



**INSTRUCTION NOTES FOR THE COMPILATION OF THE
QUARTERLY REPORT ON COUNTRY AND TRANSFER RISK**

AUGUST 2022

Introduction

The quarterly report on country and transfer risk provides data on foreign (non-Ugandan) exposures of financial institutions in Uganda.

The report contains two worksheets:

1. Values – on which financial institutions should report claims on foreign entities as per the categories specified.
2. Nostro balances – financial institutions provide a breakdown of the amounts held in nostro accounts

The return should be submitted electronically via BSA by the **11th of the month** following the end of the quarter.

Details for completing the Report

1. Values Worksheet

a) Exposure Categories

- i. Gross non-resident Interbank exposures (only nostro accounts)

All balances in accounts that a financial institution holds with a non-resident financial institution including interbank time deposits or placements of deposits in a non-resident financial institution.

Gross means that any amounts due to the non-resident financial institution should **not** be netted off.

- ii. Gross non-resident interbank exposures (excluding nostro accounts)

This refers to amounts due as a result of any arranged loans to other foreign deposit taking institutions and other foreign financial Institutions.

Gross means that any amounts due to the non-resident financial institution should **not** be netted off.

- iii. Loans to non-resident borrowers

The total sum of outstanding loans, overdrafts, discounts and administered advances extended to non-resident borrowers.

- iv. Trade finance exposures

These include stand-by letters of credit, guarantees and performance bonds. These should be allocated to the country of the entity underlying the exposure not the location of the counterparty (beneficiary) of the exposure.

v. Investments in foreign subsidiaries

Include here the amount of capital invested in a subsidiary located in a foreign country as well as any subordinated debt or other debt instruments issued to the foreign subsidiary.

vi. Investments in foreign securities

Include here any investments in debt instruments issued by foreign sovereigns.

vii. Other non-resident exposures

Include all other exposures to non-residents which have not been included elsewhere.

b) Capital

As a % of regulatory capital	
Core capital	Total capital

Core and total capital figures should be input in the space provided (as above). The amounts should be equal to those reported in the Capital Adequacy return.

Country risk exposure to a single country **should not exceed 25% of total capital.** Assets in correspondent bank accounts which are already subject to the limits prescribed in Regulation 8 of the Foreign Exchange Business Rules 2010 are excluded from this limit. Likewise, investments in foreign subsidiaries, which are fully deducted from capital are not subject to this limit.

c) Country

Country	
	▼

Select the country from the drop-down list and input balances across the exposure categories.

2. Nostro balances worksheet

Only cells colored yellow should be filled out.

i. Total exposure in nostro accounts

This is the total of balances held in accounts that a financial institution holds with a non-resident financial institution including interbank time deposits or placements of deposits in a non-resident financial institution. It is picked from the sum of the gross nostro balances on the values sheet (cell C70).

ii. Exposure by Country

This section breaks down the total nostro exposure into different country

Exposure by country		Correspondent bank Name	Rating	Rating Agency	Rating date
Country:		1			
Rating:		2			
Rating Agency		3			
Exposure limit:		4			
Exposure:		5			
		6			
		7			
		8			
		9			
		10			
		11			
		12			

exposures. Select the country, rating and rating agency from the drop-down list.

The exposure limit is the financial institution's internal exposure limit to that country.

iii. Corresponding bank Name

List all correspondent relationships held with financial institutions in that country.

iv. Rating

Select the rating of the correspondent bank from the drop-down list

v. Rating Agency

Select the name of the rating agency from which you have obtained the correspondent bank's rating.

vi. Rating date

The date when the correspondent bank was rated.

Date	Exchange Rate	Currency	Exposure		Exposure limit	Current exposure as % of total capital
			Amount in Foreign currency	Shilling Equivalent		
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.
				-		0.

vii. Exchange rate

The exchange rate for that currency at the reporting date.

viii. Currency

The currency in which the balances are held

ix. Amount in foreign currency

The amount in foreign currency held in that corresponding bank at the reporting date.

x. Shilling equivalent

This is computed by multiplying the amount in foreign currency by the exchange rate.

xi. Exposure limit

This is computed based on the limits prescribed in Regulation 8 of the Financial Institutions Foreign Exchange Business Rules 2010. The computation is based on the rating of the correspondent bank. Exposure limits for banks rated A and above is 50% of total capital; for banks rated B and above but below A is 30% of total capital and for banks rated below B and unrated is 20% of total capital. The total capital figure is drawn from Cell L11 on the values worksheet.