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LETTER TO ALL BANKS

REGULATORY MEASURES TO IMPROVE LENDING TO THE REAL SECTOR OF THE NIGERIAN ECONOMY

In order to ramp up growth of the Nigerian economy through investment in the real sector, the Central Bank of Nigeria (CBN) has approved the following measures:

- 1) All DMBs are hereby required to maintain a minimum Loan to Deposit Ratio (LDR) of 60% by September 30, 2019. This ratio shall be subject to quarterly review.
- 2) To encourage SMEs, Retail, Mortgage and Consumer Lending, these sectors shall be assigned a weight of 150% in computing the LDR for this purpose. The CBN shall provide a framework for classification of enterprises/businesses that fall under these categories.
- 3) Failure to meet the above minimum LDR by the specified date shall result in a levy of additional Cash Reserve Requirement equal to 50% of the lending shortfall of the target LDR.

The CBN shall continue to review developments in the market with a view to facilitating greater investment in the real sector of the Nigerian economy.

This letter is with immediate effect.

Yours faithfully,

AHMAD ABDULLAHI

DIRECTOR OF BANKING SUPERVISION