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July 27, 2016

LETTER TO ALL BANKS

PROVISIONING FOR FOREIGN CURRENCY LOANS

In continuation of the efforts to enhance efficiency, facilitate liquidity and transparency in the foreign exchange market, the CBN issued the **Revised Guidelines for the Operations of the Nigerian Inter-bank Foreign Exchange Market** on June 15, 2016.

One of the effects of the Guidelines, which liberalized the foreign exchange market, is the increase in balances on foreign currency-denominated loans and advances in the books of banks, especially facilities that had been fully provided for under the previous exchange rate regime, but were yet to be written off, per our extant regulation under **Section 3.21(a) of the Prudential Guidelines for Deposit Money Banks in Nigeria** of July 1, 2010.

Consequently, to ensure adequate and proper provisioning, banks are by this circular, required to ensure that the unprovisioned portion on all such facilities are fully provided for **immediately** in the income statements and evidence of the additional provisions forwarded to the Director of Banking Supervision within **one week** of the date of this circular.

Additionally, all foreign currency-denominated loans should be reviewed and adequate provisioning made on all delinquent ones in line with the **Prudential Guidelines for Deposit Money Banks in Nigeria** of July 1, 2010.

Please be guided accordingly.

TOKUNBO MARTINS (MRS.)
DIRECTOR OF BANKING SUPERVISION