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CIRCULAR TO ALL BANKS AND DISCOUNT HOUSES: THE REVISED GUIDE TO BANK CHARGES

The Guide to Bank Charges, first issued in 2004, was meant to provide a standard for the application of charges in the banking industry, and to minimize conflicts between banks and their customers. Over time, it was observed that the various charges in the Guide had become out of tune with current realities in the market, and some provisions/terms in it allowed room for ambiguity and conflict.

In order to reflect current developments in the market and provide clarity on banking terms, the CBN recently conducted a review of the “Guide” in consultation with all the banks and discount houses, Bankers’ Committee, financial experts/consultants and also considered inputs received from other stakeholders to produce the **Revised Guide to Bank Charges**. To reduce ambiguity in loan transactions, minimum disclosure requirements for loan contracts have been stipulated, in addition to the glossary of terms provided.

The **Revised Guide to Bank Charges** is hereby issued, to serve, as a regulation on applicable charges for banking services and products offered to customers. It replaces the Guide to Bank Charges issued in 2004.

Banks and discount houses are enjoined to ensure compliance with the provisions of the Guide.

The Revised Guide to Bank Charges takes effect from April 1, 2013.

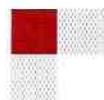
A handwritten signature in blue ink, appearing to read "I.T. NWAOHA".

I.T. NWAOHA
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REVISED GUIDE TO BANK CHARGES

April 1, 2013



PREFACE

The “Guide to Bank Charges” provides a standard for the application of charges on the various types of products and services Deposit Money Banks (DMBs) in Nigeria offer to their customers - individuals, corporate organizations and Governments (Federal, State, Local and their Agencies).

Wide consultations with relevant stakeholders were considered in arriving at the charges prescribed in the Guide. The intention of this Guide is to enhance flexibility, transparency and competition in the Nigerian economy.

Where a charge is stipulated as “negotiable”, DMBs are required to appropriately draw the attention of their customers to its consequence and the two parties should mutually agree on the applicable charge. All commissions, charges and rates stated in this Guide are subject to relevant taxes.

Although the Guide provides for charges on various products and services of DMBs, it is not exhaustive. Banks are mandated to present any new product, service and charge(s) not covered by this Guide to the Central Bank of Nigeria for prior approval.

A glossary of terms is introduced to provide users with an explanation of the terminologies used in the Guide.

This Revised Guide to Bank Charges takes effect from April 1, 2013, and replaces the existing one issued in 2004 and may be reviewed from time to time to reflect changes in the business environment.

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SECTION 1: INTEREST ON DEPOSITS

| | DESCRIPTION | RATE |
|------------|------------------------------------------|---------------------------------------------|
| 1.1 | Current account in credit balance | Negotiable |
| 1.2 | Savings deposits accounts | Minimum of 30% of MPR p.a. |
| 1.3 | Term Deposit Accounts | Negotiable |
| 1.4 | Domiciliary Accounts: | |
| 1.4.1 | Current Accounts | Negotiable |
| 1.4.2 | Savings Accounts | Negotiable |
| 1.4.3 | Deposits held as collateral | Negotiable (in line with Term Deposit rate) |

SECTION 2: INTEREST RATES/ LENDING FEES

| | DESCRIPTION | RATE |
|------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Interest Rates | |
| 2.1 | Lending Rate¹: | |
| | 2.1.1 Local Currency Loans | Negotiable (the rate should reflect the risk-based pricing model). Also, when there is a change in agreed rate, the customer must be notified within 5 business days in advance of the application of the new rate. |
| | 2.1.2 Lending Rate - Foreign currency Loans | Negotiable (reference to LIBOR) |
| 2.2 | Interest (on authorized excess OD) | Negotiable (the rate should reflect the risk-based pricing model). The customer must be notified within 5 business days in advance of the application of the new rate. |
| 2.3 | Unauthorized OD/Credit | Not permissible. The bank should sanction the officer and forward the name to the Director of FPRD, CBN |
| 2.4 | Drawing against Uncleared Effects | Negotiable |
| 2.5 | Equipment Leasing | Negotiable |
| 2.6 | Discountable instruments e.g. Usance bill, Bankers' Acceptance, Commercial Papers, Promissory Notes etc. | Negotiable |

¹ Seven (7) days from the date of execution, shall be allowed within which loan contracts can be rescinded.

| | Lending Fees | RATE |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.7 | Credit Reference Reports NOTE: Applicable for only customer-induced credit reference reports. | Cost recovery |
| 2.8 | Facility Restructuring Fee | Negotiable, subject to a maximum of 0.50% on the outstanding amount being restructured (one off charge). |
| 2.9 | Management fee²: It covers processing and appraisal fee (one-off charge). | Negotiable subject to maximum of 1% of the principal amount granted (one off charge). |
| 2.10 | Renewal Fee³: | |
| | 2.10.1 Corporate Bodies | Negotiable subject to maximum of 0.25% flat |
| | 2.10.2 Individuals | Negotiable subject to maximum of 0.25% flat |
| 2.11 | Processing Fee for consent for share security | Negotiable, subject to a maximum of 0.25% of amount of facility (one-off charge) |
| 2.12 | Penal rate for Late Repayment of Loans/Advances (Default or Penalty Rate) NOTE: Seven (7) days shall be allowed within which there will be no penal charge on late repayments. | 1% flat on unpaid installment per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Prudential Guidelines on the limitation of accruals) |
| 2.13 | Commitment Fee | Negotiable, subject to a maximum of 1% of the amount (one-off charge) |
| 2.14 | Advisory/Consultancy fee | Negotiable |
| 2.15 | Warehousing Facility | To be agreed amongst all the parties |

² **NOTE ON MANAGEMENT AND RENEWAL FEES:** Chargeable for all requests granted whether fresh or renewed. The charge also applies each time an additional amount is granted but only for the additional amount. No charges for requests declined.

³ See Note 2 above

| Inter-bank Borrowing Rates | | |
|-----------------------------------|-----------------------------------------------------|------------------------------------------------------------|
| 2.16 | Overnight /Call Money | Negotiable |
| 2.17 | Tenured | Negotiable |
| 2.18 | Charges for Consortium Lending | |
| | 2.18.1 Agency Fee | Negotiable |
| | 2.18.2 Management Fee | Negotiable |
| | 2.18.3 Commitment/Non-Drawing Fee | Negotiable subject to a maximum of 1% of the amount |
| | 2.18.4 Appraisal/ Renewal Fee | Negotiable, subject to a maximum of 0.25% of the principal |
| | 2.18.5 Commission charges for underwriting services | Negotiable |
| | 2.18.6 Participation Fee to be shared by Banks | Negotiable |
| | 2.18.7 Non-Drawing Fees (for consortium lending) | No charge |

SECTION 3: COMMISSION ON TURNOVER

| | DESCRIPTION | RATE |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | <p>Commission on Turnover:</p> <p>3.1.1 COT applies to customer-induced debit transactions on current accounts. The banks should not charge COT on returned outward clearing cheques, reversal of transactions and all bank-induced debits</p> <p>NOTE:</p> <ul style="list-style-type: none"> Gradual phase-out of COT from ₦3 (2013) to ₦2 (2014) to ₦1 (2015), and ₦0 (2016) | Negotiable subject to a maximum of ₦3 per mille in 2013; ₦2 per mille in 2014; ₦1 per mille in 2015; and COT-free (i.e. zero) from 2016 |
| | 3.1.2 Loan repayment from current or savings account | COT free |
| | 3.1.3 Debits representing transfer to other accounts in the same name, in the same branch or at another branch of the same bank | No charge |
| | Cost of Cheque Books | |
| 3.2 | Cheque Books | Full recovery of cost plus stamp duties |
| 3.3 | Counter Cheque | ₦200 per leaflet |

SECTION 4: COMMISSION ON BONDS GUARANTEES & INDEMNITIES, ETC.

| | DESCRIPTION | RATE |
|------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 4.1 | Bid/Tender Bond (Bid Security) | Negotiable subject to a maximum of 1% of the Bond value (one-off charge) |
| 4.2 | Performance bond (chargeable from date of contingent liability) | Negotiable subject to a maximum of 2% of the Performance Bond value per half year |
| 4.3 | Advance Payment Guarantee (APG) | Negotiable subject to a maximum of 1% of the APG value (one-off charge) |
| 4.4 | Third-party Cheque Indemnities | To be discouraged – However, negotiable for non-clearing financial institutions e.g Micro-finance banks |
| 4.5 | Bank Guarantees | Negotiable subject to a maximum of 2% (one-off charge) |
| 4.6 | Other Bonds, Guarantees and Indemnities | Negotiable subject to a maximum of 2%, minimum of ₦5,000 (one-off) |

SECTION 5: FOREIGN EXCHANGE COMMISSION

| | DESCRIPTION | RATE |
|------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| | Purchases: | |
| 5.1 | Purchases from CBN | 1% of the value involved - flat (or as may be reviewed from time to time by the CBN) |
| 5.2 | Inter-bank purchases | Negotiable subject to a maximum spread of 50k per dollar |
| 5.3 | Inward Telegraphic/SWIFT and other transfers expressed in foreign currency | No charge |
| 5.4 | Travellers Cheques, Cheques and Sight Bills for negotiation: | |
| | 5.4.1 Travelers' Cheques (TCs for pilgrimage are specially arranged for by the CBN) | As advised by CBN |
| | 5.4.2 Cheques | Minimum of ₦1,000 subject to a maximum of 1% |
| | 5.4.3 Sight Bills | Minimum of ₦1,000 subject to a maximum of 1% |
| | 5.4.4 Usance Bills | Minimum of ₦1,000 subject to a maximum of 1% |
| 5.5 | Foreign Currency notes: Purchases from customers | At the banks spot rate |

| | | |
|-------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| | Sales: | |
| 5.6 | Commission on Outward Telegraphic/SWIFT and other transfers | SWIFT cost recovery only |
| 5.7 | Foreign currency notes (sales to customers) | Bank's spot rate |
| 5.8 | Transfers for non-account holders (subject to enhanced due diligence) | Minimum of ₦3,000 subject to a maximum of 1.5% of transaction value (subject to enhanced due diligence) |
| 5.9 | Commission on cash withdrawals/Withdrawals from deposits other than cash: | |
| | 5.9.1 Current account | Negotiable, subject to a maximum of 0.5% of transaction value |
| | 5.9.2 Savings account | No charge |
| 5.10 | Charges for foreign cash currency lodgment | No charge |
| 5.11 | Foreign cheque purchase | 1% of the value of the cheque + the standard charge for clearing cheques (Offshore charges + courier) |
| 5.12 | Collection Charge on Cheques | 1% of cheque value or US\$10 (or its equivalent) whichever is higher |
| 5.13 | Commission on Telegraphic/SWIFT Transfer and Drafts | 0.5% or US\$10 or its equivalent, whichever is higher |

SECTION 6: BILLS FOR COLLECTION

| | DESCRIPTION | RATE |
|------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Bills for collection (Inward) | |
| 6.1 | Collection: | |
| | 6.1.1 Commission on Clean Bill | Negotiable subject to a maximum of 2% |
| | 6.1.2 Commission on Documentary Bill | Negotiable subject to a maximum of 2% |
| | 6.1.3 Postage (where applicable) | Actual cost of postage |
| | 6.1.4 Communication charge (where applicable) | Actual cost of communication |
| 6.2 | Holding charges after non-payment or non-acceptance, chargeable one month after arrival of goods: | |
| | 6.2.1 ₦25,000 bills and below | ₦2,500 per month |
| | 6.2.2 Above ₦25,000 | ₦5,000 per month |
| 6.3 | Extension charges for accepted or sight bills altered to tenure bills | ₦3,000 per bill |
| 6.4 | Bills for Collection - Negotiation | 0.5% of the value of the bills |
| 6.5 | Protest charges plus Notary Public Fees | Negotiable, subject to a maximum of ₦5,000 |
| 6.6 | Commission on handling charges in respect of collection: | |
| | 6.6.1 Presenting Bank | 25% |
| | 6.6.2 Collecting Bank | 75% |
| 6.7 | Unpaid Bills | In addition to the holding charge in (6.2) above, where a Nigerian bank is acting for Nigerian presenting bank, 1% commission is claimed and proceeds split with collecting bank in accordance with (6.6) above |

| | | |
|-----|---------------------------------------|---------------------------------------|
| | Bills for Collection (Outward) | |
| 6.8 | Collection commission | |
| | 6.8.1 Documentary Bills | Negotiable subject to a maximum of 2% |
| | 6.8.2 Clean Bills | Negotiable subject to a maximum of 1% |

SECTION 7: STRAIGHT FORWARD HANDLING OF DOCUMENTS

| | DESCRIPTION | RATE |
|-----|-----------------------------------------------------|------------------------------------------------------------------|
| 7.1 | Export Documents Delivery | ₦5 per mille of the invoice value subject to a maximum of ₦5,000 |
| 7.2 | Import Documents: | |
| | 7.2.1 Delivery | Negotiable subject to a maximum of ₦5,000 plus cost of courier |
| | 7.2.2 Bills for acceptance and return to Principals | Negotiable subject to a maximum of ₦5,000 plus cost of courier |
| | 7.2.3 Bills for Collection due for payment | Cost of courier |

SECTION 8: INWARD AND OUTWARD LETTERS OF CREDIT

| | DESCRIPTION | RATE |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| | Inward Letters of Credit (Export) | |
| 8.1 | Processing and Registration of Nigerian Export (NXP) Form | ₦5,000 flat |
| 8.2 | Advising Commission: 8.2.1 Where a Nigerian bank simply verifies authenticity of the Credit and delivers same. | ₦2,000 flat |
| | 8.2.2 Where a Nigerian bank has to rewrite the Credit | ₦0.5 per mille, subject to a minimum of \$25 or its equivalent. |
| 8.3 | Confirming Commission | Minimum of ₦5,000 subject to a maximum of 1% of the face value. |
| 8.4 | Transferable Credits, Transferable and Divisible Credits (part-shipment): 8.4.1 Where all or part of a Credit is transferred, the charges (paid by the original beneficiary) are of the amount transferred | 0.5% of face value subject to a minimum of US\$25 or its equivalent |
| | 8.4.2 Negotiation of Documents Commission plus interest, if applicable, at local rate (to be clarified) | 1% |
| | Outward Letters of Credit (Import) | |
| 8.5 | Purchase of Forms A | ₦100 per form |
| 8.6 | Form M: 8.6.1 Processing | Negotiable subject to a maximum of ₦5,000 |
| | 8.6.2 Amendment | Negotiable subject to a maximum of ₦5,000 |
| | 8.6.3 Revalidation/ Extensions | Negotiable subject to a maximum of ₦5,000 |

| | | |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 8.7 | Establishment Commission | |
| | 8.7.1 For credits up to 180 days | 1% of face value |
| | 8.7.2 For credits up to 270 days | 1.25% of face value |
| | 8.7.3 For credits up to 360 days (these charges are on the period of validity of the credit) | 1.5% of face value |
| 8.8 | Renewal, extension and Increase in the LC value: | |
| | 8.8.1 Renewals ⁴ | Commission on Applicable LC establishment |
| | 8.8.2 Extensions | ₦5,000.00 flat |
| | NOTE: Where a letter of credit is extended for a period in excess of 12 months from the date of establishment, a Re-establishment Commission of 1% is payable | |
| 8.9 | Increases or Enhancements: Additional establishment commission should be charged on the amount of any increase for the unexpired period of validity of credit | ₦2,000 flat |
| 8.10 | Other Amendments | ₦2,000 flat |
| 8.11 | Usance Bill under Credit Guarantee Commissions: | |
| | 8.11.1 Where the bill is less than one year | ₦3 per mille per month |
| | 8.11.2 Where the bill exceeds one year | ₦5 per mille per month |
| 8.12 | Risk Assessment Report (RAR) | Without valid for FX Form M - ₦ 2,500.00; With Valid FX Form M -No charge |

⁴ Credits may be renewed not later than the 15th day following expiry only on payment of full Establishment Commission.

SECTION 9: INTERNAL TRANSACTIONS (within Nigeria)

| | DESCRIPTION | RATE |
|------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 9.1 | Bank Drafts/Cheques | |
| | 9.1.1 Customer | Current Account: - ₦300; and Savings Account: - ₦500 |
| 9.2 | Draft Repurchase | No charge |
| 9.3 | Transfers within Nigeria: | |
| | 9.3.1 Intra-bank Transfers | No charge |
| | 9.3.2 Inter-bank Transfers | RTGS Cost |
| | 9.3.3 Transfers to non-account holders | 0.1% of the transactions amount subject to a minimum of N200. |
| 9.4 | Transactions paid for in cash by non-account holders (e.g. drafts, local money transfer, cash card loading etc.) | 0.3% of the value of the transaction. However, banks are enjoined to undertake KYC on such customers |
| 9.5 | Cash handling charge | Extant CBN policy on the subject applies |
| 9.6 | 9.6.1 Normal period for clearing of cheques: As advised by the Clearing House | Clearing House rules applies |
| | 9.6.2 Special clearing of cheques | Negotiable |
| 9.7 | Standing Order Charge | ₦300.00 plus external transfer cost (e.g NIBSS/NACS charges) |
| 9.8 | Direct Debit/Credit | CBN extant policy prevails |
| 9.9 | Safe Custody | Negotiable |
| 9.10 | Stopped cheques | ₦500.00 per order |
| 9.11 | Purchase of Treasury Bills for customers | 0.125% on the yield |

SECTION 10: ELECTRONIC BANKING

| | DESCRIPTION | RATE |
|------|---------------------------------------------------------------------|------------------------------------|
| 10.1 | Internet Banking: | |
| | 10.1.1 Token | Maximum of ₦1,500 (one-off charge) |
| | 10.1.2 Bills Payment | ₦100 |
| | 10.1.3 Interbank Transfer | ₦100 |
| 10.2 | Electronic Funds Transfer: | |
| | 10.2.1 Below N500,000 | ₦70 |
| | 10.2.2 ₦500,000 to ₦10,000,000 | ₦100 |
| | 10.2.3 Above ₦10,000,000 | ₦500 |
| | 10.2.4 RTGS | ₦700 |
| 10.3 | Annual maintenance Fee on foreign currency denominated cards | ₦3,000 |
| 10.4 | Credit Card Charges: | |
| | 10.4.1 Interest charges | 2.50% |
| | 10.4.2 International withdrawals (per transaction) | ₦240 |
| | 10.4.3 Late repayment | ₦2,000 |
| 10.5 | Debit Card Charges: | |
| | 10.5.1 Issuing Fee | ₦1,000 (one-off charge) |
| | 10.5.2 ATM Bill Payment | ₦100 |
| | 10.5.3 International withdrawals (per transaction) | ₦240 |
| | 10.5.4 Debit card maintenance charges | ₦100 (annual charge) |
| | 10.5.5 Cash card loading/unloading | No charge |

| | | |
|------|----------------------------------------------------|-----------------------------------------------------------|
| 10.6 | ATM Transactions: | |
| | 10.6.1 Within the bank | No charge |
| | 10.6.2 On other banks ATMS | No charge |
| | 10.6.3 On approved Independent ATMs | ₦150 |
| 10.7 | Mobile Payments: | |
| | 10.7.1 Interbank Funds Transfer | ₦100 |
| | 10.7.2 Intra-bank Funds Transfer | ₦100 |
| | 10.7.3 Bill payment | ₦100 |
| | 10.7.4 Cash-out Agent (to be borne by the sender) | ₦100 |
| | 10.7.5 Cash-out Branch (to be borne by the sender) | ₦100 |
| | 10.7.6 Mobile Money Card Reissue | ₦300 |
| | 10.7.7 Deposit at Agent | ₦100 |
| 10.8 | Point of Sales (PoS): | |
| | 10.8.1 General Merchant | 1.25% of transaction value subject to a maximum of ₦2,000 |
| | 10.8.2 Wholesale | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.3 Hotels | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.4 Food/Churches/NGOs | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.5 Fuel station | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.6 Airline operators | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.7 Travel Agents | Negotiable subject to a maximum of ₦2,000 |
| | 10.8.8 Card Charges (International) | 2.5% of transaction value |

| | | |
|-------|----------------------------------------------------------------|-------------------------------------------------------|
| 10.9 | Bulk Payments Electronic Funds Transfer: | |
| | 10.9.1 Salary payment | Negotiable subject to a maximum of ₦100 per employee. |
| | 10.9.2 Vendor payments (payable by the vendor) | ₦150 |
| | 10.9.3 Single payments | No charge |
| | 10.9.4 Utility payments | No charge |
| | 10.9.5 Tax payments | No charge |
| 10.10 | Alert Services: | |
| | 10.10.1 Mandatory SMS alert | ₦4 subject to NCC directives |
| | 10.10.2 Email notification (optional) | No charge |
| 10.11 | PIN reissue | No charge |
| 10.12 | PIN reset | No charge |
| 10.13 | PIN mailer reprint (foreign currency denominated cards) | Cost of recovery subject to a maximum of \$1 |

SECTION 11: MISCELLANEOUS

| | DESCRIPTION | RATE |
|-------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 11.1 | Reactivation of accounts | No charge |
| 11.2 | Closure of Accounts: | |
| | 11.2.1 Savings | No charge |
| | 11.2.3 Current | No charge |
| 11.3 | Insurance Debits | Customer to negotiate with the insurance company |
| 11.4 | Issuance of statement of account: | |
| | 11.4.1 Mandatory monthly issuance of statement of account on current and savings accounts | No charge |
| | 11.4.2 Special request for statement of account | ₦50 per page |
| 11.5 | Returned Cheques: | |
| | 11.5.1 Due to reasons other than being unfunded | No charge |
| | 11.5.2 Unfunded account | 0.5% of amount, maximum ₦5,000 (to be borne by drawer). This is without prejudice to the Dud Cheque Act |
| 11.6 | Reimbursement for business visit initiated by customer | No charge |
| 11.7 | Status enquiry at the request of customer | 0.5% of amount, maximum ₦5,000 (to be borne by drawer). This is without prejudice to the Dud Cheque Act. |
| 11.8 | Verification of customers' documents with Government Agencies: | |
| | 11.8.1 Search at Corporate Affairs Commission (CAC), land registry, etc | Cost recovery |

| | | |
|--------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| | 11.8.2 Obtaining Certified True Copy (CTC) | Cost recovery |
| | 11.8.3 Perfection of security for credit facilities. | Cost recovery |
| 11.9 | Confirmation of overseas enquiries to correspondent bank at the instance of the customer | ₦10,000 flat |
| 11.10 | Intermediation fees for commercial papers (to be borne by the issuer) | Negotiable |
| 11.11 | Issuance of withdrawal Booklet/Passbook | Cost recovery |
| 11.12 | Customized deposit booklet | Negotiable/cost recovery |
| 11.13 | NIBSS/NEFT/NACS etc. - Processing Fee | Negotiable/cost recovery |
| 11.14 | Over-the-counter cash withdrawals below the limit set by the CBN cash withdrawal/lodgment policy | No charge |
| 11.15 | Inter-branch cash Deposits/withdrawals | No charge |
| 11.16 | Minimum amount for opening accounts | Subject to the CBN three-tiered KYC requirements |

GLOSSARY

| BANKING TERMS | DEFINITION |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Access fees | These are fees charged by a financial institution for access to its network or distribution/transmission system. |
| Accepting bank/paying bank | This is a bank which accepts a Bill of Exchange by counter-signing or endorsing it and thus incurs the legal obligation of paying the bills amount on its maturity date. It can also be the bank nominated in a letter of credit to accept or pay drawings under that letter of credit. It can be either the Issuing or the Advising/Confirming Bank. |
| Advance Payment Guarantee | A guarantee that enables the buyer to recover an advance payment made under a contract or order if the supplier fails to fulfill its contractual obligations. It is also an irrevocable commitment by a bank to make payment if a third party fails to supply specific goods or services. |
| Advising | This is the act of conveying the terms and conditions of a letter of credit to the beneficiary. The Advising Bank is the issuing bank agent, usually located in the beneficiary country. Advising also involves authentication i.e. the Advising Bank should take reasonable care to check the apparent authenticity of the credit (UCP600 Art 9). |
| Advising Bank | The bank, usually in the exporter's country, which advises the terms of the letter of credit to the exporter is called the Advising Bank (this need not be the exporter's own bank). |
| Advising Commission | In inward letters of credit (export), this charge arises when a local bank simply verifies the authenticity of the credit and delivers same. |
| Advisory/Consultancy fees | Fees charged by financial institutions where there is an agreement for advisory services. |
| Amendment | This refers to alteration to the terms of a letter of credit. Amendments must stem from the applicant, be issued and advised to the beneficiary. The beneficiary has the right to refuse an amendment. |
| Annual Percentage Rate | It is a standardized method of quoting the effective interest rate (actual cost of credit) on loans and advances. It includes all fees and takes into account the continual reduction of the principal amount through amortization. |

| BANKING TERMS | DEFINITION |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Applicant | This refers to a person who applies to his/her bank to issue a letter of credit. In the majority of credits issued, the applicant is an importer of goods. |
| Appraisal fees | This is the fee charged by a professional to estimate the market value of a property. This is usually charged as a fixed amount or a percentage of the estimated value. |
| Assignment of Proceeds | The assignment (transfer) by the exporter to their right to part or all of the proceeds of a letter of credit to a third party (usually the supplier of the goods). |
| Back-to-Back Letter of Credit (LC) | Back to Back letter of credit is an irrevocable LC which serves as collateral for another LC. The advising bank of the first LC becomes the issuing bank of the second LC. It is also called counter credit or reciprocal LC. |
| Bank Guarantee | A type of guarantee in which a bank promises to repay the liabilities of a debtor in the event that the debtor is unable to pay. The guarantee is usually on the bank's letter-headed paper and is signed/sealed in line with the agreed terms. |
| Bankers Acceptance (BA) | A BA is a draft drawn on and accepted by a bank, unconditionally ordering payment of a certain sum of money at a specified time in the future to the order of a designated party. Since the instrument is negotiable, title to it is transferred by endorsement. It is a marketable instrument and allows a bank to finance its customers without necessarily utilizing its loanable funds. Instead, funds are provided by investors who are willing to purchase these obligations on a discounted basis. |
| Beneficiary | A payee or recipient, usually of money. A party in whose favour a letter of credit is established, usually the exporter. |
| Bid/Tender Bond or Bid Security | This refers to a bond/document purchased by a company or individual (bidding on a large project or sale) in order to demonstrate that the company has sufficient funds to complete the transaction for the price quoted in the bid, should the company be selected to execute that transaction. The bond/document guarantees that the bidder will not be prevented from fulfilling the contract by availability of funding. |
| Bills for Acceptance | This is a bill drawn between the drawer and the drawee which confers liability on the drawee before a transaction can take place. |

| BANKING TERMS | DEFINITION |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bills for Collection | A Bill for collection provides the trading parties, i.e. buyer and seller, with a compromise between open account and advance payment terms for the settlement of import transactions. |
| Bills Payment | This is a process used by financial institutions to collect payments for utilities (such as water bills, cable subscription payments, etc.), usually via e-banking channels. |
| Card Issuance fees | Fees charged by banks for the issuance of e-cards such as ATM cards, MasterCard, etc. |
| Cheque | A negotiable instrument drawn against deposited funds, to pay a specific amount of money to a specific person upon demand. Examples include bills of exchange and drafts. |
| Cheque Indemnities | This is the assurance issued by the drawee to a third party, stating that the drawee will honour a cheque issued by a drawer in the event of the inability of the drawer to effect the payment of the cheque. |
| Clean Bill | A bill of lading issued by a carrier declaring that the goods have been received in an appropriate condition, without the presence of defects. The product carrier will issue a clean bill after thoroughly inspecting the packages for any damage, missing quantities or deviations in quality. |
| Collection Charge on Cheques | The fee which a financial institution charges for the collection of money from the account of the drawer. |
| Collecting Bank | The bank to which a person has deposited a cheque. Such a bank has the duty to collect the money from the account of the writer of the cheque. |
| Commercial Papers | A Commercial Paper is an unconditional promise by a person to pay to the order of another person a certain sum at a future date. Such an instrument may or may not carry the bank's guarantee. |
| Commitment Fees | These are fees charged by financial institutions to keep a line of credit open, regardless of use. |
| Commission on Transaction | This is a fee charged by a financial institution for facilitating a withdrawal by its customer. |
| Confirming/Confirmation | This refers to the act of a bank other than the Issuing bank assuming the liability for honouring a letter of credit following receipt of a complying presentation. Confirmation is normally added at the request of the Issuing Bank. |
| Confirming Bank | This is the bank which adds its 'confirmation' (or irrevocable undertaking to pay) to that of the Issuing Bank. If no confirmation is added the letter of credit is unconfirmed. |

| BANKING TERMS | DEFINITION |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contingent Liability | This is a liability that arises only under specified conditions, e.g. When a bank opens a letter of credit it incurs an obligation to make a future payment on condition that the terms are fully met. |
| Counter Cheque | This is a bank-printed cheque provided to customers whose cheques are not available at the point of withdrawal from the current/checking account. |
| Credit Bureau | This is a company that collects information from various sources and provides consumer credit information on individual consumers for a variety of uses. |
| Credit Reference Report | This refers to a report containing detailed information on a person's credit history including identifying information, credit accounts and loans, bankruptcies and late payments, as well as recent inquiries. It can be obtained by prospective lenders with the borrower's permission to determine his/her credit worthiness. |
| Daily Balance | This is the closing balance in a savings or deposit account in any given day. |
| Default Rate | This is the interest rate that financial institutions charge for failure of their customers to make payments on loan obligations as at when due, including late payments to their credit lines. |
| Discountable Instruments | These are investible instruments such as Treasury bills and other Federal Government short term debt instruments in which interest is earned upfront. Liquidity is guaranteed by the CBN for these instruments and are redeemable at any point in time through any authorized dealer (Banks and discount houses) |
| Discrepancy | This refers to any deviation from the terms and conditions of a letter of credit, or the documents presented there under, or any inconsistency between the documents themselves. |
| Documentary Bill | This is often used in international trade to mean a bill of exchange or commercial draft that is presented for payment usually along with other required documents such as certificate of insurance and certificate of origin. |
| Endorsement | This refers to the legal transfer of title of a document by signature, usually, but not necessarily, on the reverse side. |
| Equipment Leasing | This refers to an arrangement that allows one party to purchase an equipment and then lease it to another party for an agreed upon cost. Usually the ownership of the equipment remains with the purchaser with an option to be transferred to the lessor upon the expiration of the lease |

| BANKING TERMS | DEFINITION |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | period and upon the possible exercise of a buyout clause. |
| Establishment Commission | Is a commission charged when a bank initiates an outward letter of credit under import. |
| Expiry Date | This refers to the last date on which the beneficiary can fulfill the terms of an agreement, failing which the agreement becomes invalid. |
| Facility Restructuring fee | This is the fee charged where there is an agreement to change the terms and conditions of existing facility. This will usually apply when there is need to renegotiate a facility. |
| Foreign Cheque Purchase | This is a service in which value is given on a foreign cheque deposited into an account before the cheque clearing processes are completed. |
| Form M | This is an application form to import goods into Nigeria, the form is processed through any authorized dealer bank irrespective of the value of the goods and whether payment is involved or not. |
| FPRD | Financial Policy and Regulation Department – A department in the CBN. |
| Handling Commission | This is a banking commission charged for processing both outward and inward letters of credit. |
| Honour | This means the discharge by a bank of its obligations under a letter of credit following its receipt of documents that comply with the terms of the letter of credit, UCP600 and standard international banking practice. This is done by paying at sight if the credit is available by sight payment, incurring a deferred payment undertaking and paying at maturity if the credit is available by deferred payment or accepting a bill of exchange drawn by the beneficiary and paying at maturity if the credit is available by acceptance. |
| Issuing Bank | This refers to the bank that opens a letter of credit at the request of its customer, the applicant. |
| Indemnities | This is an undertaking given to compensate for (or to provide protection against) injury, loss, incurred penalty or from a contingent liability. |
| Insurance Debt | This refers to the payment of insurance premium on behalf of the bank customer to the insurance company. |
| Inward telegraphic transfer | This is the receipt of funds by SWIFT/Telex from an overseas party. It allows the receipt of funds in various currencies all over the world. |

| BANKING TERMS | DEFINITION |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Letters of credit | This is a written commitment to pay, by a buyer's or importer's bank (called the issuing bank) to the seller's or exporter's bank (called the accepting bank, negotiating bank or paying bank). LCs guarantees a payment of a specified sum in a specified currency provided the seller meets precisely defined conditions and submits the prescribed documents within a fixed time frame. |
| Maintenance Fee | This is a banking fee on electronic cards charged annually in line with agreement, where applicable. |
| MPR (Monetary Policy Rate) | This is the baseline interest rate set by the CBN to control the amount of money in circulation at any given time. A higher MPR shrinks money supply while a lower MPR expands money supply. |
| NEFT (NIBSS Electronic Funds Transfer) | This is an electronic payment system that enables the execution of transfer instruction between banks on the NIBSS platform. |
| Negotiation | Negotiation means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which the reimbursement is due to the nominated bank. Mere examination of the documents without giving value does not constitute a negotiation. |
| Negotiable Loan/contract | A negotiable loan/contract is one whose terms can be decided by agreement between the parties to the loan/contract. |
| Negotiation of Documents | This refers to a situation where LC documents are scrutinized as per international standard of scrutiny and discrepancies are found with the LC terms. The negotiating bank may opt to give value by paying or incurring a deferred payment obligation as per the LC provided the beneficiary undertakes to indemnify the negotiating bank in the event of rejection of the LC by the opening bank |
| NIBSS (Nigeria Inter-bank Settlement System) | This is an institution that provides the infrastructure for automated processing, settlement of payments and fund transfer instruction between banks, discount houses and card companies in Nigeria. It is owned by deposit money banks and the CBN. Discount houses also have shares. |

| BANKING TERMS | DEFINITION |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OD (Overdraft) | This is a loan arrangement under which a bank extends credit up to a maximum amount (called overdraft limit) against which a current (checking) account customer can write cheques or make withdrawals. |
| Past Due | This is a bill or loan that has not been paid on the maturity date/due date. |
| Payroll Solution | This is a computerized payroll software that performs payroll processing duties such as salary payments, wage deductions, tax calculations etc. |
| Per Mille | This means a tenth of a percent or one part of a thousand. It is computed as 1/1000 or 0.001%. |
| Performance Bond | This is a written guarantee from a third party guarantor (usually a bank) submitted to a principal (client or customer) by a contractor to ensure the payment of a sum of money (usually covering 100% of the contract sum) in case the contractor fails in the full performance of the contact. |
| Presentation | This is the act of requesting the importer's payment/ acceptance of an import bill or, in UCP600 terminology, either delivery to the Issuing Bank, Confirming Bank or other Nominated Bank of documents for honour under a letter of credit, or the documents so delivered. |
| Prevailing Interest Rate | This is a term used by financial institutions to describe the average interest rate being charged by lending institutions. |
| Processing Fees | This refers to money paid to lenders by borrowers for collecting needed information to set up credit facilities. |
| Promissory Notes | These are written, signed unconditional promise by one party (the issuer) to pay a determinate sum of money to the other (the payee) either at a fixed or determinate future time or on demand by the payee under specific terms. |
| Revalidation | Official approval or confirmation of a document after a change has been effected on the same document is called revalidation. |
| Revolving Credit | This refers to a credit automatically reinstated after each drawing or upon receipt of authorization from the letter of credit issuing bank, with limits as to the duration of the facility and as to the (cumulative or non-cumulative) amount involved for each drawing. |
| Sight | This is a bill payable at sight and is payable on presentation to the drawee, i.e. on demand. |

| BANKING TERMS | DEFINITION |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Standby Credit | This may be established as security for facilities granted at another branch or bank, usually to a subsidiary of the standby letter of credit applicant. |
| Usance Bill | This is a Bill of Exchange which allows the drawee a term or period of credit (this period is also called usance). The term is usually stated in days (e.g. 30 days) or months and starts either from the date of the bill (e.g. 30 days date) or from the date of bill of lading, or from sight by the drawee (e.g. 30 days sight) which in practice means from the date of acceptance. |
| Unauthorized OD | This refers to an account that becomes overdrawn without the bank's prior permission. (I.e.: go into an unauthorized overdraft or exceed your authorized overdraft limit) the bank will impose penalty charges. e.g late repayment of Loan facility. |

MINIMUM DISCLOSURE REQUIREMENTS IN OFFER LETTERS FOR CREDIT FACILITIES /LOANS

GENERAL REQUIREMENTS

| S/N | | |
|-----|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name of borrower | This includes the name of the borrower. |
| 2 | Contact details of the borrower | This should clearly state the address (location), telephone number, email, etc. of the borrower. |
| 3 | Credit type | This states the type of facility approved for the borrower. |
| 4 | Purpose of the credit | This states the reason for which the facility is granted. |
| 5 | Amount | This is the amount approved for the facility. |
| 6 | Collateral | The bank should disclose the asset pledged by the borrower as security for the facility (e.g. shares, landed property, cash, etc.). |
| 7 | Loan tenor | This spells out the approved duration for the facility. |
| 8 | Interest rate | This is the annual interest rate to be charged by the bank on the amount outstanding (except for overdrafts). |
| 8 | Variable rate information | This should clearly state the possibility of changes in rates in line with money market conditions. It should include notification and time lines for concurrence by customers to the changes. The new rates (both increase and decrease) can only apply 48 hours after the notification. The variable rate information should also outline the bank's responsibilities in the event of such movements in rates. |
| 9 | Fees and commissions | The fees and commissions are as contained in the Guide. These should be stated in percentage and Naira terms. |
| 10 | Repayment terms | This should state the frequency (i.e. monthly, quarterly, bullet etc.) of repayment of principal and interest on outstanding balance. It should also state the date on which the repayments fall due. |
| 11 | Repayment schedule | The bank should provide in details, the periodic amounts to be repaid by the borrower within the tenor of the facility. |
| 12 | Early Liquidation Terms | This includes all information the borrower needs to know, including rights/obligations, or penalties, in the |

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|----|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | event of liquidation of the facility, before the expiry date, in line with Guide. |
| 13 | Late repayment | This should detail all penalties that will be borne by the borrower in the event of default, in line with the Guide. |
| 14 | Grace period | <p>a. Seven (7) days shall be allowed within which there will be no penal charge on late repayments.</p> <p>b. Seven (7) days from the date of execution, shall be allowed within which loan contracts can be rescinded.</p> |
| 15 | Insurance requirements (where applicable) | The bank is expected to disclose the nature of insurance policy required for the facility. |
| 16 | Conditions precedent to drawdown | This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, acceptance of loan offer letter, etc. |

1. CONSUMER LOANS

This encompasses the various types of loans given to individuals either to finance the acquisition of an asset or to execute personal projects. Some of these loans are unsecured and are based on the borrower's ability to repay.

- (a) Unsecured personal loans;
- (b) Secured personal loans;
- (c) Computer loans;
- (d) Auto loans;
- (e) Other forms of bridging finance availed to borrowers.

| S/N | DISCLOSURE REQUIREMENT | |
|-----|--------------------------------|-------------------------------------------------------------------------------|
| 1 | Name and address of creditor | This includes the name, address and day-time contact details of the borrower. |
| 2 | Item financed | This states the consumer good(s) to which the bank is financing. |
| 3 | Itemization of amount financed | This gives a breakdown of the item(s) being financed. |

| | | |
|----|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Annual percentage rate (APR) | This is the interest rate which will be charged by the bank on the amount disbursed. |
| 5 | Variable rate information | This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer. |
| 6 | Payment schedule | The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower. |
| 7 | Prepayment Terms | This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc. |
| 8 | Late payment policy | This should detail all penalties that will be suffered by the borrower in the event of default. |
| 9 | Collateral | The bank will be required to disclose the property, goods, shares and/or other assets pledged by the borrower as security for the facility. |
| 10 | Insurance requirements (where applicable) | The bank is expected to disclose the nature of insurance policy required for the facility. |
| 11 | Repayment terms | This includes all information the borrower needs to know before the consummation of the facility, which includes information such as the bank's right to call in the facility (in the event of certain occurrences), etc. |
| 12 | Loan tenor | This spells out the approved duration for the facility. |
| 13 | Conditions precedent to drawdown | This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc. |

2. MORTGAGE LOANS

| S/N | DISCLOSURE REQUIREMENT | |
|-----|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name and address of creditor | This includes the name, address and day-time contact details of the borrower. |
| 2 | Description property financed | This should describe location and other features of property being financed by the bank. |
| 3 | Itemization of amount financed | This gives a breakdown of the item(s) being financed. |
| 4 | Annual percentage rate (APR) | This is the interest rate which will be charged by the bank on the amount disbursed. |
| 5 | Variable rate information | This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer. |
| 6 | Payment schedule | The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower. |
| 7 | Prepayment Terms | This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc. |
| 8 | Late payment policy | This should detail all penalties that will be suffered by the borrower in the event of default. |
| 9 | Collateral | Usually, the security for the loan is the property being financed. |
| 10 | Insurance requirements (where applicable) | The bank is expected to disclose the nature of insurance policy required for the facility. |
| 11 | Repayment terms | This spells out the approved duration for the facility. |
| 12 | Loan tenure | This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc. |

3. OVERDRAFTS

| S/N | DISCLOSURE REQUIREMENT | |
|-----|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Name and address of creditor | This includes the name, address and day-time contact details of the borrower. |
| 2 | Reason for the loan | This should describe the customer's needs which the overdraft is aimed to finance. |
| 3 | Overdraft limits | The limits on the OD line should be clearly stated. |
| 4 | Annual percentage rate (APR) | This is the interest rate which will be charged by the bank on the amount disbursed. |
| 5 | Variable rate information | This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer. |
| 6 | Late payment policy | This should detail all penalties that will be suffered by the borrower in the event of default. |
| 7 | Collateral | Usually, the security for the loan should be clearly stated. |
| 8 | Insurance requirements (where applicable) | The bank is expected to disclose the nature of insurance policy required for the facility. |
| 9 | Repayment terms | This spells out the approved duration for the facility. |
| 10 | Loan tenure | This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc. |

MINIMUM DISCLOSURE REQUIREMENTS FOR CONTINGENT LIABILITIES

| PRODUCTS | DISCLOSURE REQUIREMENTS |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bid Bond | <ul style="list-style-type: none"> - Bank should issue offer letter stating all terms and conditions; - Where customer provides cash – Place in an investment account at an agreed rate; - Where bank provides funds – Parties should agree on a rate; - Transaction dynamics |
| Performance Bond | <ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, based on risk assessment |
| Advance Payment Guarantee | <ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, specifically utilization of proceeds to be received; - Appointment of quantity surveyor/expert |
| Bank Guarantee | <ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, most importantly when risk crystallizes; - Move to investment account, where customer provides funds. |
| Indemnities | <ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions and specify when risk crystallizes. |