

BANK OF UGANDA

OFFICE OF THE DIRECTOR
COMMERCIAL BANKING



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Circular to All Chief Executives of Commercial Banks

STRESS TESTING

Bank of Uganda is developing an Integrated Stress Testing Framework in order to enhance monitoring of systemic risk and stress testing of the banking sector. This approach will involve “bottom-up” stress testing, whereby Bank of Uganda will provide commercial banks with projected macro scenarios, which each bank will use to conduct internal stress tests and report the results to Bank of Uganda.

A team from Bank of Uganda will visit each bank from **March 11 – 27, 2019 in order to assess the capacity for stress testing and risk analysis.** The team from Bank of Uganda will comprise of; Ms. Pamela Kahwa (team leader), Mrs. Sharon Lwamafa, Mr. Jimmy Odongkara and Mrs. Irene Nabwire Jingo

In particular, the assessment will cover the following;

- The frequency and scope of stress testing including the main risks and sector covered.
- The baseline and adverse scenarios
- Credit risk models implemented
- Use of cash flow-based analysis for liquidity risk monitoring
- Approaches to analysing interest rate and exchange rate risks

All banks are requested to comply accordingly.

Hannington Wasswa

Director Commercial Banking