they are separated. This will be cross checked from the Weekly BS100 and the Monthly BS100.

3. <u>Investment securities maturing in 30 days;</u>

   Include investment securities in the first maturity bracket (0-30 days).

4. <u>Marketable securities maturing in 91 days;</u>

   Include the sum of marketable securities in the first maturity bracket (0-30 days) and the second maturity brackets (31-90 days) only.

5. <u>Marketable securities with maturity of more than 91 days;</u>

   The sum of marketable securities in the maturity brackets of (91-180 days), (6-12 months) and (over 12 months).

b) **Cash outflows**

6. <u>Demand and Savings deposits:</u>

   The sum of the all the demand deposits and the savings deposits.

7. Time Deposits (maturing in 30 days):
   Include only the amounts for time deposits that are in the (0-30 days) maturity bracket.

8. Due to Financial Institutions in Uganda (maturing in 30 days);
   In the *Maturity Analysis of Assets and Liabilities Report*, this item is termed as 'due to banks and non-banks in Uganda'. Include only amounts in the (0-30 days) maturity bracket.

9. Due to Financial Institutions abroad (maturing in 30 days);
   In the *Maturity Analysis of Assets and Liabilities Report*, this item is termed as 'due to banks and non-banks abroad'. Include only the amounts in the (0-30 days) maturity bracket.

10. Other liabilities;
    Sum all the other liabilities in the *Maturity Analysis of Assets and Liabilities Report* that have not been considered in any of the above mentioned categories, that are in the (0-30 days) maturity bracket.

11. Off-balance sheet cash out flows;
    The sum of all the off-balance sheet items (plus other off-balance sheet items) that have a maturity of (0-30 days).

c) Cash inflows

12. Loans and advances (maturing in 30 days) ;
    Include only the amounts for loans and advances that are reported in the (0-30 days) maturity bracket.

13. Due from financial institutions in Uganda (maturing in 30 days);
    The *Maturity Analysis of Assets and Liabilities Report* terms this item as 'due from banks and non-banks in Uganda'. Include only amounts in the (0-30 days) maturity bracket.

14. Due from financial institutions abroad (maturing in 30 days);
    The *Maturity Analysis of Assets and Liabilities Report* terms this as 'due from banks and non-banks abroad'. Include only amounts in the (0-30 days) maturity bracket.

WORKSHEET FOR THE LIQUIDITY COVERAGE RATIO

NAME OF COMMERCIAL BANK:		DATE:	
	Conversion Factor	Amount (as in the maturity analysis report)	Amount * conversion factor
Stock of high quality liquid assets			
1. Cash	100%		-
2. Balances with BOU	100%		-
3. Investment securities maturing in 30 days	100%		-
4. Marketable securities maturing in 91 days,	100%		-
5. Marketable securities with maturity of more than 91 days	20%		-
Total value of stock of highly liquid assets			-
Cash Outflows			
6. Demand and savings deposits	15%		-
7. Time deposits (maturing in 30 days)	100%		-
8. Due to Financial Institutions in Uganda (maturing in 30 days)	100%		-
9. Due to Financial Institutions abroad (maturing in 30 days)	100%		-
10. Other liabilities (maturing in 30 days)	100%		-
11. Off-balance sheet cash outflows	5%		-
Total cash outflows			-
Cash Inflows			
12. Loans and advances (maturing in 30 days)	15%		-
13. Due from Financial Institutions in Uganda (maturing in 30 days)	100%		-
14. Due from Financial Institutions abroad (maturing in 30 days)	100%		-
Total cosh inflows			-
Total net cash outflows = Total cash outflows minus min [total cash inflows, 75% of gross outflows]			-
Liquidity coverage ratio = (Total value of stock of high quality liquid assets / Net cash outflows)			#DIV/0!