



09 - 46237401

Tel:.....

E-mail:fprd@cbn.gov.ng

# CENTRAL BANK OF NIGERIA

Financial Policy and Regulation Department

Central Business District

P.M.B. 0187

Garki, Abuja.

FPR/DIR/GEN/CIR/07/049

March 16, 2020

## **CIRCULAR TO DEPOSIT MONEY BANKS AND THE GENERAL PUBLIC ON:**

### **CBN POLICY MEASURES IN RESPONSE TO COVID-19 OUTBREAK AND SPILLOVERS.**

The Corona Virus (COVID 19) pandemic is having significant adverse consequences for both the global and the Nigerian economies. It has already led to unprecedented disruptions in global supply chains, sharp reduction in crude oil prices, turmoil in global stock and financial markets, massive cancellations in sporting, entertainment and business events, lockdown of large swaths of movements of persons in many countries, and intercontinental travel restrictions across critical air routes in the world. These outcomes have had serious adverse implications for key sectors including but not limited to oil and gas, airlines, manufacturing, trade and consumer markets.

The Central Bank of Nigeria (CBN) in furtherance of its financial stability mandate is committed to providing support for affected households, businesses, regulated financial institutions, and other stakeholders in order to cushion the adverse economic impact of this pandemic.

Accordingly, the CBN hereby announces the following policy measures:

#### **1. EXTENTION OF MORATORIUM:**

All CBN intervention facilities are hereby granted a further moratorium of one year on all principal repayments, effective March 1, 2020. This means

that any intervention loan currently under moratorium are hereby granted additional period of one year. Accordingly, participating financial institutions are hereby directed to provide new amortization schedules for all beneficiaries.

2. **INTEREST RATE REDUCTION:**

Interest rates on all applicable CBN intervention facilities are hereby reduced from 9 to 5 percent per annum for 1 year effective March 1, 2020.

3. **CREATION OF A N50 BILLION TARGETED CREDIT FACILITY:**

The CBN hereby establishes a facility through the NIRSAL Microfinance Bank for households and small- and medium-sized enterprises (SMEs) that have been particularly hard hit by Covid-19, including but not limited to hoteliers, airline service providers, health care merchants, etc.

4. **CREDIT SUPPORT FOR HEALTHCARE INDUSTRY:**

To meet potential increase in demand for Healthcare services and products, the CBN hereby opens for its intervention facilities, loans to pharmaceutical companies intending to expand/open their drug manufacturing plants in Nigeria, as well as to Hospital and Healthcare practitioners who intend to expand/build the Health facilities to first class centres. This is in addition to growing the size of existing interventions to the Agricultural and Manufacturing sectors in Nigeria.

5. **REGULATORY FORBEARANCE:**

The CBN hereby grants all Deposit Money Banks leave to consider temporary and time-limited restructuring of the tenor and loan terms for businesses and households most affected by the outbreak of Covid-19 particularly Oil & Gas, Agriculture, and manufacturing. The CBN would

work closely with DMBs to ensure that the use of this forbearance is targeted, transparent and temporary, whilst maintaining individual DMB's financial strength and overall financial stability of the system.

6. **STRENGTHENING OF THE CBN LDR POLICY:**

In view of the success of the LDR Policy in growing credit to the economy and reducing interest rates, the CBN would further support industry funding levels to maintain DMBs' capacity to direct credit to individuals, households, and businesses. We will also consider additional incentives to encourage extension of longer tenured credit facilities. DMBs are encouraged to continue to build capital buffers in order to improve resilience of the sector.

The Bank stands ready to provide liquidity backstops as and when required in view of its role as Banker to the Federal Government and lender of last resort. The CBN shall continue to monitor developments and will issue further updates as may be appropriate.



**KEVIN AMUGO**  
**DIRECTOR, FINANCIAL POLICY AND REGULATION**