Central Bank of Nigeria

Banking Supervision Department
P.M.B. 12194
Tinubu Square.
Lagos.
Email: bsd@cbn.gov.ng
Website: wwww.cbn.gov.ng

Tel:...
BSD/DIR/CON/LAB/018/009 **June 20, 2025**

LETTER TO ALL BANKS

REGULATORY MEASURES TO SUPPORT EXIT FROM FORBEARANCE REGIME

In continuation of its commitment to safeguarding financial system stability and ensuring a credible and orderly exit from the regulatory forbearance regime introduced during the COVID-19 crisis, the Central Bank of Nigeria (CBN) hereby communicates a coordinated set of transitional measures. These measures are designed to support affected banks in complying with prudential requirements while facilitating a smooth exit from temporary regulatory concessions.

The following guidelines are issued for immediate implementation and full compliance:

A. Termination of Forbearance Measures and SOL Waivers

Effective **June 30, 2025**, all COVID-19-related regulatory forbearance and waivers on Single Obligor Limits (SOL) shall be terminated. This step is aimed at restoring risk sensitivity in credit classification, provisioning, and asset quality assessments.

- Affected banks must align all impacted credit exposures with existing CBN Prudential Guidelines and other relevant regulations.
- To support asset quality clean-up, the requirement to retain fully provisioned loans for one year before write-off (Section 3.21, Prudential Guidelines 2020) is temporarily waived for forbearance related facilities (Please refer to our email of February 6, 2025 with the Subject; Regulatory Waiver on Write-Off of Forbearance Loans). Banks may proceed with write-offs to reduce their Non-Performing Loan (NPL) ratios, provided internal governance requirements for such write-offs are met.

B. Temporary Lifting of AT1 Capital Recognition Limits

To strengthen capital buffers during this transition period, the current regulatory caps on the recognition of Additional Tier 1 (AT1) capital in the Capital Adequacy Ratio (CAR) computation are temporarily lifted from **June 30, 2025, to March 31, 2026**. This adjustment is intended to enhance banks' capital buffers without compromising long-term capital planning.

The temporary lifting of regulatory caps on AT1 recognition is solely for the purpose of supporting capital adequacy and is **not a substitute** for the ongoing recapitalisation programme as stated in our circular dated March 28, 2024 (Ref: FPR/DIR/PUB/CIR/002/009).

C. Restrictions on Use of Transitional Reliefs

To ensure that retained earnings are conserved for capital strengthening and systemic risk mitigation, banks benefiting from these transitional concessions must adhere strictly to the following:

- Suspension of dividend payments, bonuses to directors and senior management, and investments in foreign subsidiaries, as outlined in the CBN's circular dated June 13, 2025 (Ref: BSD/DIR/CON/LAB/018/008).
- These restrictions remain in force until capital levels and provisioning are fully restored to regulatory compliance.

D. Enhanced Regulatory Disclosure Requirements

To promote regulatory transparency and support supervisory oversight, all banks are required to submit the following **quarterly disclosures,** effective **June 30, 2025**;

- Detailed provisioning status and reconciliation of affected credit exposures.
- CAR calculations with and without transitional reliefs.
- Classification migration data for restructured or impacted loan facilities.
- Comprehensive disclosure of AT1 instruments, including issuance terms, usage, and related conditions.

The submission should reach the Director of Banking Supervision, not later than 10 working days following the end of the quarter with effect from June 30, 2025.

E. Capital Restoration Plan

To complement the above measures and ensure forward-looking capital planning, all affected banks are required to prepare and submit a comprehensive Capital Restoration Plan to the CBN on or before the 10th working day, following the end of the quarter with effect from June 30, 2025.

The plan should detail the management's proposed strategies to restore full regulatory compliance, including (but not limited to) cost optimization initiatives, risk asset reduction, significant risk transfers, and necessary business model adaptations. The plan must cover the entire period until full normalization of capital and asset quality indicators are achieved. Plans submitted will be subject to regulatory review and approval, and will form the basis for continuous supervisory monitoring and engagement throughout the transition.

F. Supervisory Engagement and Compliance

The CBN urges all affected banks to proactively engage with the Banking Supervision Department for guidance and alignment throughout the transition. Banks are expected to demonstrate full commitment to these measures, uphold prudential standards, and contribute to the overall health and resilience of the Nigerian financial system.

These integrated measures represent a firm but supportive framework for the final phase of exiting the regulatory forbearance regime, and reflect the CBN's strategic focus on macro-financial stability, responsible banking practices, and global best standards.

Please be guided accordingly.

Olubukola A. Akinwunmi *PhD*

Director of Banking Supervision