



Central Bank of Nigeria

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LETTER TO ALL BANKS

THE USE OF FOREIGN-CURRENCY-DENOMINATED COLLATERALS FOR NAIRA LOANS

The Central Bank of Nigeria has observed the prevailing situation where bank customers use Foreign Currency (FCY) as collaterals for Naira loans.

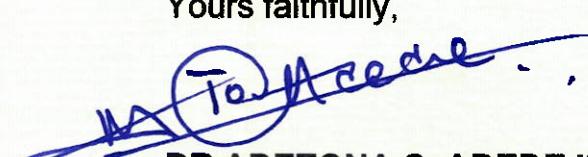
Consequently, the current practice of using foreign currency-denominated collaterals for Naira loans is hereby **prohibited**, except, where the foreign currency collateral is:

- Eurobonds issued by the Federal Government of Nigeria; or
- Guarantees of foreign banks, including Standby Letters of Credit

In this regard, all loans currently secured with dollar-denominated collaterals other than as mentioned above should be wound down within 90 days, failing which such exposures shall be risk-weighted 150% for Capital Adequacy Ratio computation, in addition to other regulatory sanctions.

Please be guided accordingly.

Yours faithfully,


DR ADETONA S. ADEDEJI

AG. DIRECTOR, BANKING SUPERVISION DEPARTMENT