

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 2017



Vision

To be the best deposit insurer in the world by 2020.

Mission

To protect depositors and contribute to the stability of the financial system through effective supervision of insured institutions, provision of financial and technical assistance to eligible insured institutions, prompt payment of guaranteed sums and orderly resolution of failed insured financial institutions.

Core Values

In its commitment to the public service, the NDIC's

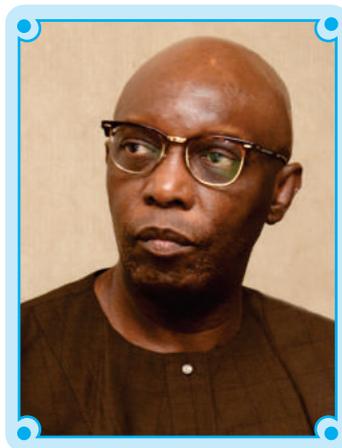
Core Values are:

- ❖ Honesty;
- ❖ Respect & Fairness;
- ❖ Discipline;
- ❖ Professionalism;
- ❖ Team work; and
- ❖ Passion.

MEMBERS OF THE EXECUTIVE COMMITTEE



Alh. Umaru Ibrahim, FCIB, mni.
Managing Director/Chief Executive Officer

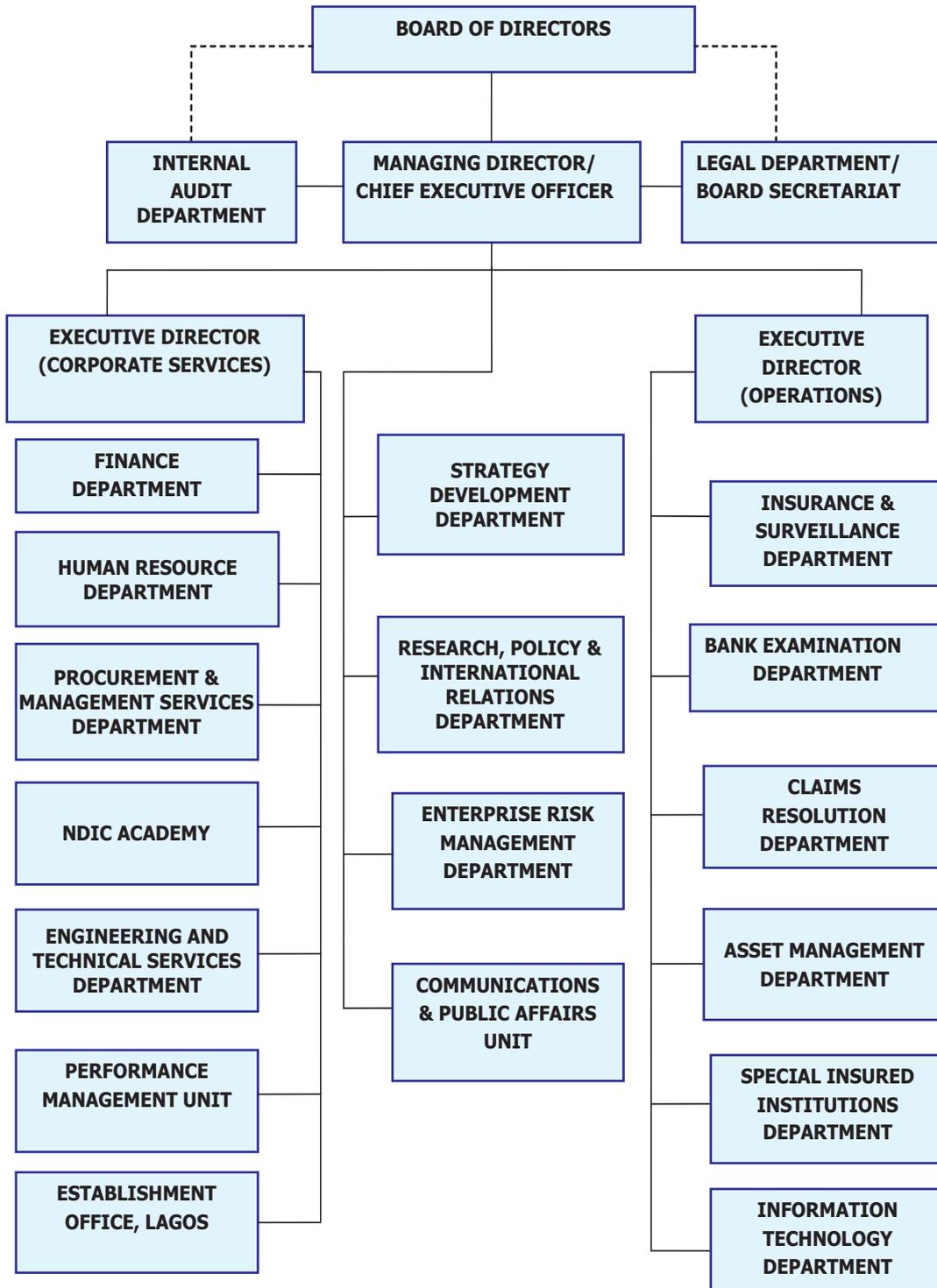


Prince Aghatise Erediauwa
Executive Director (Operations)



Hon. Omolola Abiola-Edewor
Executive Director (Corporate Services)

ORGANISATIONAL STRUCTURE



HEADS OF DEPARTMENT/UNIT

Mr. B. D. Umar	-	Director, Asset Management
Mr. A. A. Adeleke	-	Director, Bank Examination
Mr. M. A. Ahmed	-	Director, Human Resource
Ms. D. O. Okonta	-	Director, Finance
Mr. J. J. Etopidiok	-	Director, Special Insured Institutions
Mr. A. S. Bello	-	Director, Claims Resolution
Mr. F. O. Ekechi	-	Director, Strategy Development
Mr. M. Y. Umar	-	Director, Research, Policy & International Relations
Mr. B. A. Taribo	-	Director, Legal & Secretary to the Corporation
Mr. A. G. Longe	-	Director, Internal Audit
Mr. P. H. Ngadda	-	Director, Enterprise Risk Management
Dr. S. A. Oluyemi	-	Director, MD's Office
Mr. S. Magaji	-	Director, Procurement & Management Services
Dr. A. B. Okoro	-	Director, NDIC Academy
Mr. E. A. Esangbedo	-	Deputy Director, Performance Management
Mr. G. Y. Gana	-	Deputy Director, Insurance & Surveillance
Mr. H. S. Birchi	-	Deputy Director, Communications & Public Affairs
Mr. C. A. Ehizokhale	-	Deputy Director, Engineering & Technical Services
Mr. I. Uhunmwagho	-	Assistant Director, Information Technology
Mr. S. I. Itamunoala	-	Assistant Director, Establishment Office, Lagos

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ABBREVIATIONS USED IN THIS REPORT

S/N	ABBREVIATION	NAME OF INSTITUTION
1	ADR	Alternative Dispute Resolution
2	AMCON	Asset Management Company Of Nigeria
3	AMD	Asset Management Department
4	ARC	Africa Regional Committee
5	ASCE	Abuja Security & Commodities Exchange
6	ATM	Automated Teller Machine
7	BED	Bank Examination Department
8	BSC	Balanced Score Card
9	BGF	Bank Guarantee Fund
10	BOFIA	Banks and Other Financial Institutions Act
11	BZO	Benin Zonal Office
12	CBN	Central Bank of Nigeria
13	CIBN	Chartered Institute of Bankers of Nigeria
14	CRD	Claims Resolution Department
15	CAC	Corporate Affairs Commission
16	DI	Deposit Insurance
17	DIF	Deposit Insurance Fund
18	DIS	Deposit Insurance System
19	D-SIB	Domestic-Systemically Important Bank
20	DMB	Deposit Money Bank
21	DMO	Debt Management Office
22	DPFB	Deposit Protection Fund Board
23	DFI	Development Finance Institution
24	DPAS	Differential Premium Assessment System
25	DSS	Directorate of State Security
26	EWS	Early Warning System
27	EDMS	Electronic Document Management System
28	e-FASS	Electronic-Financial Analysis and Surveillance System
29	e-FILMS	Electronic-Financial Institutions Liquidation Management System
30	EFCC	Economic & Financial Crimes Commission
31	ERM	Enterprise Risk Management
32	ERMS	Enterprise Risk Management System
33	EZO	Enugu Zonal Office
34	Failed Banks Act	Failed Banks (Recovery of Debts and Other Financial Malpractices in Banks Act) 1994
35	FDIC	Federal Deposit Insurance Corporation
36	FinA	Financial Analysis

S/N	ABBREVIATION	NAME OF INSTITUTION
37	FIRS	Federal Inland Revenue Service
38	FMF	Federal Ministry of Finance
39	FMIU	Fraud, Monitoring and Investigation Unit
40	FICAN	Finance Correspondents Association of Nigeria
41	FSS 2020	Financial System Strategy 2020
42	FSRCC	Financial Services Regulation Coordinating Committee
43	FSN	Financial Safety Net
44	FRA	Fiscal Responsibility Act
45	GDPC	Ghana Deposit Protection Corporation
46	HKDPB	Hong Kong Deposit Protection Board
47	ICPC	Independent Corrupt Practices and Other Related Offences Commission
48	IFI	Insured Financial Institution
49	IoD	Institute of Directors
50	ITDR	Information Technology Disaster Recovery
51	ITSSA	Information Technology Security Systems and Architecture
52	IADI	International Association of Deposit Insurers
53	IFRS	International Financial Reporting Standard
54	KDIC	Korea Deposit Insurance Corporation
55	KZO	Kano Zonal Office
56	MFB	Microfinance Bank
57	MLA	Money Laundering Act
58	M & A	Mergers & Acquisitions
59	MPC	Monetary Policy Committee
60	MPR	Monetary Policy Rate
61	MSME	Micro, Small and Medium Enterprise
62	NAICOM	National Insurance Commission
63	NBLR	Nigerian Banking Law Report
64	NDIC	Nigeria Deposit Insurance Corporation
65	NFIU	Nigerian Financial Intelligence Unit
66	NHIS	National Health Insurance Scheme
67	NIB	Non-Interest Bank
68	NIDIF	Non-Interest Deposit Insurance Fund
69	NJI	National Judicial Institute
70	NPL	Non-Performing Loan
71	NSE	Nigerian Stock Exchange
72	OFI	Other Financial Institution
73	OTA	Office of Technical Assistance
74	PENCOM	National Pension Commission
75	PFA	Pension Fund Administrator

S/N	ABBREVIATION	NAME OF INSTITUTION
76	PMS	Performance Management System
77	PMB	Primary Mortgage Bank
78	P&A	Purchase and Assumption
79	PPO	Public Policy Objective
80	RAE	Risk Asset Examination
81	RBE	Risk-Based Examination
82	RBS	Risk-Based Supervision
83	SB	Sustainable Banking
84	SIB	Systemically Important Bank
85	SBN	Savannah Bank of Nigeria
86	SEC	Securities and Exchange Commission
87	SFU	Special Fraud Unit
88	SGBN	Societe Generale Bank of Nigeria
89	SIIF	Special Insured Institutions Fund
90	TSA	Treasury Single Account
91	UDIC	Uganda Deposit Insurance Corporation

REPORT OF THE MANAGING DIRECTOR/CEO



Mr. Umaru Ibrahim, FCIB, mni.
Managing Director/CEO

It is with utmost pleasure that I present to you the report of activities of the Nigeria Deposit Insurance Corporation (NDIC) for the year ended 31st December, 2017. The activities of the NDIC in 2017 were carried out within the framework of the 2016-2020 Strategic Plan. The report reviewed key developments in the macroeconomic and socio-political environment and discussed their implications for the Nigerian banking industry as well as the activities of the NDIC.

The overall global economic activity experienced relative upswing momentum in 2017 with a GDP growth rate of 3.7%. The growth was driven by the strengthening of financial markets, and improvement in trade and manufacturing sectors, amongst others. Furthermore, inflationary pressures continued due to the recovery in the commodities market and rise in the prices of raw materials. Other factors that also helped shape the global economy were the monetary policy normalisation in the US and the gradual unwinding of monetary stimulus by many central banks.

On the domestic scene, the Nigerian economy rebounded from economic recession in Q2 2017 with a GDP growth rate of 0.72%, and sustained the positive growth trajectory in Q3 and Q4 with growth rates of 1.4% and 1.92%, respectively. Overall, the economy recovered by recording an annual real GDP growth rate of 0.83% in 2017, compared with a negative growth rate of 1.5% in 2016. In nominal terms, the economy recorded an annual growth rate of 12.05% in 2017, against 7.80% recorded in 2016. In the year under review, Nigerian economy recorded some level of stability largely attributable to favourable price of crude oil which assisted in shoring-up government's revenue, boosting the foreign reserves and providing buffer for the domestic currency. However, despite favourable crude oil prices, low fiscal buffer, low aggregate demand, rising unemployment, high cost of funds, cautious approach to lending to the private sector, security challenges and late passage of the national budget impacted negatively on the economy and the performance of the banking industry in 2017.

In response to these developments, government took several measures to ensure peace, economic growth and development. Some of the measures included diversification of the economy by focusing on the non-oil sector, strengthening of security, fight against corruption and improvement of internally generated revenues. Other measures were increased capital expenditure, reflation of the economy and improvement in the World Bank's Ease of Doing Business Index. These, helped to ensure

stable macroeconomic environment conducive for attracting foreign investments. All these developments impacted on the economy and by extension, the banking industry.

Accordingly, the NDIC carried out various activities and accomplishments in protecting depositors and promoting the stability of the banking industry during the year. The activities and accomplishments were in the areas of:

1.0 Deposit Guarantee

The NDIC discharged its responsibility of deposit guarantee to depositors of insured financial institutions in 2017. Accordingly, a total of ₦1.45 billion was paid to 16,324 depositors of 34 closed DMBs in 2017 compared with ₦0.61 million paid to 13 depositors in 2016. Cumulatively, a payment of ₦8.25 billion was paid to 442,661 insured depositors of DMBs in-liquidation as at 31st December, 2017, as against ₦6.80 billion paid to 426,337 depositors as at 31st December, 2016. That figure represents an increase of 21.32% over the amount paid in 2016.

Furthermore, it paid ₦13.24 million to 173 insured depositors of MFBs in-liquidation in 2017, compared to ₦8.49 million paid to 110 depositors in 2016. To date, the sum of ₦2.88 billion had so far been paid as insured deposits to 81,611 depositors of 187 closed MFBs as at 31st December, 2017, as against ₦2.87 billion paid to 81,438 depositors in 2016.

Similarly, the sum of ₦15.38 million was paid as insured deposits to 170 depositors of PMBs in 2017, compared to payment of ₦7.97 million to 75 depositors in 2016. On the aggregate, the sum of ₦68.40 million was paid to 840 depositors of 46 PMBs in-liquidation as at 31st December, 2017, against ₦53.03 million paid to 670 depositors in 2016.

2.0 Bank Supervision

The NDIC collaborated with other safety-net participants, particularly the CBN to supervise the activities of 25 DMBs, 1 Non-Interest Bank, 1,008 MFBs and 38 PMBs. That task was performed through the conduct of on-site examination and off-site surveillance of insured institutions using the RBS approach. The objective for continuous supervision of insured institutions was to ensure financial system stability in the country.

In 2017, the NDIC and CBN jointly carried out the Risk Assets Examination of 26 DMBs (including one Non-Interest Bank) for the purpose of approval of their 2016 Annual Accounts. In carrying out that function, there was an assessment of the quality of the banks' risk assets, the adequacy of their loss provisions and risk-weighted capital ratios. Similarly, the risk-based examination of all the DMBs was conducted jointly by the NDIC

and CBN in 2017. 10 DMBs that were rated High-Risk and 3 other DMBs rated Above-Average Risk in 2016 Risk-Based Examination (RBE), were fully examined as at 30th June, 2017. Also, RBE of 7 DMBs rated Moderate-Risk and 4 Low-Risk, including 2 Merchant Banks, were examined as at 30th September, 2017.

The NDIC also collaborated with some member agencies of the FSRCC, to conduct the Consolidated Risk-Based Examination of FBN Holdings Plc., FCMB Holdings Plc. and Stanbic-IBTC Holdings Plc. as at 30th June, 2017. The Risk-Based Examination of Jaiz Bank Plc., Stanbic-IBTC Non-Interest Window and Sterling Non-Interest Window, were also conducted during the year. The NDIC and CBN also monitored the implementation of recommendations contained in the examination reports to ensure strict compliance by DMBs.

In order to further promote confidence in the banking public through consumer protection, the NDIC investigated various petitions and complaints received from bank customers and other stakeholders. It also ensured that, where necessary, the affected customers' complaints were appropriately addressed. The complaints were dominated by ATM frauds, conversion of cheques and suppression of deposits.

The NDIC also conducted Risk-Based Examination of Special Insured Institutions in the system. The number of MFBs examined in 2017 was 300, compared to 350 MFBs that were examined in 2016. 10 PMBs were examined in 2017, same as the number examined in 2016.

3.0 Failure Resolution

During the year under review, Keystone Bank Ltd, the last of the three bridge banks to be sold was acquired by Sigma Golf-River Bank Consortium on 23rd March, 2017. The Consortium paid ₦25 billion (US\$1.5 million) as consideration for the acquisition following the divestment by AMCON.

Savannah Bank Plc was yet to commence operation as at 31st December, 2017. However, the Joint Committee of the NDIC and CBN continued to engage with the bank owners to facilitate the restoration of operations in the interest of depositors and creditors.

4.0 Bank Liquidation

In 2017, the NDIC continued with the liquidation activities of 46 DMBs, 187 MFBs and 46 PMBs. Accordingly, a cumulative amount of ₦28.48 billion was recovered from debtors of DMBs in-liquidation as at 31st December, 2017, compared with ₦28.16 billion realised in 2016. As at date, a total of ₦125.13 million was realized from debtors of closed MFBs as at 31st December, 2017. Debt recoveries from PMBs increased by 22.60% from ₦195.17 million in 2016, to ₦239.27 million in 2017.

As at 31st December, 2017, a cumulative sum of ₦21.39 billion was realized from the disposal of physical assets of closed DMBs, compared to ₦21.21 billion in 2016. A total sum of ₦386.11 million was recovered from the sale of physical assets of MFBs as at 31st December 2017, against ₦361.45 million in 2016. In addition, the value of physical assets recovered from PMBs was ₦77.87 million in 2017 compared to ₦75.50 million as at 31st December, 2016.

The recoveries culminated in the payment of ₦2.97 billion as liquidation dividends to uninsured depositors of closed DMBs in 2017, compared to ₦131.20 million paid in 2016. The NDIC also paid 10 creditors of ABC Merchant Bank and one (1) creditor of Co-operative & Commerce Bank (both in-liquidation) the sum of ₦8.63 million. In addition, a total liquidation dividend of ₦291.39 million was paid to shareholders of Alpha Merchant Bank, Rims Merchant Bank, Continental Merchant Bank and Co-operative & Commerce Bank in 2017. The total amount paid to shareholders of closed DMBs was ₦2.71 billion as at 31st December, 2017.

On aggregate, the NDIC paid the sum of ₦11.50 billion to depositors, creditors, shareholders and other stakeholders of closed financial institutions during the year 2017. That was a significant improvement compared with ₦154.40 million paid in 2016.

5.0 Insurance Funds

Premium contribution by insured financial institutions forms a major component of the resources available to a deposit insurer. An adequate and well maintained insurance fund strengthens the capacity of a deposit insurer to meet its obligations, particularly, timely reimbursement of depositors.

The NDIC operates an ex-ante funding system as enshrined in IADI Core Principle 9. Accordingly, the NDIC maintains 3 insurance funds, namely: the Deposit Insurance Fund (DIF) for DMBs; the Special Insured Institutions Fund (SIIF) for MFBs and PMBs; and the Non-Interest Deposit Insurance Fund (NIDIF) for NIBs.

The DIF stood at ₦959.55 billion as at 31st December, 2017, compared with ₦849.00 billion in the same period in 2016. That represented an increase of 13.02% which was however lower than the 14.10% recorded between 2015 and 2016. The SIIF rose by 22.6%, from ₦93.30 billion in 2016 to ₦114.39 billion in 2017, while the NIDIF grew by 61.8% from ₦0.428 billion in 2016 to ₦0.693 billion in 2017.

6.0 Financial Performance

The NDIC continued to comply with the requirements of the relevant laws and standards in the preparation of its financial statements. Specifically, the NDIC adhered to the requirements of the International Financial Reporting Standard (IFRS) and that of the Financial Reporting Council (FRC) of Nigeria in the preparation of its 2017 financial statements.

The total operating income of the NDIC increased by 19.34% from ₦122.68 billion as at 31st December, 2016 to ₦146.487 billion as at 31st December, 2017. Total Operating Expenses, including provisions for insurance losses, decreased by 15.74% from ₦93.60 billion as at 31st December, 2016 to ₦63.55 billion as at 31st December, 2017. The net surplus stood at ₦82.935 billion as at 31st December, 2017.

The NDIC remitted the sum of ₦22.767 billion pre audit to the Consolidated Revenue Fund (CRF) of the Federation as at 31st December, 2017.

7.0 Financial Inclusion and Public Awareness Initiatives

In 2017, the NDIC sustained its collaboration with the CBN and other stakeholders in the implementation of the National Financial Inclusion Strategy. In that regard, public awareness was used as an important tool towards achieving the NFIS target. The public awareness was targeted at depositors and other stakeholders, particularly small, unsophisticated and uninformed depositors.

Accordingly, the NDIC adopted the following public awareness activities: sponsorship of animated television and radio jingles; participation in International Trade Fairs; celebration of Financial Literacy and World Savings Days through Promotion of Financial Literacy among Youths in Secondary Schools; and Print Media Campaigns. Other public awareness initiatives included Annual Workshop for Business Editors and Finance Correspondents Association of Nigeria (FICAN); Transmission of Hausa Special Interview on Deposit Insurance for Non-Interest Banking; Sensitisation of NYSC Members; Students' Academic visits to NDIC; Sensitization Seminar for Judges and NDIC External Solicitors; Social Media campaign and collaboration with the National Assembly through Retreats and Oversight Visits.

8.0 Capacity Building Activities

To ensure that staff remain highly competent, motivated and competitive, greater emphasis was placed on staff training and development during the year. In 2017, NDIC staff attended local and overseas training, mandatory continuing professional education (MCPE) and several in-house trainings. With respect to in-house training, the NDIC Academy trained 2,552 staff in 2017, compared to 696 in 2016. Furthermore, 1,752 participants attended local, overseas and MCPE training in 2017.

A major feat recorded in 2017 was the accreditation of the NDIC Academy as a training service provider for the Banking and Finance industry by the Chartered Institute of Bankers of Nigeria (CIBN). By that certification, the Academy was poised to fulfil Management's goal of serving as a centre of excellence on DIS for sister agency in IADI Africa Regional Committee.

9.0 Award and Certification

During the year under review, the NDIC recorded giant strides in its efforts to continuously improve on service and process delivery to its stakeholders. The organization received ISO certification in 3 areas, namely; ISO 27001:2013 (Information Security Management), ISO 22301:2012 (Business Continuity Management), and ISO 20000:2011 (IT Service Management).

ISO 27001:2013 involves a systematic approach to managing sensitive organisational information in order to remain secure. ISO 22301:2012 ensures minimal disruption to business, in the event of a disaster or crisis, while ISO 20000:2011 provides a framework for effective delivery of IT infrastructure, so as to ensure that services are aligned to the needs of stakeholders and business goals.

Also, during the year, the NDIC was awarded the best performing Ministerial SERVICOM Unit (MSU) in the country, following an assessment of its public service delivery. Similarly, a special commendation award for excellence in banking (public service) was also given to the NDIC during the Business Day Annual Banking Award that took place in 2017.

10.0 Research Activities

As a knowledge-driven organisation, the NDIC, sustained its engagement in research activities in line with international best practices in deposit insurance and also improve on the delivery of its mandate. The outcome and findings of the research work were disseminated to stakeholders through publications. The following research activities were conducted and published in 2017.

- i. Case Study of Bank Failures in Nigeria: Volumes V & VI.
- ii. Study on Bail-In as an Alternative Failure Resolution Mechanism in Nigeria.

11.0 Collaborative Efforts

In 2017, the NDIC engaged in numerous collaborative activities aimed at strengthening its operations and performance through experience sharing with local and international partners.

In that regard, the NDIC was actively involved in workshops, conferences, seminars and other gatherings organised by IADI Secretariat and other Deposit Insurance Agencies globally. Specifically, the NDIC participated at the 16th IADI Annual General Meeting and Conference that was held in Quebec, Canada in October 2017. Nigeria delegation at the event comprised NDIC staff and members of the National Assembly. Also, the NDIC participated at the Africa Regional Committee Annual General Meeting and Conference held at Victoria Falls, Zimbabwe, in November, 2017.

The NDIC also hosted some pioneer staff of the Ghana Deposit Protection Corporation

(GDPC) for a study visit. The objective of that visit was to understudy NDIC's experiences in deposit insurance practice. Similarly, two (2) staff of the Uganda Deposit Insurance Corporation (UDIC) attended courses at the NDIC Academy in Abuja.

12.0 Challenges

In the discharge of its duties in 2017, the NDIC was confronted with some challenges. One key challenge was the delay in the passage of the proposed amendment to the NDIC Act 2006 which impaired the ability of NDIC to effectively perform some of its mandate. The proposed amendments are in harmony with international best practices and provisions of the Revised IADI Core Principles for Effective DISs.

Also, there was the challenge of wrongful execution of judgement against NDIC's assets for liabilities of banks in-liquidation, as well as slow recovery of debts owed to failed insured institutions. The implementation of the Fiscal Responsibility Act 2007 which requires the NDIC to remit 80% of its operating surplus to the Consolidated Revenue Fund (CRF) Account which inhibits the growth of the General Reserve Fund was equally a challenge in 2017. Finally, awareness of the public about the mandates and functions of the NDIC is still at a low level.

Other notable challenge in the system worthy of mention and which has remained an issue of concern to the regulatory/supervisory authorities, has been the proliferation of Financial Technology (FinTech).

13.0 Future Outlook

Prospects for the global economy, especially the Sub-Saharan Africa (SSA) are looking bright based on higher commodity prices and strengthening domestic demand. The global GDP growth is projected at 3.9% in 2018. That of SSA is projected to grow from 2.7% in 2017 to 3.3% in 2018 and 3.5% in 2019.

At the domestic level, the Nigerian economy remained resilient and continued to recover gradually from recession in 2017. The Nigerian economy is projected to grow at the rate of 2.1% in 2018 according to the IMF. However, the continuity of this positive prospect would be hinged on successful implementation of strategic policies and programmes of the Federal Government, as encapsulated in the Economic Recovery and Growth Plan (ERGP). Also, the continued increase in government revenue arising from increased oil production and price would reduce public sector borrowing requirement, thus reducing the crowding-out effect of private sector investment. Similarly, the stability recorded so far in the value of the domestic currency would improve the position of banks exposed to foreign denominated loans as well as the nation's sovereign rating.

The on-going implementation of the NDIC Strategic Plan 2016 – 2020 will assist the NDIC

in addressing the changes that it may face in the operating environment. The NDIC remains committed to ensuring the safety and soundness of the banking system in the interest of depositors and the economy.

Also, given the collaborative efforts made so far with major stakeholders, particularly, the National Assembly, the CBN and the Ministry of Finance, there is great expectation that the proposed amendment of the NDIC Act 2006, will be passed in 2018.

14.0 Conclusion

The year 2017 was a remarkable one for the NDIC in view of its numerous achievements as a public institution. The NDIC was the first public institution in Nigeria to be ISO certified in 3 major areas. In the years ahead, the NDIC would remain focused and committed to the protection of depositors and promotion of safe, sound and stable banking system in Nigeria. It would also continue to strive for excellence in the discharge of its mandate.

The successes recorded and our vision cannot be realised without a committed team. On this note, I wish to thank the Management and Staff of the NDIC for their invaluable contributions to the successes that we have recorded so far. I implore all to continue to be dedicated to their responsibilities in order to enable the NDIC surpass its past achievements in the coming year. I also wish to acknowledge and appreciate the Honourable Minister of Finance, members of the National Assembly and our regulatory colleagues in the financial services industry for their support and cooperation during the year.



Umaru Ibrahim, FCIB, mni

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PART ONE

NDIC OPERATIONS AND PERFORMANCE



SECTION 1

OVERVIEW OF MANDATE, CORE VALUES AND STRATEGIC PLAN

1.0 Introduction

The NDIC is an independent agency of government solely responsible for administering DIS in Nigeria. It was established under the NDIC Act No. 22 of 1988 (now repealed and re-enacted as NDIC Act No. 16 of 2006). The NDIC protects depositors and promotes public confidence by insuring deposits of all licensed deposit-taking financial institutions as well as subscribers of Mobile Money Operators (MMOs), thereby encouraging savings and contributing to the stability of the Nigerian financial system.

1.1 Public Policy Objectives

The Public Policy Objectives (PPOs) of the NDIC are:

- Protecting depositors by providing an orderly means of reimbursement to depositors in the case of imminent or actual failure of a licensed deposit-taking financial institution;
- Contributing to financial system stability by making incidence of bank runs less likely; and
- Enhancing public confidence by providing a framework for orderly resolution and exit of failing and failed insured institutions.

1.2 Mandate

The NDIC Act provides the NDIC with powers and responsibilities as the sole deposit insurer and liquidator of licensed deposit-taking financial institutions in Nigeria. The mandate of NDIC is as follows:

1.2.1 Deposit Guarantee

All depositors' funds in licensed deposit-taking financial institutions in Nigeria are guaranteed by the NDIC. It is responsible for the reimbursement of depositors in the event of failure of an insured institution up to the maximum limit in accordance with its statute. The maximum coverage limit in 2017 was ₦500,000 per depositor per DMB (including non-interest bank), PMBs and subscribers of Mobile Money Operators (MMOs). The maximum coverage limit for MFBs remained at ₦200,000 per depositor per MFB.

1.2.2 Bank Supervision

The NDIC was established as a Risk Minimiser authorized to monitor the health of insured financial institutions through off-site surveillance and on-site examination in collaboration with the CBN and other Safety-net participants. It is empowered to perform this function effectively and efficiently to ensure operational readiness in the discharge of its mandate as sole deposit insurer and liquidator. The NDIC performs the oversight role to preserve the integrity of the banking system and promote public confidence.

1.2.3 Distress Resolution

The NDIC provides financial and technical assistance to eligible failing or failed insured financial institutions, so as to ensure that they are resolved in a timely and cost-efficient manner. The responsibility of distress resolution is shared with the CBN. The financial assistance could be in the form of loans, guarantees and accommodation bills, while technical assistance, could take the form of assumption of control and management of a failing institution, change of management or assisted merger/acquisition with another viable institution. The NDIC, in collaboration with the CBN, decides on the most effective and efficient resolution option to adopt in resolving a problem deposit-taking financial institution.

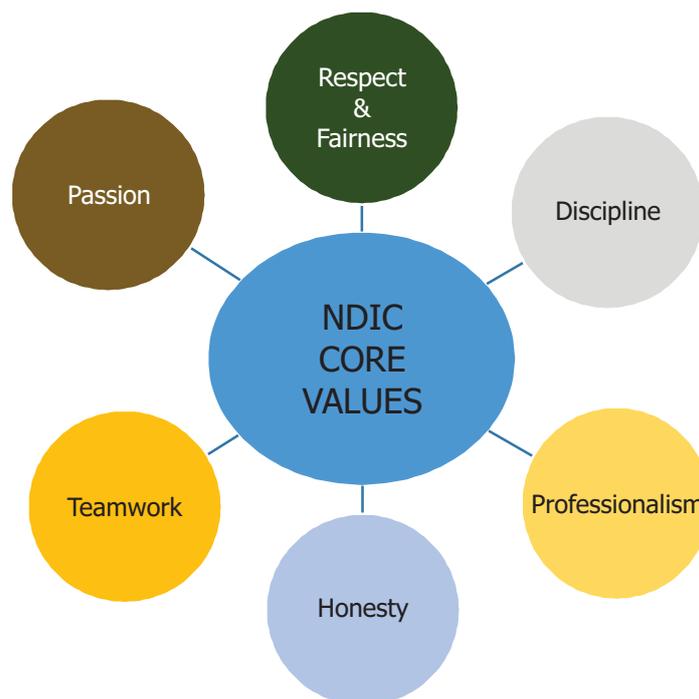
1.2.4 Bank Liquidation

The NDIC is empowered by law in Nigeria to act as the liquidator of closed insured financial institutions. The discharge of that mandate involves the orderly and efficient closure of failed deposit-taking financial institutions with minimum disruption to the payment system, prompt payment of insured sums, cost-effective realization of assets and settlement of claims of depositors, creditors and shareholders. It is pertinent to note that depositors have priority of claim over other claimants.

1.3 Core Values

The Core Values and Beliefs that guide the NDIC staff in the discharge of its mandate as enshrined in its Strategic Plan 2016 – 2020 are presented in Chart 1.1.

**CHART 1.1.
NDIC CORE VALUES**



1.3.1 Honesty

In its commitment to doing what is right and just at all times, the NDIC requires its employees to:

- i. Adhere to the highest ethical standards in executing their duties;
- ii. Act and negotiate in good faith and in the best interest of the NDIC; and
- iii. Display the highest level of integrity.

1.3.2 Respect and Fairness

The NDIC is committed to ensuring that:

- i. Employees treat each other with mutual respect;
- ii. Employees are treated with fairness and given equal opportunities;
- iii. Career advancement of employees is based on merit; and
- iv. The work environment is conducive for all employees.

1.3.3 Discipline

All NDIC employees are required to:

- i. Demonstrate a clear understanding of their responsibilities, powers and duties while also discharging same in a responsible and professional manner;
- ii. Exhibit tact and discretion and be circumspect in their dealings with all NDIC stakeholders; and
- iii. Employ utmost decorum, consideration and courtesy and yet, maintain firmness in all dealings with colleagues and other NDIC's stakeholders.

1.3.4 Professionalism

NDIC employees are required to demonstrate a high level of professionalism in performing their duties. In that regard, they are required to:

- i. Advance their skills and performance;
- ii. Endeavour to attain excellence in all aspects of their work;
- iii. Strive to exceed set targets;
- iv. Seek innovative and creative solutions to problems;
- v. Abide by all codes of conduct, professional ethics and good corporate governance practices;
- vi. Be objective and factual in their work presentation;
- vii. Encourage and strengthen cooperation with other relevant agencies;
- viii. Be constructive in their criticism and acknowledge the contributions of others; and
- ix. Provide and solicit support to and from colleagues.

1.3.5 Team Work

The team-based culture of service delivery requires all employees to:

- i. Deploy their skills and knowledge in providing business solutions;
- ii. Strive to seek knowledge and improve the requisite skills for their workstations;

- iii. Imbibe interpersonal skills that promote team spirit and harmony;
- iv. Provide and solicit support to and from colleagues;
- v. Play by the rule(s) and code of conduct(s) governing the team/group; and
- vi. Be mission driven and demonstrate clear knowledge of job roles.

1.3.6 Passion

All NDIC employees are expected to:

- i. Be motivated, driven and passionate in all aspects of their work;
- ii. Be dedicated and proactive;
- iii. Be responsive in facing and tackling challenges; and
- iv. Develop and improve skills in both areas of strength and otherwise.

1.4 Implementation of the 2016-2020 Strategic Plan

The year 2017 marked the second year in the implementation of the 5-year, 2016 - 2020 Strategic Plan. The NDIC continued with the Plan implementation despite the challenges it faced; such as the delay in the passage of 2017 Appropriation Bill, changes in the operating environment, amongst others.

The 2016 - 2020 Strategic Plan, is to be reviewed in 2018. The planned review is to ascertain if some of the initiatives are still achievable as well as come up with other initiatives in line with the dynamic nature of the operating environment of the NDIC.

Similarly, the 4 Strategic Themes of the NDIC Strategic Plan remained as Operational Readiness; Culture of Continuous Performance Management; Collaboration & Strategic Partnering; and Promoting Public Confidence in the DIS.

1.5 Implementation Status of Key Strategic Initiatives/Projects

In its quest to become the best deposit insurer in the world by 2020, the NDIC continued with the implementation of the initiatives of its 2016 - 2020 Strategic Plan.

The Strategic Themes and results are shown in Table 1.1 and Chart 1.2. Similarly, the status of implementation of the strategic initiatives as at 31st December, 2017 is presented on a thematic basis in Table 1.2 as well as Chart 1.2.

Table 1.1
STRATEGIC THEMES AND RESULTS

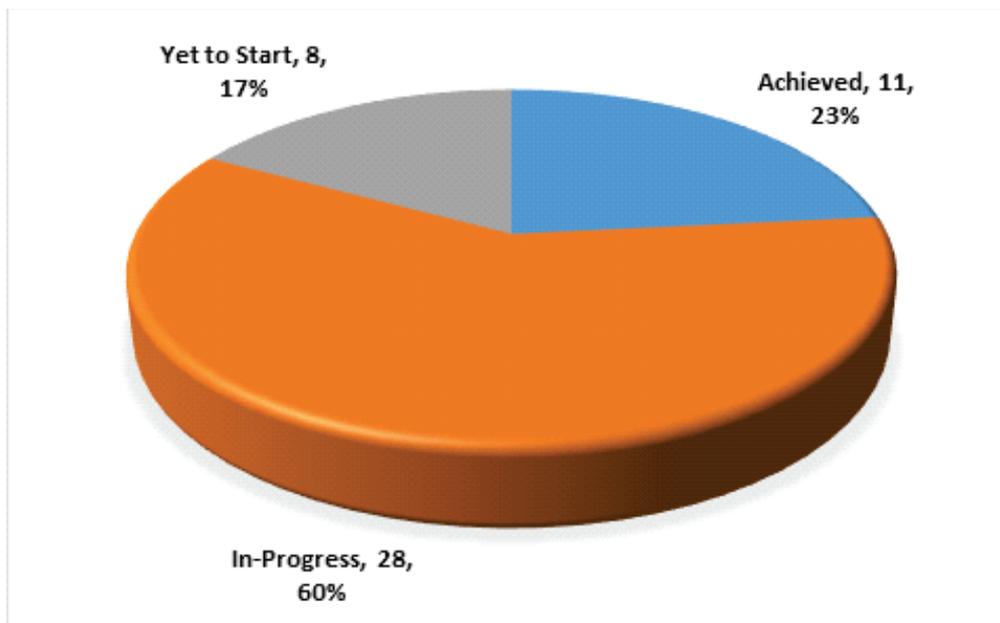
S/N	Strategic Theme	Strategic Results
1	Operational Readiness	Readiness to fulfil the mandate in terms of the organizational capacity, processes and financial strength.
2	Performance Driven Culture	Emergence of a performance-driven organization that focuses on excellence, employee satisfaction, individual and collective accountability.
3	Collaboration	Clear understanding of NDIC mission by stakeholders who are expected to partner with the Corporation to enhance efficiency, productivity and goal achievement.
4	Public awareness	Enhanced stakeholders understanding of the benefits and limitations of Deposit Insurance System.

As shown in Table 1.2 and Chart 1.2, the NDIC had successfully completed the implementation of 11 out of the 47 initiatives, representing 23%, while 28 initiatives, representing 60%, were on-going. Furthermore, 8 initiatives, representing 17% were yet to commence.

TABLE 1.2.
SUMMARY OF IMPLEMENTATION STATUS OF INITIATIVES BY THEMES

STATUS OF INITIATIVES/PROJECTS	TOTAL NUMBER OF INITIATIVES/ PROJECTS	ACHIEVED	IN-PROGRESS	YET TO START
OPERATIONAL READINESS	20	9	10	1
A CULTURE OF CONTINUOUS PERFORMANCE MANAGEMENT	18	2	12	4
COLLABORATING AND STRATEGIC PARTNERING	4	NIL	2	2
PROMOTING PUBLIC AWARENESS IN DIS	5	NIL	4	1
TOTAL	47	11	28	8

CHART 1.2.
SUMMARY OF IMPLEMENTATION STATUS OF INITIATIVES



Breakdown of the initiatives implemented and achieved during the year in thematic basis is presented in Chart 1.3.

**CHART 1.3.
THEMATIC VIEW OF STRATEGIC THEMES**

Strategic Themes	Achievements
<p style="text-align: center;">OPERATIONAL READINESS</p>	<ul style="list-style-type: none"> ➤ Enhancement of electronic Claims Management System. ➤ Constitution of Crisis Management Committee. ➤ Revision of the Macro Prudential Stress Testing and Analysis framework. ➤ Implementation of DPAS and Early Warning System for all insured financial institutions. ➤ Implementation of a uniform coverage level for DMBs and PMBs etc.
<p style="text-align: center;">PERFORMANCE DRIVEN CULTURE</p>	<ul style="list-style-type: none"> ➤ Implementation of ERM framework and guidelines. ➤ Development and implementation of PMS Policy. ➤ Implementation of a framework for monitoring and evaluation of approved budget. ➤ Development and implementation of a mechanism for monitoring employee motivation.
<p style="text-align: center;">STRATEGIC PARTNERING & COLLABORATION</p>	<ul style="list-style-type: none"> ➤ Execution of MOUs with other safety-net participants in the area of information sharing. ➤ Improved collaboration with Bankers' Committee ➤ Improved collaboration with FSS 2020 Secretariat ➤ Improved partnership with FRSCC
<p style="text-align: center;">PUBLIC AWARENESS</p>	<ul style="list-style-type: none"> ➤ Sensitization of Finance Correspondence Association of Nigeria (FICAN). ➤ Live radio/Television interaction sessions. ➤ Introduction of Deposit Insurance Law & Practice in Nigeria Tertiary Institutions. ➤ Sponsorship of popular sporting events. ➤ Sensitization of High Court Judges/External Solicitors, etc.

SECTION 2

DEPOSIT INSURANCE COVERAGE AND MANAGEMENT OF DEPOSIT INSURANCE FUND

2.0 INTRODUCTION

The activities of the NDIC include evaluation from time to time, of the adequacy of deposit insurance coverage levels for insured financial institutions as well as the adequacy and viability of the Deposit Insurance Fund (DIF). The funding is provided on an ex ante basis through the payment of premium by insured institutions.

This section highlights the progress made in the management and administration of the three funds, namely: Deposit Insurance Fund (DIF), Special Insured Institutions Fund (SIIF) and Non-Interest Deposit Insurance Fund (NIDIF) for DMBs, MFBs/PMBs and Non-Interest Banks, respectively during the year. It also highlights the insurance activities of the NDIC with respect to coverage and premium contributions by the participating institutions in 2017.

2.1 Deposit Insurance Premium

The IADI Core Principles for Effective DISs, recommends the Differential Risk Adjusted Premium System (DPAS) as the best approach in premium administration. Hence, the NDIC, uses the DPAS in determining the premium payable by DMBs, NIBs and PMBs. However, as in previous years, the flat rate method was used for MFBs.

During the year, the NDIC applied 35 basis points as the base rate plus add-ons of not more than 30 basis points derived for each bank based on its risk profile in calculating the premium payable by DMBs, NIBs and PMBs under the DPAS. A flat rate of 50 basis points was used to compute the premium payable by MFBs in 2017. The reduction in the base rate from 40 basis points to 35 in the past 3 years had led to reduction in the premium paid by banks by ₦26.57 billion (₦9.01 billion savings in 2017).

Table 2.1 and Chart 2.1 show the premium rates paid by DMBs from 2014 to 2017

TABLE 2.1.
PREMIUM RATES APPLIED TO DMBs

	2014	2015	2016	2017
Maximum Rate Paid (%)	0.58	0.54	0.52	0.56
Minimum Rate Paid (%)	0.40	0.40	0.35	0.35
Mean Rate Paid (%)	0.48	0.40	0.43	0.46

Source: NDIC

CHART 2.1:
PREMIUM RATES APPLIED ON DMBs

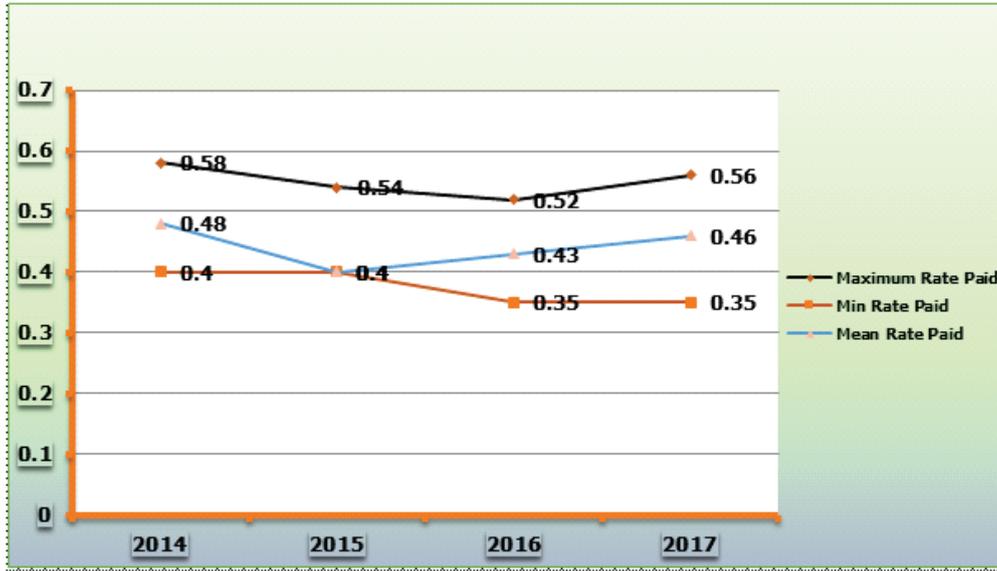


Table 2.1 and Chart 2.1 showed that the maximum rate paid by the bank with highest risk profile increased by 4 basis points from 0.52% in 2016 to 0.56% in 2017. The minimum rate paid by the bank with least risk profile remained unchanged at 0.35% in 2017 as in 2016. The mean rate paid by DMBs increased by 3 basis points from 0.43% in 2016 to 0.46% in 2017.

2.2 Deposit Insurance Coverage

The intervention of the regulatory authorities to reduce the level of financial exclusion and improve the economy continued to yield positive result as depicted by the increase in the number of accounts held by bank customers.

Table 2.2 and Chart 2.2 show that the total number of accounts in DMBs increased by over 16 million or 19.39% from 83,016,654 reported in 2016 to 99,114,035 in 2017. Also, the number of fully covered accounts at ₦500,000 in DMBs increased by 17.18% from 82,571,145 in 2016 to 96,760,687 in 2017. However, the proportion of total accounts that were fully covered at ₦500,000 slightly decreased from 99.46% in 2016 to 97.63% in 2017, while the proportion of partially covered accounts at ₦500,000 increased from 0.54% in 2016 to 2.37% in 2017. It also showed that 97.63% of the account holders are fully protected by the NDIC.

In the same vein, total deposits fully covered at ₦500,000 increased from ₦1,407.91 billion in 2016 to ₦1,601.12 billion in 2017, while total deposits partially covered at ₦500,000 decreased from ₦1,278.61 billion in 2016 to ₦1,176.67 billion in 2017. These statistics are presented in Table 2.2 and depicted in Chart 2.2 and Chart 2.3.

TABLE 2.2.
DEPOSIT INSURANCE COVERAGE FOR DMBs

	2014	2015	2016	2017
Total number of Accounts	64,314,151	67,014,595	83,016,654	99,114,035
Total number of Accounts fully covered at ₦500,000	62,447,952	64,760,480	82,571,145	96,760,687
% of fully covered Accounts	97.10	96.64	99.46	97.63
Total number of accounts partially covered at ₦500,000	1,866,199	2,254,115	2,257,786*	2,353,348
% of partially covered accounts	2.90	3.36	0.54	2.37
Total Deposits fully covered at ₦500,000 (₦' Billion)	1,375.79	1,535.08	1,407.91	1,601.12
Total deposits partially covered at ₦500,000 (₦' Billion)	933.10	1,127.06	1,278.61	1,176.67

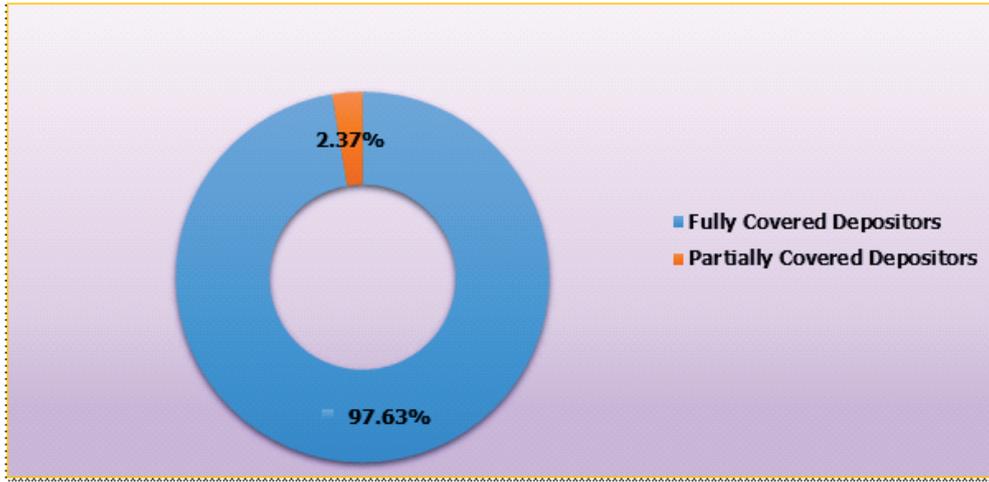
Source: NDIC

*Revised Figures

CHART 2.2.
GROWTH IN NUMBER OF ACCOUNTS OF DMBs



CHART 2.3.
FULL AND PARTIAL COVERAGE AT ₦500,000



2.3 Estimated Insurance Fund Risk Exposure

The NDIC's level of risk exposure, as depicted by the amount of insured deposits in the industry at ₦500,000 maximum claim per depositor per DMB, stood at ₦2.77 trillion in 2017, representing 14.29% of industry total deposits of ₦19.38 trillion. The insured deposits of the top 7 DMBs in the nation's banking industry accounted for 71.80% of the total insured deposit, while the remaining 18 DMBs accounted for 28.20%.

Furthermore, the top 7 DMBs accounted for 65.30% of the total deposits, while 18 DMBs accounted for 34.70% as at 31st December, 2017. That is further depicted in Charts 2.4 and 2.5.

CHART 2.4.
SHARE OF TOTAL DEPOSITS OF THE TOP 7 DMBs

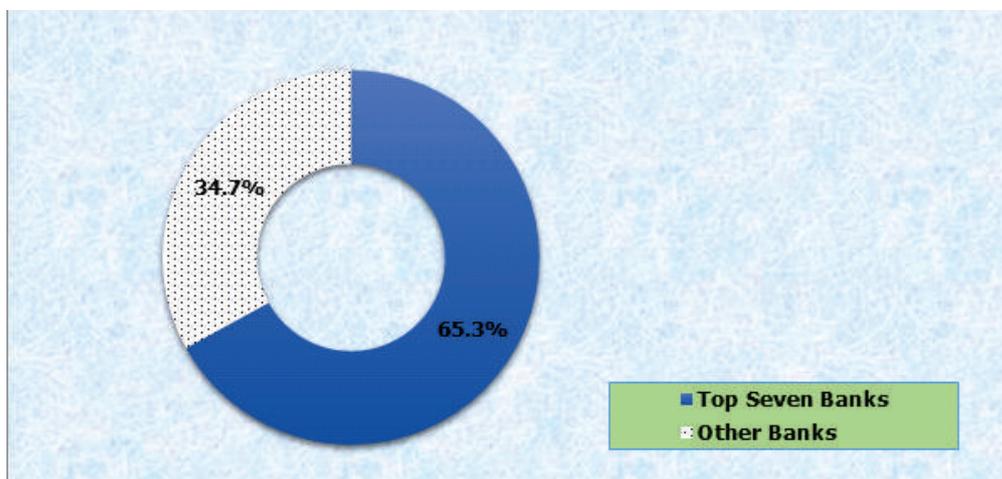
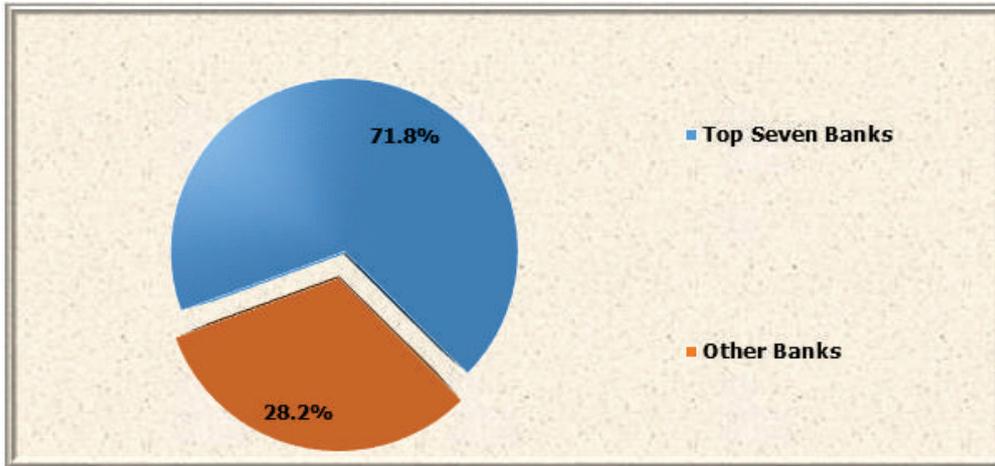


CHART 2.5.
SHARE OF DMBs INSURED DEPOSITS



2.4 Insurance Fund and Funds Management

2.4.1 Insurance Fund (IF)

The insurance fund is the cumulative fund built over time by the deposit insurer through premium collection from insured financial institutions. The fund is used for the prompt and timely reimbursement of depositors' claims, and for resolving the problems of failing and failed financial institutions.

The NDIC maintained three Insurance Funds, namely: Deposit Insurance Fund (DIF); Special Insured Institutions Fund (SIIF); and Non-Interest Deposit Insurance Fund (NIDIF) for DMBs, MFBs/PMBs and NIB, respectively.

Chart 2.6 depicts the basic structure of the NDIC's insurance funds as at 31st December, 2017.

The sum of ₦87.69 billion was collected as premium from the DMBs in the reviewed period. Also, the sum of ₦265.15 million was collected from the NIB and ₦931.22 million from the MFBs and PMBs. Table 2.3 shows the trend of NDIC's cumulative insurance funds from 2014 to 2017.

CHART 2.6.
BASIC STRUCTURE OF NDIC INSURANCE FUNDS

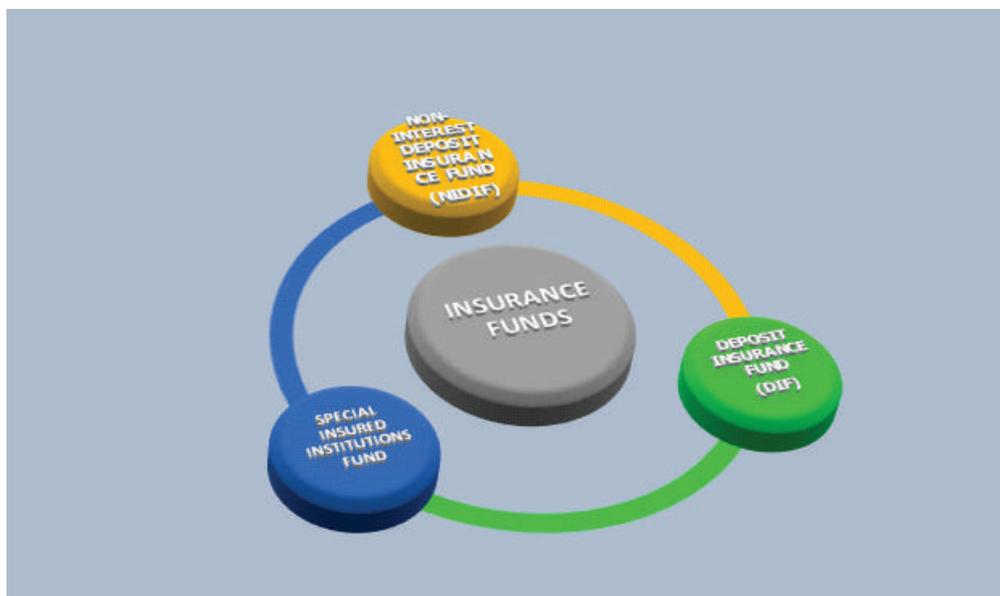


TABLE 2.3.
CUMULATIVE INSURANCE FUNDS

S/N	Particulars		2014	2015	2016	2017
1	Deposit Insurance Fund (DIF)	Amount (₦'billion)	614.16	725.58	827.89	959.56
		Growth rate (%)	20.88	18.14	14.10	15.90
2	Special Insured Institutions Fund (SIIF)	Amount (₦'billion)	71.21	77.49	91.59	114.31
		Growth Rate (%)	23.39	8.82	18.19	24.81
3	NIDIF	Amount (₦'billion)	0.12	0.24	0.43	0.69
		Growth Rate (%)	500.00	100.00	79.17	60.47

Source: NDIC

Table 2.3 shows that the percentage growth of DIF had been on the decline in the last 3 years. It grew by 20.88% in 2014 and declined to 18.14% and 14.10% in 2015 and 2016, respectively. The DIF, however, grew by 15.90% from ₦827.89 billion in 2016 to ₦959.56 billion in 2017. Also, SIIF increased by 24.81% from ₦91.59 billion in 2016 to ₦114.31 billion

in 2017, while NIDIF increased by 60.47% from ₦0.43 billion in 2016 to ₦0.69 billion in 2017. Charts 2.7, 2.8, 2.9 and 2.10 further illustrate the movements in the DIF, SIIF, and NIDIF, respectively for a period of 4 years.

CHART 2.7.
TREND OF DIF



CHART 2.8.
GROWTH RATE OF DIF (%)

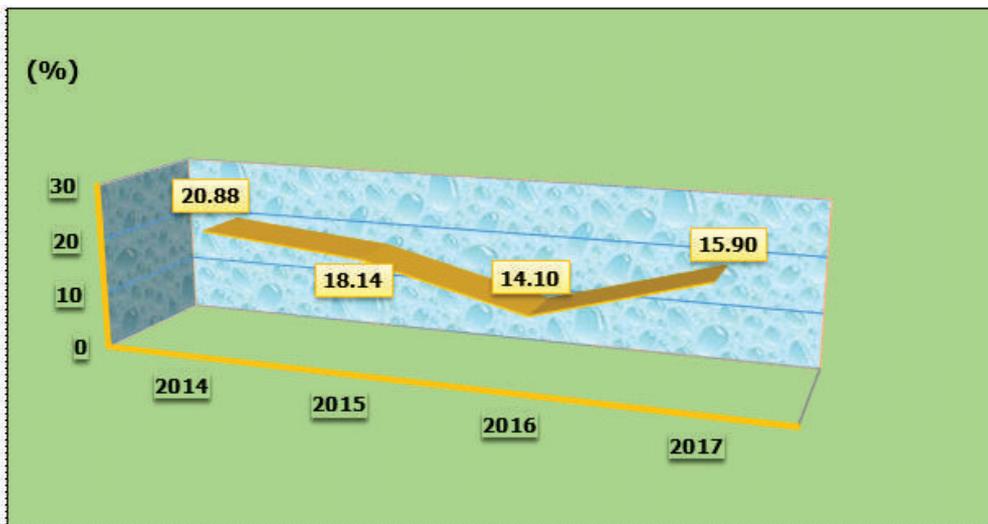


Chart 2.8 shows an increment in the growth rate of DIF from 14.10% in 2016 to 15.90% in 2017.

CHART 2.9.
TREND OF SIIF

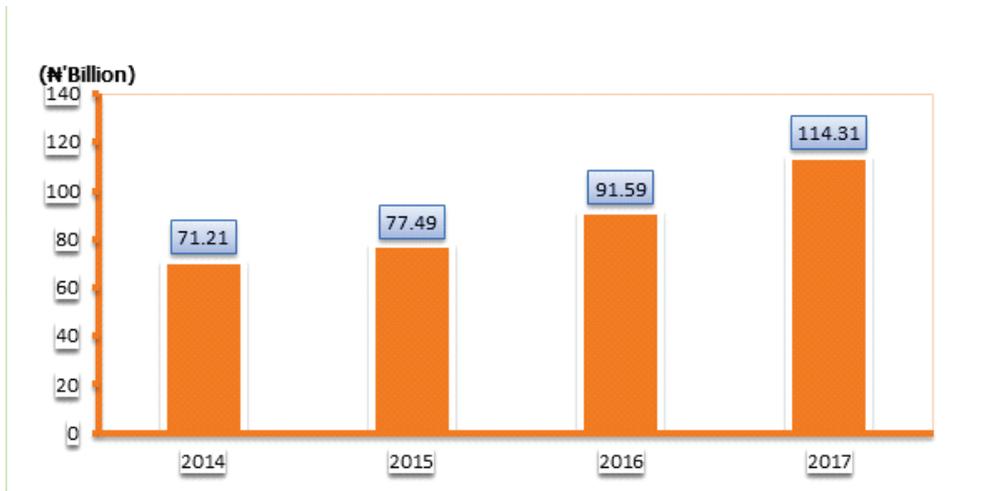


CHART 2.10.
TREND OF NIDIF



2.4.2 Insurance Fund Management

The insurance fund investment policy in Nigeria is guided by the provisions of the NDIC Act, 2006 Section (13)(1). As stated in that section, the NDIC would have powers to invest money not immediately required in Federal Government securities or in such other securities as would from time to time be determined by the Board. The main objective of this policy is to make a positive return without compromising safety and liquidity of the insurance fund.

In managing the insurance fund, therefore, the NDIC ensured the effective utilization of the funds that were not immediately required. Accordingly, the funds were invested in risk free instruments such as Treasury Bills, Bonds, etc. in 2017.

SECTION 3

SURVEILLANCE OF INSURED FINANCIAL INSTITUTIONS

3.0 Introduction

In line with its mandate and enabling Act, the NDIC supervised the insured financial institutions in the system during the year. Bank supervision is a responsibility which the NDIC shares with the CBN and other safety-net participants. The objective of supervision is to protect depositors, enhance resilience and stability of the financial sector as well as minimise risk exposure of the NDIC as the deposit insurer.

Bank supervision is conducted at 2 levels, on-site examination and off-site surveillance, with a view to ensuring that the financial health of all insured financial institutions are closely monitored, and aberrations are timely detected and promptly addressed. Supervisory functions synergise with deposit insurance activities to provide plausible solutions to bank failures and minimise likelihood of occurrences.

Also in 2017, the NDIC undertook data gathering exercise involving selected DMBs to facilitate the realisation of its policy thrusts of operational readiness and promotion of public confidence in the DIS.

Details of bank supervision activities, their outcomes, inherent challenges as well as pertinent developments in the banking sectors in 2017 are presented in this Section.

3.1 On-Site Examination of DMBs

All DMBs were examined on-site to obtain relevant information necessary to adjudge their financial health status during the year. The information obtained with that of off-site surveillance provided sufficient basis for the rating of DMBs.

On-site examination of DMBs, including Non-Interest Bank, was conducted by the NDIC Examiners in close collaboration with the CBN. The Consolidated Risk-Based Examination of Bank HoldCos were jointly conducted by NDIC, CBN and other member agencies of FSRCC, namely: NAICOM; PENCOM; and SEC, due to their complex inter-market coverage. Table 3.1 shows the on-site examination and investigations carried out on DMBs from 2013 to 2017.

Consequently, in 2017, the routine risk-based examination of 25 DMBs in operation was conducted jointly by NDIC and CBN. 10 DMBs that were rated High Risk and 3 other DMBs rated Above-Average Risk in 2016 RBE, were fully examined as at 30th June, 2017. In addition, RBE of 7 DMBs rated Moderate-Risk and 4 Low-Risk, including 2 Merchant Banks, were examined as at 30th September, 2017.

**TABLE 3.1:
DMBs EXAMINED AND PETITIONS INVESTIGATED**

Year	Joint CBN/NDIC Routine/RBS Examination of DMBs (Including NIBs)	Joint CBN/NDIC RBS Examination of Financial Holding Companies	Joint FSRCC Consolidated RBS Examination of Financial Holding Companies	Joint CBN/NDIC Maiden Examination	Joint CBN/NDIC Risk Assessment Exercise	Joint CBN/NDIC Monitoring Exercise	Special Investigations/Verifications	Special Examinations of Discount Houses	Data Gathering
2017	25		3		26	20	30		2
2016	23		3	1	23	19	38		
2015	24	2	1	-	24	16	47	-	
2014	24	-	-	3	24	15	32	-	
2013	20	-	-	2	20	16	11	2	

Source: NDIC

The NDIC, in collaboration with the CBN and other member agencies of the FSRCC, examined 3 HoldCos, namely: FBN Holdings Plc; FCMB Holdings Plc; and Stanbic-IBTC Holdings Plc as at 30th June 2017. The RBE of Jaiz Bank, and the Non-Interest Banking Windows of Stanbic-IBTC and Sterling Bank was conducted as at 31st July, 2017.

The RBE in 2017 showed that most of the weaknesses highlighted in the previous DMBs examination reports persisted. The weaknesses included non-compliance with Codes of Corporate Governance, non-implementation of Examiners' recommendations, Contraventions of Banking rules and regulations, Poor Risk Management Practices, Weak Internal Controls, Inadequate loan loss provisioning, Non-performing insider-loans, Poor loan underwriting and administration procedures, as well as Loan and Deposit concentrations.

Also, the NDIC and the CBN jointly conducted the Risk Assets Examination (RAE) of 26 DMBs (including the Non-Interest Bank) as at 31st December, 2016. The thrust of the examination was the assessment of risk asset quality and the review of capital adequacy ratio to facilitate the approval of the DMBs' 2016 Annual Accounts by the CBN.

In line with its public policy objective of promoting public confidence in the banking industry through consumer protection, the NDIC also investigated in 2017 over 30 petitions/complaints received from bank customers and other stakeholders. The complaints and allegations included ATM frauds, conversion of cheques and suppression of deposits. Like in previous years, NDIC ensured that the affected customers were appropriately reprieved, where necessary.

In addition, the NDIC in conjunction with the CBN monitored banks' implementation of recommendations contained in the examinations reports of 20 DMBs to assess their level of compliance.

During the year, the NDIC commenced Data Gathering Exercise of selected DMBs. The maiden edition of the exercise, with the cut-off period of 30th June, 2017 involved 2 DMBs. The purpose of the exercise was to facilitate the realisation of the NDIC's policy thrust of Operational Readiness.

3.2 Off-Site Surveillance of DMBs

All the 25 DMBs and one Non-Interest Bank and 2 Non-Interest Windows, rendered returns through the Financial Analysis System (FinA) which enabled the NDIC to monitor their financial condition and performance. Hence, monthly, quarterly and annual reports were generated to evaluate the health of banks for prompt remedial actions.

During the year, a new merchant bank, Nova Merchant Bank, was licensed by the CBN. However, the bank was yet to commence operation as at 31st December, 2017.

The surveillance of DMBs generally showed that there were notable changes in the financial metrics and indicators in 2017. The financial indicators of some DMBs were favourable, while some signalled the need for stricter monitoring and supervision.

3.3 Supervision of Special Insured Financial Institutions

The NDIC conducted on-site examination and off-site surveillance of other insured financial institutions to ensure their safety and soundness, thereby enhancing public confidence and contributing to financial system stability. In the same vein, the NDIC monitored the fund management, credit policies, debt recovery and ERM practices of the PMBs and MFBs during the year.

3.3.1 On-Site Examination of MFBs and PMBs

a) On-Site Examination of MFBs

MFBs and PMBs were examined by NDIC Examiners during the year. The NDIC in 2017 conducted RBE of 300 MFBs, as assigned by the CBN. The examination focussed on assessing their operating conditions, management practices and policies, and compliance with applicable rules and regulations. The examinations revealed that some of the institutions were incapable of honouring their obligations to their customers as at when due. Therefore, as at 31st December, 2017, 155 MFBs with deposit liabilities of ₦13.5 billion and insured deposits of ₦10.13 billion were designated as troubled institutions. The major findings from the examination of the active MFBs included: Inappropriate business model in microfinance practice; Weak Capital Base/Paucity of Funds; Huge operational expenses/Cost; Poor Asset Quality and insider abuses; Poor internal controls and record keeping; Weak Capacity building practices; Weak Board oversight/ Poor Corporate Governance practices; and Poor implementation of Examiners' recommendations.

b) On-Site Examination of PMBs

10 PMBs were examined by the NDIC during the year under review. The exercise involved the appraisal of the risk management processes and practices of the PMBs.

The following weaknesses, among others, were identified: Dearth of long term funds/Difficulties in Accessing NHF & NMRC Funds; Poor asset quality/Huge non-performing Loans and Advances; Huge stock of Non-Current Assets Held for Sale; High Cost of Building Construction; Under-developed Mortgage-Backed Securities Market; Weak Board Oversight/Corporate Governance practices; Poor risk management practices; Poor internal controls and attendant frauds and forgeries; Weak capital base; Land Use Act/Foreclosure challenges; Difficulties/Failure to honour customers' withdrawal request.

The breakdown of the NDIC examination activities on Special Insured Institutions in the past 4 years is shown in Table 3.2.

TABLE 3.2.
MFBs AND PMBs EXAMINED BY NDIC

Year	Number of MFBs Examined	Number of PMBs Examined	Total
2017	300	10	310
2016	350	10	360
2015	205	6	211
2014	250	3	253

Source: NDIC

3.3.2 Off-Site Surveillance of MFBs & PMBs

In 2017, the NDIC carried out off-site surveillance of MFBs and PMBs through the following:

- i. the receipt and quarterly analysis of periodic call reports;
- ii. provision of Early Warning Signals of problems;
- iii. on-site deposit verification;
- iv. assessment, orderly collection and administration of deposit insurance premiums;
- v. monitoring of compliance with prudential standards and investigation of customers' complaints;
- vi. the issuance of clearance on "fit and proper" persons for Directors;
- vii. capacity building for Examiners and Operators; and
- viii. meetings with several troubled institutions.

Many challenges were associated with the premium administration and rendition of returns by the MFBs and PMBs. There was poor rendition of returns by some institutions during the year under review. In 2017, 561 out of 1,008 MFBs, and 28 out of 38 PMBs, rendered returns to the NDIC. Other challenges recorded were non/late/under-payment of the assessed premium and non/late submission of Certified Statement of Deposit Liabilities by External Auditors on which assessable premiums are computed. The Merger and Acquisitions (M & A) arrangement that commenced between Aso Savings and Loans Plc and Union Homes Savings and Loans Ltd was inconclusive as at 31st December, 2017, as the affected Institutions were yet to fulfil the CBN's requirements for the merger.

3.4 Update on the New Regulatory Application

The CBN/NDIC is developing a new regulatory application tagged the Integrated Regulatory System (IRS) for DMBs to render statutory returns electronically. That has become imperative in the light of new changes in the reporting requirements, size of institutions, introduction of IFRS, amongst others.

The CBN/NDIC Technical/User Team for IRS held a requirement validation session with the project vendor in October 2017. A 5-day workshop was held to make adjustments on the technical workflow which was extensively discussed based on the user requirements provided by the IRS Users. As a follow-up, a second validation session was also held in December 2017 to review updates on the technical workflows as requested by the CBN/NDIC Team during the first validation exercise.

3.5 Mobile Money Operators (MMOs)

As at 31st December, 2017 a review of the activities of the MMOs that rendered returns revealed that the total volume and value of their transactions stood at 14,448,921 and ₦99.49 billion, respectively. The total insured sum was ₦2.16 billion, while uninsured deposits amounted to ₦97.28 billion.

3.6 Introduction of Uniform Application IT for MFBs

The CBN Committee of Governors had given approval for the development of a Uniform Application IT for MFBs (NAMBUIT). As at 31st December 2017, the CBN had released the sum of N570 million to kick-start the project which should span 3 years from 2016 to 2018.

The entire expenditure will be funded by the CBN, NDIC and International Development Partners for MFBs. The deployment of NAMBUIT will quicken the pace of Digital Financial Services (DFS) among the MFBs. To fast track the NAMBUIT project, a joint CBN/NDIC Committee is to be set up. Meanwhile, the approved IT vendor had commenced a pilot run of the NAMBUIT project with selected two (2) MFBs.

3.7 Sustainable Banking

In 2017, the NDIC carried out its operations in compliance with the Principles of Sustainable Banking (SB). During the year, the Champions ensured continuous sensitization and awareness creation of the approved framework, monitored access and ensured compliance with waste, water, paper and energy management initiatives, amongst others.

The NDIC recorded a milestone at its efforts at consolidating environmental and social considerations into its decision making processes relating to its business activities to avoid, minimize or offset negative impacts on its environment. The NDIC had initiated the implementation of energy efficiency alternatives by installing solar powered renewable energy at some of its offices and locations. That initiative continued in 2017 with more Departments, Units and Zonal Offices benefiting from renewable energy installations.

In addition, the NDIC installed motion-sensitive electrical lightings/appliances in stairways and other areas of low traffic to ensure efficient energy consumption as well

as the installation of automated wash-hand basin sensors for proper water management. Meanwhile, the NDIC continued to invest in ICT to imbibe paperless environment which would not only improve productivity, but also eliminate storage space, reduce expenses, improve ability to work remotely and reduce impact on the environment.

As in previous years, the NDIC continued to comply with the Principles of SB through the promotion of inclusive finance, collaboration with other stakeholders to promote and expand SB space, sustained and continuous training and capacity building for staff and integration of SB in On-site Examination processes.

3.8 Promotion of Financial Literacy

In 2017, the NDIC continued to collaborate with the CBN to enhance financial literacy. Besides the NDIC's membership of the Financial Literacy Steering Committee (FLSC) and Financial Literacy Implementation Committee (FLIC), the NDIC initiated and participated in key financial literacy and inclusion programmes, as follows:

- i. Curriculum Development - A stand-alone curriculum for financial education for Nigerian schools had been developed. Modalities to commence pilot implementation of the curriculum was on-going with the Nigerian Educational Research and Development Council (NERDC).
- ii. Development of Teacher's Guide - A draft Teacher's Guide for the teaching of financial education in Nigerian schools based on the newly developed curriculum was developed.
- iii. Financial Literacy Training - A financial literacy training-of-trainers (TOT) workshop was organised by the CBN as part of efforts to prepare for the NYSC Peer Educator Programme. Participants were trained on efficient methods to deliver presentations, capture the target audience and pass on key messages relating to financial literacy and capability. Participants at the session included staff from the CBN, Federal Ministry of Youth & Sports Development, NDIC, PENCOS and Association of Non-Bank Microfinance Institutions in Nigeria.
- iv. Financial Inclusion Peer Educator Programme - Sequel to the financial literacy training-of-trainers (TOT) workshop, the training beneficiaries, otherwise referred to as Financial Inclusion Peer Educators, emerged. The idea was for the Peer Educators to train NYSC members on Financial Inclusion/Literacy while the Corps members are to voluntarily extend the knowledge to people at the grass roots during their Community Development (CD) days, throughout their service period. The programme was a success, as a total of 992 Batch "A" NYSC members were trained in 12 pilot States.

- v. Global Money Week - The annual Global Money Week themed 'Learn, Earn, Save' took place from 27th March to 2nd April, 2017. Several institutions, including the NDIC, sent delegations to schools across the country to commemorate the Week. As part of the Week's activities, a Financial Literacy Day was set aside, in which DMBs adopted 30 schools across the 6 geopolitical zones in the country and provided students in each school with key information on the financial sector, in order to enable them make informed decisions in life.

- vi. World Savings Day – The NDIC, CBN and DMBs celebrated the 2017 World Savings Day by visiting schools in all the 36 States of the Federation and the Federal Capital Territory (FCT), Abuja. Over 62,000 students were impacted by the banks with 2,678 student accounts opened during the celebrations. The financial services providers used the opportunity to take their financial literacy campaigns to equip students with basic knowledge and understanding of how to effectively manage resources and develop the right entrepreneurial skills.

- vii. Mass Sensitization & Awareness Programmes – The NDIC also organised different programmes to promote financial literacy in the country during the year.

SECTION 4

RESOLUTION AND MANAGEMENT OF FAILED INSURED FINANCIAL INSTITUTIONS

4.0 Introduction

The activities of the NDIC in 2017 with respect to claims administration, recovery of debts owed failed banks, investment realization as well as sale of physical assets of 46 DMBs, 187 MFBs and 46 PMBs (in-liquidation) are highlighted in this Section.

4.1 Failure Resolution Activities

4.1.1 Liquidation Activities of DMBs

In carrying out its mandate of failure resolution and liquidation, the NDIC continued the liquidation of the 35 DMBs closed prior to the 2005 banking sector consolidation, and the 13 DMBs which failed to meet the recapitalization deadline.

It is instructive to note that 11 of the 13 DMBs were closed using the P&A Resolution Option. Fortune International Bank and Triumph Bank PLC still had pending cases in court. The shareholders had challenged the CBN on the revocation of their banking licence. The legal action in respect of the revocation of the licence of Peak Merchant Bank Ltd was also yet to be resolved as at 31st December, 2017.

As at 31st December, 2017 a total of 52 DMBs had been closed in the system. The list of the affected DMBs had been exhaustively discussed in previous reports.

During the year, Keystone Bank Ltd, the last of the 3 bridge banks to be sold was acquired by Sigma Golf River Bank Consortium on 23rd March, 2017. The Consortium paid ₦25 billion as consideration for the acquisition following the divestment of AMCON. It would be recalled that Mainstreet Bank Plc was bought over by Skye Bank Plc, while Enterprise Bank was bought by Heritage Bank Plc.

4.1.2 Liquidation Activities of MFBs and PMBs

The NDIC conducted the verification exercise for the depositors of the 187 MFBs in-liquidation to facilitate the payment of their insured deposits. Also, during the year, the NDIC continued with the liquidation activities of the 46 PMBs closed between 2012 and 2014.

As at 31st December, 2017 the Special Purpose Vehicle (SPV) which the Nigerian Army had promised to set up to acquire the asset and liabilities of Post Service Savings & Loans Ltd had not been registered. The promoters of the SPV had made a strong presentation to the Regulatory/Supervisory Authorities in 2015 to revalidate the licence of the defunct PMB and were granted provisional approval. The process was on-going as at 31st December, 2017.

4.2 Claims Settlement and Administration

The NDIC continued to settle the claims of depositors, creditors and shareholders of defunct insured institutions in 2017.

(a) Payment of Insured Deposits to Depositors of DMBs

The payment of insured deposits to depositors of closed DMBs continued in 2017. Table 4.1 shows the cumulative payments from 1994 to 2017. As indicated in the table, the NDIC paid a total of ₦8.25 billion to 442,661 insured depositors as at 31st December, 2017 against ₦6.80 billion paid to 426,337 insured depositors as at 31st December, 2016.

TABLE 4.1.
DEPOSIT PAYOUT FOR CLOSED DMBs AS AT 31ST DECEMBER, 2017

S/N	Bank	Total Deposits At closure (₦) Million	Total Number of Depositors At closure	Total Insured Deposits At closure (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Amount in Excess of insured deposits Paid (₦) Million
1	ABC Merchant Bank	224.182	752	14.136	210.046	8.588	223	163.56
2	Allied Bank of Nigeria	2,777.807	365,883	1205.361	1,572.446	852.107	65,996	282.48
3	Alpha Merchant Bank	1,218.390	776	18.519	1,199.871	18.469	775	857.13
4	Abacus Merchant Bank	272.563	401	12.779	259.785	7.353	153	18.97
5	Amicable Bank of Nigeria	41.035	24,038	26.225	14.810	7.961	982	8.03
6	Commerce Bank Plc	1,156.786	37,462	199.462	957.323	110.131	5,447	415.53
7	Cooperative & Commerce Bank	1,915.587	364,239	1366.666	548.921	886.431	71,508	731.96
8	Century Merchant Bank	573.287	357	11.023	562.264	5.293	120	42.02
9	Continental Merchant Bank	1,390.27	1,060	31.450	1,358.819	19.611	421	975.33
10	Credite Bank Nigeria	155.223	5,997	24.666	130.557	10.392	475	32.57
11	Crown Merchant Bank	111.603	438	9.476	102.177	3.076	75	2.93
12	Commercial Trust Bank	215.770	13,891	29.122	186.647	6.512	513	103.88
13	Financial Merchant Bank	154.913	233	4.874	150.040	3.723	111	55.56
14	Great Merchant Bank	132.574	174	5.194	127.38	2.283	55	4.61
15	Group Merchant Bank	296.275	212	4.197	292.078	1.335	32	-

S/N	Bank	Total Deposits At closure (₦) Million	Total Number of Depositors At closure	Total Insured Deposits At closure (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Amount in Excess of insured deposits Paid (₦) Million
16	Highland Bank of Nigeria	91.275	28,186	39.490	51.784	18.765	3,394	15.73
17	ICON Merchant Bank	1,421.194	1,033	33.844	1,387.35	31.634	482	1,058.04
18	Ivory Merchant Bank	46.084	188	3.191	42.893	0.1	7	35.79
19	Kapital Merchant Bank	314.601	240	5.874	308.726	4.332	111	289.58
20	Lobi Bank of Nigeria	233.612	112,819	146.604	87.008	91.093	10,683	58.26
21	Merchant Bank of Africa	712.398	729	20.909	691.489	12.828	283	395.55
22	Mercantile Bank of Nigeria	807.288	276,272	581.773	225.515	370.771	38,834	237.66
23	Nigeria Merchant Bank	153.896	107	4.847	149.049	3.626	77	79.12
24	North South Bank Ltd.	354.747	68,246	155.074	199.673	80.603	7,589	44.40
25	Pan African Bank Ltd.	648.630	132,540	360.746	287.885	231.997	22,249	243.59
26	Progress Bank of Nigeria	1,096.281	255,211	738.086	358.195	440.587	35,296	156.33
27	Premier Commercial Bank	31.051	30,439	24.407	6.644	0.963	48	0.21
28	Pinnacle Commercial Bank	508.728	18,332	63.377	445.351	27.082	1,568	188.30
29	Peak Merchant Bank	3,424.404	1,044	20.468	3,403.936	2.490	74	-
30	Prime Merchant Bank	204.725	248	4.760	199.964	2.717	62	38.03
31	Rims Merchant Bank	263.374	299	6.957	256.417	1.214	52	235.99
32	Royal Merchant Bank	677.856	531	11.042	666.814	5.116	139	27.35
33	Republic Bank Ltd	79.182	7,416	19.923	59.260	13.068	1,278	28.74
34	United Commercial Bank	275.907	5,162	34.099	241.808	26.174	1,696	67.78
35	Victory Merchant Bank	114.856	227	4.455	110.402	1.866	48	25.50
36	African Express Bank	6,283.714	16,106	123.327	6,160.387	37.374	1028	4,804.72 *
37	Allstates Trust Bank	32,034.56	427,847	3069.049	29,787.35	1,817.10	80,473	19,256.57 *
38	Assurance Bank	7,859.033	105,326	708.279	7,150.754	305.234	17,718	4,243.02 *
39	City Express Bank	16,420.26	38,147	306.539	16,113.72	145.967	4,351	10,973.32 *
40	Eagle Bank	1,033.777	3,280	16.974	1,016.804	16.974	3,280	1,016.80
41	Fortune International Bank	9,244.298	33,557	302.886	8,941.412	31.023	780	-
42	Gulf Bank	13,685.37	36,787	334.289	13,351.08	153.192	3,992	6,936.78 *

S/N	Bank	Total Deposits At closure (₦) Million	Total Number of Depositors At closure	Total Insured Deposits At closure (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Amount in Excess of insured deposits Paid (₦) Million
43	Hallmark Bank	65,615.61	121,545	940.055	64,674.1	453.701	17,481	23,037.45 *
44	Lead Bank	10,151.12	3,925	62.983	10,088.14	49.418	3,514	8,537.80 *
45	Liberty Bank	2,153.333	19,800	142.876	2,010.458	48.222	1,342	1,341.61 *
46	Metropolitan Bank	5,087.573	34,434	161.389	4,926.184	27.489	1,652	3,780.52 *
47	Trade Bank	10,504.08	155,178	742.179	9,762.114	430.661	21,130	8,018.15 *
48	Triumph Bank	3,239.055	3,799	45.362	3,193.693	1.880	40	-
49	African International Bank	9,044	0.015	1,419	7,625	1,419.047	15,024	-
	Total	215,351.03	2,769,960	13,618.53	201,732.5	8,247.573	442,661	98,867.28 *

Source: NDIC

*Includes uninsured amounts paid out by CBN to public depositors of the defunct DMBs under the Purchase & Assumption Transaction

(b) Payment of Insured Deposits to Depositors of Closed MFBs

In 2017, the NDIC continued with the payment of insured deposits to depositors of closed MFBs. As shown in Table 4.2, 173 depositors of defunct MFBs were paid ₦13.24 million.

TABLE 4.2.
INSURED AMOUNT PAID TO DEPOSITORS OF CLOSED MFBs IN 2017

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (₦)
1	ABIRIBA MFB	3	530,598.00
2	AKESAN MFB	30	878,280.23
3	ALLIANCE MFB	1	6,388.44
4	CIRCULAR MFB	1	200,000.00
5	DAILY CAPITAL MFB	1	200,000.00
6	EDEN MFB	1	10,936.96
7	ESSENCE MFB	10	177,946.84
8	FIRST GLOBAL MFB	11	1,117,414.00
9	FIRST HERITAL MFB	20	1,801,487.68
10	FIRST OMASI MFB	1	100,596.00
11	HAVILAH MFB	1	43,200.00
12	INTEGRATED MFB	4	322,437.30
13	NGEGWE MFB	2	110,360.00
14	SATELLITE MFB	87	7,744,148.20
	TOTAL	173	13,243,793.65

Source: NDIC

Table 4.3 shows that a cumulative payment of ₦2.88 billion was made to 81,611 depositors of closed MFBs as at 31st December, 2017 against ₦2.87 billion paid to 81,438 verified depositors as at 31st December, 2016.

TABLE 4.3.
PAYMENT OF INSURED DEPOSITS OF THE CLOSED MFBs AS AT 31ST DECEMBER, 2017

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED AMOUNT PAID (₦)
1	ACME MFB	21	392,000.00	392,000.00	20	333,400.00
2	ADIF MFB	4,195	76,954,059.49	60,762,475.13	745	35,037,306.47
3	AFAM MFB	1,581	5,530,445.91	5,057,816.26	75	2,228,725.06
4	AGBELO MFB	681	1,173,379.99	1,173,379.99	56	683,516.40
5	AJASSE-IPO MFB	6,715	123,943,976.90	48,146,341.27	712	25,198,915.07
6	AKPOR COE MFB	4,470	43,570,156.22	26,906,401.18	240	12,727,990.87
7	ALLIANCE MFB	4,756	33,093,386.58	27,000,318.76	700	10,079,224.74
8	ALLOVER MFB	2,908	106,620,590.63	18,528,741.86	10	410,208.76
9	ALLSTAR MFB	593	25,151,377.15	13,017,023.71	74	5,523,845.45
10	AMAZING GRACE MFB	6,501	41,874,942.48	24,013,581.23	402	10,967,220.27
11	APEX GOLDEN MFB	1,850	38,221,206.75	17,427,862.62	172	7,756,232.14
12	ASABARI MFB	3,468	35,585,936.89	24,228,787.51	522	17,699,820.64
13	ASAGA – UKWU MFB	3,709	96,988,545.81	48,513,457.97	543	13,941,834.74
14	ASCENT MFB	1,790	13,033,167.09	10,932,666.43	484	7,771,506.76
15	ATTA NWAMBIRI MFB	1,746	27,636,461.09	23,514,827.11	638	21,178,463.47
16	BEULAH MFB	1,602	36,807,892.72	5,081,921.77	110	3,236,261.40
17	BIRAIDU MFB	1,790	3,718,888.38	3,423,754.35	220	2,101,506.49
18	BIRNIN KUDU MFB	1,261	15,359,096.76	6,291,228.37	208	5,875,394.10
19	BONNY MFB	2,174	27,582,625.54	23,056,016.54	548	17,578,341.50
20	BRISTOL MFB	387	5,354,654.53	3,682,654.53	6	469,396.88
21	BROADBASED MFB	2,896	27,058,006.76	21,276,954.38	296	13,290,239.39
22	CAPITAL MFB	1,930	34,890,305.28	15,240,153.47	122	6,897,256.91
23	CASHJET MFB	3,786	53,168,613.11	23,502,356.46	542	17,142,940.35
24	CENTURY MFB	2,777	45,342,759.02	18,489,609.88	232	9,968,581.64
25	CHAT MFB	2,225	13,756,878.10	11,126,331.74	555	5,744,730.84
26	CIRCULAR MFB	5,732	104,357,105.95	36,440,920.20	212	12,325,433.98
27	CLASSIC MFB	17,262	93,638,793.88	65,970,321.23	1,423	38,609,087.71

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED AMOUNT PAID (₦)
28	COMMON BENEFIT MFB	29655	7,465,174.10	7,096,590.10	271	4,818,837.00
29	CUTTING EDGE MFB	4,639	31,749,293.14	19,422,452.33	201	7,567,741.21
30	DANMUSA MFB	575	989,024.96	770,491.69	62	427,169.43
31	DIVINE MFB	1,309	20,755,047.59	12,474,360.73	63	4,212,294.44
32	DOGON DAJI MFB	950	7,348,256.35	5,216,125.96	96	3,107,471.66
33	DYNAMIC MFB	3,407	34,847,423.58	21,678,034.34	75	2,129,220.97
34	EBEM OHA MFB	2,157	18,801,695.14	15,132,835.96	504	12,392,133.10
35	EBENATOR MFB	2,316	74,215,206.48	52,209,988.15	778	44,451,918.78
36	EKWEMA MFB	1,348	20,151,611.44	11,870,897.41	51	3,172,262.75
37	EMEVOR MFB	956	5,496,608.74	5,098,811.74	163	3,542,919.10
38	ETITI MFB	1,800	58,095,301.15	31,103,366.36	498	16,871,797.82
39	EVO MFB	1,409	21,207,956.90	13,756,628.77	242	7,505,421.81
40	EZIMUZO MFB	1,997	21,961,194.81	17,239,884.81	634	7,214,731.61
41	FESTAC 77 MFB	521	15,666,921.73	7,393,903.38	98	4,272,830.00
42	FREEDOM MFB	2,893	29,336,046.21	12,259,469.35	218	6,416,807.97
43	FUND EXPRESS MFB	807	21,464,760.98	14,630,869.67	62	2,932,554.99
44	GAMJI MFB	1,632	51,209,524.39	16,209,710.73	79	7,007,902.85
45	GITICOM MFB	8,061	88,793,095.46	67,541,414.85	615	20,234,829.73
46	HARBOUR MFB	887	5,429,378.35	4,528,824.36	176	2,540,322.88
47	HAZONWAO MFB	9,218	41,729,543.46	22,482,906.13	303	4,585,918.71
48	HILLTOP MFB	5,374	56,201,034.47	46,538,304.20	624	14,680,162.75
49	I.C.MFB MFB	8,975	52,637,923.65	21,384,201.73	215	5,605,017.31
50	IDEAL TRUST MFB	884	4,856,238.24	4,145,088.24	89	2,613,763.34
51	IFONYIN MFB	4,872	43,630,736.45	21,421,483.67	369	13,591,327.35
52	IHITE MFB	3,252	84,307,716.28	49,726,983.38	1,106	46,997,698.08
53	IKWUANO MFB	759	5,251,806.20	4,929,191.20	135	3,841,404.69
54	IMPACT MFB	10,223	243,275,120.54	146,491,935.57	1,837	52,952,499.71
55	IMPERIAL MFB	4,285	61,811,529.36	28,364,941.19	206	6,706,316.77
56	INTEGRATED MFB	469,049	6,795,478,591.92	3,387,764,035.20	42,543	1,423,260,870.52
57	INVESTMENT MFB	2,234	19,026,571.73	15,407,019.34	304	9,596,621.57
58	IPE MFB	3,784	36,984,350.93	28,347,688.46	677	23,297,591.48
59	ITELE MFB	504	11,858,238.89	9,339,085.98	177	7,548,206.30
60	JEGA MFB	250	3,438,804.73	2,478,318.67	54	1,981,268.87
61	KBS MFB	1,105	5,744,154.57	4,871,635.38	80	2,452,463.54

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED AMOUNT PAID (₦)
62	KERANA MFB	1,810	8,830,118.57	6,399,417.19	138	1,774,521.91
63	KFC MFB	1,567	26,676,987.33	10,231,891.10	78	3,661,187.70
64	LALUPON MFB	7,454	68,804,384.34	35,980,541.88	549	18,522,624.32
65	MARMARA MFB	3,123	12,065,250.05	6,990,809.73	196	4,716,720.41
66	MCB MFB	903	33,054,818.69	11,090,221.61	11	551,728.69
67	MIC MFB	23,190	56,092,796.23	43,482,145.40	22	988,994.85
68	MILESTONE MFB	7,397	127,247,996.08	47,371,341.75	237	15,919,572.78
69	MOORGATE MFB	9,997	135,745,114.15	67,771,548.26	272	13,301,327.28
70	MUNICIPAL MFB	4,991	17,410,423.83	13,655,258.53	113	4,712,841.92
71	NEXUS MFB	4,387	26,366,099.57	9,351,675.60	188	4,521,251.49
72	NGAS MFB	3,013	30,320,463.52	26,830,863.43	797	18,894,549.45
73	OBIOMA MFB	2,221	149,677,074.51	56,322,509.09	907	51,594,220.48
74	OLOMI MFB	17,452	156,335,546.50	127,618,281.36	2,398	95,742,794.97
75	OLOMOYOYO MFB	5,896	33,557,047.51	32,787,059.29	466	11,069,523.51
76	OMNI MFB	2,089	104,354,762.08	22,708,084.29	110	9,684,165.69
77	OPENGATE MFB	2,709	12,624,472.51	10,031,685.18	338	6,074,591.00
78	OWENA MFB	2,911	22,932,736.42	13,570,694.88	282	9,089,536.23
79	OWHOWHA MFB	957	4,232,283.46	3,251,058.46	528	1,336,570.25
80	PET MFB	4,046	64,797,309.94	42,490,232.17	451	22,741,208.20
81	PRIME MFB	2,754	72,257,286.12	27,341,031.88	140	8,411,336.51
82	SAMINAKA MFB	3,637	7,528,113.05	6,340,548.55	237	2,188,726.45
83	SHIMAZ MFB	922	9,910,169.70	7,152,659.75	312	4,575,327.43
84	STANDEX MFB	3,487	101,640,335.22	38,586,341.38	485	24,125,470.05
85	TOUCHSTONE MFB	4,729	166,702,510.26	49,706,847.70	357	28,333,050.69
86	TRINITY MFB	1,812	21,259,402.67	15,222,326.16	148	7,862,798.51
87	TRI-STAR MFB	3,522	58,622,154.26	43,125,438.42	739	37,894,617.47
88	UDEZUKA MFB	693	10,624,269.76	2,332,985.22	21	77,054.18
89	UFUMA MFB	N/A	63,195,019.50	36,073,748.57	N/A	N/A
90	UMUNZE MFB	3,886	53,428,950.48	44,116,865.77	805	27,552,844.27
91	UNIQUE MFB	2,519	77,920,624.82	15,960,653.63	77	2,877,091.45
92	URUALLA MFB	1,059	11,118,018.39	10,457,256.49	149	6,393,488.03
93	UTUGWANG MFB	3,223	16,164,306.30	11,409,774.12	460	8,762,427.52
94	VENTURE SUPPORT MFB	1,427	9,633,302.70	8,828,977.03	219	5,447,081.36
95	WIZETRADE MFB	347	12,638,190.31	3,843,027.55	45	2,421,960.09

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED AMOUNT PAID (₦)
96	ABIRIBA MFB	3,133	70,191,345.98	46,434,662.89	444	23,232,727.79
97	AKESAN MFB	1,268	24,090,636.95	20,748,024.79	137	6,844,567.62
98	AKIN MFB	1,658	10,820,903.31	9,628,837.31	59	2,235,222.13
99	ARGUNGU MFB	1,450	8,229,195.15	4,289,149.39	33	2,002,925.50
100	BEKWARRA MFB	2,049	10,701,025.84	8,580,561.62	137	3,317,452.13
101	CITIGATE MFB	7,495	18,430,695.62	17,202,719.71	64	3,086,184.88
102	CROWN MFB	684	13,946,552.89	8,347,116.24	67	4,264,995.91
103	DAILY CAPITAL MFB	4,727	81,893,196.71	28,693,134.49	77	5,631,310.10
104	EDEN MFB	3,079	29,333,250.03	11,657,089.17	51	2,931,437.27
105	EDET MFB	871	10,422,355.82	6,602,326.01	33	1,266,524.11
106	EGOSAL MFB	2,383	5,800,973.67	5,602,465.67	21	325,596.03
107	ESSENCE MFB	3,214	10,867,934.40	9,761,910.49	278	3,618,723.83
108	FIRST CHOICE MFB	1,196	7,800,299.32	3,834,407.79	1	2,119.54
109	FIRST HERITAL MFB	535	70,582,032.60	30,636,049.68	161	13,050,320.60
110	FIRST OMASI MFB	1,956	36,651,587.60	24,020,643.60	276	16,618,730.27
111	FIRST GLOBAL MFB	11,581	288,613,627.23	138,430,966.53	455	43,139,505.09
112	GFB MFB	2,357	10,275,673.13	9,273,392.80	119	3,812,856.48
113	GUSAU MFB	1,841	10,724,154.10	10,596,049.10	110	2,452,532.96
114	HAVILAH MFB	71	10,325,021.90	1,938,141.90	26	2,087,500.00
115	HEBRON MFB	32	7,970,577.00	3,104,903.00	21	2,301,037.00
116	IDAH MFB	2,669	21,514,215.08	16,477,381.39	76	2,252,683.85
117	IRELE MFB	1,178	20,496,088.69	14,614,218.27	117	6,478,494.28
118	NEIGHBOURHOOD MFB	5,755	23,487,234.04	19,127,809.35	99	6,544,062.27
119	NGEGWE MFB	1,420	21,277,882.60	12,675,789.57	80	7,040,409.78
120	NKPOR MFB	1,865	54,882,181.35	28,493,442.15	299	17,716,325.03
121	OKWUTA MFB	303	5,479,972.18	3,405,711.89		N/A
122	OTUN-EKITI MFB	2,403	32,351,066.61	18,023,570.08	124	7,723,120.27
123	PLANNET MFB	429	1,831,470.00	1,831,470.00	168	1,208,300.00
124	REUNION MFB	4,018	24,193,586.18	12,706,244.16	55	2,406,787.69
125	ROYAL TRUST MFB	10,214	159,624,342.58	80,487,841.97	562	39,253,411.94
126	TARGET MFB	2,249	9,996,741.95	6,374,504.40	15	750,289.35
127	UGHIEVWEN MFB	7,567	42,595,517.67	37,143,833.39	149	5,747,135.67
128	UJOELEN MFB	3,235	38,865,185.99	21,696,333.76	171	11,169,778.51
129	UMUHU OKABIA MFB	5,125	78,942,542.30	54,676,056.22	611	34,432,296.10
130	LANDROCK MFB	4,685	18,513,134.95	17,603,674.62	91	8,691,280.48

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED AMOUNT PAID (₦)
131	NEW IMAGE MFB	8,862	60,376,563.06	43,383,008.38	285	17,211,099.79
132	THINK MFB	3,067	47,421,486.41	19,600,726.66	122	10,469,347.15
133	UNIQUE TRUST MFB	4,726	42,985,870.27	24,746,913.18	164	8,112,441.89
134	CRYSTAL TRUST MFB	38	449,878.10	449,878.10	1	150,000.00
135	PEOPLE SERVE MFB	N/A	N/A	N/A	18	163,556.20
136	SATELLITE MFB	N/A	N/A	N/A	87	7,744,148.20
	Total	958,831	12,026,075,326.36	6,628,171,393.18	81,611.00	2,884,616,123.95

Source: NDIC

c) Payment of Insured Deposits of Closed PMBs

During the year, the NDIC continued with the payment of insured deposits of closed PMBs. The sum of ₦15.38 million was paid to 170 depositors as at 31st December, 2017 against ₦7.97 million paid to 75 depositors of the closed PMBs as at 31st December, 2016, as shown in Table 4.4.

TABLE 4.4.
PAYMENT OF INSURED DEPOSITS OF CLOSED PMBs IN 2017

S/NO	NAME OF PMB	NUMBER OF DEPOSITORS PAID	INSURED AMOUNT PAID (₦)
1	Euro-Banc Savings and Loans	1	200,000.00
2	Harvard Trust Savings and Loans	4	416,646.94
3	Jubilee Building Society	163	14,544,447.79
4	Lagoon Homes Savings and Loans	2	215,909.67
	TOTAL	170	15,377,004.40

Source: NDIC

Table 4.5 shows that a cumulative payment of ₦68.40 million was made to 840 depositors as at 31st December, 2017 against ₦53.03 million paid to 670 depositors of closed PMBs as at 31st December, 2016.

(d) Payment of Liquidation Dividend to Uninsured Depositors of DMBS

In 2017, the NDIC continued with the payment of liquidation dividends to the uninsured depositors of closed DMBS. During the year under review, final dividend of 100% of total deposits was declared for Eagle Bank (in-liquidation) and Financial Merchant Bank (in-liquidation). That has increased the number of DMBS in-liquidation for which a final dividend of 100% has been declared from 14 to 16 in 2017.

TABLE 4.5.
PAYMENT OF INSURED DEPOSITS OF CLOSED PMBs AS AT 31ST DECEMBER, 2017

S/N	NAME OF PMB	NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED DEPOSITS AT CLOSURE (₦)	TOTAL UNINSURED DEPOSITS (₦)	NUMBER OF DEPOSITORS PAID	INSURED AMOUNT PAID (₦)
1	Allwell Savings and Loans	8	900,152.82	739,080.70	161,072.12	7	729,080.70
2	Credence Savings and Loans	204	6,613,740.40	2,576,813.01	4,036,927.39	0	0
3	Furture View Mortgages	18	213,477.39	213,477.39	0	0	0
4	Niger House Building Society	390	1,288,867.72	638,867.72	650,000.00	10	365,110.55
5	Sakkwato Savings and Loans	2,457	47,781,817.65	13,963,406.21	33,818,411.44	13	925,901.52
6	Euro-Banc Savings and Loans	2,748	290,610,426.18	15,879,618.66	272,580,807.52	65	8,348,466.64
7	First Capital Savings & Loans	143	2,613,927.44	2,345,311.95	268,615.49	57	1,431,383.21
8	Harvard Trust Savings and Loans	10,004	229,400,466.37	81,642,788.34	147,738,288.69	366	28,168,185.70
9	Lagoon Homes Savings and Loans	13,511	857,379,992.71	96,503,706.67	760,876,286.04	106	8,732,834.31
10	Leverage Home Savings & Loans	1,792	75,555,506.25	23,103,654.50	52,451,851.75	9	1,707,397.26
11	Mortgage PHB	10,437	1,296,858,796.41	67,771,548.26	67,973,565.89	23	2,146,047.17
12	Post Service Savings and Loans	13,856	466,274,788.73	151,048,608.85	315,226,179.88	-	-
13	Benhouse Savings and Loans	5,725	37,890,343.93	19,166,959.57	18,723,384.36	21	1,303,555.24
14	Jubilee Building Society	776	78,439,689.07	39,124,628.57	39,315,060.50	163	14,544,447.79
	TOTAL	62,069	3,461,821,993.07	594,086,314.42	2,867,735,678.65	840	68,402,410.09

Source: NDIC

(e) Payment of Liquidation Dividend to General Creditors and Shareholders

During the year, the sum of ₦8.63 million was paid to 10 creditors of ABC Merchant Bank Plc and one (1) creditor of Cooperative and Commerce Bank Plc. Table 4.6 shows that the sum of ₦1,741.66 million was declared as liquidation dividend to 1,320 creditors of 11 DMBs. Out of that amount, the NDIC paid the sum of ₦1,272.47 million to 988 creditors who filed their claims as at 31st December, 2017 against ₦1,263.84 million paid to 977 creditors as at 31st December, 2016.

TABLE 4.6.
LIQUIDATION DIVIDEND PAID TO CREDITORS AS AT 31ST DECEMBER, 2017

S/N	NAME OF BANK IN – LIQUIDATION	NUMBER OF FILED CLAIMS (CREDITORS)	NUMBER OF CREDITORS PAID	AMOUNT DECLARED FOR GENERAL CREDITORS (₦' MILLION)	AMOUNT PAID TO CREDITORS (₦' MILLION)	REMARKS
1	ALPHA MERCHANT BANK LTD	37	21	81.3	81.3	100% declared
2	AMICABLE BANK OF NIGERIA LTD	130	91	48.48	42.34	-
3	CONTINENTAL MERCHANT BANK LTD	30	9	312.64	304.63	100% declared
4	PREMIER COMMERCIAL BANK LTD	24	24	1.96	1.67	-
5	EAGLE BANK LTD	85	84	214.0	140.91	100% declared
6	MERCHANT BANK FOR AFRICA LTD	97	15	247.62	4.20	-
7	NIGERIA MERCHANT BANK LTD	141	135	111.34	111.33	100% declared
8	PAN AFRICAN BANK LTD	133	34	251.84	222.81	100% declared
9	RIMS MERCHANT BANK LTD	46	35	267.21	223.27	100% declared
10	COOPERATIVE AND COMMERCE BANK LTD	585	530	193.97	131.47	100% declared
11	ABC MERCHANT BANK LTD	12	10	11.30	8.54	
Total		1,320	988	1,741.66	1,272.47	

Source: NDIC

In 2017, the NDIC paid 54 Shareholders of Alpha Merchant Bank, Rims Merchant Bank and Continental Merchant Bank, Cooperative and Commerce Bank, the sum of ₦2.91 million. The total liquidation dividend paid to 631 Shareholders of 6 DMBs in-liquidation stood at ₦2.71 billion as at 31st December, 2017 against ₦2.42 billion paid to 577 Shareholders of DMBs in-liquidation as at 31st December, 2016. The cumulative liquidation dividend declared for Shareholders of DMBs-in-liquidation stood at ₦4.04 billion as at 31st December, 2017 as shown in Table 4.7.

The cumulative insured amount and dividend paid to depositors and uninsured creditors as at 31st December, 2017 is presented in Table 4.8 and Chart 4.1.

The cumulative insured amount of ₦8.25 billion was paid to depositors of closed DMBs, ₦68.40 million to depositors of closed PMBs and ₦2.88 billion to depositors of closed MFBs as at 31st December, 2017. Similarly, the cumulative dividend of ₦98.87 billion was paid to depositors of closed DMBs. That amount included the 100% guarantee payments by CBN to private depositors under the P&A transaction.

TABLE 4.7.
LIQUIDATION DIVIDEND PAID TO SHAREHOLDERS AS AT 31ST DECEMBER, 2017

S/N	NAME OF DMBS (IN-LIQUIDATION)	NUMBER OF SHAREHOLDERS PAID	AMOUNT DECLARED FOR SHAREHOLDERS OF DMBS IN-LIQUIDATION (N 'MILLION)	AMOUNT PAID TO SHAREHOLDERS OF DMBS IN-LIQUIDATION (N 'MILLION)
1	Alpha Merchant Bank Ltd	455	1,562.82	839.62
2	Nigeria Merchant Bank Ltd	2	620.00	620.00
3	Pan African Bank Ltd	2	860.55	860.55
4	Rims Merchant Bank Ltd	55	274.97	180.48
5	Cooperative and Commerce Bank	16	390.70	193.71
6	Continental Merchant Bank	101	328.25	12.28
	Total	631	4,037.29	2,706.64

Source: NDIC

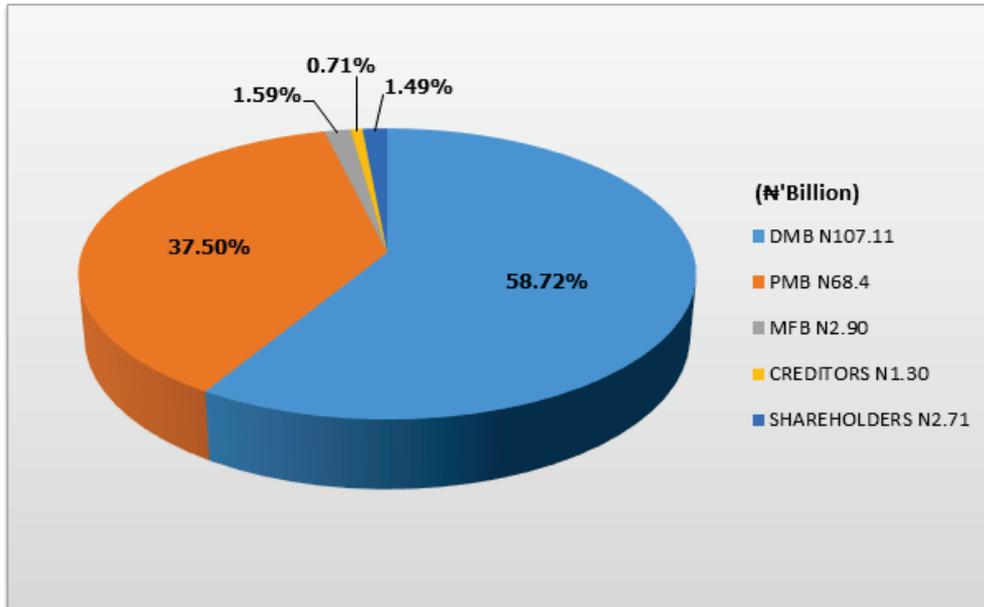
TABLE 4.8.
CUMULATIVE INSURED/UNINSURED AMOUNT PAID ON CLOSED DMBS AS AT 31ST DECEMBER, 2017

Name	Cumulative Insured Amount Paid (N' Million)	Cumulative Dividend Amount Paid (N' Million)	TOTAL (N' Million)
DMB Depositors	8,247.57	98,867.28	107,114.85
PMB Depositors	68.40	NIL	68.40
MFB Depositors	2,884.62	NIL	2,884.62
Creditors	-	1,272.40	1,272.40
Shareholders	-	2,706.64	2,706.64
Total	11,200.59	102,846.32	114,046.91

Source: NDIC

*Includes 100% guaranteed payments by CBN for Private Depositors of P&A Banks

CHART 4.1.
CUMULATIVE PAYMENTS TO THE INSURED & UNINSURED AS AT 31ST DECEMBER, 2017



(f) Payment/Reimbursement to CBN in Respect of Banks for which it made Advance Payment to their Private Depositors

Sequel to the successful banking industry consolidation reforms which ended December 31st, 2005, banks that could not meet the ₦25 billion recapitalisation deadline were closed by the Supervisory Authority in January 2006. Because their closure and subsequent liquidation was policy-induced and to minimise their negative impact on the safety of the Nigerian banking industry, the CBN, on behalf of the Federal Government, gave full guarantee (i.e. 100%) for the payment of uninsured private deposits in the banks. These banks' licences were revoked in 2006.

Under the cover of that guarantee, all private depositors in the affected banks who came forward to file in their claims up to 28th February, 2012 were paid their deposit in full by the CBN. The money paid in full by CBN for the uninsured private deposits was to be recouped from proceeds of assets of such banks by CBN in its right of subrogation. Consequently, in 2017, CBN was paid a total sum of ₦6,642,019,108.36 by the NDIC as the Liquidator of DMBs.

(g) Reimbursement to NDIC

During the year under review, the sum of ₦120,832,345.10 was paid to NDIC, as part of subrogation for insured amounts earlier paid to depositors of closed banks (from Lead Bank ₦3,731,523.96 and Hallmark Bank ₦117,100,821.14) that have declared liquidation dividends.

TABLE 4.8A.
SUMMARY OF REIMBURSEMENT TO CBN FOR UNINSURED AMOUNTS PAID TO PRIVATE DEPOSITORS OF SOME CLOSED DMBs

S/N	CLOSED BANK	SUBROGATION PAID TO CBN (₦)
1	African Express Bank	685,591,856.47
2	Allstates Trust Bank Plc	3,176,406,550.64
3	Lead Bank Plc	1,818,307,103.16
4	Metropolitan Bank Limited	711,713,598.09
5	Trade Bank Plc	250,000,000.00
Total		6,642,019,108.36

4.2 Asset Management Activities

During the year, the NDIC continued with the realisation of assets of closed financial institutions into cash for the payment of Liquidation Dividend to uninsured depositors, creditors and shareholders. The process of asset realisation involved making a demand on debtors, recording of indebtedness with the various private Credit Bureau, appraisal of debt settlement proposals received from debtors, negotiation for amicable settlement, giving evidence in courts in matters under litigations, valuation and disposal of physical assets and investments.

4.2.1 Management and Recovery of Risk Assets

During the year, the Management of the risk assets of failed financial institutions involved the effective and efficient recovery of loans and advances owed to the financial institutions in-liquidation. The realisation of risk assets of banks in-liquidation enabled the NDIC to discharge its responsibilities in the payment of liquidation dividends to uninsured depositors, settlement of other creditors and recovery of liquidation expenses.

In its debt recovery efforts, the NDIC applied various strategies such as direct recovery drive where debtors are directly engaged by its staff to ensure the payment of outstanding debts. It also employed the services of Debt Recovery Agents (DRAs) as one of the strategies to improve its debt recovery. In addition, the NDIC engaged external solicitors to recover debts through the litigation process, especially for recalcitrant debtors, insider-related debts, and contentious loan facilities with substantial balances. Facilities related to criminal prosecution were also addressed through the court processes.

The NDIC engaged in other related activities which included taking inventory and possession of all risk assets of closed DMBs, monitoring accounts assigned to debt recovery agents, and reviewing debtors' repayment proposals. Collaborative efforts with AMCON and other agencies of the Federal and State Governments, who had in previous years acquired physical and risk assets of banks in-liquidation also continued during the year under review.

Table 4.9 shows the breakdown of loans & advances, and recoveries for the 46 DMBs in-liquidation as at 31st December, 2017. The total loans & advances owed to the DMBs in-liquidation as at closure was ₦197.16 billion, while the cumulative recovery from debtors of the affected DMBs stood at ₦28.48 billion, indicating a total loan recovery of ₦324.33 million in the year under review.

The details on the total loans & advances and their recoveries for the MFBs in-liquidation are shown in Table 4.10. As at 31st December, 2017, a sum of ₦125.13 million out of the ₦4.69 billion owed to the MFBs had been recovered from the MFBs debtors.

Furthermore, a sum of ₦8.15 billion was owed to the 8 PMBs in-liquidation as shown in Table 4.11. The cumulative loan recovery from debtors of these PMBs as at 31st December, 2017, stood at ₦239.27 million against ₦195.17 recorded as at 31st December, 2016, thus indicating a total loan recovery of ₦44.1 million in 2017.

TABLE 4.9.
SUMMARY OF RECOVERIES ON LOANS AND ADVANCES
FOR THE CLOSED DMBs IN 2016 AND 2017

S/N	DMBs IN-LIQUIDATION	TOTAL LOANS & ADVANCES AT CLOSURE (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2016 (₦ MILLION)	TOTAL LOAN RECOVERY AS AT 31 ST DEC 2017 (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2017 (₦ MILLION)
1	Abacus Merchant Bank Ltd	1,213.87	41.81	-	41.81
2	ABC Merchant Bank Ltd	565.37	77.96	-	77.96
3	African Express Bank Ltd	9,847.81	4,120.54	-	4,120.54
4	African International Bank	11,688.04	48.18	165.94	214.12
5	Allied Bank Nig. Plc	2,535.48	393.52	0.22	393.74
6	Allstates Trust Bank Plc	25,414.95	4,355.60	51.29	4,406.89
7	Alpha Merchant Bank Plc	1,030.72	907.89	0.50	908.39
8	Amicable Bank Plc	328.99	28.21	0.57	28.78
9	Assurance Bank Ltd	6,369.79	399.77	6.12	405.89
10	Century Merchant Bank Ltd	809.81	31.66	-	31.66
11	City Express Bank Plc	13,323.06	1,076.09	1.13	1,077.22
12	Commerce Bank Ltd	1,643.59	292.92	11.48	304.40
13	Commercial Trust Bank Ltd	570.59	157.39		157.39
14	Continental Merchant Bank Plc	1,712.28	453.79	-	453.79
15	Co-operative & Commerce Bank Plc	2,305.38	630.28	1.65	631.93
16	Credite Bank Nigeria Ltd	479.92	24.27	-	24.27
17	Crown Merchant Bank Ltd	340.31	13.99	-	13.99
18	Eagle Bank Ltd	217.62	11.39	-	11.39
19	Fin. Merchant Bank Ltd	447.19	150.64	0.01	150.65
20	Great Merchant Bank Ltd	393.44	16.12	1.07	17.19
21	Group Merchant Bank Ltd	741.81	36.82	-	36.82
22	Gulf Bank Ltd	21,269.06	510.24	5.96	516.20
23	Hallmark Bank Plc	29,716.74	3,713.38	0.30	3,713.68
24	Highland Bank Plc	114.05	21.01	-	21.01
25	ICON Merchant Bank Ltd	1,220.71	226.32	10.29	236.61

S/N	DMBs IN-LIQUIDATION	TOTAL LOANS & ADVANCES AT CLOSURE (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2016 (₦ MILLION)	TOTAL LOAN RECOVERY AS AT 31 ST DEC 2017 (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2017 (₦ MILLION)
26	Ivory Merchant Bank Ltd	1,491.37	57.56	-	57.56
27	Kapital Merchant Bank Ltd	344.27	273.41	-	273.41
28	Lead Bank Plc	12,380.78	2,353.88	20.26	2,374.14
29	Liberty Bank Plc	5,191.10	234.35	1.19	235.54
30	Lobi Bank Ltd	291.60	84.70	0.43	85.13
31	Merchant Bank of Africa Ltd	2,048.81	257.45	1.50	258.95
32	Mercantile Bank Plc	1,217.60	261.75	0.07	261.82
33	Metropolitan Bank Ltd	8,258.00	1,218.43	11.75	1,230.18
34	Nig. Merchant Bank Plc	1,243.15	261.92	1.00	262.92
35	North-South Bank Plc	932.04	42.95	-	42.95
36	Pan African Bank Ltd	1,282.45	669.32	-	669.32
37	Peak Merchant Bank	5,474.97		0.72	0.72
38	Pinacle Commercial Bank Ltd	1,551.90	157.68	-	157.68
39	Premier Commercial Bank Ltd	1,102.00	36.01	1.48	37.49
40	Prime Merchant Bank Ltd	838.11	52.80	-	52.80
41	Progress Bank Plc	1,880.94	493.45	0.25	493.70
42	Republic Bank Ltd	232.56	33.93	1.76	35.69
43	Rims Mer. Bank Ltd	1,900.88	65.00	-	65.00
44	Royal Merchant Bank Ltd	1,131.07	49.68	8.97	58.65
45	Trade Bank Plc	11,901.30	3,606.84	18.42	3,625.26
46	United Com Bank Ltd	1,864.58	186.24	-	186.24
47	Victory Merchant Bank Ltd	301.47	21.10	-	21.10
	GRAND TOTAL	197,161.53	28,158.24	324.33	28,482.57

Source: NDIC

TABLE 4.10.
SUMMARY OF RECOVERIES FOR MFBs (IN-LIQUIDATION) AS AT 31ST DECEMBER, 2017

S/N	MFB IN LIQUIDATION	TOTAL LOANS & ADVANCES AT CLOSURE (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2017 (₦ MILLION)
1	ACME MFB	0.18	-
2	ADIF MFB	41.67	-
3	AFAM MFB	8.56	-
4	AGBELO MFB	31.9	0.2
5	AJASSE MFB		0.02
6	ALLIANCE MFB	81.26	-
7	ALLOVER MFB	124.73	4.2
8	ALLSTAR MFB	37.55	0.13
9	APEX GOLDEN GATE MFB	11.86	-
10	ASABARI MFB	7.75	0.46
11	ASAGA-UKWU MFB	71.18	0.05

S/N	MFB IN LIQUIDATION	TOTAL LOANS & ADVANCES AT CLOSURE (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2017 (₦ MILLION)
12	ASCENT MFB	14.19	-
13	ATTA NWAMBIRI MFB	8.87	0.23
14	BEULAH MFB	16.91	1.91
15	BIRAI DU MFB	33.94	-
16	BIRNIN KUDU MFB	74.79	-
17	BONNY MFB	25.92	-
18	BRISTOL MFB	13.18	-
19	CAPITAL MFB	63.73	0.34
20	CASHJET MFB	49.08	-
21	CENTURY MFB	2.54	-
22	CHAT MFB	6.56	-
23	CIRCULAR MFB	215.03	0.84
24	CLASSIC MFB	102.87	2.24
25	COMMON BENEFIT MFB	9.19	-
26	CUTTING EDGE MFB	81.69	0.07
27	DANMUSA MFB	11.9	0.13
28	DIVINE MFB	39.35	-
29	DOGONDAJI MFB	-	0.04
30	DYNAMIC MFB	5.2	-
31	EBEM-OHA MFB	4.96	0.01
32	EBENATOR MFB	-	17.92
33	ETITI MFB	0.16	-
34	EVO MFB	22.18	4.79
35	EZIMUZO MFB	17.13	0.05
36	FESTAC MFB	8.78	-
37	FREEDOM MFB	21.54	0.85
38	FUND EXPRES MFB	26.37	-
39	GITICOM MFB	103.66	1.63
40	HARBOUR MFB	3.51	-
41	HAZONWAO MFB	31.28	-
42	HILLTOP MFB	17	0.28
43	IC MFB	44.13	0.09
44	IDEA TRUST MFB	-	0.01
45	IFONYIN MFB	45.59	0.39
46	IHITE MFB	42.85	-
47	IKWUANO MFB	2.73	-
48	IMPACT MFB	-	0.06
49	INTEGRATED MFB	1,509.81	3.13
50	INVESTMENT MFB	4.22	-

S/N	MFB IN LIQUIDATION	TOTAL LOANS & ADVANCES AT CLOSURE (₦ MILLION)	CUMULATIVE LOAN RECOVERY AS AT 31 ST DEC. 2017 (₦ MILLION)
51	IPE MFB	15.92	-
52	ITELE MFB	6.82	0.16
53	JEGA MAGAJI MFB	47.79	2.28
54	KBS MFB	2.48	-
55	KERANA MFB	2.69	-
56	KFC MFB	1.48	-
57	LALUPON MFB	11.34	0.2
58	MARMARA MFB	94.62	-
59	MUNICIPAL MFB	72.6	-
60	NGAS MFB	23.69	0.03
61	MCB MFB	30.1	0.06
62	MILESTONE MFB	246.32	-
63	MOORGATE MFB	83.16	-
64	NEW GATE MFB	15.07	-
65	OBIOMA MFB	120.04	-
66	OLOMI MFB	132.56	1.33
67	OLOMOYOYO MFB	2.57	-
68	OMNI MFB	175.07	-
69	OPENGATE MFB	3.79	3.08
70	OWENA MFB	69.49	0.08
71	PET MFB	36.89	0.63
72	STANDEX MFB	-	0.04
73	TRINITY MFB	1.98	-
74	TRISTAR MFB	20.03	0.1
75	UDEZUKA MFB	316.33	75
76	UFUMA MFB	21.77	-
77	UMUNZE MFB	5.62	0.02
78	UNIQUE MFB	9.29	-
79	UTUGWANG MFB	21.18	1.1
80	VENTURE SUPPORT MFB	2.76	-
81	BASIC MFB	-	0.02
82	ISERI MFB	-	0.02
83	MC MFB	-	0.02
84	CEDEP MFB	-	0.02
85	CRYSTAL EDGE	-	0.05
86	NGEGWE MFB	-	0.4
87	UNRECONCILED MFBs	0.42	0.42
	TOTAL	4,691.35	125.13

Source: NDIC

TABLE 4.11.
**SUMMARY OF RECOVERIES FOR PMBs
 (IN-LIQUIDATION) AS AT 31ST DECEMBER, 2016**

S/N	PRIMARY MORTGAGE BANKS IN-LIQUIDATION	OUTSTANDING BALANCE AT CLOSURE (₦ MILLION)	TOTAL RECOVERIES IN 2017 (₦ MILLION)	CUMULATIVE RECOVERIES AS AT 31 ST DEC 2017 (₦ MILLION)
1	EUROBANC	743.28	-	2.81
2	LAGOON HOMES	2,247.06	0.11	16.78
3	PHB MORGAGES	3,471.13	43.98	218.5
4	POST SERVICE HOMES	773.33	0.01	1.18
5	LEVERAGE HOMES	59.14	-	-
6	OMEGA HOMES	206.73	-	-
7	FIRST CAPITAL	10.89	-	-
8	HAVARD TRUST S&L	641.32	-	-
	TOTAL	8,152.88	44.1	239.27

Source: NDIC

4.2.2 Realization of Physical Assets

In 2017, the NDIC continued with the management of the Physical Assets of failed financial institutions. To ensure transparency, integrity and accountability in its disposal process, the NDIC continued to advertise for sale all physical assets recovered from the closed institutions. The services of reputable professional estate surveyors and valuers were also engaged to assess all the properties of the closed institutions to guide the disposal of the physical assets. High-value items, such as buildings, motor vehicles, plants and machinery were sold to interested members of the public through sealed competitive bidding process, while the chattels were sold by public auction with the aid of professional auctioneers.

Tables 4.12, 4.13 and 4.14, highlight the proceeds from the sale of physical assets of closed DMBs, MFBs and PMBs, respectively as at 31st December, 2017. A cumulative sum of ₦21.39 billion was realised from the disposal of physical assets of closed DMBs as at the end of 2017, against ₦21.21 billion in 2016, marking an increase of ₦180.44 million that was realised in the year under review. A cumulative total of ₦17.38 billion, ₦1.43 billion and ₦2.59 billion was realised from the sale of landed property, vehicles/generators and chattels, of the closed DMBs in-liquidation, respectively.

The cumulative proceed from the sale of physical assets of MFBs in-liquidation as at 31st December, 2017 stood at ₦386.11 million compared with a cumulative sum of ₦361.48 million realised as at 31st December, 2016, which indicated an increase of ₦24.63 million in 2017. The year under review accounted for ₦187.36 million, ₦9.21 million and ₦189.54 million from the sales of landed property, vehicles/generating set and chattels, respectively.

The sum of ₦77.87 million was realised from the disposal of physical assets of closed PMBs as at 31st December, 2017. Out of that amount, ₦51.00 million was realised from landed properties while ₦26.87 million was realised from chattels.

TABLE 4.12.
**SUMMARY OF PROCEEDS FROM THE SALE OF PHYSICAL ASSETS OF
 DMBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2017**

S/N	DMBs IN-LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
1	Abacus Merchant Bank Ltd.	-	2.71	3.66	6.37
2	ABC Merchant Bank Ltd	-	3.83	3.40	7.23
3	Afex Bank Plc	225.13	-	127.75	352.88
4	Allstates Trust Bank Plc	3,246.28	36.67	17.63	3,300.58
5	Allied Bank Plc	697.02	64.78	39.84	801.64
6	Alpha Merchant Bank Plc.	122.24	0.11	0.71	123.06
7	Amicable Bank of Nig. Plc	8.00	7.14	17.55	32.69
8	Assurance Bank Ltd.	1,297.80	456.57	0.50	1,754.87
9	Century Merc. Bank Ltd.	-	7.10	10.51	17.61
10	City Express Bank Plc	557.00	14.42	316.52	887.94
11	Commerce Bank Ltd.	151.14	42.57	31.28	224.99
12	Commercial Trust Bank Ltd.	36.08	10.30	25.38	71.76
13	Continental Merc. Bank Plc.	984.33	11.57	22.36	1,018.26
14	Co-operative & Commerce Bank	726.72	13.10	33.02	772.84
15	Credite Bank Nigeria Ltd.	15.00	14.09	14.89	43.98
16	Crown Merchant Bank Ltd.	15.00	6.06	3.80	24.86
17	Eagle Bank	885.00	0.49	-	885.49
18	Financial Merchant Bank Ltd.	-	-	10.33	10.33
19	Great Merchant Bank Ltd.	4.27	1.88	0.96	7.11
20	Group Merchant Bank Ltd.	-	2.16	4.68	6.84
21	Gulf Bank Plc	314.28	2.41	177.04	493.73
22	Hallmark Bank Plc	1,911.50	4.80	1,315.99	3,232.29
23	Highland Bank of Nig. Plc	12.97	5.54	7.99	26.50
24	ICON Ltd. [Merchant Bankers] Ltd	667.45	3.47	20.88	691.80
25	Ivory Merchant Bank Ltd	56.00	3.76	1.53	61.29
26	Kapital Merchant Bank Ltd.1	-	41.36	0.24	41.60
27	Lead Bank Plc	847.26	202.56	-	1,049.82
28	Liberty Bank Plc	796.00	0.59	90.00	886.59
29	Lobi Bank of Nig. Ltd.	83.11	3.90	11.71	98.72
30	Mercantile Bank of Nig. Plc.	387.81	6.99	42.27	437.07
31	Metropolitan Bank Limited	517.40	0.72	85.00	603.12
32	Merchant Bank of Africa Ltd.	287.04	1.87	16.87	305.78
33	Nigeria Merchant Bank Ltd.	123.55	4.89	0.50	128.94

S/N	DMBs IN-LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
34	North-South Bank Nig. Plc.	213.00	1.20	16.39	230.59
35	Pan African Bank Ltd.	338.81	6.52	5.04	350.37
36	Peak Merchant Bank	-	0.40	-	0.40
37	Pinacle Commercial Bank Ltd.	-	12.19	18.42	30.61
38	Premier Merchant Bank Ltd.	37.43	3.98	9.90	51.31
39	Prime Merchant Bank Ltd.	-	2.28	5.39	7.67
40	Progress Bank of Nig. Plc	136.13	15.50	40.11	191.74
41	Republic Bank Limited	170.00	0.10	6.38	176.48
42	Rims Merchant Bank Ltd.	402.40	3.11	1.43	406.94
43	Royal Merchant Bank Ltd.	-	2.84	3.88	6.72
44	Trade Bank Plc	1,103.97	376.82	1.39	1,482.18
45	United Commercial Bank Ltd.	-	29.13	15.68	44.81
46	Victory Merchant Bank Ltd.	-	0.31	6.63	6.94
	TOTAL	17,377.12	1,432.77	2,585.44	21,395.33

Source: NDIC

TABLE 4.13.
**SUMMARY OF PROCEEDS FROM THE SALE OF PHYSICAL ASSETS OF
 MFBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2017**

S/N	MFB IN LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
1	ABIRIBA MFB	-	-	0.55	0.55
2	ACDEC MFB	-	-	0.11	0.11
3	ACME MFB	-	-	0.15	0.15
4	ADIF MFB	-	-	0.40	0.40
5	AFAM MFB	-	-	0.23	0.23
6	AJASSE MFB	-	0.30	0.79	1.09
7	AKESAN MFB	-	-	1.10	1.10
8	AKPOR-COE MFB	-	-	1.74	1.74
9	ALLIANCE MFB	-	-	2.86	2.86
10	ALLOVER MFB	-	0.33	2.00	2.33
11	ALLSTAR MFB	-	-	0.13	0.13
12	AMAZING GRACE MFB	-	0.40	0.38	0.78
13	APEX GOLDEN GATE MFB	-	-	0.33	0.33
14	ARUGUNGU MFB	0.40	-	0.17	0.57
15	ASABARI MFB	-	-	0.36	0.36
16	ASCENT MFB	-	-	0.22	0.22
17	ATTA NWAMBIRI MFB	3.15	-	0.70	3.85
18	BEKWARA MFB	4.50	-	0.47	4.97
19	BEULAH MFB	-	-	1.88	1.88
20	BIRAIIDU MFB	-	-	0.69	0.69
21	BIRNIN KUDU MFB	-	-	1.24	1.24

S/N	MFB IN LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
22	BONNY MFB	-	-	0.16	0.16
23	BRISTOL MFB	-	-	0.09	0.09
24	CAPITAL MFB	-	-	1.76	1.76
25	CASHJET MFB	-	1.40	2.87	4.27
26	CEDEP MFB	-	-	0.38	0.38
27	CENTURY MFB	-	0.15	0.30	0.45
28	CIRCULAR MFB	-	-	1.02	1.02
29	CITIGATE MFB	-	-	1.29	1.29
30	CLASSIC MFB	31.07	-	3.13	34.20
31	CREDENCE MFB	-	-	0.12	0.12
32	CROWN MFB	-	-	0.26	0.26
33	COMMON BENEFIT MFB	-	-	0.69	0.69
34	CUBIC MFB	-	-	-	-
35	CUTTING EDGE MFB	-	-	0.20	0.20
36	DAILY CAPITAL MFB	-	-	0.99	0.99
37	DIVINE MFB	-	-	1.19	1.19
38	DOGONDAJI MFB	-	-	0.21	0.21
39	DUNAMIS MFB	-	-	0.49	0.49
40	DYNAMIC MFB	-	-	0.41	0.41
41	EBEM-OHA MFB	-	-	0.01	0.01
42	EBENATOR MFB	-	-	0.40	0.40
43	ECB MFB	0.25	-	2.27	2.52
44	EDEN MFB	-	-	0.26	0.26
45	EDET MFB	6.89	-	7.78	14.67
46	EGOSAL MFB	-	-	0.17	0.17
47	EMEVOR MFB	-	-	0.05	0.05
48	ESSENCE MFB	-	-	0.12	0.12
49	ETITI MFB	-	-	0.30	0.30
50	EVO MFB	0.20	-	0.92	1.12
51	EZIMUZO MFB	-	-	0.25	0.25
52	FESTAC MFB	-	-	0.07	0.07
53	FIELDREAMS MFB	-	-	0.06	0.06
54	FIRST CHOICE MFB	-	-	0.99	0.99
55	FIRST GLOBAL MFB	-	-	2.83	2.83
56	FIRST HERITAGE MFB	-	-	0.21	0.21
57	FIRST OMASI MFB	-	-	0.36	0.36
58	FREEDOM MFB	1.50	-	2.40	3.90
59	FUND EXPRES MFB	-	-	0.78	0.78
60	G S MFB	-	-	0.39	0.39
61	GAMJI MFB	25.10	-	0.31	25.41
62	GITICOM MFB	-	0.10	0.87	0.97

S/N	MFB IN LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
63	GRAND FORTRESS MFB	-	-	0.15	0.15
64	GREENFIELD MFB	-	-	0.11	0.11
65	GUSAU MFB	-	-	0.19	0.19
66	HARBOUR MFB	-	-	0.14	0.14
67	HAZONWAO MFB	-	-	0.27	0.27
68	HAVILAH MFB	-	-	0.16	0.16
69	HEBRON MFB	-	-	1.00	1.00
70	HILLTOP MFB	0.85	-	8.95	9.80
71	HOMELAND MFB	-	-	0.53	0.53
72	IC MFB	-	0.76	0.33	1.09
73	IDAH MFB	-	-	0.25	0.25
74	IDEA TRUST MFB	-	-	0.60	0.60
75	IFONYIN MFB	-	0.07	0.21	0.28
76	IHITE MFB	-	-	2.46	2.46
77	IRELE MFB	-	-	0.86	0.86
78	IKWUANO MFB	-	-	0.92	0.92
79	IMPACT MFB	-	-	4.61	4.61
80	IMPERIAL MFB	-	0.40	0.86	1.26
81	INTEGRATED MFB	84.22	2.88	56.71	143.81
82	INVESTMENT MFB	-	-	0.59	0.59
83	IPE MFB	-	-	0.62	0.62
84	ITELE MFB	-	-	0.13	0.13
85	KBS MFB	-	-	0.27	0.27
86	KERANA MFB	-	-	0.64	0.64
87	KFC MFB	-	-	0.08	0.08
88	LALUPON MFB	-	-	0.01	0.01
89	LANDROCK MFB	-	-	0.16	0.16
90	MARMARA MFB	-	-	1.04	1.04
91	MUNICIPAL MFB	-	-	1.48	1.48
92	MCB MFB	-	-	0.14	0.14
93	MIC MFB	-	-	3.79	3.79
94	MOORGATE MFB	6.90	0.95	4.94	12.79
95	NEIGHBOURHOOD MFB	-	-	2.34	2.34
96	NEW GATE MFB	-	-	0.18	0.18
97	NEW HEIGHT MFB	1.50	-	-	1.50
98	NEW IMAGE MFB	-	-	0.77	0.77
99	NEXUS	-	-	2.93	2.93
100	NGAS MFB	-	-	0.58	0.58
101	NGEGWE MFB	-	-	0.42	0.42
102	NKPOR MFB	-	-	0.38	0.38
103	OBIOMA MFB	-	-	1.84	1.84

S/N	MFB IN LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATELS (₦ Million)	TOTAL (₦ Million)
104	OLOMI MFB	13.50	0.60	0.48	14.58
105	OLOMOYOYO MFB	6.00	-	0.21	6.21
106	OMNI MFB	-	-	4.03	4.03
107	OPENGATE MFB	-	-	1.73	1.73
108	OTUN-EKITI MFB	-	-	0.07	0.07
109	OWENA MFB	-	-	0.31	0.31
110	OWHOWHA MFB	-	-	0.05	0.05
111	OWKUTA MFB	-	-	0.52	0.52
112	PET MFB	-	-	3.61	3.61
113	PEOPLE SERVE MFB	-	-	1.34	1.34
114	PLANET MFB	-	-	0.13	0.13
115	PRIME MFB	0.20	-	3.06	3.26
116	REUNION MFB	-	-	0.27	0.27
117	ROYAL TRUST MFB	-	-	0.83	0.83
118	SATELLITE MFB	-	0.355	4.63	4.99
119	SHIMAZ MFB	-	-	0.15	0.15
120	SILVER MFB	-	-	0.26	0.26
121	STANDEX MFB	-	-	0.01	0.01
122	TARGET MFB	-	-	0.66	0.66
123	THINK MFB	-	-	1.44	1.44
124	TOUCH STONE MFB	-	-	0.68	0.68
125	TRINITY MFB	-	-	0.52	0.52
126	TRISTAR MFB	-	-	2.57	2.57
127	UDEZUKA MFB	-	-	0.48	0.48
128	UGHIEVWEN MFB	-	-	0.38	0.38
129	UJOELEN MFB	-	-	0.44	0.44
130	UMUHU MFB	-	-	0.53	0.53
131	UMUNZE MFB	0.50	0.01	1.07	1.58
132	UNITED PEOPLE MFB	-	-	0.07	0.07
133	UNIQUE MFB	-	0.50	1.70	2.20
134	URUALLA MFB	-	-	0.21	0.21
135	UTUGWANG MFB	-	-	0.03	0.03
136	VENTURE SUPPORT MFB	-	-	0.23	0.23
137	SAMINAKA MFB	0.63	-	-	0.63
138	NDIC-103-MFB A/C IN CBN	-	-	0.38	0.38
	TOTAL	187.36	9.21	189.54	386.11

Source: NDIC

TABLE 4.14.
**SUMMARY OF PROCEEDS FROM THE SALE OF PHYSICAL ASSETS OF
 PMBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2017**

S/N	PMB'S IN LIQUIDATION	LANDED PROPERTY (₦ Million)	VEHICLES/GEN. SET (₦ Million)	CHATTELS (₦ Million)	TOTAL (₦ Million)
1	CREDENCE PMB	-	-	1.45	1.45
2	CYMON SAVINGS & LOANS	-	-	2.38	2.38
3	EURO BANK S& L	-	-	2.81	2.81
4	FIRST CAPITAL SAVINGS	-	-	0.03	0.03
5	HAVARD TRUST SAVING	-	-	1.17	1.17
6	JUBILEE BUILDING SOCIETY	-	-	0.36	0.36
7	LAGOON SAVINGS AND LOAN LTD	-	-	8.73	8.73
8	LEVERAGE SAVINGS & LOAN LTD	-	-	1.24	1.24
9	MORTGAGES PHB LTD	51.00	-	6.72	57.72
10	OMEGA S&L LTD	-	-	1.74	1.74
11	HARMONY S & L LTD	-	-	0.04	0.034
12	BENHOUSE BUILDING SOCIETY LTD	-	-	0.19	0.19
	TOTAL	51.00	-	26.87	77.87

Source: NDIC

4.2.3 Realization of Investments

The NDIC realised a cumulative sum of ₦4,419.73 million as at 31st December, 2017, from 11 DMBs and 2 MFBs in-liquidation, slightly higher than the cumulative sum of ₦4,415 million and ₦4,419.66 million received from disposal of investment in closed financial institutions in 2015 and 2016, respectively. A cumulative sum of ₦4,418 million was realised from the sale of investment in the 11 DMBs in-liquidation as at 31st December, 2017 compared with ₦4,417.96 reported in 2016. Proceeds from the disposal of investment of the 2 MFBs in-liquidation stood at ₦1.69 million as at the end of 2017.

The NDIC engaged the services of reputable professionals such as stockbrokers, accountants and other financial services experts for the valuation and sale of identified investments at competitive prices in quoted and unquoted companies. The investments included quoted stocks, shares in subsidiaries and equity participation in other investment windows.

TABLE 4.15:
CUMMULATIVE REALISATION ON INVESTMENT AS AT 31ST DECEMBER 31, 2017

SN	BANKS	CUM. REALISATION FROM 2008 TO DEC 2017 (₦' Million)
1	Afex Bank Ltd	1.55
2	City Express Bank Plc	980.40
3	Gulf Bank Ltd	1.50
4	Hallmark Bank Plc(Homes)	1,230.04
5	Lead Bank Plc	892.73
6	Liberty Bank	9.88
7	Metropolitan Bank Ltd	244.14
8	Nig. Merc. Bank Plc	0.16
9	Rims Mer. Bank Ltd	52.28
10	Trade Bank Plc	620.18
11	Allstates Trust Bank	385.18
12	Ihitte Microfinance Bank	0.89
13	Akesan Microfinance Bank	0.80
	TOTAL	4,419.73

Source: NDIC

Moreover, the NDIC realised the total sum of ₦575.99 million from the disposal of risk assets, physical assets and investments for the DMBs, MFBs and PMBs in-liquidation as at the end of 2017. The share of risk assets out of that amount was 63.97%, while that of physical assets' and investment disposal stood at 36.02% and 0.01%, respectively. Presented in Table 4.16 is the quarterly receipts of the assets of closed IFIs.

TABLE 4.16.
QUARTERLY RECEIPTS OF DMBs, MFBs, AND PMBs IN 2017

S/N	ACTIVITIES	1st Quarter (₦ Million)	2nd Quarter (₦ Million)	3rd Quarter (₦ Million)	4th Quarter (₦ Million)	TOTAL (₦ Million)
1	Risk Assets	70.96	36.88	69.39	191.21	368.44
2	Physical Assets	8.92	43.40	154.66	0.5	207.48
3	Investments	-	0.07	-		0.07
	TOTAL	79.88	80.35	224.05	191.71	575.99

Source: NDIC

4.2.4 Data Management and Administration

The NDIC issued Letters of Clearance to customers of DMBs in-liquidation after all debts had been fully paid. That action effectively delisted the affected DMBs customers from the Credit Risk Management System (CRMS) used to track and monitor debtors. The NDIC performed the duties in collaboration with the CBN in a bid to ensure safe and sound financial industry. On an ongoing basis, the NDIC maintains and updates "Risk Assets" Registers of all DMBs in-liquidation with information on recoveries, interest waivers and write-offs on accounts of debtors.

Following policy guidelines provided by the CBN, the NDIC uploaded the Risk Asset Register of all closed DMBs to the Credit Risk Management Platform of 2 Credit Bureaus operating in the country. This is to avail lenders (banks and other financial institutions) with accurate, up-to-date and reliable information on borrowers and assist them to make informed decisions in their lending activities.

4.2.5 Major Challenges Faced in Asset Management Activities in 2017.

The challenges faced by NDIC in managing assets of banks in-liquidation remained endemic and seemingly unresolved in 2017, due mainly to the peculiarities and level of sophistication of the Nigerian financial system. Some of the main challenges amongst others, included:

- i. Inadequate documentation of borrowers' information by failed banks;
- ii. Unwilling attitude of high net-worth individuals to liquidate their debts;
- iii. Preponderance of uncollateralised loans;
- iv. Problems associated with identifying assets of judgment debtors;
- v. Long drawn legal battles with incessant adjournments;
- vi. Heightened level of insider-related debts due to poor documentation and internal control process;
- vii. Difficulties to repay loans induced by economic realities, policy inconsistencies as well as issues relating to moral hazards; and
- viii. Delayed revocation of licences of distressed financial institutions forestalls prompt tracking/monitoring of records and persons behind failed banks.

SECTION 5

CORPORATE SUPPORT INFRASTRUCTURE

5.0 INTRODUCTION

This section presents the activities of support Departments and Units whose accomplishments helped in the attainment of the NDIC's Vision and Mission in 2017.

5.1 LEGAL SERVICES

The Legal Department carried out various activities in line with its mandate. The activities included corporate secretarial services for the Executive Committee and Management; and legal opinion and advices on legal issues affecting the NDIC's operations. Others included management of civil and criminal litigations involving the NDIC both in its corporate personality and as a liquidator of failed insured institutions; and coordination of criminal prosecution of officers, directors and customers of banks in-liquidation.

The Department also conducted various legal searches at land registries and Corporate Affairs Commission (CAC) for the NDIC while External Solicitors provided legal opinions on internal and external industry-wide issues. In addition, it drafted and vetted 107 agreements, contracts, regulations and other legal instruments, maintenance and service level agreements, performance and advance payment bonds, consultancy agreements, building projects, tenancy agreements, retainership agreements and the proposed amendment to the NDIC Act, among others. Notably, a total of 66 agreements were perfected. The Department also introduced a structured system to better manage and maintain the safe custody of NDIC security documents. Furthermore, it managed the perfection of title to properties acquired by the NDIC and those of banks in-liquidation, and maintained safe custody of security documents and Common Seal. The Department engaged the services of Lexis Nexis, South Africa to publish Vols. 12-14 (5 Parts) of the Nigeria Banking Law Reports.

The Department reviewed its activities, processes and contributions to the NDIC's corporate objectives during the 2nd edition of its Retreat which was held in Lagos and Abuja in December 2017. However, due to non-existence of a Board of Directors, corporate secretarial activities slowed down as a result of reduced frequency of Executive Committee (EXCO) and Management meetings.



L=R: Nigeria Deposit Insurance Corporation (NDIC), MD/CE. Umaru Ibrahim mni; and The Ag. Chief Judge of Federal High Court, Hon. Justice A. A. Kafarati, in a hand shake at the 2017 Sensitization Seminar for Federal high Court Judges at the Federal High Court Abuja.



L-R: MD/CE, Nigeria Deposit Insurance Corporation (NDIC), Umar Ibrahim and Chief Justice of Nigeria, Justice Walter Onnoghen at the 2017 Sensitization Seminar for FCT and State High Court Judges, on challenges to Deposit Insurance Law and practice in Nigeria organized by the NDIC in collaboration with the National Judicial Institute (NJI) Abuja.

5.2 STRATEGY DEVELOPMENT

The Strategy Development Department (SDD) is charged with the responsibility of driving the future-oriented plans of the NDIC to meet the emerging challenges in the banking industry in particular, and the financial sector in general. The mandate of the Department is to drive the NDIC's strategy and performance, improve business processes and deliver excellent service, while employing best practices and technology. Hence, it ensured that all activities and functions of the various departments/units/zones are aligned to the Corporate Strategy and that they are geared towards achieving the NDIC's Vision, Mission and Mandate.

The achievements of the Department in 2017 included the following:

5.2.1 2016-2020 Strategic Plan

The Department cascaded the Scorecard to Departments and the individual employees. The execution of the strategic plan was conducted through the implementation of initiatives on thematic basis executed by the various Departments, Units and Zones as well as Environmental Scanning to identify the risks that may impact on the successful delivery of the strategy. The Department, within the period under review, commenced for the first time, the process of collection of data to evaluate the performance of the 2016-2020 Strategic Plan using the actual performance data obtained from Departments, Units and Zones. The overarching desire was to ensure that the 2016-2020 strategy was executed by integrating organizational goals, metrics, and initiatives aligned around strategic priorities and reported based on actual data.

Also, the NDIC was awarded the best performing Ministerial SERVICOM Unit (MSU) in 2017 and received the special recognition and commendation award for excellence in Banking (Public Service) during the BusinessDay Annual Banking Award. The above achievements were testament of the leadership support and resilience in executing the Strategy.

So far, as at 31st December, 2017, the NDIC had achieved over 50% implementation of its Strategic Plan.

5.2.2 Participation in the Activities of Financial System Strategy (FSS) 2020

The NDIC continued to play its financial stability role in the attainment of the objectives of the strategy and met its financial obligations by contributing the sum of ₦7.73 million towards the funding of the 2017 activities of the Project Office. Similarly, the NDIC participated in a retreat organised by FSS2020 Secretariat where a paper on "NDIC's Roles, Challenges and Three Years Outlook" was presented.

5.2.3 Development of Departmental Assessment Template

In collaboration with Performance Management Unit (PMU), SDD developed a Departmental Assessment Template used in evaluating the performance of Departments, Units and Zonal Offices. The framework was to improve performance at

the Departmental/Unit Levels. The Framework had five perspective indexes which included Strategy Implementation, Performance Management Rating, Audit Rating, HR Rating and Risk Profile Rating of Departments.

5.2.4 Maiden Report of Efficiency Unit

In line with the Federal Government directive, the NDIC created an Efficiency Unit which was domiciled in the SDD. The aim of establishing the Unit was to inculcate a culture of efficiency and cost management on overhead expenditure, to support competitiveness and deliver improvement that will lead to better efficiency of processes in the NDIC.

Furthermore, the input of the Unit was used during the budgeting process of 2018 to align departmental initiatives with strategy of the NDIC.

5.2.5 Standard Operation Procedure Manual

As part of efforts to ensure standardisation and consistency of the NDIC's business processes in order to deliver business goals, the SDD conducted a review of the Standard Operation Procedures (SOPs) of Departments in the Head Office as well as Special Insured Institutions Department (SIID) and Establishment Unit in the Lagos Office. The purpose was to ensure uniform execution of tasks and serve as a reference material for speedy on-the-job training for newly deployed or recruited staff and provide an effective performance evaluation.

5.2.6 Operationalization of Executive Order 001

The Federal Government established Executive Order 001 (EO1) to Ministries, Departments and Agencies (MDAs) in order to promote transparency and efficiency within Nigeria's business environment. Each agency was therefore directed to submit a document on ease of doing business within its organisation. Accordingly, the NDIC developed a document that supports the government effort on improving the ease of doing business in NDIC. The document was forwarded to FSRCC for consideration.

5.2.7 Evaluation of Service Frontlines

The Department conducted an evaluation of service frontlines on Departments such as ETSD, PMSD, CPAU & Finance Department that interface directly with the public, for on-the-spot assessment of services rendered to our external stakeholders. That was to ascertain and measure the efficiency and effectiveness of services, challenges faced and work towards ameliorating them.

5.2.8 The Review of Integrated and Departmental Service Charter

The Department reviewed and distributed the NDIC's Integrated Service Charter & Charters of Departments, Units and Zones to all Heads of Department/Unit and Zonal Controller. That was to ensure that the main provisions therein are consistent with the NDIC's strategic objectives and specifications of the SERVICOM in the Presidency.

5.3 ESTABLISHMENT OFFICE

The Establishment Office (ESTAB) is a multipurpose office through which support services are provided for Departments and Units in the Lagos Office. The Office carried out the functions of Procurement and Management Services, Human Resources and Engineering & Technical Services in the Lagos Office.

During the year, the ESTAB performed the following functions:

1. Provision and maintenance of a conducive office accommodation in Lagos.
2. Provision of support service to all Departments and Units with regards to facilities management, vehicle fleet management and logistic support, human resource support services, procurement and distribution of working materials, effective central store management and security services. The Office also supported the Engineering and Technical Services Department (ETSD) in liaising with relevant Consultants, Agencies, Contractors, Service Providers and Lagos State Government on the on-going NDIC building projects in Lagos.
3. Provision of efficient support services for the hosting of meetings of Executive Management Committee (EXCO), HOD meetings, as well as other relevant meetings of internal and external stakeholders.

5.4 FINANCIAL MANAGEMENT

The Finance Department is responsible for planning and controlling the NDIC's Financial affairs through robust processes; maintaining financial records; and ensuring availability of funds for activities at all times. The Department also ensured timely payment of salaries/allowances, settlement of bills and claims efficiently and effectively, preparation, reconciliation and presentation of accounts, operating and monitoring of the NDIC's domiciliary accounts and all its foreign exchange transactions; investing the Deposit Insurance Funds [DIF] in eligible securities as well as ensuring the safety and liquidity of the funds.

The NDIC's 2017 Annual Budget which was approved by the Honourable Minister of Finance in July 2017, was prepared in line with the Performance Based Budgeting System (PBBS) technique. The PBBS is aimed at ensuring that resources are efficiently allocated and tied to the NDIC's Strategic Objectives.

The NDIC also prepared its 3-year Medium Term Expenditure Framework (M-TEF), 2018–2020 which was approved by EXCO for submission to the Budget-Office of the Federation in 2017. The M-TEF projections were derived from the NDIC's five-year Strategic Plan (2016-2020) which was articulated on four themes of Operational Readiness; Public Confidence; Collaboration and Strategic Partnering; and Performance-Driven Culture.

The Sun System Financial software, an online, real-time solution was used by the NDIC as a comprehensive and integrated robust accounting system. The NDIC also successfully automated the budget implementation report which was initially circulated to all Departments/Units/Zones on quarterly basis. The report was generated from across its locations and availed Budget Officers and their Heads of Department/Unit/Zonal Controller with real-time balances of the Actuals and Commitment Ledger and implementation level of each account code.

Furthermore, the NDIC upgraded the Infor CPM to Infor d/EPM Budget Software, and also deployed the Business Intelligence (BI) Module of the Infor d/EPM to all its locations to provide historical, current and predictive views of its operations in a dashboard view. The Business Intelligence Dashboard obtains and accesses information from multiple sources of data, which gives the end-users the ability to do more with the data, without necessarily having much technical skills, as the module is flexible and easy-to-use. That enabled the Heads of Departments/Units/Zonal Controllers to analyze data, make decisions, plan and forecast on their own.

Similarly, all statutory deductions, namely: Value Added Tax (VAT); Withholding Tax (WHT); Pay As You Earn (PAYE); National Health Insurance Scheme (NHIS); National Housing Fund (NHF); and Pension Fund Contributions, were remitted to the relevant authorities as at when due. The DIF and all other funds were invested in eligible instruments issued by the Federal Government of Nigeria in line with the current investment policy which stipulates a ratio of 60%, 30% and 10% between Federal Government Bonds (FGN Bonds), Nigerian Treasury Bills (NTBs) and AMCON Bonds, respectively.

In 2017, the NDIC remitted the sum of ₦22.72 billion to the Federal Government of Nigeria's Consolidated Revenue Fund (CRF).

5.5 INFORMATION TECHNOLOGY

In 2017, the main thrust of the Information Technology Department (ITD) centered on consolidating the gains of the previous years, and improving the NDIC's business processes. The ITD activities included improving the skills of staff, constantly upgrading the infrastructure, deploying cutting edge technologies and tools for business, providing world class service, to the NDIC and obtaining certification on best practice standards.

The Department's Policy and Strategy Framework was reviewed to align with the NDIC's Corporate Strategy 2016 – 2020. The reviewed Framework recommended a set of steps to retool for the challenges of enabling and driving the business into the next level. Those steps informed the various key projects that were pursued and delivered, as well as new sets of organizational structures that were pursued.

During the year, the NDIC obtained ISO 27001, 2013 (Information Security Management), ISO 22301:2012 (Business Continuity Management), and ISO 20000 (IT Service Management) certifications from the British Standards Society (BSI Group), United Kingdom. The certification entailed re-engineering all relevant processes, procedures and infrastructure to conform to the global Standards as well as the training of a pool of core staff to manage the processes and infrastructure. A total of 22 staff obtained ISO 20000 Lead Implementer Certification while others were trained on ISO 27001. It is worthy of note that, the NDIC was the first government agency in Nigeria to be certified on all the 3 Standards at the same time.

Furthermore, the NDIC implemented an Advanced Threat Monitoring System to strengthen and fortify its IT infrastructure against internal and external threats and intrusion. It also implemented an intelligent Wide Area Network (iWAN) system designed to optimize the functionality of the NDIC's network services country-wide. That boosted network efficiency, capabilities and capacity, making services easily accessible from remote locations.

In collaboration with the CBN, the NDIC concluded work on the Business Requirements for the implementation of the Integrated Regulatory System (IRS) designed to serve as the sole platform for regulation of all Financial Institutions in Nigeria.

5.6 PERFORMANCE MANAGEMENT

The Performance Management Unit (PMU) commenced the performance planning exercise for the year 2017/2018 cycle on 1st September, 2017. However, due to the technical nature of the planning process and the fact that, it was new to staff and most supervisors, additional hands-on support and guidance was provided by PMU to all stakeholders.

The Unit held a 2-day workshop for over 150 Supervisors and 70 Change Champions on the Performance Management Policy and Framework, with emphasis on implementation, processes and their roles as line managers and champions. The training took place in both Abuja and Lagos Offices.

The first ever Mid-Year Staff performance appraisal exercise covered the period 1st September, 2016 to 28th February, 2017 and commenced on 28th February, 2017 and ended on 31st March, 2017. An excel template developed by PMU was administered during the mid-year and end-of-year exercises and deployed to all staff Corporation-wide for completion. The template comprised of two components; the Staff Tasks for the period under review, and the Staff's Job Role Competencies.

During the exercises, PMU staff provided hands-on support to Departments/Units/Zones. As at year end, a total of 1,148 staff were appraised, 6 out of them were on secondment.

5.7 INTERNAL AUDIT

The Internal Audit Department (IAD) provided reasonable assurance to Management on the adequacy, effectiveness and efficiency of controls, risk management and governance structure, through a systematic risk-based audit approach to the activities of the NDIC. Timely reports on the activities of the various Departments, Units and Zones were also forwarded to the Management (EXCO).

Specifically, the Department carried out the following activities in 2017:

1. In partnership with other relevant departments, it played a critical role in the NDIC's quest for International Organization for Standardization (ISO) Certification, by performing a mock audit of the 3 Standards.
2. To boost the required competencies and skills for the achievement of Departmental objectives, the Department embarked on intensive capacity building as follows:
 - i) 8 staff were trained and Certified as Lead Auditor in ISO 23301 Business Continuity Management System.
 - ii) 25 staff were trained on practical Risk-Based Audit.
 - iii) 25 staff were trained on ACCA's Global Best Practice in International Auditing (CertIA) and all passed the Certification Examination and were admitted to membership of ACCA.

5.8 ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management Department (ERMD) is responsible for the implementation of the Enterprise Risk Management (ERM) Framework, Business Continuity Management (BCM) Framework and Document Management Policy in the NDIC.

During the year, the ERMD ensured the effective implementation of NDIC's ERM Framework by identifying, assessing, controlling, treating and reporting on all significant risks that were likely to impede the achievement of NDIC's mandate. In order to monitor the effectiveness of the control measures put in place to mitigate the identified risks, the Department conducted Enterprise Risk Monitoring across all Departments, Units and Offices and subsequently issued feedback reports on the outcome with recommendations for implementation.

The ERMD also conducted Business Impact Analysis (BIA) across the NDIC and developed a report as well as updated the Business Continuity Plans (BCPs) for Abuja, Lagos and Zonal offices in accordance with the BIA conducted. The Department promptly rendered Quarterly Update of the Risk Profile of the NDIC to Senior Management.

Following the ISO 22301: Business Continuity Management System Certification of NDIC, the Department updated the Business Continuity Management Framework in line with the ISO requirements.

The Department continued with the implementation of the Document Management Policy, and monitoring of compliance with the standardization of the filing system in the NDIC. The physical archiving of ISD's documents from 2000 – 2009 continued and that of CRD's (Banks in liquidation) documents in Oregun, Lagos commenced in 2017.

The Department hosted some staff of Securities and Exchange Commission (SEC) to understudy the Document Management System of the NDIC. Furthermore, the Department developed a Risk Appetite Framework for the NDIC, in line with global best practices and was duly approved by Management.

5.9 ENGINEERING AND TECHNICAL SERVICES DEPARTMENT

The Engineering and Technical Services Department (ETSD) is responsible for effective service delivery and ensuring the professional execution of capital projects, maintenance of facilities and equipment for the Abuja, Lagos and Zonal Offices of the NDIC. Some of its activities during the year included:

- i. The Department supervised the 3 building projects located in Lagos and Abuja which commenced in October 2016 and progressed satisfactorily as Contractors worked in accordance with the programmed schedule. The construction of a temporary Zonal Office in Sokoto was completed during the year.
- ii. The Department also ensured the maintenance of NDIC's facilities. In order to ensure improved asset and facilities procurement services for a good service delivery system, contracts for the development and implementation of e-Facility and e-Procurement Management solutions were at their final stages of implementation. The scope of the contract included the development, installation, and configuration of Web-Based Facility and Procurement Management Software for the NDIC.

The installation and configuration stages were executed, which indicated that 90% of the projects were completed.

5.10 PROCUREMENT & MANAGEMENT SERVICES DEPARTMENT

During the year, the Procurement & Management Services Department (PMSD) provided Departments and autonomous Units with quality services and the logistic wherewithal to ensure that the NDIC delivers fully on its mandate and strategic objectives.

All the procurement activities of the NDIC fell within the prescribed financial thresholds and were done in line with due process as required by the Public Procurement Act 2007. The Department fully collaborated with the BPP to ensure that all its procurement activities were transparent and consistent with the standards required by Law.

In line with its mandate, the Department supervised and meticulously partook in the delivery of several projects. Some of the projects included valuation of NDIC assets at various locations, deployment of advance Threat Management Solution, among others.

Furthermore, the Department successfully provided Internet Protocol Closed Circuit Television (IPCTV) Cameras and Switches to some Zonal Offices of the NDIC, in addition to UPS systems.

Also, 2 staff of the PMSD successfully passed the Public Procurement Certification course organised by the Public Procurement Research Institute, Zaria.

5.11 HUMAN CAPITAL MANAGEMENT AND DEVELOPMENT

The Human Resource Department (HRD) is responsible for the selection, recruitment, training, discipline and the overall management of the NDIC's human resources towards the achievement of its corporate objectives. The following are the highlights of some of the activities of HRD in 2017:

5.11.1 Staff Medicare/ Annual Health Talk

In pursuance of the existing policy on staff Medicare, the Department processed the annual medical check-up for Executive and special medical treatment (local) for ailing staff of the NDIC and their spouses. It also carried out Annual Health Talk for the non-executive staff corporate-wide during the year.

5.11.2 Recruitment and Records

A total of 169 new staff were recruited in 2017. Thus, bringing total staff strength to 1,314 as at 31st December, 2017. Out of that number 139 were Executive staff, 1009 Senior and 166 Junior staff. A breakdown of the staff strength in terms of educational qualification showed that 126 staff have HND, 616 staff have first degree, 333 have Masters degree, 10 have Doctorate Degree (Ph.D), while 229 have other qualifications such as OND, ND, and WAEC/NECO.

5.11.3 Knowledge Management

During the year, 15 courses acquired at inception of the Knowledge Management initiative were exhausted in 2017, hence the need to deploy Bank Examiners' Foundation 1&2 again in December 2017. That was to enable the newly recruited staff to participate in the exercise and also provide additional learning opportunity for the older Staff.

5.11.4 Self-Development Activities of Staff

During the year, 281 staff were undergoing self-development programmes in various field of studies as indicated in Table 5.1.

**TABLE 5.1.
SELF-DEVELOPMENT EFFORT BY STAFF IN 2017**

S/N	COURSES	NUMBER OF STAFF
1	CBMBA	77
2	DIPLOMA	6
3	LLM, MBA, M.Sc.	188
4	LLB, B.Sc., HND	25
5	PGD	53
6	Ph.D.	9
TOTAL		281

Source: NDIC

A total of 35 staff completed their studies and obtained additional qualifications, which were updated in their records. In line with the policy, 9 staff were upgraded while 2 were awaiting upgrade during the year.

5.11.5 Workplace Mentoring and Counselling

Post-implementation evaluation of first cycle of one-to-one mentoring approach was conducted by Messrs EMG Nigeria and Learning Impact Nigeria during the year. Their joint report showed, among others, that the mentorship programme was in line with global best practice and that it had Management's commitment and buy-in. Workshop for eligible mentors and sensitization for eligible mentees were held across NDIC locations, except Benin and Ilorin during the year.

5.11.6 Town Hall Meeting

Town-hall meeting of Executive Management with staff was held in Lagos Office in 2017. The main objective of the meeting was to provide opportunity for honest and open interaction between Executive Management and staff so as to encourage harmonious co-existence in the workplace as well as minimize to the barest, grapevine information.

5.12 NDIC ACADEMY

Consistent with established global best practice, the Academy commenced planning

for 2017 activities in the last quarter of 2016. It proposed 30 programmes in 2017, against 19 in 2016, to the Training Advisory Committee (TAC) for consideration. These comprised of 24 technical and 6 Management courses, including five new courses that border around emerging issues in the industry. However, due to constraints, only 22 of those programmes were eventually executed, thus 73% implementation success rate against 68% achieved in 2016, when 13 out of the 19 approved courses were executed.

Furthermore, Management approved additional training venues in Kano and Enugu to minimise the cost of training per staff, bring learning activities closer to the Zonal Offices and effectively bridge skill gaps. The new training locations also positively impacted the development of faculty base, as younger staff were identified in the light of the retirement trend of experienced employees. That had led to an increase in the number of participants trained to 2,552 compared to 696 achieved in 2016, a 267% increase.



The Nigeria Deposit Insurance Corporation (NDIC) MD/CE, Umaru Ibrahim (6th from left) receiving the certificate of accreditation for the NDIC Academy from the President/Chairman, CIBN Council, Prof Segun Ajibola (5th from left). The NDIC Academy was accredited as a Training Service Provider for the Banking and Finance industry by the Council of the Chartered Institute of Bankers of Nigeria (CIBN). On the MD's right were NDIC Executive Director (Corporate Services), Hon. Mrs. Omolola Abiola-Edewor, Director, NDIC Academy, Dr Azubike Okoro and NDIC Executive Director (Operations), Prince Aghatise Erediauwa.

5.12.1 Programme Evaluation and Training Needs Analysis

The Academy provided feedback instruments that enabled participants evaluate each programme executed. The instruments administered were sectionalized to cover areas like the course content, facilitators, ambience of the environment and feeding. The evaluation was to enable the Academy get feedback on training organised.

5.12.2 Faculty Development

The Academy source for and identify resource persons from the industry, ex and current staff as the bedrock of its faculty. In the year under review, new resource persons were identified who facilitated in five new programmes that comprised of the Asset and Liability Management, Virtual Currency, Mobile Money, ICT, and Fundamentals of NIB and NIDI. A total of 164 persons facilitated in 2017 as against 120 in 2016. They included: 118 NDIC staff; 6 CBN staff; 5 retired NDIC staff; and 35 Operators and Industry Experts.

5.12.3 Development of Facilitators' and Participants' Guides for Flagship Programmes

The initiative became necessary to serve as aide memoire to course facilitators and participants as a basis for an effective succession plan strategy. The guides were developed to assist facilitators in their presentations, as well as serve as reading materials to participants. 11 flagship courses were pencilled down to be covered. 3 had been completed (Fundamentals of DIS, Leadership Development and Bank Resolution) while 5 were in progress (Risk-Based Supervision, Effective Bank Closure, Report Writing and Communication Skills and Performance Management).

5.12.4 Accreditation by CIBN

In 2017, the Academy was accredited as a training service provider for the financial services industry by the Council of the Chartered Institute of Bankers of Nigeria (CIBN) after a rigorous accreditation process. The certificate was awarded to the NDIC and it was received by the Executive Management team led by the MD/CEO on Tuesday, May 23rd, 2017. By that certification, the Academy was poised to fulfil Management's goal of serving as a "Centre of Excellence" on DIS for sister agencies in IADI Africa Regional Committee. Accordingly, 2 staff of Uganda Deposit Insurance Agency (UDIA) participated in our DIS programme during the year.

SECTION 6

PUBLIC AWARENESS AND CORPORATE SOCIAL RESPONSIBILITY

6.0 Introduction

Public awareness plays a vital role in ensuring and restoring stability in the financial system, thus promoting confidence among the banking public. It is against this background that the IADI Core Principle 10 reinforces the promotion of public awareness of deposit insurance as paramount. The effectiveness of a DIS is premised largely on how informed the public is about its benefits and limitations. In order to effectively perform its responsibilities, as enshrined in its mandate, the NDIC incorporated public awareness as one of the four central themes of its 2016-2020 Strategic Plan.

This section presents the programmes and activities of the NDIC with respect to public awareness and Corporate Social Responsibility geared towards instilling public confidence in the financial system in 2017.

6.1 Public Awareness Initiatives

In 2017, the NDIC embarked on several public awareness initiatives, among which were:

6.1.1 Public Awareness through Radio and Television

To promote the awareness of its mandate, the NDIC in 2017, sponsored a television animated jingle on mobile money and deposit protection. That was transmitted on 33 local television stations across the country. In a similar development, publicity on payment of liquidation dividends to depositors of African Express Bank, AllStates Trust Bank, City Express Bank, Hallmark Bank, Lead Bank, Metropolitan Bank, Rims Merchant Bank and New Heights Microfinance Bank was aired on the radio. Information about the verification exercise of the latter 2 DMBs' in-liquidation were also transmitted on radio during the year.

6.1.2 Participation in International Trade Fairs

In 2017, the NDIC participated in 5 international trade fairs which took place in Lagos, Kaduna, Enugu, Kano and Abuja. Those events created the opportunity for the NDIC to further propagate its mandate to the public. During these Fairs, one-on-one interactions between NDIC staff and the public were held. The "NDIC Special Day" was the highpoint of the NDIC's participation at the Fair, being the day when its achievements and contributions to the stability of the financial system were showcased.



L-R: First Deputy President, KACCIMA Alh. Sani Umar presenting a gift to the NDIC, MD/CE Alh. Umaru Ibrahim at the NDIC Special Day during the ongoing 38th Kano International Trade Fair 2017.



L-R: Nigeria Deposit Insurance Corporation (NDIC) Director SIID, Mr A. S. Bello presenting the Corporation's publications and branded souvenirs to the Deputy President, Lagos Chamber of Commerce and Industry, Mr Babatunde Paul Ruwase FCA and Chairman Trade Promotion Board Vice President Lagos Chamber of Commerce and Industry, Mr. Sola Oyetayo during the 2017 Lagos International Trade Fair.

6.1.3 Participation at Other Strategic Events

The NDIC leveraged on major events held across the country during the year, to sensitize the public and depositors on its mandate and activities. Those events provided the NDIC a great opportunity to interface with people from different sectors of the economy. During those programmes, NDIC's flyers and research publications were distributed to depositors. Help-Desk facilities were provided by the NDIC to respond to questions and complaints from the public at the events. Specifically, depositors of closed banks had the opportunity to file their claims. The under listed were the major events in which the NDIC participated in 2017:

- i. 2nd Kano Economic and Investment Summit;
- ii. 2017 Unity Polo Tournament at Keffi, Nasarawa State;
- iii. 6th Oba of Benin PRO-AM Golf Tournament at Benin City, Edo State;
- iv. Daily Trust Annual Dialogue on the Economy, Abuja;
- v. FICAN 20th Anniversary Lecture and Awards, Abuja;
- vi. Investiture of 15th President of Institute of Directors (IoD) in Lagos; and
- vii. The Society for Corporate Governance 2017 Conference in Lagos.



Immediate past President Institute of Directors (IoD), Mr Samuel Yemi Akeju F. IoD (right) placing the Institute's Commemorative Pin on the NDIC MD/CE, Umaru Ibrahim during the IoD Fellowship Award ceremony in Lagos.



L – R: Nigeria Deposit Insurance Corporation (MD/CEO), Umaru Ibrahim; Minister of Information and Culture, Alhaji Lai Mohammed and Chairman Bullet Group of Company, Alhaji Ismaila Isa Funtua exchange pleasantries at the 4th DAILY TRUST Dialogue in Abuja.



Nigeria Deposit Insurance Corporation (NDIC) Executive Director Operations, Prince Aghatise Erediauwa is giving a helping hand to His Royal Majesty, Oba Ewuare II of Benin Kingdom at the just 6th 2017, Oba of Benin Golf Tournament.



L-R: Executive Director (Operations), Nigeria Deposit Insurance Corporation (NDIC), Prince Aghatise Erediauwa; Executive Governor of Edo State, Mr. Godwin N. Obaseki; Deputy Governor of Edo State, Comrade Philip Shiabu and Captain of Benin Golf Club, Mr. Osagie Nehikhare in a group photograph at the just concluded 6th 2017 Oba of Benin Golf tournament.



On the side lines of the 6th 2017 Oba of Benin Golf tournament in Benin, NDIC staff, Mr. Chamberlain Feghabo (1st Left) and Mr. Gbenga Fabuyi (2nd Left) explain the mandate and activities of the Corporation to the Chairman Organizing Committee of the tournament, Mr. Mayer Ologbosere (1st Right) Corporation's help desk.



L – R: The Sarkin Shagari, District Head of Shagari Capt. Bala Shagari Presenting the Runners up Trophy to the Captain of the Trade Mark Polo Team Captain and Tournament Manager, Aliyu Umar flanked by the acting President of the Abuja Guard Polo Club, Mustapha Junaid during the 2017 Abuja Unity Tournament.



MD/CE NDIC, Umaru Ibrahim with Keynote Speaker, Professor Mervyn King, SC, at the Society for Corporate Governance Nigeria's 2017 Annual Corporate Governance Conference which took place at the Oriental Hotel in Lagos. The MD/CE is flanked by NDIC Executive Director Operations, Prince Aghatise Erediauwa on his right and NDIC Executive Director Corporate Services, Hon. (Mrs) Omolola Abiola-Edewor to his left.

6.1.4 Celebration of Financial Literacy and World Savings Days

The NDIC promoted financial literacy among youths in secondary schools in 2017. The World Financial Literacy Day with the theme “Learn, Save, Earn” and The Global Money Week which held on 30th March, 2017 and 31st October, 2017, respectively, provided an opportunity for the NDIC to visit selected secondary schools across the country to sensitize them on the importance of savings, investment and earning a livelihood.

A total of 1,686 students from 18 secondary schools across 6 States (Katsina, Bauchi, Plateau, Enugu, Akwa Ibom and Ondo states) participated in the Financial Literacy Day. The NDIC celebrated the World Savings Day in two secondary schools in the Federal Capital Territory (FCT), Abuja and one secondary school in Keffi, Nasarawa State. In all, 866 students participated in the event.



As part of activities to celebrate Financial Literacy Day during the 2017 Global Money Week (GMW) between March 27 and April 2, 2017 in Katsina, a school mentoring Financial Literacy sensitization was organised for students of Family Support Program Secondary School and Dutsen Safe Secondary School, Katsina. During the event students of the school posed to take a group photograph with invited dignitaries, school officials and NDIC staff including Controller NDIC Kano Zonal Office, Mr. Kabir Oniyangi (Back row 5th from left), NDIC Director Research Policy and International Relations, Mr. Mohammed Y. Umar (Back row 7th from left) and Head Communication and Public Affairs Unit, Mr. Hadi S. Birchi (Back row 7th from left).



A student from one of the participating schools comprising of Family Support Program Secondary School and Dutsen Safe Secondary School, Katsina asks a question during the question and answer session of the Financial Literacy Day Presentation to students in Katsina.



NDIC Deputy Director, Bank Examination Unit, Mrs. Adaku Onyekwere presents the Corporation's branded souvenirs and publications to the representative of the Honourable Commissioner of Education, Zonal Director of Education, North Senatorial Zone, Plateau State Mr. Salihu Usman during the Financial Literacy Day Presentation to students at West of Mines Government Secondary School, Jos



A student from one of the participating schools comprising West of Mines, Kuwiri, Township and Rotnorong Government Secondary Schools asks a question during the question and answer session of the Financial Literacy Day Presentation to students at West of Mines Government Secondary School, Jos



As part of activities to celebrate Financial Literacy Day in Uyo, Akwa Ibom State, NDIC Assistant Director Mr. H. O. Bakare does practical demonstration for students during an interactive session as part of the school mentoring Financial Literacy sensitization for students of Community Secondary Commercial School, Community Secondary School, Four Towns, Offot Ukwa Community Secondary School, Community Secondary School, Aka Offot, Uyo High School, Cornelia Connelly College, Afagha Oku, Community Secondary School, Ikot Oku Ikono and Christian Secondary School, Uyo.



Students of Community Secondary Commercial School, Community Secondary School, Four Towns, Offot Ukwa Community Secondary School, Community Secondary School, Aka Offot, Uyo High School, Cornelia Connelly College, Afagha Oku, Community Secondary School, Ikot Oku Ikono and Christian Secondary School, Uyo listen attentively during the Financial Literacy School mentoring sensitization session in Uyo, Akwa Ibom State.



Students of Bakari Dukku Government Secondary School, Bauchi in a group photograph with invited dignitaries, school officials and NDIC staff after the school mentoring Financial Literacy sensitization organised for students as part of activities to celebrate Financial Literacy Day during the 2017 Global Money Week (GMW) between March 27 and April 2, 2017 in Bauchi.



Students of C. A. C. Grammar School, Akure closely study NDIC public awareness materials distributed to them during the school mentoring Financial Literacy sensitization organised for students as part of activities to celebrate Financial Literacy Day during the 2017 Global Money Week (GMW) between March 27 and April 2, 2017 in Akure, Ondo State.



NDIC senior staff from the Research Policy and International Relations Department Principal Managers Mrs. Hyeladzira Ochonogor and Mr. Ibrahim Aliyu in a group photograph with students of Government Secondary School, Keffi during the World Savings Day school mentoring sensitisation programme in Keffi, Nasarawa state

6.1.5 Public Awareness through Print Media Campaigns

The NDIC also exploited the print media in broadcasting its activities and mandate during the year. Highlighted below were the major print media approaches utilized by the NDIC in 2017:

- i. 2 bi-weekly special columns tagged “Deposit Assured” and “This is Money - A Daily Guide to Personal Financing” were sponsored in 2 national newspapers. The objective was to educate the public on the management of their finances and to enhance public awareness of DIS activities in the country.
- ii. Publication of Syndicated Articles, Rejoinders and Advertorials. Some of the achievements of the NDIC in ensuring financial stability were documented and published in the following:
 - a) NDIC's Compendium of Bank Failures: Lessons on Past Mistakes, published in Blueprint newspaper;
 - b) NDIC Academy: Africa's Emerging Centre of Excellence, published in 7 national newspapers;
 - c) Highlights of the IADI 15th Annual General Meeting and Annual Conference held in Seoul, South Korea, published in 5 national newspapers;
 - d) Refreshed NDIC Strategic Plan and Business Direction (2016-2020);
 - e) NDIC and Banking Sector Challenges, published in 2 national newspapers;
 - f) NDIC Proffers Solution to Banking Challenges, published in 2 national newspapers.
- iii. Release of press statements to sensitize the public on NDIC's activities and programmes. Some of the press releases included:
 - a) Commendation by the House of Representatives Committee on Insurance and Actuarial Matters on the NDIC budget performance;
 - b) Task force on implementation of Failed Banks Act to re-arrest accused persons that have absconded;
 - c) Ignore rumours of financial distress in banks-NDIC Boss;
 - d) NDIC Academy to lead Africa in Deposit Insurance; and
 - e) NDIC secures landmark judgement in favour of depositors of Lead Merchant Bank in-Liquidation.

6.1.6 Annual Workshop for Business Editors and Finance Correspondents Association of Nigeria (FICAN)

The 17th Edition of the Workshop for Business Editors and Finance Correspondents Association of Nigeria (FICAN) with the theme “The Nigerian Banking Sector: Opportunities, Challenges and the Way Forward” was organised between 23rd and 24th November, 2017. The 2-day workshop was held at the Government House, Kano. The

NDIC broadened the scope of participants in the workshop to include Coalition of Civil Society Groups. The participants benefitted from a diverse selection of resource persons drawn from the NDIC, banking industry, public sector and members of the National Assembly. The workshop had 120 participants in attendance.



L-R: Chairman House Committee on Insurance and Actuarial Matters, Hon. Olufemi Fakeye, NDIC MD/CE, Umaru Ibrahim and Chairman Senate Committee on Banking and Other Financial Institutions, Sen. Dr. Rafiu Adebayo Ibrahim during the 2017 FICAN Workshop in Kano.

6.1.7 Transmission of Hausa Special Interview on Deposit Insurance for Non-Interest Banking

The programme afforded the NDIC opportunity to enlighten the depositors and the public on the relationship between Non-Interest Banking and Deposit Insurance, particularly as it relates to deposit insurance coverage. To achieve that, the NDIC produced a Hausa special interview on non-interest payment system. The interview was aired on radio stations across the 19 Northern States, in view of the fact that Islam was predominantly practiced in the Northern part of Nigeria.

6.1.8 Students' Academic Visits

Educational institutions including primary and secondary schools, and tertiary institutions were hosted by the NDIC in 2017 on academic visits. The visits provided the NDIC the opportunity to "Catch the Youth Young" by introducing them to its activities and roles in ensuring stability of the financial system.

6.1.9 Sensitization Seminar for Judges and NDIC External Solicitors

During the year, the NDIC organized sensitization seminar for State and FCT Court Judges between 4th and 5th May, 2017. The theme of the sensitization seminar was “Challenges to Deposit Insurance Law and Practice in Nigeria”. The sensitization was in harmony with NDIC's strategic policy objective of effective collaboration with key stakeholders. The seminar intimated the Judges about the challenges confronting deposit insurance, particularly on litigations by and against the NDIC as a deposit insurer and bank liquidator.

In a related development, the NDIC also held a seminar for its External Solicitors in Lagos, Abuja and Kano. The purpose of the seminar was to empower the Solicitors in-charge of NDIC's litigations with deposit insurance information, so as to achieve effective prosecution of cases.

6.1.10 Public Awareness through the Enterprise Help-Desk

In 2017, the Enterprise Help-Desk continued to educate and enlighten depositors as well as attend to enquires and issues raised by bank customers and the general public. The Enterprise Help-Desk attended to complaints against DMBs, PMBs and MFBs on issues such as wrongful deductions from their accounts, ATM non-dispense errors, POS failures and other sundry issues. The HelpDesk received calls related to existing DMBs, failed banks (including MFBs, PMBs), AMCON and general enquires about NDIC functions. Table 6.1 presents a summary of enquires received on the HelpDesk System in 2017 with corresponding figures for 2016.

Table 6.1 shows that a total of 309 calls were received through the Help-Desk in 2017, against 595 in 2016, indicating a decrease of 48%. The complaints centred mainly on deposit pay-out for failed DMBs and closed MFBs, suspension of payments by Agent Banks, status of shareholders of DMBs in-liquidation as well as disparity in depositors' statement of accounts.

Also, a total of 2,892 e-mails were received at the Help-Desk during the year. Most of the e-mails were complaints and petitions against DMBs, PMBs am MFBs. All the aforementioned complaints were forwarded to the relevant Departments for investigation and feedback.

TABLE 6.1.
CALLS RECEIVED BY NDIC HELP-DESK

S/N	BANKS	2016	%	2017	%
1	Deposit Money Banks (DMBs)	94	15.80	66	21.35
2	Failed Deposit Money Banks	95	15.97	35	11.33
3	AMCON Deposit Money Banks	2	0.34	8	2.59
4	Primary Mortgage Banks (PMBs)	80	13.45	53	17.15
5	Microfinance Banks (MFBs)	9	1.51	32	10.36
6	Closed Microfinance Banks	193	32.43	57	18.45
7	General	122	20.50	58	18.77
	TOTAL	595	100	309	100

Source: NDIC

6.1.11 Corporate Social Responsibility

In line with its Strategic Objectives, the NDIC sponsored a number of projects in educational institutions nationwide as part of its CSR geared towards enhancing public awareness. Accordingly, in 2017, the NDIC expended the sum of ₦230.12 million on various on going projects of which total amount for completion was ₦319.11 million.

The details of some of the projects and the amounts approved are presented in the Table 6.2.

TABLE 6.2.
CSR PROJECTS IN EDUCATIONAL INSTITUTIONS IN 2017

S/N	INSTITUTION	PROJECT	AMOUNT ₦
1	Special Adult Education School, Azare, Bauchi State	Construction and Furnishing of Classrooms	₦25,755,870.00
2	Mai Hassan Primary School, Maigatari, Jigawa State	Construction and Furnishing of classroom	₦25,755,870.00
3	Yusuf Bala Usman College of Legal & General Studies, Daura, Katsina State	Construction and Equipping of proposed Muhammadu Buhari ICT Centre	₦29,612,973.00

S/N	INSTITUTION	PROJECT	AMOUNT ₦
4	Ipokia Local Government Primary Health Centre, Agosasa, IPOKIA LGA-Ogun State	Building and Rehabilitation of dilapidated School buildings	₦29,579,777.53
5	Akanu-Ibiam Federal Polytechnic Unwana, Ebonyi State	Construction of a Lecture Hall	₦30,000,000.00
6	Nigerian Military School, Zaria, Kaduna State	i. Construction & equipping of Language laboratories for the teaching of Arabic & French Language ii. Renovation & Equipping of the schools Biology, Chemistry, Physics, Introductory Technology and Fine Art Laboratories	₦30,000,000.00
7	NIPPS , Kuru Plateau State	Establishment of Centre for Financial Economics (CFE)	₦30,000,000.00
8	Government Secondary School Goniri, Yobe Sate	Intervention to Build ICT Centre	₦30,000,000.00
9	Egba Owode Grammar School, Ogun State	Construction and Equiping Science Laboratory	₦28,408,328.33
10	Kiriji Memorial College, Igbajo, Osun State	Science and Engineering Block	₦30,000,000.00
11	Amaimo Comprehensive Secondary School, Ikeduru, Imo State	Construction of classrooms, mini library and toilet facility	₦30,000,000.00
	Total		₦319,112,818.86

Source: NDIC

6.2.0 Social Media Campaign

The NDIC leveraged on the social media to increase the awareness of deposit insurance in Nigeria during the year. Increased traffic to NDIC's sites on major media platforms was witnessed in 2017 as the number of followers on Twitter, Facebook, LinkedIn and Instagram increased by 47.5%, 62.3%, 88.3% and 99.5%, respectively. The highlights of the various social media platforms in 2017 were as follows:

Facebook

Followers: 3,393

Total Impressions: 3,364

Most Popular Post: Notice of verification and payment of insured sums to depositors of New Heights Microfinance Bank (in-liquidation)

Most Popular Post: Reached 7,400 people

Twitter

Followers: 884

Tweets: 244

Total Impressions: 78,446

Most Popular Tweet: "Bank Fraud Dropped by 48.12% in 2016"

Most Popular Tweet Impressions: 643

Instagram

Followers: 467

Posts: 180

Most Popular Post: Picture of MD/CEO NDIC with Keynote Speaker, Professor Mervyn King, SC, at the Society for Corporate Governance

Nigeria's 2017 Annual Corporate Governance Conference which took place at the Oriental Hotel in Lagos.

Most Popular Post Impressions: 80

LinkedIn

Followers: 1,277

Most Popular Post: "NDIC Academy Leads Africa in Deposit Insurance"

Most Popular Post Impressions: 1,471

YouTube

Followers: 18

Posts: 5

Most Popular Post Impressions: <https://www.youtube.com/watch?v=VkqAdKbdITw&t2s> (25 views)

SECTION 7

REVIEW OF THE PROPOSED AMENDMENT TO THE NDIC ACT 2006

7.0 Introduction

The Amendment of the NDIC Act No. 16 of 2006, which commenced during the 7th Assembly, continued in the 8th National Assembly. The Bill for the amendment passed through First Reading in the Upper House in 2017. The amendment aims at strengthening the NDIC's supervisory capabilities as well as addressing its challenges in the areas of liquidation of failed IFIs. It is also to ensure compliance with the IADI Core Principles for Effective DISs.

During the year, the NDIC organized a sensitization retreat for members of the House Committee on Insurance and Actuarial Matters, in order to facilitate the smooth passage of the proposed Amendment to the NDIC Act 2006. Some of the issues contained in the proposed amendment are as follows:

7.1 Correction of Editorial Errors

The proposed amendment seeks to correct identified editorial and grammatical errors in the NDIC Act 2006. Some of the errors were "corrected" by publishing a corrigendum. However, there is the need to incorporate in the provisions of the proposed amendment, the corrigendum and other corrections not covered.

7.2 Composition of the Management Committee

There was error in the drafting of the provision that relates to the appointment of the Chairman of a Management Committee in the absence of a Board for the NDIC. In addition, the existing provision made reference to only 1 Executive Director, contradicting the Act which provides for 2 Executive Directors. The proposed amendment was to reconcile the errors.

7.3 Public Policy Objectives

An explicit statement of the Public Policy Objectives (PPOs) of the NDIC is missing in the NDIC Act 2006. The introduction of PPOs for the operation of the DIS in Nigeria will serve as a veritable guide for the NDIC's policy thrusts and operations. In compliance with the IADI Core Principle 1, the PPOs of DIS in Nigeria were formulated and incorporated in the proposed amendment.

7.4 Mandate of the Corporation

In line with the recommendation of IADI, the proposed Act expressly provided for the mandate of the NDIC to be clearly stated in its enabling Act. It was embedded in a way that acknowledges the CBN as the lead supervisor in the Nigerian financial system, and that the supervision of insured institutions would be done in collaboration with the CBN.

7.5 Composition of the Board

Section 5(5) of the NDIC Act 2006, provides that the Chairman and Members of the Board shall be “Part-Time Members”, inevitably, making the Managing Director and 2 Executive Directors (who are also members of the Board) Part-Time Members. The Bill before the Legislature seeks to clarify that, only the Chairman and other members of the Board appointed from the 6 geo-political zones of the country are Part-Time Members. The CBN is to be represented on the Board by 2 officers not below the rank of a Director (one of whom must be the Director of Banking Supervision) and the Federal Ministry of Finance (FMF) is to be represented by the Director, Home Finance.

7.6 Interim Management Board

The proposed amendment makes provision for a situation where the tenure of the Board expires and there is an unavoidable delay in constituting a new Board. It is proposed that, the Minister of Finance shall in consultation with the Governor of CBN constitute an Interim Management Board (IMB) for the NDIC to be made up of the Permanent Secretary, Federal Ministry of Finance, who shall be the Chairman, the Managing Director, the 2 Executive Directors of the NDIC and 2 representatives of the CBN not below the rank of a Director, one of whom shall be the Director of Banking Supervision.

7.7 Removal of a Board Member

In order to promote good Corporate Governance in the NDIC, the amendment Bill proposes that, no member of the Board shall be removed without compliance with the provisions of the enabling law.

7.8 Vacancy in the Composition of Board Membership

The proposed amendment provides that, in the event of a Board Member vacating office for any reason, another person should be appointed to fill the vacancy and such appointee should represent the vacating Member's constituency.

7.9 Conflict of Interest

The proposed amendment formalizes the NDIC's commitments to transparency, accountability and probity. This is in compliance with IADI Core Principle 3, which requires the deposit insurer to be operationally independent, transparent, accountable and insulated from undue political and industry influence.

The proposal also ensures that employees and Board members display high levels of professionalism and ethical conduct in line with the standards expected of members of DIS worldwide.

7.10 General Reserve Fund

The proposed amendment seeks to restore the ability of the NDIC to rapidly build up the

General Reserve Fund by increasing the amount of surplus that should go to the Fund in order to create sufficient buffer to address anticipated risks, in accordance with international best practices. Consequently, this reduces the amount to be paid into the Consolidated Revenue Fund of the Government. The growth of the General Reserve Fund was in recent times hampered by the Fiscal Responsibility Act 2007, which states that 80% of the NDIC's operating surplus should be remitted to the Consolidated Revenue Fund (CRF) Account.

7.11 Expanding Incidence for Payment of Insured Deposits

The requirement for payment of insured deposits in the event of revocation of an Insured Institution's operating licence poses restraint on the NDIC's ability to effectively carry out its mandate. Experience has shown that, an insured institution may actually be solvent but illiquid and therefore suspends payment or is unable to meet its obligations to its depositors' thereby causing hardship to depositors even when its operating licence has not been revoked.

The proposed amendment therefore seeks to expand the crystallization of the NDIC's liability in the payment of insured deposits beyond revocation of licence to include suspension of payment and inability to meet up with obligations to depositors as a result of illiquidity in such institutions.

7.12 Supervision of Related Entities of Insured Institutions

Some Nigerian banks have grown rapidly and expanded over the years, thus having interest in subsidiaries, associates and affiliates. In order to prevent the latter from being used as conduits through which depositors' funds are siphoned, it is imperative that the NDIC have access to the books and affairs of all the related entities of insured DMBs to enable it assess on-going transactions between them. The proposal seeks to ensure Consolidated Supervision of the banking groups by the NDIC.

7.13 Special Examination

Conducting Special Examinations require the approval of the Board. There may be times when issues on ground demands immediate action, thus getting the Board's approval could be cumbersome. The proposed amendment therefore seeks to substitute the word "Board" in the extant Act with the words "Managing Director", so as to ensure speedy conduct of bank examinations when required.

7.14 Prompt Corrective Action

The rationale for the introduction of this proposal is to act as an additional measure that facilitates action towards ensuring the implementation of the NDIC's recommendations contained in Examination Reports in order to strengthen its supervisory capacity.

The amendment aims at ensuring compliance with IADI Core Principle 13, which states that a deposit insurer should be part of a framework within the financial safety-net that provides for the early detection and timely intervention and resolution of troubled insured institutions.

7.15 Insured Institutions Resolution Fund

The proposed amendment sought to establish an Insured Institution's Resolution Fund (IIRF) that would be used as an Open Bank Resolution Option for resolving distress in large insured institutions while the Insurance Fund should primarily be reserved for effecting closed bank resolution.

Following the 2005 banking sector consolidation, some of the DMBs have grown so large that failure of any one of them could pose a serious threat to the Insurance Fund. Therefore, the need for a Statutory Contingency Plan to address Open Bank Resolution in order to reduce the risk of failure becomes imperative. The proposed amendment also aims at complying with IADI Core Principles 2 and 9 that provide for the deposit insurer to have powers and availability of adequate funding to fulfil its mandate, respectively.

7.16 The NDIC as a Conservator

The Banks and Other Financial Institutions (BOFIA) Act 1990 (as amended) has provisions empowering the NDIC to assume control of certain category of failing insured institutions. However, the NDIC Act 2006 has no provision stipulating its status in such circumstances. The experience of the NDIC in such matters had shown that its status should be likened to that of a Conservator.

Accordingly, a distressed insured institution which the NDIC had assumed control of, should be protected from attachment of its assets and that of NDIC against the liabilities of such institution. There is need to prohibit the attachment of assets of the NDIC for liabilities of a failing or failed insured institution because the NDIC is acting as Conservator or Liquidator of such institutions. In addition, the NDIC's statutory mandate in the area of supervisory intervention has been enhanced to ensure that shareholders do not interfere when the NDIC is carrying out Open Bank Resolution measures aimed at restructuring distressed insured institutions in the larger interest of the depositors of such institutions.

7.17 Winding-Up Rules

The NDIC Act excluded the application of the companies winding up rules in the liquidation of insured institutions, which is understandable given the specialised insolvency legal framework required for such institutions. However, no other Rules were provided thereby leaving a lacuna in the framework. The proposed amendment empowers the Chief Judge (CJ) of the Federal High Court (FHC) to make the Winding-Up Rules applicable to insured institutions. The Companies and Allied Matters Act

(CAMA) empowers the CJ, FHC to make the Winding-Up rules for companies, and so the CJ is thus the appropriate authority to make such rules for the insured institutions which are registered companies. It is expected that the CJ will consult with the Regulatory Authorities in the course of drawing up the Rules.

7.18 Transfer of Pending Suits

The proposed amendment makes provisions for other suits filed against the NDIC or an IFI in the process of the revocation of licence to cease until the resolution of the Winding-Up petition.

Whenever the revocation of the licence of an IFI and the NDIC's status as provisional Liquidator are being challenged in court, several other suits are also instituted by landlords, judgment creditors, and other claimants against the failed insured institution and NDIC. The suits invariably drag the NDIC into defending the failed insured institution even when its status as Liquidator remains tenuous.

7.19 Interest on Judgment Sum

The NDIC, as Liquidator, is often faced with admitting to proof claims filed by judgment creditors in respect of insured institutions under liquidation based on judgment sums issued by the courts. While judgment debts constitute proper claims in the class of other creditors (they rank after preferred creditors and depositors in the case of insured institutions), the issue of interest payment on the judgment sums beyond the date of revocation of the licence of such institutions, remains a sore issue. This is as a result of misunderstanding as to the nature of a claim under an insolvency regime. This has led some courts to award interest on a judgment sum to be calculated even after the licence of the insured institution has been revoked and liquidation of such institution has actually commenced, contrary to the norms and practice of insolvency law. The proposed amendment seeks to ensure that, such anomaly is addressed by prohibiting calculation and payment of interest on judgment sum after the licence of the debtor insured institution has been revoked and liquidation has commenced.

7.20 Proceedings of the Board

Rule 2 in the Schedule to the Act governing proceedings at Board meetings provides that, the Chairman must be present before a quorum can be formed. That provision conflicts with Rule 3(2) which empowers any other Director to act as Chairman in its absence at a Board meeting. In addition, the requirement that both ex-officio members must be present to form a quorum results in aborted meetings if only one of them is present.

The proposed amendment to Rule 3 of the Schedule corrects the above anomaly by removing the requirement for the Chairman to be present before a quorum can be formed and also making the presence of one ex-officio member sufficient for the formation of a quorum.

7.21 Payment of Insured Deposits While Action Challenging Revocation is Pending in Court

The proposed amendment seeks to empower NDIC to pay insured deposits irrespective of the filing of such an application in court, to challenge the revocation of licence. Where the licence of the institution is restored, or for an institution that is insolvent but still has its licence, the NDIC would have a right of subrogation. In the event that payment of such insured deposits was an error in law, the aggrieved party would have remedy in damages. The amendment would ensure prompt payment of depositors of failed insured institutions, while litigation challenging revocation of the failed institution's operating licence is ongoing.

7.22 Interim Dividend Payment

This new provision seeks to enable the NDIC to make advance payment on uninsured deposits of an insured institution in-liquidation if the conditions stipulated are met, without waiting until after realisation of the failed insured institution's assets. That is in-line with best practices obtainable in developed jurisdictions.

7.23 Restriction on Mortgage of Assets

The provision places restriction on the insured institutions to mortgage, pledge, sell or dispose of any land, building or interest in any real property without the consent of the NDIC. It would enable the NDIC keep track of the assets of insured institutions so as to avoid the difficulties of assets realisation during liquidation.

7.24 Dealing with Parties at Fault in Bank Failure

The proposed amendment sought to provide the NDIC with adequate powers to seek legal redress against those parties at fault in bank failure. The amendment will enable the NDIC to comply with the IADI Core Principle 12. Some of the areas of focus under this provision include the following:

(a) Liability of Directors and Officers

Some of the issues for which amendment on the legislation was being proposed included the following: Duties of Board and Management, Conflicts of Interest, Duty of Care and Skill, Directors' Liability for Negligence resulting in failure of the bank, Directors Duties as Trustees of Bank's Assets, Provisions Against Secret Benefits, Establishing Unlimited and Personal Liability on Directors for Unauthorized Credit Facilities, as well as Ensuring Compliance with Banking Legislation, Regulations and Guidelines.

(b) Criminal Prosecution of Directors and Officers of Insured Institutions

The proposed amendment seeks to empower the Board of Directors of the NDIC to prosecute Directors and Officers of insured institutions for violation of other laws governing banking operations apart from the NDIC Act. That is in realisation of the fact that, it is not only a contravention of the NDIC Act that could cause bank failure.

(c) Civil Penalty

The proposed amendment seeks to subject convicted erring officials to civil penalty that would be related directly to the amount involved in the provisions of the violated law.

7.25 Powers of the Corporation

- a) To Act as Liquidator
- b) Self-Appointment as Liquidator
- c) Issuance of 90 days' notice by CBN to Critically Undercapitalised Insured Institutions.

Hitherto, the Act provides in Section 40 for the appointment of the NDIC as Provisional Liquidator immediately the licence of an insured institution is revoked with powers conferred on a liquidator under CAMA. However, that provision has not proved helpful in addressing the problem of inability of the NDIC to reimburse depositors promptly after an insured institution's closure.

The status of a Provisional Liquidator appears to be that of a preserver of the assets of the company facing liquidation pending the determination of the winding up petition. Thus, the provisional liquidator may not have the power to dispose of assets, compromise debts and or pay-out claims and so the extant provision on appointment of the NDIC as provisional liquidator does not really address the objectives for which it was intended.

The proposed amendment seeks to strengthen the appointment of NDIC as Liquidator, self-appointment and appointment following 90 days' notice as obtained in other jurisdictions. That would enable the NDIC carry out its liquidation activities effectively.

7.26 Right of Lien and Disposal

The aim of this amendment is to empower the NDIC, by giving it the right of lien over any collateral in its custody pledged as security for a loan by a debtor of a failed insured institution who has repaid the loan facility but also indebted to another failed insured institution under liquidation.

SECTION 8

RESEARCH ACTIVITIES AND INTER-AGENCY COLLABORATIONS WITH INTERNATIONAL INSTITUTIONS

8.0 Introduction

In the year under review, the NDIC carried out research activities related to its mandate in order to sustain and promote stability in the Nigerian banking system. Specialized training for research staff was also organized to further improve the capability of the workforce.

The research activities as well as inter-agency collaboration with international institutions undertaken in 2017 are presented in this section.

8.1 Research Activities

In its continued drive towards enhancing the effective and efficient discharge of its mandate, the NDIC consistently monitored developments in banking, finance and the economy. During the year, the NDIC undertook the following research activities:

8.1.1 Development of "Case Studies" on Bank Failures in Nigeria

The NDIC continued with the development of case studies of bank failures in 2017. Accordingly, volumes 1–4 of the Case Studies on Bank Failures in Nigeria had been produced and distributed to stakeholders. In addition, another set of 10 banks were reviewed for quality control and will constitute Volumes 5 and 6.

8.1.2 NDIC Quarterly Journal

The Editorial Board finalized the December 2016 Edition of the NDIC Quarterly Journal and submitted to Management for consideration and approval for publication. Furthermore, the editions of the journal for the 1st half of 2017 was finalized and awaiting publication during the year under review.

8.1.3 Study on Bail-in as an Alternative Failure Resolution Mechanism in Nigeria

The study describes the bail-in resolution tool available to regulators to resolve failing banks. It presents the bail-in creditor resolution regime, its structure, merits and demerits. The study also applies the bail-in regime to three Nigerian banks that were resolved using the bridge-bank mechanism. It was found that the bail-in resolution could have also achieved the successful recapitalisation of those banks within a much shorter time and at a fraction of the injected funds. However, the study recommend that key changes should be made to the law establishing the NDIC as the Resolution Authority in Nigeria so as to enable it to implement bail-in resolution mechanism.

8.2 Collaboration with International Institutions

8.2.1 International Association of Deposit Insurers (IADI) Activities

In the year under review, the NDIC as a member of IADI, participated in a number of activities that included, seminars/workshops as well as knowledge sharing with other Deposit Insurance Agencies globally. The activities in which the NDIC participated are highlighted thus:

i) Request for Study Visit by the Ghana Deposit Protection Corporation

The NDIC organised a 5-day study visit for 3 officials of the Bank of Ghana, who were on secondment at the Ghana Deposit Protection Corporation (GDPC) as pioneer staff. The objective of the visit was to understudy NDIC's experiences, specifically in the operations of deposit insurance, premium assessment and collection, funding and funds management, claims payment and processes, record keeping and processes, and public awareness and education. During the visit, various papers were presented by staff of the NDIC. The study visit was designed to help the visit staff effectively commence the GDPC in 2018.

ii) Request for Survey Information

The NDIC received series of survey questionnaires from the IADI Secretariat during the year. These included: Questionnaire on capacity building expertise as well as Deposit Insurer's role in contingency planning and system-wide preparedness and management

iii) 16th IADI Annual Conference and General Meeting Hosted by the Canada Deposit Insurance Corporation

The NDIC participated at the 16th IADI Annual Conference and General Meeting held in Quebec, Canada in October 2017. 5 delegates attended the programme.

iv) Africa Regional Committee AGM and Conference

The Africa Regional Committee AGM and Conference was held at Victoria Falls, Zimbabwe from 6th – 9th November, 2017. The NDIC was represented at the event by 4 delegates. In a similar development, the NDIC also participated at the IADI-ARC/MENA Technical Assistance Workshop in Casablanca, Morocco, from 27th–29th March, 2017. The NDIC representatives presented papers on “Effective Resolution Regimes” and “Target Funding for the DIS in Nigeria”.

v) Participation at the Malaysian Deposit Insurance Corporation Workshop

The NDIC participated at the 4th Malaysian Deposit Insurance Corporation (MDIC) Open House for the African Region held at Kuala Lumpur, Malaysia from 26th–28th July, 2017.

vi) Request for Information from NDIC by the Kazakhstan Deposit Insurance Fund

During the year, the IADI Secretariat contacted the NDIC on behalf of Kazakhstan Deposit Insurance Fund (KDIF), on information that would assist the KDIF in analyzing the feasibility of transition to IFRS 9 "Financial Instruments". That information had been provided.

vii) Other Request for Information

The NDIC received a request from the Deposit Protection Corporation (DPC) of Zimbabwe to provide it with a framework on the Underwriting of Shareholders Capital in a collapsed bank. The NDIC responded, accordingly. Also in the same period, the NDIC responded to the request received from Deposit Insurance Board of Tanzania regarding the practice of liquidation of banks and set-off of loans against deposit balances.

viii) Participation at the Meeting on Early Supervisory Intervention, Resolution and Deposit Insurance

The NDIC also participated at the meeting on Early Supervisory Intervention, Resolution and Deposit Insurance, organized by the Financial Stability Institute (FSI) in collaboration with IADI at Basel, Switzerland. The meeting took place from 12th–13th September, 2017.



NDIC Executive Director Corporate Services, Hon. (Mrs.) Omolola Abiola –Edewor (front row, middle) President Ghana Deposit Protection Corporation, Mr. F. Belnye (front row, 2nd right), NDIC Director Finance, Ms. Diana Okonta (front row, 1st right) and members of the Ghana Deposit Protection Corporation, including NDIC Director, Research Policy & International Relations Director, Mr. Mohammed Y. Umar (back row 4th left) and members of NDIC staff during the capacity building programme.

A cross section of NDIC's Executives and invited stakeholders at a Retreat on the Revised IADI Core Principles for Effective Deposit Insurance Systems: The New Issues held on November 17, 2017 at the Sandralia Hotel, Abuja



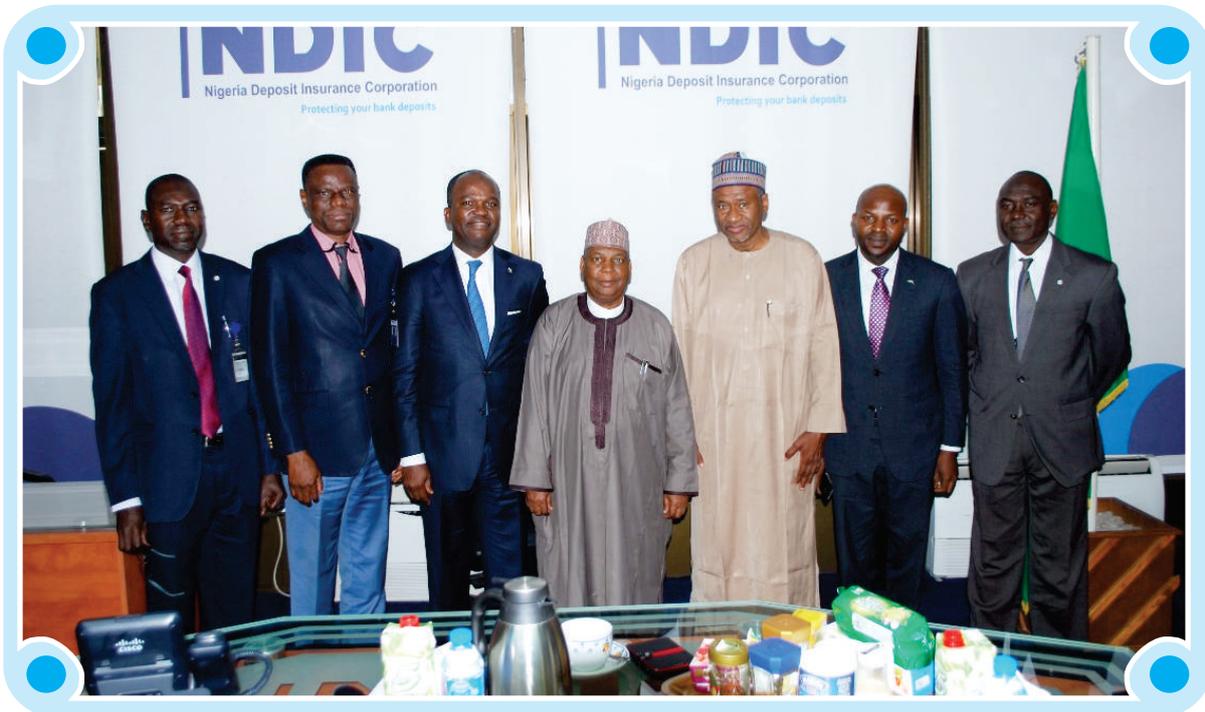
8.3 Other Collaborations

8.3.1 Introduction of Deposit Insurance Courses in Universities and Other Tertiary Institutions

In further pursuit of its public awareness initiatives and financial inclusion at the Tertiary Institution level, the NDIC delivered paper to the Faculty and Students of the Social and Management Sciences Department of Bayero University, Kano in 2017. The “Train-the-Trainers programme on the “Practice of DIS” was organized for the Faculty of the Social and Management Science Department of Bayero University Kano. The “Train-the-Trainers programme on the “Fundamentals of DIS” and Practice of DIS was also organized for the Academic Staff of the Department of Economics, University of Ibadan. Furthermore, training programme on the “Practice of DIS was also organized for the staff of the Faculty of Social Sciences, University of Benin, during the year.

8.3.2 NDIC/CIBN Joint Certification Programme in Deposit Insurance System

In the year 2017, the NDIC and Chartered Institute of Bankers of Nigeria (CIBN) signed Memorandum of Understanding (MoU) for the incorporation of the teaching of Deposit Insurance in CIBN curriculum for certification.



The Chairman and GMD/CEO of Skye Bank paid a courtesy visit on the Management of the Nigeria Deposit Insurance Corporation (NDIC) in Abuja. L-R: NDIC Deputy Director Insurance and Surveillance Department, Mr G. Y. Gana; NDIC Deputy Director (Head of Bank Examination Unit), Mr. F.E.B. Otedoh; Skye Bank GMD/CEO, Mr. Abiru Adetokunbo; NDIC MD/CEO, Alhaji Umaru Ibrahim; Skye Bank Chairman, Alhaji Muhammad K. Ahmad; Skye Bank SA to the GMD/CEO, Mr. Isaac A. Folahan and NDIC Director of Insurance and Surveillance Department, Mr. Tijani Sule Yakasai.



A cross section of participants at the NDIC 2017 Capacity Building Workshop for Law Enforcement Agencies in Lagos.

SECTION 9

CORPORATE GOVERNANCE

9.0 Introduction

The NDIC recognises the importance of sound corporate governance to the achievement of its Vision. The Board, Board Committees, Management practices and business processes are all guided by sound corporate governance principles.

During the year, the NDIC operated without a Board, hence the decisions of its Executive Management Committee (EXCO) were referred to the Honourable Minister of Finance for approval. The EXCO and the Hon. Minister were guided by the NDIC Act 2006 and the NDIC's Strategic Plan in their decisions.

This section presents the structure of the Board of Directors of the NDIC.

9.1 Board Committees

The NDIC Act 2006 stipulates that, the NDIC Board should comprise 12 members representing the Federal Government, through the Ministry of Finance and the CBN as well as each of the 6 geo-political zones of the country. The roles and responsibilities of the Board are set out in the NDIC Act 2006.

The Board operates through 6 Standing Committees: Finance and General Purpose, IT/Corporate Strategy, Debt Recovery, Audit, Establishment and Executive. Only the Executive Committee performed its functions in 2017 due to the absence of a Board. The roles of the Committees are:

9.1.1 Finance and General Purpose Committee

The Committee is responsible for the review of matters relating to the NDIC's Annual Budget and its implementation, consideration of Quarterly Financial Reports, appointment of External Auditors and compliance with Financial Regulations.

9.1.2 IT/Corporate Strategy Committee

The Committee is tasked with the formulation of policies that ensure the availability of adequate and appropriate IT infrastructure systems, resources and procedures for the NDIC. The Committee is also responsible for adequate oversight on the implementation of the NDIC Strategic Plan.

9.1.3 Debt Recovery Committee

The Committee advises the Board on debt recovery, interest waivers and other matters relating to financial institutions under liquidation.

9.1.4 Audit Committee

The Committee regularly considers Audit Report of External and Internal Auditors, reviews Auditor General of the Federation's Report on the NDIC as well as ensures proper accounting records. It also reviews the statement of accounts of the NDIC to ascertain the level of compliance with relevant policies, rules and guidelines from the Federal Government, Financial Reporting Council (FRC) of Nigeria and Corporate Affairs Commission (CAC).

9.1.5 Establishment Committee

The Committee exercises oversight on Human Resource issues such as recruitment, training, compensation, and other staff matters.

9.1.6 The Executive Committee (EXCO)

The Executive Committee (EXCO) comprises the Managing Director/Chief Executive Officer (MD/CEO), Executive Director Operations (ED, Ops) and Executive Director Corporate Services (ED, CS). The Committee is responsible for the day-to-day administration and implementation of the policy decisions made by the Board. The composition of EXCO during the period under review was:

- I. Umaru Ibrahim, FCIB, mni – MD/CEO;
- II. Prince Aghatise Erediauwa – ED (Operations); and
- III. Hon. Omolola Abiola-Edewor – ED (Corporate Services).

In 2017, the EXCO met 18 times with all members present at every meeting. It considered matters affecting the NDIC operations and forwarded its decisions to the Honourable Minister of Finance for approval.

9.2 Compliance with Statutory Requirements

The NDIC complied with the Fiscal Responsibility Act 2007, Pension Reform Act 2014 (as amended), National Health Insurance Scheme (NHIS), National Housing Fund Act as well as the provisions of the Code of Conduct for Public Officers. The NDIC also rendered returns in respect of banks in-liquidation to the CAC and CBN as required by CAMA 1990 and BOFIA 1991 (as amended), respectively. In addition, the NDIC continued to comply with the requirement of FIRS on taxes and Public Procurement Act in respect of contracts.

Furthermore, all requests by the National Assembly, Ministry of Finance and CBN were promptly responded to.



PART TWO

INSURED INSTITUTIONS'

PERFORMANCE AND PROFILE



SECTION 10

THE OPERATING ENVIRONMENT IN 2017

10.0 Introduction

The global economic developments are of interest to banks and policy makers. That is because there are linkages between domestic trends in economic activities and the economic and financial world, which invariably determine the level of stability of businesses. The global GDP annual growth was 3.7% in 2017 against 3.2% recorded in 2016. A number of factors such as loose monetary conditions, supportive fiscal policies in some major countries and higher commodity prices contributed to the growth trajectory in 2017.

The Nigerian economy had firmed up months after it officially came out of recession in Q2 2017. The year 2017 recorded a real annual GDP growth rate of 0.83% higher by 2.41 percentage points than negative 1.58% recorded in 2016. The growth in nation's economy was driven by relative rising crude oil price and production, stability in the foreign exchange market, moderate reduction in inflation rate and improvement in foreign reserves which propelled renewed confidence in the economy.

Notwithstanding, the progress recorded during the year, the socio-political environment was characterised with rising insecurity, strike actions from various unions, and the return of fuel scarcity towards the end of the year. This section discusses the operating environment and highlights of some CBN circulars released in 2017.

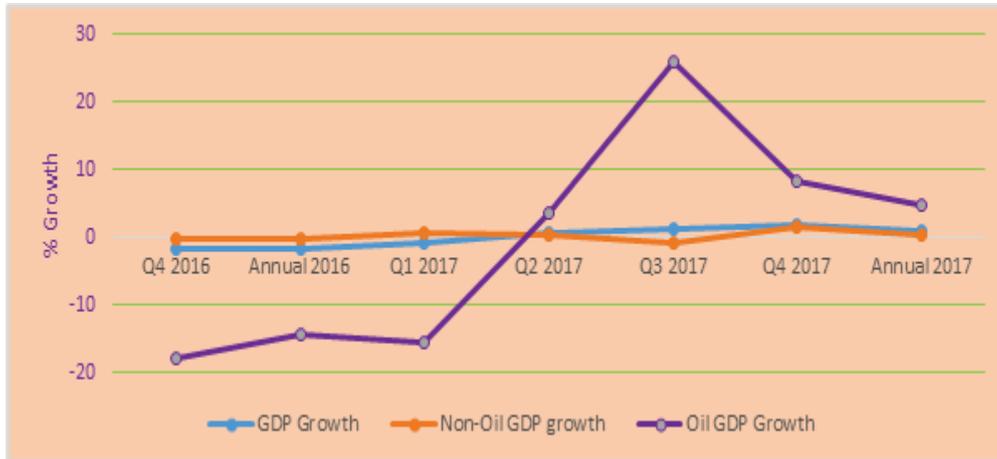
10.1 MACROECONOMIC CONDITIONS

10.1.1 Macro-Economic Environment

Nigeria's real GDP expanded by 1.92% in Q4 2017 (year-on-year) in real terms against negative 1.73% recorded in Q4 2016. Accordingly, that was the third consecutive positive growth since the exit of the economy from recession in Q2 2017. On quarter-on-quarter basis, real GDP growth was 4.29%, while the year 2017 recorded a real annual growth rate of 0.83% which was higher by 2.41% than the negative of 1.58% recorded in 2016 as shown in Chart 10.1.

The Chart presents Oil GDP and non-oil GDP growth rate from Q4 2016 to Q4 2017. The chart revealed that oil GDP grew by 8.38% in Q4 2017 which represented an increase of 26.08% compared to the rate recorded in Q4 2016. The annual GDP of the oil sector expanded by 4.79% in 2017 which was higher than the 2016 negative growth of 14.45%.

CHART 10.1.
REAL GDP GROWTH



Source: Data from NBS

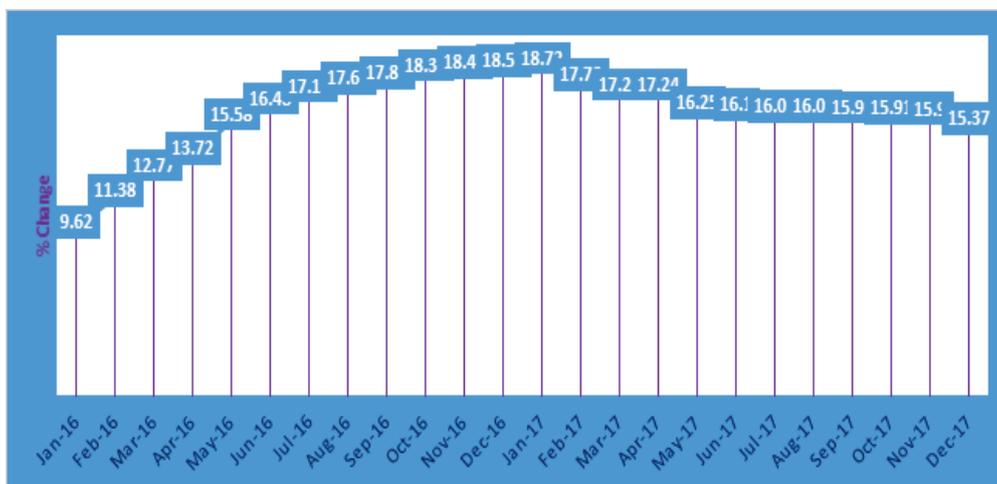
On annual basis, the non-oil sector grew by 0.47% in 2017 relative to the negative growth 0.22% recorded in 2016.

10.2.2 Inflation

The Consumer Price Index (CPI) measures inflation. As at 31st December, 2017, the year-on-year inflation stood at 15.37%, compared with 18.55% recorded as at 31st December, 2016. That was a decrease of 3.18 percentage points.

The declining inflation rate could be attributed to the contractionary monetary policy stance, increase in supply of agricultural products as well as relative stability in the foreign exchange market, arising from the introduction of the Investors and Exporters (I&E) Foreign exchange window, among others.

CHART 10.2.
INFLATION RATE



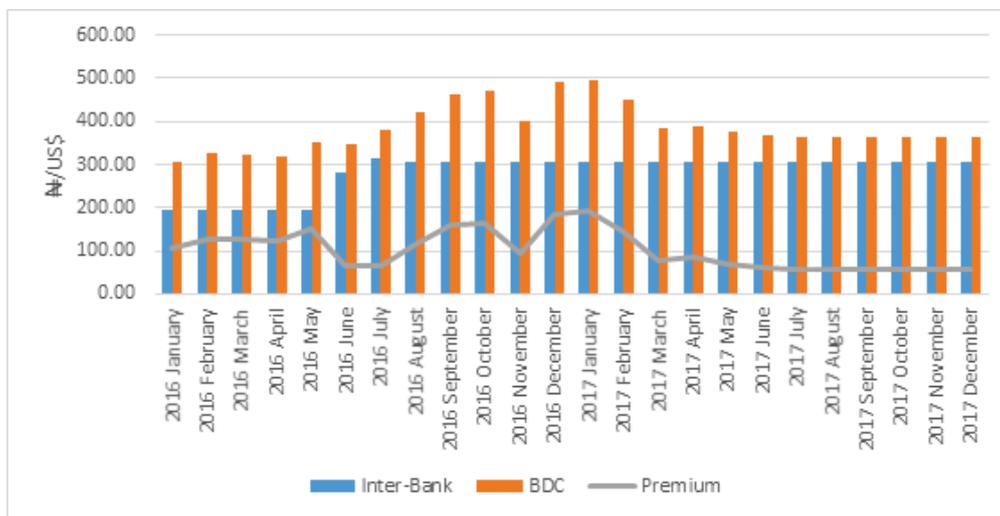
Source: Data from CBN.

10.2.3 Exchange Rate Movement

From the second half of 2017, the country achieved relative stability in the Foreign Exchange Market due to the introduction of I&E window by the CBN, amongst others.

Chart 10.3 presents the trend of Naira/US\$ rate in both the interbank and the Bureau De Change (BDC) markets. As evidenced in the Chart, the exchange was ₦305 to the US\$1 as at 31st December, 2017, compared with the ₦306 to the US\$1 recorded as at 31st December, 2016.

CHART 10.3.
EXCHANGE RATE MOVEMENTS



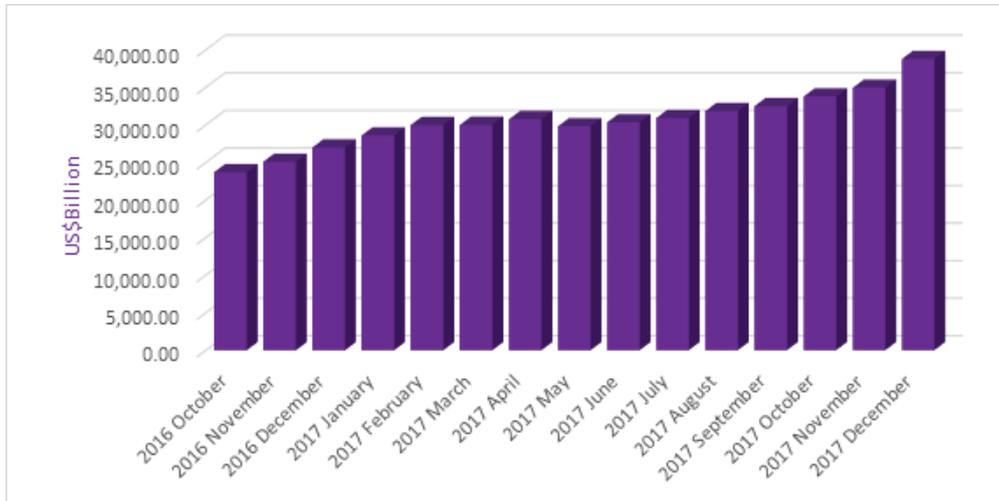
Source: Data from CBN.

On the other hand, the BDC rate was ₦490/US\$1 as at December, 2016 and closed the year 2017 at ₦362.83/US\$1. By implication, the exchange rate premium as at December, 2016 which stood as high as ₦185 fell significantly by about 70% to ₦56.52 as at December, 2017. That can be attributed to the stability in the foreign exchange market due to the CBN Investors and Exporters' Window policy introduced in 2017, coupled with rising oil prices in building the foreign reserves.

10.2.4 External Reserve Movement

Chart 10.4 presents the trend of Nigeria's External Reserves from December 2016 to December 2017. The statistics shows that, the Reserves position has been on an upward trend since December, 2016.

**CHART 10.4.
FOREIGN RESERVES POSITION**



Source: Data from CBN.

The external reserves position as at 31st December, 2016 was approximately US\$27 billion and increased to US\$28.6 billion in January 2017. From the December 2016 value, the external reserves increased by 43.6% to US\$38.76 billion as at 31st December, 2017. The remarkable growth could be attributed to the foreign exchange supply from the success of the Eurobond issued by the Federal Government, increased foreign inflow through the CBN I&E window, among others.

10.2.4 Money and Financial Market Development

10.2.4.1 Capital Market Development

The total market capitalisation climbed to ₦22.92 trillion as at December 2017, representing a 41.57% increase from the ₦16.19 trillion in 2016 as shown in Chart 10.5.

The Nigerian Stock Exchange (NSE) ended 2017 with the All-Share Index (ASI) closing at 38,522.14. Table 10.1 showed that the year-on-year the NSE ASI grew by 42.30% at the end of year 2017 over the 26,874.62 recorded in December 2016.

The improved performance of the capital market could be attributed to the gradual economic recovery, increase in foreign portfolio investment and rising foreign reserves, as well as the improvement in the ease of doing business (EOD) in Nigeria, amongst others.

CHART 10.5.
NSE MARKET CAPITALISATION



Source: The Nigerian Stock Exchange

The NSE banking index recorded the greatest gain of 73.32%, driven by stability in the banking sector, as shown in Table 10.1.

TABLE 10.1.
NSE INDEX PERFORMANCE

	2017	2016	% Change
NSE All Shares Index	30,243.19	26,874.72	42.30
NSE 30 Index	1,746.68	1,185.20	46.14
NSE AseM*	1,087.32	1,189.69	-8.60
NSE Banking Index	475.44	274.32	73.32
NSE Consumer Goods Index	976.10	712.65	36.97
NSE Insurance Index	139.37	126.29	10.36
NSE Industrial	1,975.59	1,595.33	23.84
NSE Oil/Gas Index	330.69	312.68	5.76
NSE Pension	1,379.74	810.04	70.33

Source: Nigerian Stock Exchange

* AseM – Alternative Securities Market

10.2.4 Money Market Development

10.2.4.1 Money Market Interest Rate

The CBN maintained a contractionary policy stance throughout the year 2017 as the Monetary Policy Rate (MPR), Cash Reserve Ratio (CRR) and Liquidity Ratio (LR) were maintained at 14%, 22.50% and 30%, respectively to contain inflation.

The average Interbank Call rate and the Open-Buy Back (OBB) rate were 9.0% and 5.29% as at December 2017, respectively compared with average Interbank Call rate of 9.9% and the Open-Buy Back (OBB) of 9.12% as at December 2016. A closer look at the trend during the year under review showed a dwindling trend in these rates.

10.2.5.2 Money Supply and Credit Development

Year-on-year, narrow money fell by 2.10% from the December 2016 value of ₦11.27 trillion to ₦11.04 trillion in December, 2017.

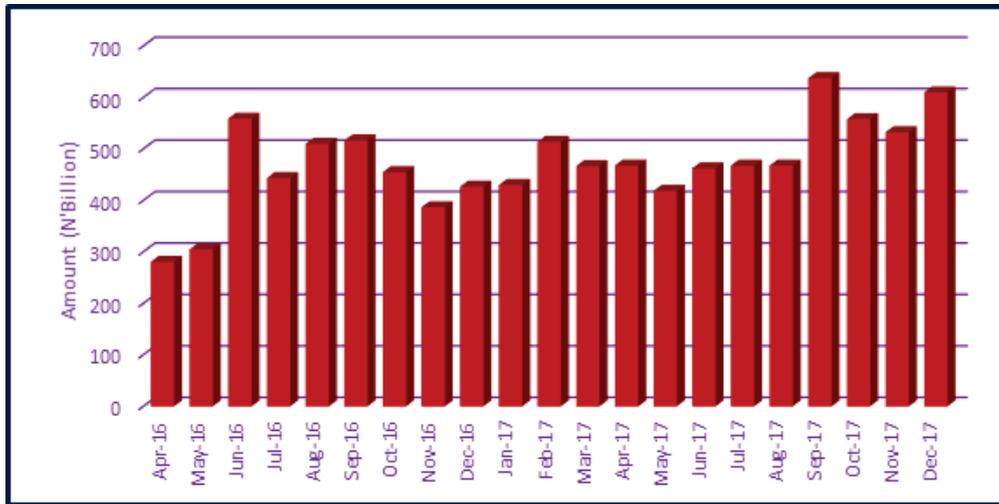
However, broad money climbed by 1.74% year-on-year basis from the ₦23.59 trillion in December 2016 value to ₦24.00 trillion in December 2017. On year-on-year basis, net domestic credit contracted by 3.7% from the December 2016 of ₦26.86 trillion value to ₦25.86 trillion in December 2017.

10.3 Federation Account Allocation Committee Disbursement and Federal Government Budget.

Chart 10.6 presents Federal Account Allocation Committee (FAAC) monthly disbursements for the 3-tiers of government in the year 2017. It is evident from the figure that the amount disbursed improved in the year under review compared with the previous year.

From the Chart, the sum of ₦6.03 trillion was disbursed to the 3-tiers of government in 2017, representing an increase of 23.70% over the ₦4.87 trillion disbursed in 2016. On the average, FAAC disbursed ₦502.87 billion to the 3-tiers of government in 2017, representing 23.71% increase from the 2016 monthly average of ₦406.5 billion. The minimum and maximum monthly disbursements for 2017 were ₦418.8 billion and ₦637.7 billion, respectively, indicative of an improvement from the 2016 minimum and maximum amount of ₦280.90 billion and ₦559.00 billion disbursed, respectively. That improvement in the disbursement could be attributed to the rising oil price above the benchmark of US\$45 emanating from positive global growth momentum, stability of oil production due to relative peace in the Niger-Delta region and adherence to production adjustments restrictions by both OPEC and non-OPEC members.

CHART 10.6.
2017 FAAC MONTHLY DISBURSEMENTS



Source: NBS

The Federal Government on the other hand budgeted ₦7.44 trillion in the year under review with ₦2.18 trillion and ₦2.90 trillion for capital and recurrent expenditures, respectively. The Fiscal Deficit for the 2017 budget amounted to ₦2.30 trillion which was 46% of the projected revenue and 2.30% of GDP for the year. As at the end of 2017, Federal Government had released about ₦1.30 trillion which represented 55% of the total capital votes of ₦2.18 trillion budgeted.

10.4 Regulatory Developments

During the year, the CBN issued a number of circulars and guidelines to guide the operations of Insured Deposit-Taking Financial Institutions. Highlights of some of these circulars are presented as follows:

10.4.1 Circular to Banks and Other Financial Institutions on Virtual Currency Operations in Nigeria

In view of developments in Virtual Currency (VC), Payments, Products and Services, which were largely anonymous and untraceable, in the circular with reference FPR/DIR/GEN/CIR/06/010, the CBN drew the attention of banks to the risks associated with VC. It also directed banks on the use, trading and transactions in VCs, effective AML/CFT controls, relationship with VCs customers and reporting of suspicious transactions to the Nigerian Financial Intelligence Unit (NFIU). Furthermore, the CBN reminded banks that VCs are not legal tenders in Nigeria, and thus, institutions transacting in them do so at their own risk.

10.4.2 Amendment of S4 Business Rules and Guidelines

The CBN in a circular referenced FMD/DIR/GEN/CIR/08/001 and dated 1st February,

2017, released amendments to Section 10.1, "Transactions with CBN" of the S4 Business Rules and Guidelines as follows:

- i) Auctions or 2-way quotes with CBN must be settled, or given highest priority if on cue, failing which an automatic intra-day liquidity facility (ILF) backed by collateral shall be generated automatically. Where there are no securities, the allotment is cancelled and the defaulter suspended from all auctions for 8 weeks effective from date of default.
- ii) The ILF shall be bought back or converted to Standing Lending Facilities (SLF) by participant by close of business day, failing which it will be automatically converted at the prevailing rate of 500 plus basis rate.
- iii) Failure to repurchase the SLF by next business day will restrict access to the discount window until settlement of obligation is made.

The circular also stated that, henceforth, encumbered Standing Lending Facilities would be automatically discounted if they are not bought back by 10am on the maturity date.

10.4.3 Application of International Standard on Auditing (ISA) 701 (Communicating Key Audit Matters in the Independent Auditor's Report) in the Banking Sector

Attention of banks and internal auditors was drawn in a circular referenced BSD/DIR/GEN/LAB/10/006 in respect of compliance with audit of financial statements for the periods ending on or after 15th December, 2016 with ISA 701, as required by rule 9 of the Financial Reporting Council (FRC) of Nigeria.

10.4.4. Guidelines for the Operationalization of New Policy on PTA and School Fees

In its continuous effort to increase the availability of foreign exchange (FX) in the market and ease difficulties encountered in obtaining funds for certain transactions, the CBN on 20th February, 2017 introduced the following measures in a circular referenced FMD/DIR/CIR/GRN/08/003:

1. Commencement of weekly FX sales to banks for Personal Travel Allowance (PTA) and school fees on Tuesdays.
2. Amendments of PTA sales conditions, including US\$4,000 per applicant per quarter, verifiable BVN, flights of not less than five hours and originating from Nigeria. PTA would be for travel to be undertaken not more than fourteen (14) days from the day of purchase, etc.
3. Sales for schools fees – conditions include: US\$15,000 per applicant per term/semester; remittances directly to school's account; verifiable BVN; duly

completed form A; invoice from school, etc.

4. Banks were required to submit daily returns of FX sales (which include: name of applicant, FX rate, amount purchased, purpose of purchase and passport number of applicant) before 4pm daily, failing which they shall be sanctioned accordingly.

10.4.5 CBN Special Wholesale Intervention 60 Days Forward

The circular referenced FMD/DIR/CIR/GEN/08/004 announced a special wholesale intervention forward under 60 days. Not all provisions of clause 2.4.3 (SMIS-Wholesale) of the revised guidelines of operations of the Nigeria Inter-Bank Foreign Exchange Market of June 2016 will apply. The following are highlights of wholesale intervention conditions:

- Amount on offer is \$500 million
- Sum requested by authorized dealers shall not exceed 7.5 percent of amount on offer.
- Funds shall not be allocated to customers' LCs that have benefited from SMIS and are yet to mature.
- Multiple bids are not allowed, et cetera.

10.4.6 Circular On Nationwide Implementation Of Cashless Policy

The circular referenced BPS/DIR/GEN/CIR/04/001 informed banks on the cashless policy review which occurred at the Bankers' Committee held on 8th February, 2017. The following were the highlights of the review:

- Charges on deposits were re-introduced.
- Rates of deposit and withdrawal charges were reviewed effective from 1st April, 2017, depending on the category of States.
- 40:60 sharing of income generated between CBN and the banks, respectively.
- Existing exemptions remain sustained for government accounts, embassies, NGOs.
- Banks were also advised to enlighten customers, train staff and communicate through media on cashless policy and e-payment options available.

10.4.7 Circular to all Banks on Regulatory Guidelines for the Redesigned Credit Risk Management System (CRMS) for Commercial, Merchant And Non-Interest Banks in Nigeria

Following the successful redesign of the CRMS, the CBN developed and released the regulatory guidelines for Commercial, Merchant and Non-interest Banks in Nigeria in a circular referenced FPR/DIR/GEN/CRM/06/012. Rendition requirements came into effect with the system going live on 21st February, 2017 and breaches sanctioned from 3rd April, 2017.

10.4.8 Circular to all Commercial, Merchant and Non-Interest Banks on Identification of Some Borrowers' Records Without BVN or TIN Migrated from the Stop-Gap to the Redesigned Credit Risk Management System (CRMS).

In trying to safeguard the integrity of data and to uniformly address instances of any borrower's unwillingness to provide their BVN or TIN, all affected banks have been directed in a circular referenced FPR/DIR/GEN/CRM/06/13 and dated 28th February, 2017 to submit schedules of borrowers in migrated records without BVN and TIN numbers within four weeks from the date of release of the circular.

10.4.9 Letter to all Development Finance Institutions, Microfinance Banks and Finance Companies on Accounting Treatment of Micro, Small and Medium Enterprises Development Fund

The CBN issued a circular with reference OFI/DIR/CIR/GEN/17/069 and dated 1st March, 2017 to the OFIs on the treatment of the Micro, Small and Medium Enterprises Development Fund (MSMEDF). The CBN directed that, in accounting for the funds in the books of these institutions, funds obtained by direct or indirect funding, should be treated as direct when they are obtained directly from the CBN for on-lending to borrowers and on-balance sheet items as the OFIs bear the credit risk of default; and indirectly when not obtained directly from the CBN (State Government and FCT) and as off-balance sheet items when the State government bears the risk of default. In the event where the risk of the OFIs as secondary obligors crystallises, then such should reflect in the balance sheet of the OFIs.

10.4.10 Immediate Adoption of Examiners' Recommended Provision and Audit Adjustment by the OFIs.

In a circular referenced OFI/DIR/CIR/GEN/17/070 to all Other Financial Institutions (OFIs), the CBN directed the Boards of each OFI to immediately pass into their ledgers, all necessary entries i.e. audit adjustment and/or examiners' recommended provision in the latest examination report and the same should also be reflected in the next monthly report sent to the CBN. Adoption must be on immediate receipt of report by the Board, failure of which will attract appropriate sanctions as applicable to the type of the OFI.

10.4.11 Update to Foreign Exchange Directives

The CBN in a circular referenced FMD/DIR/CIR/GEN/08/006 directed all banks to open a teller point for retail FX transactions in all locations in order to ensure access to foreign exchange by their customers and other users without any hindrance. Banks should have an electronic display board in all their branches showing rates of all trading currencies, mandated to process and meet the demand for Travel Allowances (PTA/BTA) by end-users within 24 hours of such application, as long as the end-users meet basic requirements already outlined in earlier directives. Banks were mandated

to process and meet demands for school fees and medical bills within 48 hours of application. Non-compliance would attract sanctions, including but not limited to being barred from all future CBN foreign exchange interventions.

10.4.12 Guidelines for the Operations of the Agricultural/Small and Medium Enterprises Investment Scheme

The Bankers' Committee at its 331st meeting held on 9th February, 2017 approved the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) to support Agri-businesses and SMEs as a veritable tool in economic development and job creation. The CBN released a circular referenced DFD/MSEF/GEN/01/017 directing all DMBs to set aside and remit to a designated account domiciled within it, 5% of their annual PAT for equity investment in permissible activities as stipulated in the guidelines.

10.4.13 Guidelines for the Regulation and Supervision of Non-Interest (Islamic) Microfinance Banks in Nigeria

The CBN issued a guideline in a circular referenced FPR/DIR/GEN/CIR/06/016 dated 5th April, 2017 with respect to the regulation and supervision of Non-interest (Islamic) MFBs in Nigeria. The guideline was developed to provide a level playing field between the conventional and non-interest MFBs as well as address issues covering the operations of Non-interest Financial Institutions and drive financial inclusion by integrating the formal sector, individuals, organisations and communities not covered by the conventional MFBs.

10.4.14 Foreign Exchange Payment for Small-Scale Importation

In line with its Forex Market intervention strategies, the CBN directed, in a circular referenced TED/FEM/FPC/GEN/01/002 and dated 10th April, 2017 that payments for eligible imports by SMEs valued not more than US\$20,000 per quarter per customer should be effected through telegraphic transfer subject to completion of form 'M' supported with the Proforma Invoice and the Importer's BVN. Processing banks were further directed to render monthly returns on submission of final shipping document to the relevant secretariat at the CBN.

In a related circular referenced TED/FEM/FPC/GEN/01/002, dated 18th April, 2017, the CBN introduced the use of Form 'Q' by SMSEs as part of its effort to ease obstacles and improve access to their foreign exchange. The form is to be obtained by authorized dealers and completed by applicants subject to certain specified conditions. Furthermore, processing banks shall render monthly returns on the transactions to the Director, Trade and Exchange of the CBN.

10.4.15 Bank Verification Number (BVN) Enrolment for Customers

In furtherance to the BVN initiative carried out with customers of DMBs, the CBN in a circular referenced OFI/DIR/GEN/17/13 and dated 21st April, 2017, extended the

initiative to customers of OFIs in order to avoid a broken identification link. In view of the foregoing, the CBN directed all OFIs to:

- i) Enroll their customers on or before July 31st, 2017;
- ii) Conspicuously display notices sensitizing customers on BVN in the banking hall;
- iii) Ensure that all new customers have BVN; and
- iv) Forward to the Director, Other Financial Institutions Supervision Department, a schedule of customer accounts with BVN on 7th August, 2017.

Furthermore, all customers without BVNs linked to their accounts should not be allowed to make withdrawals from those accounts.

10.4.16 Establishment of Investors' and Exporters' Window

In a circular referenced FMD/DIR/GEN/08/007 dated 21st April, 2017 the CBN announced a special window for Investors, Exporters and end-users in order to boost liquidity in the FX Market and ensure timely execution and settlement for eligible transactions. The circular addressed permitted transactions, participants, price discovery, operational requirements and OTC FX Futures with respect to the window and takes effect from 24th April, 2017.

10.4.17 Data Exchange Agreements with at Least two Licensed Credit Bureaux in Nigeria

In a circular referenced OFI/DIR/CIR/GEN/17/151, the CBN drew the attention of OFIs to the penalties for non-compliance with the provisions of circular BSD/DIR/GEN/CIR/04/014 of 30th April, 2010 and circular BSD/DIR/GEN/LAB/06/051 of 14th November, 2013; which required all OFIs to establish Data Exchange Agreements with Credit Bureaux, obtain credit reports prior to granting any facility, periodically determine each borrower's current exposure to the financial system and submit credit information on all customers, staff and directors to Credit Bureaux.

The CBN also advised the OFIs to include a disclosure clause in the terms and conditions of account opening packs to obtain consent for continuous credit information sharing with Credit Bureaux.

10.4.18 Introduction of two New Instruments – “Funding for Liquidity Facility” and “Intra – Day Facility” for Non – Interest Banks

In a bid to aid liquidity management and deepen the financial system, the CBN in a circular dated 23rd August, 2017 and referenced FMD/DIR/CIR/GEN/009 introduced two new financial instruments, namely, “Funding for Liquidity Facility (FfLF)” and “Intra – Day Facility (IDF)” at its window, for access by Non-Interest Financial Institutions (NIFIs) licensed by the CBN.

10.4.19 Further Guidance to Banks and Discount Houses on the Implementation of IFRS 9 (Financial Instruments) in Nigeria

Further to the guidance notes on the implementation of IFRS 9 (financial Instruments) in the Nigerian banking sector issued by the CBN on 20th December, 2016, the CBN in a circular dated 6th September, 2017 and referenced BSD/DIR/GEN/LAB/10/032 requested banks to assess the financial impact of the implementation of IFRS 9 on their operations. The assessment reports should detail comprehensively the expected impact on total provisions, capital and reserves as well as capital adequacy.

10.4.20 Review of Daily Mobile Money Wallet Transaction and Balance Limit and Bank verification Numbers (BVN) Requirement for Mobile Money Wallet Holders

In line with the initiative of the CBN to enhance access to financial services through Mobile Money Services, the CBN in a circular dated 7th September, 2017 and referenced BPS/DIR/GEN/CIR/04/007 reviewed the daily transaction limit and balance limit on mobile money wallets to afford users of Mobile Money services more flexibility. The revised limits on transaction and balances were as follows: KYC Level 1 - Daily cumulative transaction limit was fixed at ₦50,000 with cumulative balance limit of ₦300,000. For Level 2, the daily cumulative transaction limit was ₦200,000 with cumulative balance limit of ₦500,000 and Level 3 daily cumulative transaction limit was fixed at ₦5 million with unlimited cumulative balance limit.

10.4.21 Repatriation of Export Proceeds (oil and non-oil)

The CBN in the circular referenced TED/FEM/FPC/GEN/01/013 and dated 26th October, 2017, reminded exporters of the breach of the extant regulation with failure to repatriate their export proceeds (oil and non-oil) within the stipulated 90 days. Non-compliant exporters shall be barred from accessing all banking services including the foreign exchange market.

10.5 Socio-Political Environment

During the year, several challenges impacted the banking sector and economy. The challenges included: kidnapping, armed robbery, reduced but persistent insurgency in the North East and Farmers-Cattle Herdsmen clashes. Others were threats by the Niger-Delta militants, pervasive hate speeches from different groups and sections of the country, high electricity tariffs, ethno-religious crisis, corruption as well as high rate of unemployment and the return of fuel scarcity towards the end of year 2017.

There were other major developments that had impacted negatively on the economy that included food price hikes witnessed in the country due to the high cost of transportation, inability of some States and Local Governments to pay workers' salaries and arrears despite the Federal Government's intervention funds availed to the States in financial difficulties as well as the Paris Club loan refunds. That has affected aggregate demand, worsened growth prospects and added hardship to the affected civil servants during the period under review.

Another noteworthy development that impacted negatively on the economy was the strikes embarked on by the Senior Staff Association of Nigerian Universities (SSANU), Non-Academic Staff Union of Universities and Associated Institutions (NASU), National Association of Academic Technologists (NAAT) and Academic Staff Union of Universities (ASUU) at different times in 2017. The strikes were as a result of inability of the FG to honour the Memorandum of Understanding (MoU) signed in the past with the unions. Similarly, the strikes had led to the disruption of academic studies, calendar and suspension of Unified Tertiary Matriculation Examination (UTME) screening indefinitely in universities. However, the FG has already released ₦23 billion to the four unions in the Universities.

Despite all the challenges, various measures were taken by government to ensure peace and promote economic growth and development. Some of the measures included the launch of Peace initiatives in the Niger Delta which translated to increase in daily oil production that enabled the government build-up the nation's reserves as well as fund the 2017 Budget. Other measures included the launch of the Economic Recovery and Growth Plan (ERGP) for the period 2017-2020 which was designed to address the country's huge infrastructural deficit and attain food security whilst also securing the nation's macro-economic stability. The Plan also aimed at diversifying the economy to set it on a path toward sustained and inclusive growth over the medium to long-term.

SECTION 11

FINANCIAL CONDITION AND PERFORMANCE OF THE BANKING INDUSTRY

11.0 Introduction

The insured financial institutions exhibited resilient performance in 2017 amidst macroeconomic and socio-political dynamics in both the domestic and international markets that affected their credit expansion, asset quality and capital adequacy decisions.

The Nigerian economy recovered from economic recession in Q2 2017 with a GDP growth of 0.72% after 5 consecutive quarters of negative growth. The real GDP grew by 0.83% in 2017 which was an increase of 2.41 percentage points from the GDP growth of negative 1.58% recorded in 2016. The recession, however, had adverse implications for asset quality of the banking industry.

In the midst of the challenging operating environment, the banking industry recorded a decline in capital adequacy ratio, increase in NPLs and declining profitability due to rising operating expenses. However, total assets and total deposits recorded marginal increase during the year.

This section presents the financial condition of the banking industry that was appraised using the CAEL (Capital Adequacy, Asset Quality, Earnings and Liquidity) parameters.

11.1 Financial Condition of DMBs

11.1.1 Capital Adequacy

In 2017, all the capital adequacy indicators witnessed a decline. Accordingly, the adjusted shareholders' fund decreased by 33.66% from ₦2,649.94 billion in 2016 to ₦1,757.96 billion in 2017. In the same vein, the Average Capital to Risk-Weighted Assets Ratio (CAR) of DMBs decreased by 4.55 percentage points from the 14.78% in 2016 to 10.23% in 2017. That ratio was slightly above the 10% threshold for National/Regional Banks but far below the 15% regulatory threshold for International Banks.

The number of DMBs that were technically insolvent increased from 3 in 2016 to 4 in 2017 with the recapitalisation requirements increasing from ₦398.60 billion in 2016 to over ₦1.57 trillion as at December 2017. The economic downturn, the challenges faced by the oil sector, the depreciated domestic currency, amongst others, led to increasing provisions for loan losses which combined with operating losses to erode the capital base of some DMBs.

Table 11.1 shows select Capital Adequacy Indicators and Chart 11.1 shows the trend of Capital Adequacy Ratios in 2016 and 2017.

TABLE 11.1.
DMBs' CAPITAL ADEQUACY INDICATORS

Capital Adequacy Indicators	Year	
	2016	2017
Total Qualifying Capital (₦' billion)	3,111.42	2,201.58
Adjusted Shareholders' Funds (Tier 1 Capital) (₦' billion)	2,649.94	1,757.96
Tier II Capital (₦' billion)	461.49	443.62
Recapitalisation Requirements	398.60	1,565.25
Average Capital to Total Risk-Weighted Asset Ratio (%)	14.78	10.23
No. of Banks with CAR ≤ 10% and 15%	3	4

Source: NDIC

CHART 11.1.
TREND OF CAPITAL ADEQUACY RATIO



11.1.2 Asset Quality of DMBs

The banking industry total loans to the domestic economy stood at ₦15.91 trillion in 2017 which was a 2.33% decline from the ₦16.29 trillion recorded in 2016. The industry NPLs rose by 13.46% from ₦2.08 trillion in 2016 to ₦2.36 trillion in 2017.

The banking industry was exposed to high credit risk as the asset quality, which is

depicted by the NPLs to Total Loans Ratio, further deteriorated from 12.80% in 2016 to 14.84% in 2017. That compared unfavourably with the maximum prudential threshold of 5%.

Furthermore, the NPLs to Shareholders' Fund Ratio significantly increased from 43.84% in 2016 to 69.21% in 2017. Table 11.2 shows some select Asset Quality Indicators, Chart 11.2 shows the trend in NPLs of DMBs, Chart 11.3 shows the trend in NPLs ratio and Chart 11.4 shows the NPLs to Shareholders' Fund Ratio.

TABLE 11.2.
ASSET QUALITY OF THE BANKING INDUSTRY

Asset Quality Indicators	Year	
	2016	2017
Total Loans & Advances (₦ Trillion)	16.26	15.91
NPLs (₦ Trillion)	2.08	2.36
NPLs to Total Loans (%)	12.80	14.84
Ratio of NPLs to Shareholders' Funds (%)	43.84	69.21

Source: NDIC

CHART 11.2
TREND OF NPLs IN THE BANKING INDUSTRY

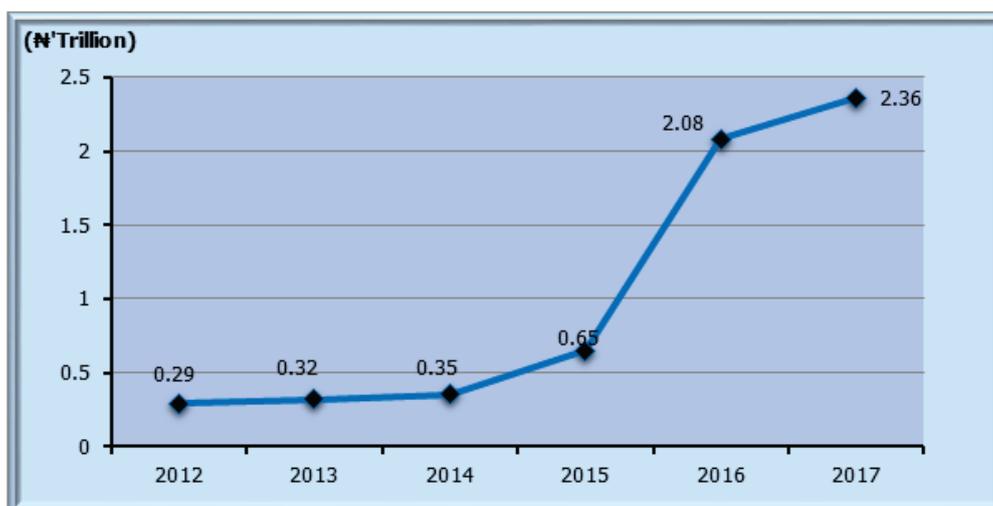


CHART 11.3.
BANKING INDUSTRY NPLs/TOTAL LOANS RATIO

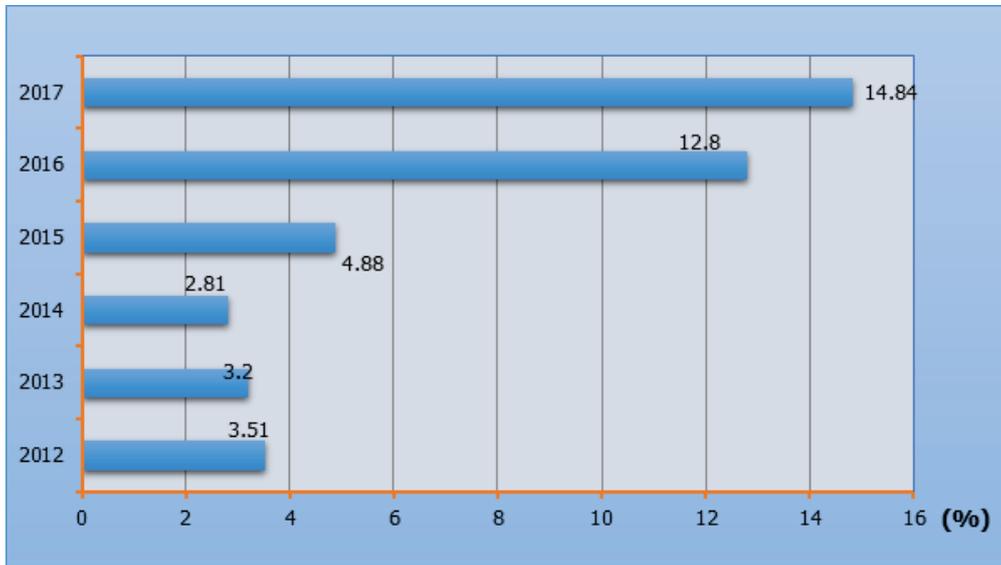
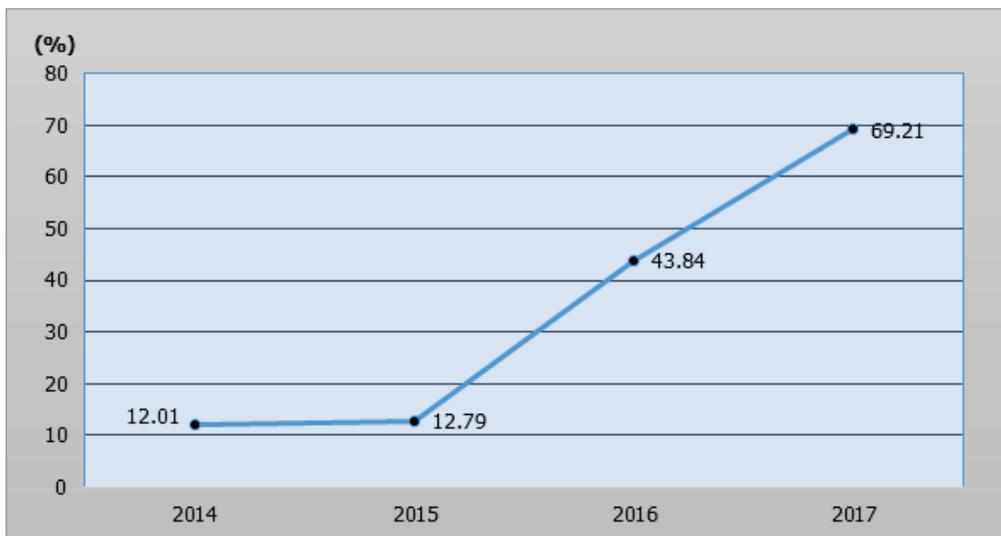


CHART 11.4.
BANKING INDUSTRY NPLs/SHAREHOLDERS' FUND



11.1.3 Earnings and Profitability

The DMBs earnings performance indicators showed a declining trend of profitability. Profit before tax (PBT) decreased by 65.90% from ₦440 billion in 2016 to ₦150 billion in 2017. Operating expenses increased by 15.79% from ₦380 billion in 2016 to ₦440 billion in 2017. The rise in operating cost could be attributed to the high transportation cost, hike in fuel and its scarcity as well as exchange rate pass-through high imported cost of inputs. Table 11.3 shows some selected Earnings Performance Indicators of the DMBs in 2017 with corresponding figures for 2016.

TABLE 11.3.
EARNINGS & PROFITABILITY INDICATORS OF THE DMBs

Indicators	Year		
	2015	2016	2017
Profit Before Tax (₦' trillion)	0.63	0.44	0.15
Net Interest Income (₦' trillion)	1.44	0.28	0.45
Non-Interest Income(₦' trillion)	0.25	0.17	0.98
Interest Expenses (₦' trillion)	0.97	0.43	0.37
Operating Expenses (₦' trillion)	1.39	0.38	0.44
Yield on Earning Assets (%)	13.40	3.51	2.62
Return on Equity (%)	19.78	12.56	4.70
Return on Assets (%)	2.34	1.48	0.48

Source: NDIC

The table further shows that the Yield on Earning Assets fell from 3.51% as at December, 2016 to 2.62% as at 31st December, 2017. Return on Assets (ROA) decreased by 1.0 percentage point to 0.48% as at 31st December, 2017 from 1.48% recorded as at 31st December, 2016. In the same vein, Return on Equity (ROE) decreased from 12.56% as at 31st December, 2016 to 4.70% as at 31st December, 2017 as shown in Charts 11.5, 11.6, and 11.7.

CHART 11.5.
TREND OF PROFIT BEFORE TAX

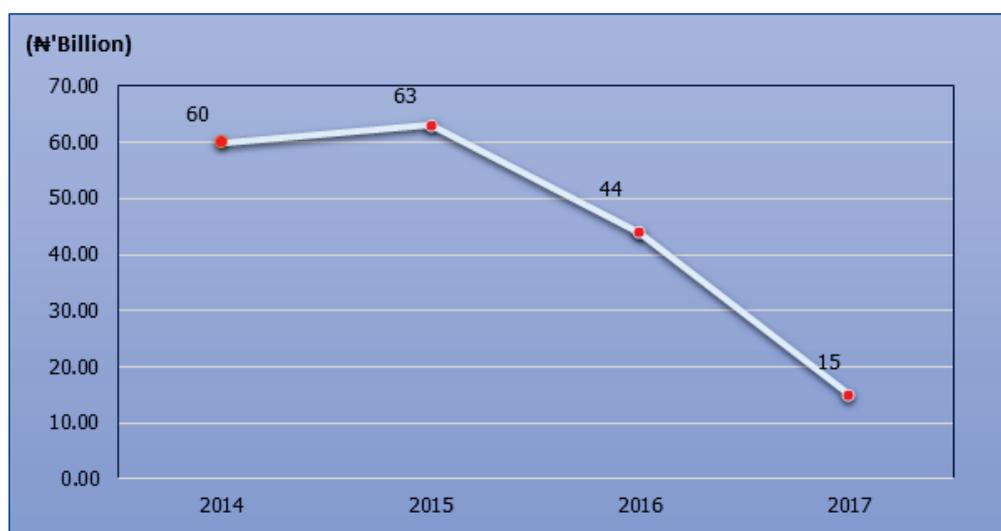


CHART 11.6.
ROA AND ROE OF THE DMBs

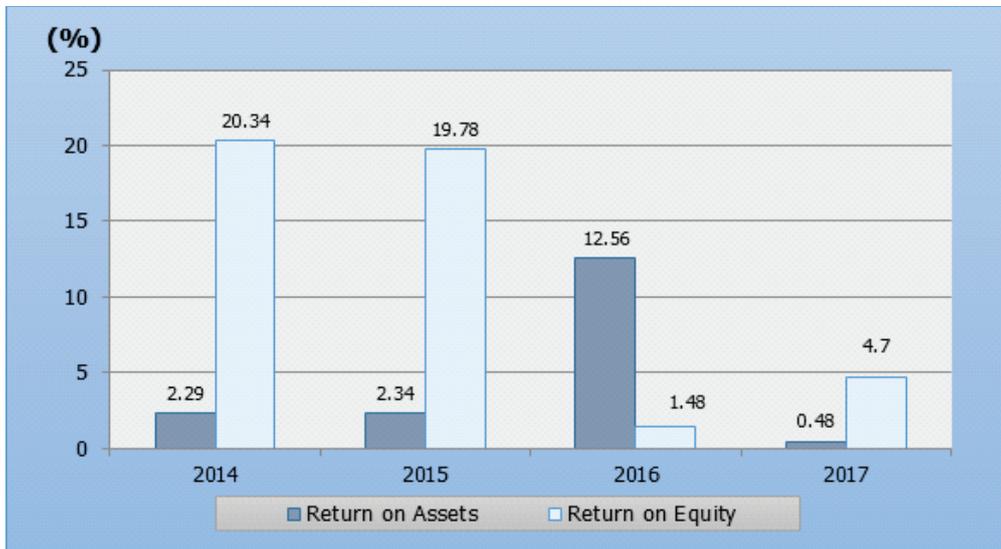
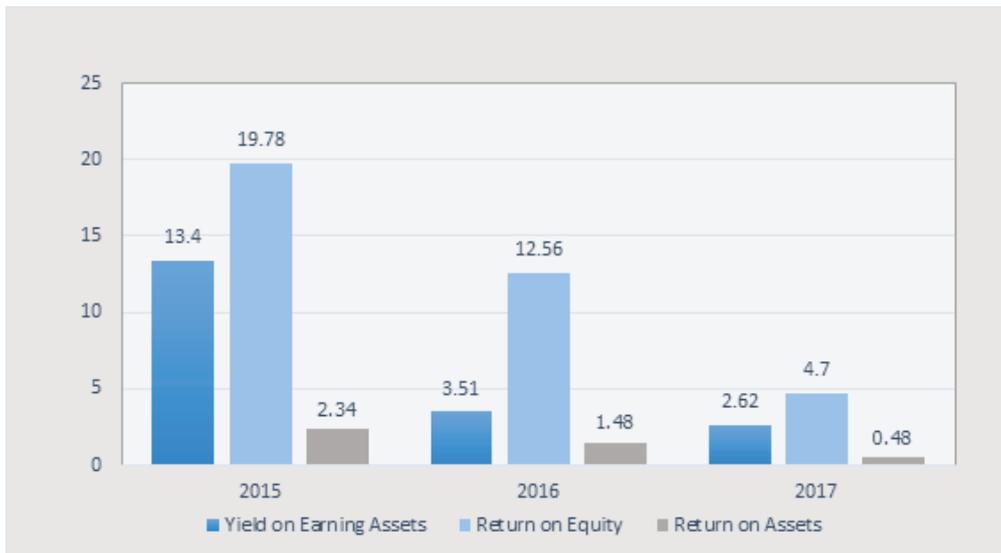


CHART 11.7.
EARNINGS & PROFITABILITY INDICATORS (%)



11.1.4 Liquidity Management

As part of Monetary Policy Stance to maintain price stability, the prudential Liquidity Ratio (LR) requirement for DMBs remained at 30% throughout the year 2017.

Table 11.4 presents the liquidity position of DMBs in 2015, 2016 and 2017. The table showed that the banking industry was liquid with Liquidity Ratio exceeding the minimum threshold. For instance, the average Liquidity Ratio was 45.56% as at 31st December, 2017 compared with 43.96% for the same period in 2016. In the same vein,

loans to deposit ratio was as high as 87.29% as at 31st December, 2016 but fell slightly to 72.30% as at 31st December, 2017.

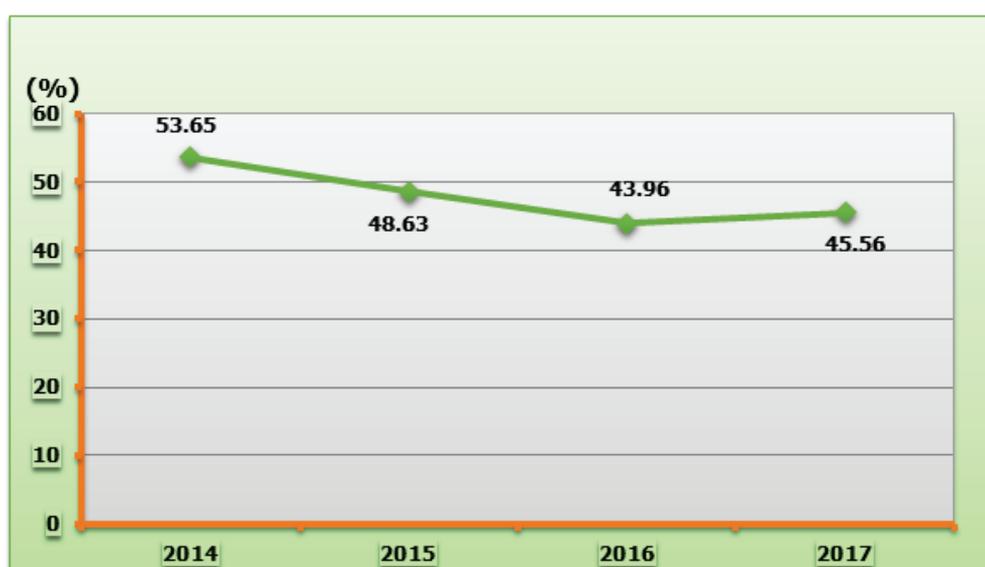
On individual DMB basis, however, 4 DMBs as shown in the table failed to meet the prudential minimum liquidity ratio threshold of 30% as at 31st December, 2017. That was similar to the position in the previous year. Table 11.4 and Chart 11.8 show the trend of LR position of DMBs as at 31st December, 2017.

TABLE 11.4.
LIQUIDITY POSITION OF DMBs

Items	Year		
	2015	2016	2017
Average Liquidity Ratio	48.63	43.96	45.56
Loans to Deposit Ratio	73.76	87.29	72.30
No. of Banks with Less than 30% minimum Liquidity Ratio	1	4	4

Source: NDIC

CHART 11.8.
TREND OF AVERAGE LIQUIDITY RATIO

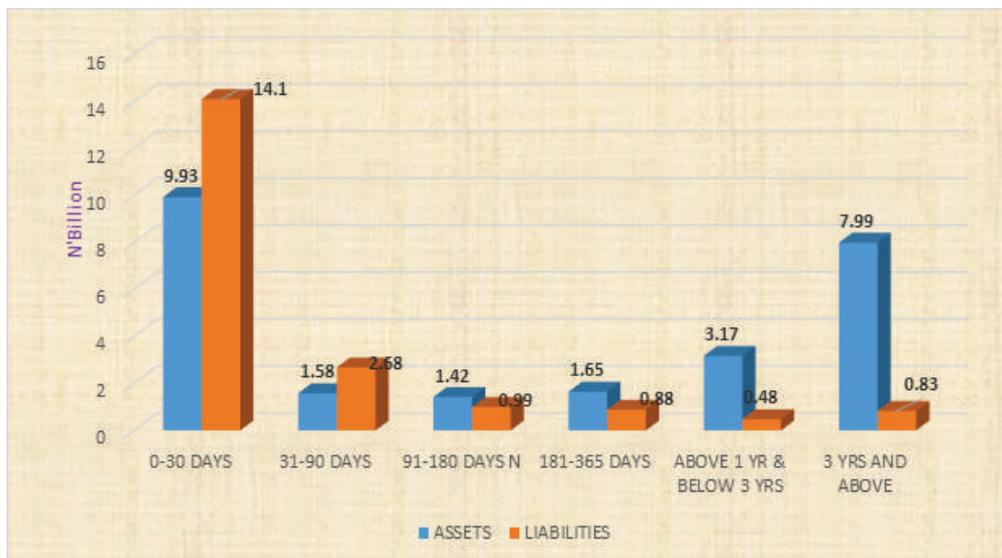


11.1.5 DMBs' Maturity Profile of Assets and Liabilities

The maturity profile of assets and liabilities of industry as at 31st December, 2017 showed a mismatch between assets and liabilities as well as investors preference for short-term investment.

For instance, as at 31st December, 2017, the total assets and total liabilities below 30 days amounted to ₦9.93 billion and ₦14.1 billion, respectively which accounted for 39% of the aggregate total assets and 71% of aggregate total liabilities. However, assets maturing above one year but below 3 years stood at ₦3.17 billion while liabilities for the same period amounted to ₦0.48 billion. Also, total assets maturing in the range of 3 years and above amounted to ₦7.99 billion which accounted for 36% of the aggregate total assets. Similarly, the total liabilities maturing at the same period stood at ₦0.83 billion which represented only 4.16% of the aggregate total liabilities. That was indicative of a mismatch and improper use of assets and liabilities models for liquidity management among the DMBs and that implied a huge exposure to market risks. Chart 11.9 presents the maturity profile of assets and liabilities of the DMBs during the year under review.

**CHART 11.9.
MATURITY PROFILE OF DMBs' ASSETS AND LIABILITIES**



11.1.6 Sectoral Distribution of Credit

In 2017, the sectoral allocation of credits as shown in Table 11.5 revealed the concentration of credit in the oil and gas sector. The DMBs' exposure to Oil & Gas sector stood at ₦4.77 trillion or 30% of the industry total credits of ₦15.91 trillion as at 31st December, 2017. That was followed by the Manufacturing sector with ₦2.17 trillion or 13.64% of total credits. The exposure to Government was ₦1.40 trillion or 8.78% of total credit while credits to General and General Commerce accounted for 6.54% and

6.86% of total credit, respectively. Charts 11.10 and 11.11 show the Sectoral Allocation of Credits.

TABLE 11.5.
SECTORAL ALLOCATION OF CREDITS

SECTOR	2016 (₦'Bn)	% of Total Loans	NPL/TL 2016 (%)	2017 (₦'Bn)	% of Total Loans	NPL/TL 2017 (%)
Oil and Gas	4,916.63	30.19	14.98	4,774.46	30.00	17.54
Manufacturing	2,217.66	13.62	3.45	2,171.00	13.64	7.43
General	1,316.24	8.08	12.05	1,041.15	6.54	19.50
General Commerce	1,029.51	6.32	10.47	1,091.94	6.86	14.24
Information and Communication	858.82	5.27	8.48	785.87	4.94	10.77
Governments	1,376.89	8.45	0.45	1,397.84	8.78	0.07
Real Estate Activities	811.80	4.98	17.84	769.68	4.84	19.21
Construction	631.09	3.87	12.03	657.08	4.13	18.12
Agriculture	525.95	3.23	3.23	536.12	3.37	17.84
Finance and Insurance	737.65	4.53	3.93	985.69	6.19	29.42
Transportation and Storage	451.39	2.77	26.14	335.69	2.11	30.19
Capital Market	212.28	1.30	0.77	156.10	0.98	0.54
Professional, Scientific and Technical Activities	151.23	0.93	3.37	162.60	1.02	5.71
Power and Energy	726.29	4.46	10.22	755.03	4.74	12.75
Education	87.22	0.54	16.38	72.53	0.46	19.11
Administrative and Support Services	30.61	0.19	3.07	37.85	0.24	6.58
Human Health & Social Work Activities	42.16	0.26	6.24	43.15	0.27	15.80
Activities of Extra Territorial Organizations & Bodies	0.01	0.00	8.63	36.34	0.0	0.0

SECTOR	2016 (₦'Bn)	% of Total Loans	NPL/TL 2016 (%)	2017 (₦'Bn)	% of Total Loans	NPL/TL 2017 (%)
Water Supply Sewerage, Waste Management & Remediation	17.03	0.10	12.77	19.34	0.12	16.87
Arts, Entertainment & Recreation	14.44	0.09	41.60	16.80	0.11	67.85
Public Utilities	111.96	0.69	14.92	77.34	0.49	-
Mining and Quarrying	21.28	0.13	5.67	25.25	0.16	0.16
TOTAL	16,258.12	100	100	15,912.54	100	14.84

Source: NDIC

CHART 11.10.
SECTORAL ALLOCATION OF CREDITS

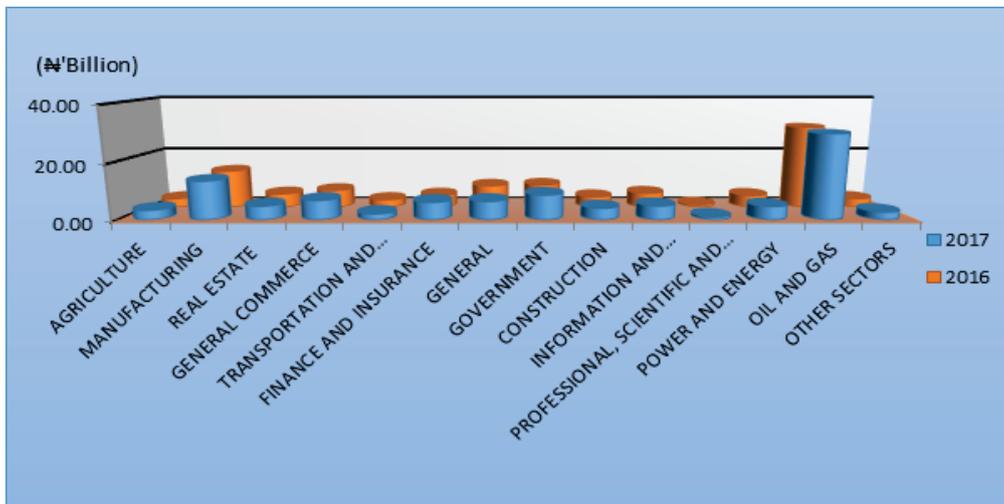
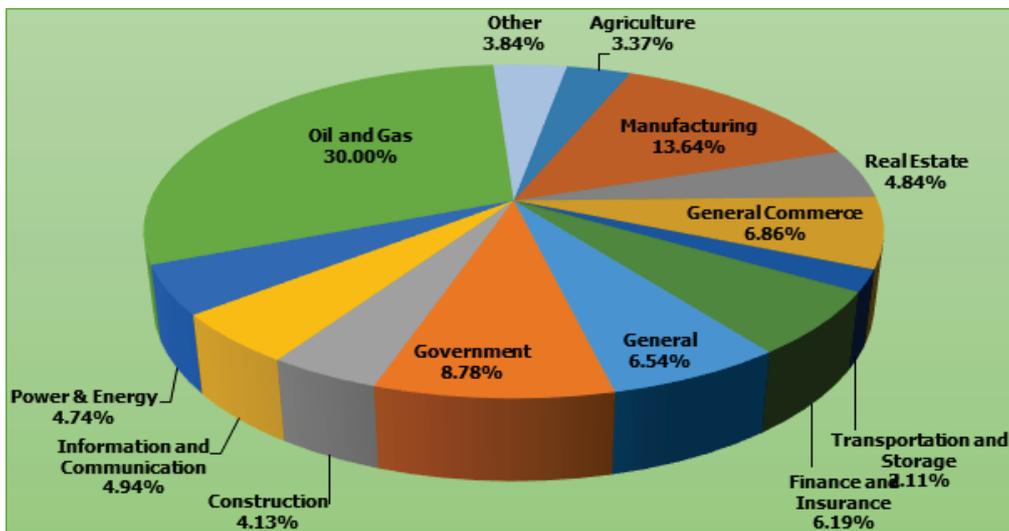


CHART 11.11.
SECTORAL ALLOCATION OF CREDITS IN 2017



11.1.7 Level of Soundness of DMBs in 2017

The Composite Risk Rating of the 25 DMBs revealed that 1 DMB was rated Low Risk, while 16 DMBs were rated Moderate Risk. Also, 3 DMBs were rated Above Average Risk, while 5 DMBs were rated High Risk as at 31st December, 2017. It should be noted that low risk implies the highest level of soundness and safety while high risk refers to the least soundness rating.

Table 11.6 and Charts 11.12, 11.13 and 11.14 present the summary of some financial indicators of the DMBs.

TABLE 11.6.
SELECTED PERFORMANCE INDICATORS OF DMBs FOR 4 YEARS

S/No	DETAILS	2014	2015	2016	2017
1	Total Assets (OBS Inclusive) (₦'Trillion)	30.97	31.39	35.33	38.53
2	Total Deposit (₦'Trillion)	18.02	17.51	18.54	19.38
3	Insured Deposit (₦'Trillion)	2.31	2.66	2.63	2.77
4	Total Loans & Advances (₦'Trillion)	12.63	13.33	16.26	15.91
5	Non-Performing Loans (₦' Trillion)	0.35	0.65	2.08	2.36
6	Profit Before Tax (₦' Trillion)	0.60	0.63	0.44	0.15
7	Adjusted Shareholders' Fund (Tier I Capital) (₦'Billion)	2.44	2.78	2.65	1.76
8	Non-Performing Loans/Total Loans (%)	2.81	4.88	12.80	14.84
9	Non-Performing Loans/Shareholders' Fund (%)	12.01	12.79	43.84	69.21
10	Capital Adequacy (%)	15.92	17.66	14.78	10.23
11	Average Liquidity Ratio (%)	53.65	48.63	43.93	45.56
12	Loans/Deposit Ratio (%)	68.11	73.76	87.29	72.30
13	Return on Assets (%)	2.29	2.34	1.48	0.48
14	Return on Equity (%)	20.34	19.78	12.56	4.70
15	Net Interest Margin (NIM) (%)	7.16	7.40	1.96	1.43

Source: NDIC

CHART 11.12.
NPLs TO SHAREHOLDERS' FUND RATIO

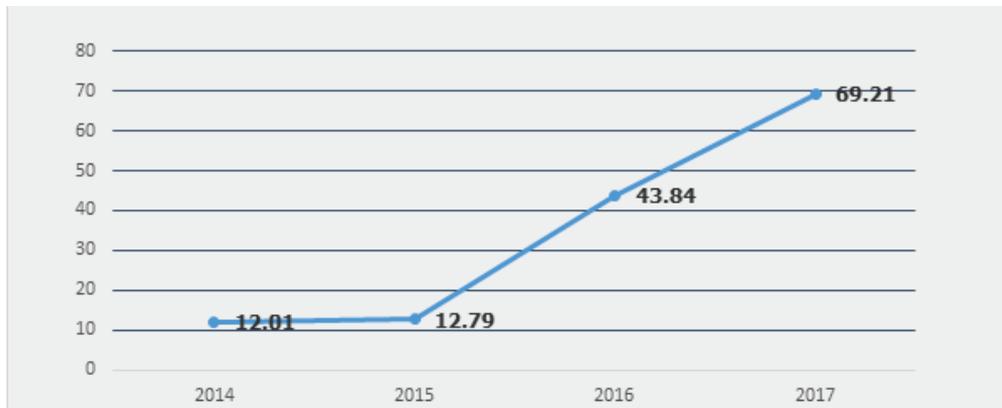


CHART 11.13.
TREND OF LOAN/DEPOSIT RATIO

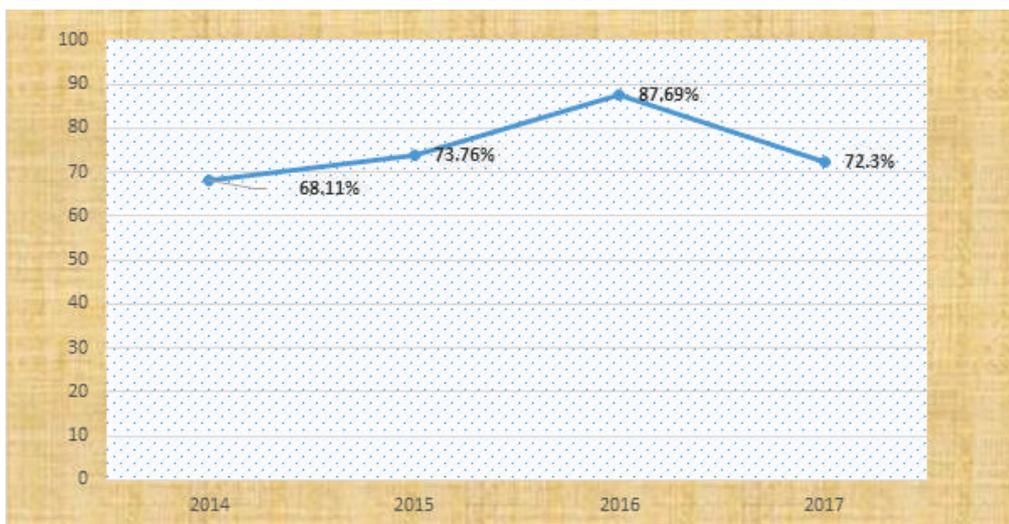
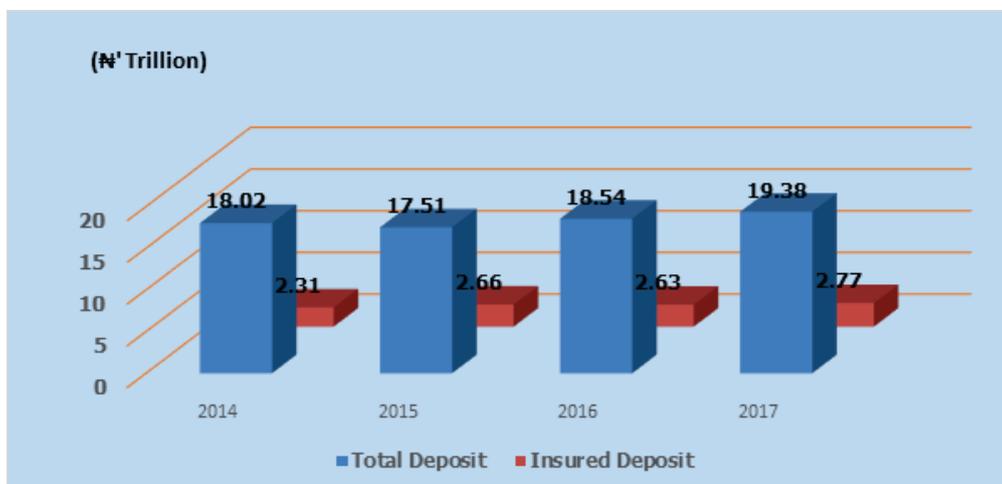


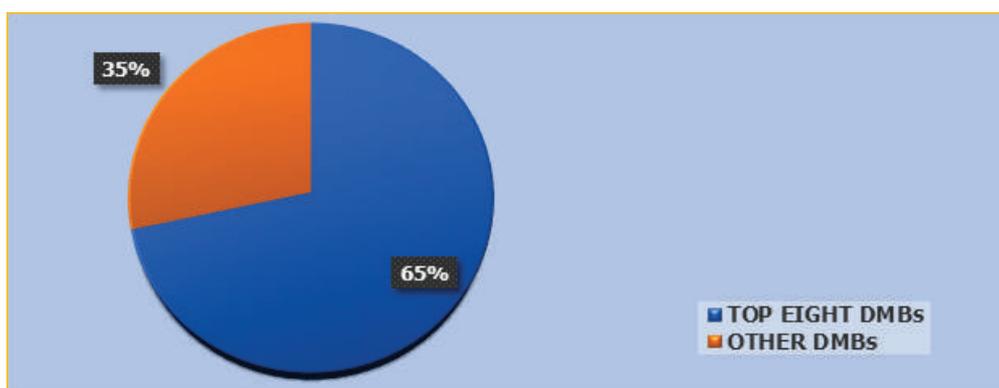
CHART 11.14.
INSURED DEPOSITS & TOTAL DEPOSITS



11.1.8 TOP 8 DMBs SHARE OF TOTAL LOANS

The top 8 DMBs accounted for 65% of industry total loans extended to the domestic economy as at 31st December, 2017 compared with 72% recorded as at 31st December, 2016 as shown in Chart 11.15. That implied that the remaining 17 DMBs accounted for just 35% of industry total loans which was indicative of high concentration of loans and control of the industry by a few DMBs.

CHART 11.15.
TOP 8 DMBs SHARE OF INDUSTRY TOTAL LOANS



11.2 FINANCIAL CONDITION OF MFBs

The number of licensed MFBs in operation increased from 978 as at 31st December, 2016 to 1,008 as at 31st December, 2017. The number of MFBs that rendered statutory returns as at 31st December, 2017 was 651 compared with 597 in 31st December, 2016. The Call Reports of 651 MFBs was consolidated in this report.

11.2.1 Capital Position

The shareholders' funds of the MFBs subsector stood at ₦85.77 billion as at 31st December, 2017 against ₦76.96 billion as at 31st December, 2016.

11.2.2 Asset Quality

Total assets was ₦360.59 billion as at 31st December, 2017 compared with ₦321.92 billion as at 31st December, 2016. Similarly total loans was ₦201.37 billion in December 2017 compared with ₦192.99 billion in December 2016. Also, NPLs decreased by 28.8% from ₦36.77 billion in December 2016 to ₦26.18 billion in December 2017. In the same vein, the NPLs ratio decreased from 19.05% in 2016 to 13% in 2017 which was still above regulatory threshold.

11.2.3 Earning and Profitability

The MFBs' sub-sector reported a gross income of ₦89.63 billion as at 31st December, 2017 compared with ₦87.49 billion as at 31st December, 2016. The interest income increased by 11.10% from ₦70.21 billion in 2016 to ₦78.98 billion in 2017. Non-interest income also

recorded an increase of 25.10% from ₦17.28 billion to ₦23.08 billion as at 31st December, 2016 and 2017, respectively.

Similarly, the MFBs' operating expenses increased by 16.10% from ₦61.61 billion to ₦73.42 billion as at 31st December, 2016 and 2017 respectively. PBT also recorded an increase of 13.10% from ₦14.08 billion in 2016 to ₦16.21 billion in 2017. ROA and ROE stood at 4.50% and 18.90% against 4.37% and 18.30% in 2017 and 2016, respectively.

11.2.4 Liquidity Position

The total deposit increased by 11% from ₦147.28 billion to ₦166.88 billion as at 31st December, 2016 and 2017, respectively. The average liquidity ratio decreased from 89.88% to 72.54% as at 31st December, 2016 and 2017, respectively, but was above the regulatory threshold of 20%. That was an indication that the sub-sector was keeping idle funds and not lending to the target market. Notwithstanding, the sub-sector recorded a decrease in loan to deposit ratio from 131.04% to 120.66% as at 31st December, 2016 and 2017, respectively.

The MBFs' subsector investment in fixed asset was ₦33.64 billion in 2017 compared with ₦21.92 billion in 2016.

A summary of MFBs' Performance Indicators in 2017 with the corresponding figures in 2016 are presented in Table 11.7.

TABLE 11.7.
SELECTED PERFORMANCE INDICATORS OF MFBs

S/No	DETAILS	2016	2017
1	Number of MFBs in Operation	978	1,008
2	Number of MFBs that Rendered Returns	597	651
3	Total Assets (₦'Billion)	321.92	360.59
4	Total Deposits (₦'Billion)	147.28	166.88
5	Insured Deposits (₦'Billion)	110.46	125.16
6	Total Loans & Advances (₦'Billion)	192.99	201.37
7	Gross Income (₦'Billion)	87.49	89.63
8	Interest Income (₦'Billion)	70.21	78.98
9	Non-Interest Income (₦'Billion)	17.28	23.08
10	Non-Performing Loans (NPLs) (₦'Billion)	36.77	26.18

S/No	DETAILS	2016	2017
11	Profit Before Tax (PBT) (₦'Billion)	14.08	16.21
12	Total Operating Expenses (₦'Billion)	61.61	73.42
13	Shareholders' Fund (₦'Billion)	76.96	85.77
14	Investment in Fixed Assets (₦'Billion)	21.92	33.64
15	Non-Performing Loans/Total Loans (Portfolio - at-Risk) (%)	19.05	13
16	Non-Performing Loans/Shareholders Fund (%)	47.78	30.52
17	Average Liquidity Ratio (%)	89.88	72.54
18	Loans/Deposit Ratio (%)	131.04	120.66
19	Return on Assets (%)	4.37	4.50
20	Return on Equity (%)	18.30	18.90

Source: NDIC

Some of the selected performance indicators of the MFBs in 2016 and 2017 are depicted in Charts 11.16 to 11.20.

CHART 11.16.
MFBs' SELECT PERFORMANCE INDICATORS

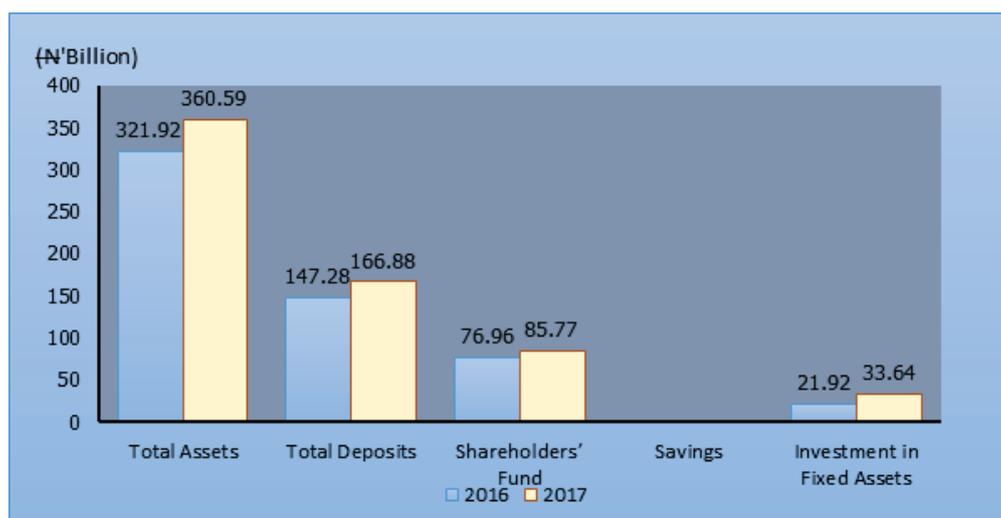


CHART 11.17.
MFBs' NPLs & TOTAL LOANS

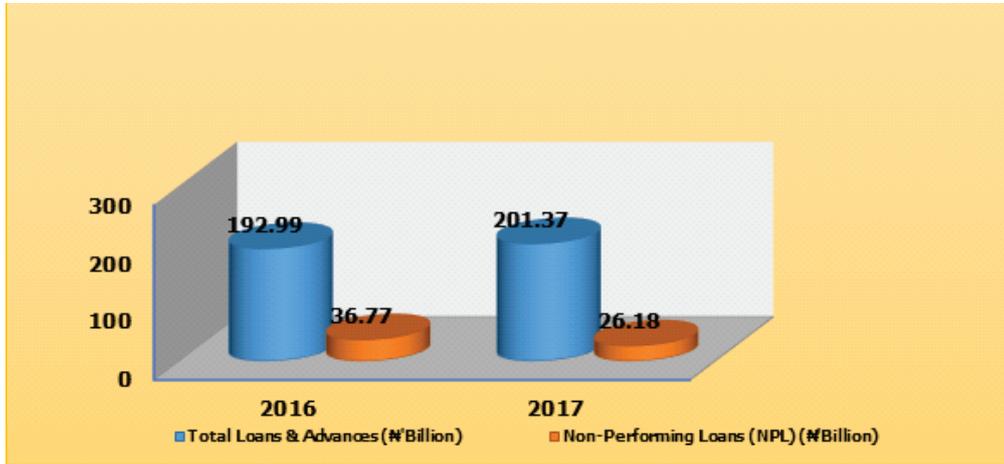


CHART 11.18.
MFBs' GROSS INCOME AND PROFIT BEFORE TAX

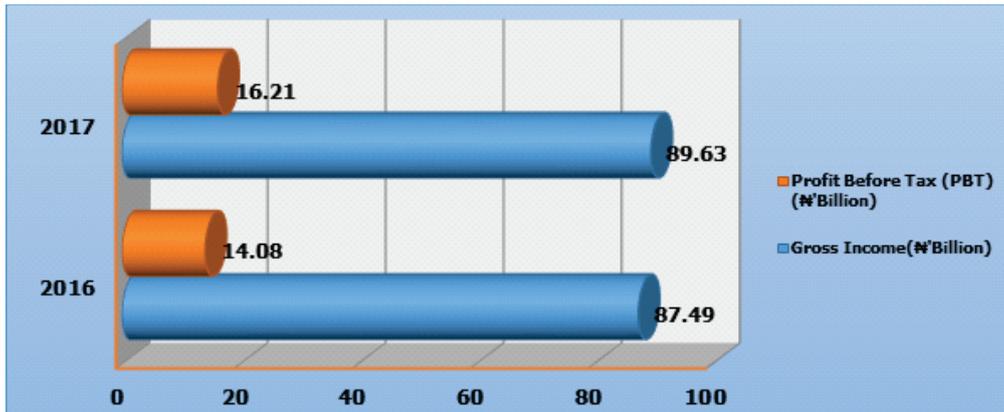


CHART 11.19.
MFBs' LOAN/ DEPOSIT RATIO

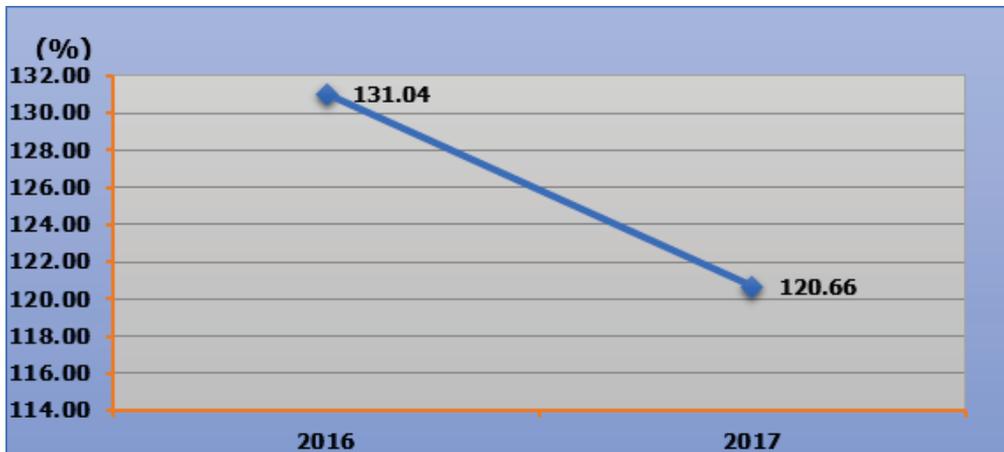
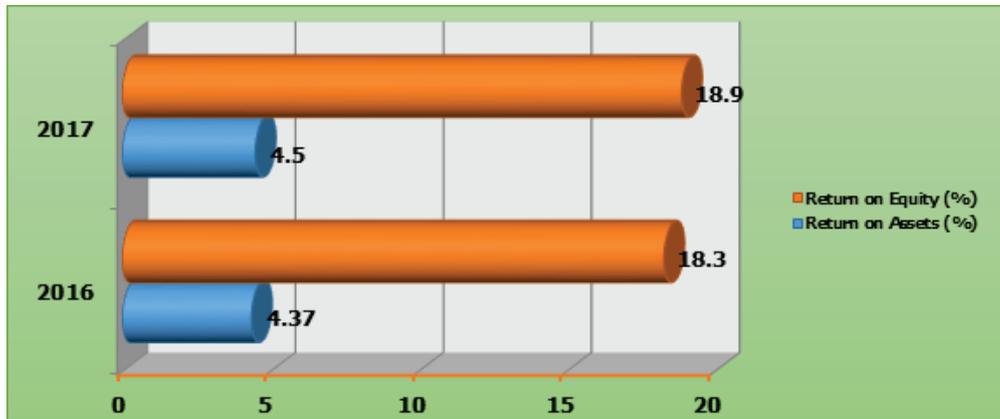


CHART 11.20.
MFBs' ROA & ROE



11.3 FINANCIAL CONDITION OF PMBs

The number of PMBs in operation was 38 as at 31st December 2017. The number that rendered statutory reports which was consolidated in this report stood at 32 compared with 27 in the previous year.

11.3.1 Capital Position

The paid-up capital of the PMBs' subsector was ₦86.59 billion in December 2017 against ₦84.60 billion reported in 2016. Also, the PMBs' shareholders' fund was ₦91.65 billion as at 31st December, 2017 compared with ₦119.64 billion as at 31st December, 2016.

11.3.2 Asset Quality

The PMBs' total loans was ₦166.37 billion and ₦155.60 billion as at 31st December, 2016 and 2017, respectively. The PMBs' asset quality improved significantly with a decline in NPLs from ₦91.50 billion in 2016 to ₦5.76 billion in 2017. The NPLs to Gross Loan Ratio at 3.70% was below the regulatory threshold of 5%.

11.3.3 Earnings and Profitability

The PMBs' sub-sector recovered from a loss position in 2016 to profit in 2017. The PMBs posted a gross income of ₦48.47 billion in 2017 against ₦26.43 billion in 2016. Operating Expenses rose from ₦13.11 billion in 2016 to ₦19.61 billion in 2017.

Consequently, the PMBs recorded a PBT of ₦19.87 billion in 2017 compared with a loss of ₦0.15 billion in 2016. Similarly, ROA and ROE posted positive ratios of 6.12% and 21.68%, respectively, in 2017 against the negative performance recorded in 2016.

11.3.4 Liquidity Position

The PMBs' liquidity average ratio decreased from 235.89% in 2016 to 154.35% in 2017. The ratio, however, was above the regulatory threshold of 20%. Total deposits decreased by 20.48% from ₦129.80 billion in 2016 to ₦103.22 billion in 2017. Also, the

loans to deposit ratio increased from 128.17% in 2016 to 150.75% in 2017.

Table 11.8 shows select performance indicators of the PMBs as at 31st December, 2017 and the corresponding figure for 2016.

TABLE 11.8.
SELECTED PERFORMANCE INDICATORS OF PMBs'

S/No	DETAILS	2016	2017
1	Number of PMBs in Operation	38	38
2	Number of Reporting PMBs	27	32
3	Total Assets (₦'Billion)	368.71	324.76
4	Total Deposit (₦'Billion)	129.80	103.22
5	Insured Deposit (₦'Billion)	97.35	77.42
6	Total Loans & Advances (₦'Billion)	166.37	155.60
7	Gross Income (₦'Billion)	26.43	48.47
8	Interest Income (₦'Billion)	21.06	45.24
9	Non-Interest Income (₦'Billion)	5.37	3.23
10	Non-Performing Loans (₦'Billion)	91.50	5.76
11	Profit Before Tax (₦'Billion)	(0.15)	19.87
12	Operating Expenses (₦'Billion)	13.11	19.61
13	Paid Up Capital (₦'Billion)	84.60	86.59
14	Shareholders' Funds (₦'Billion)	119.64	91.65
16	Non-Performing Loans/Total Loans (%)	54.99	5.76
17	Non-Performing Loans/Shareholders' Funds (%)	76.48	6.28
18	Average Liquidity Ratio (%)	235.89	154.35
19	Loans/Deposit Ratio (%)	128.17	150.75
20	Return on Assets (ROA) (%)	(0.04)	6.12
21	Return on Equity (ROE) (%)	(0.13)	21.68
22	Loans/Total Assets	45.12	47.91

Source: NDIC

Charts 11.21 to 24 provide a pictorial statistics of some selected performance indicators of PMBs.

CHART 11.21.
PMBs' SELECTED PERFORMANCE INDICATORS

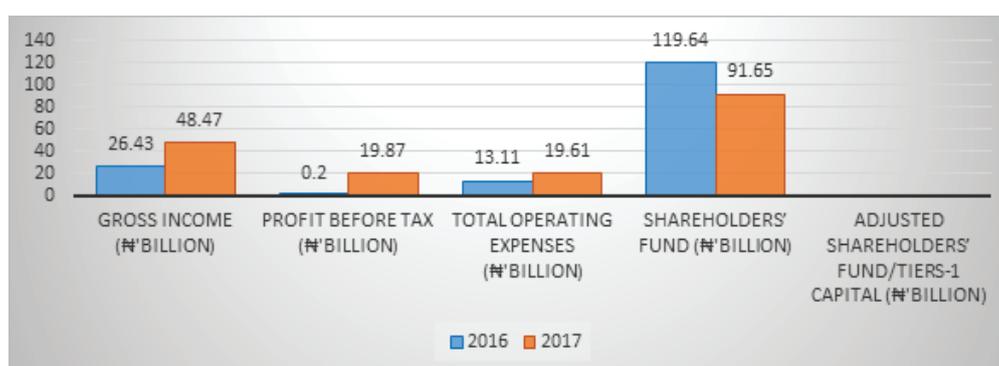


CHART 11.22.
PMBs TOTAL ASSETS, DEPOSITS, AND LOANS

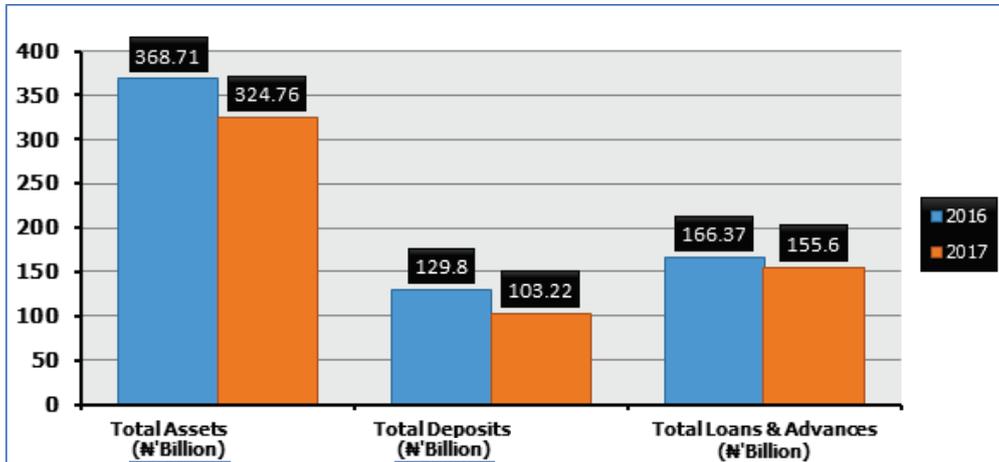
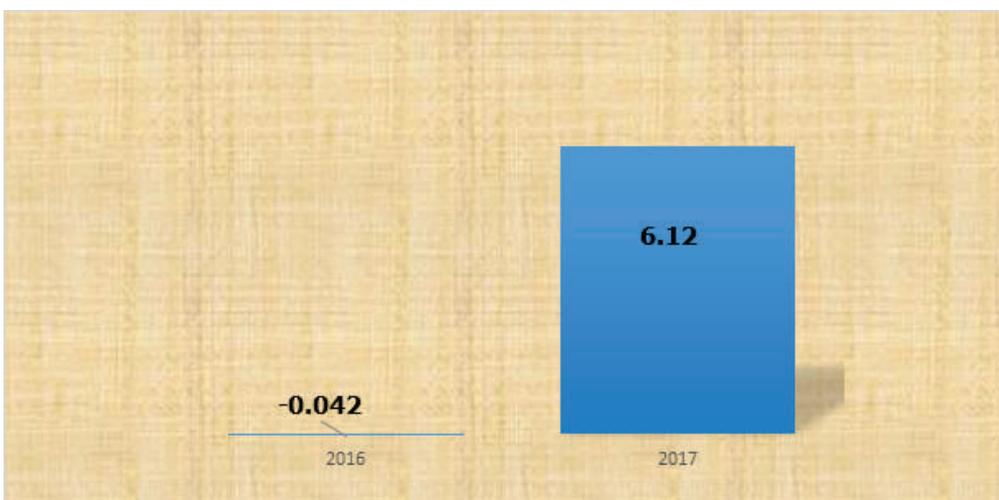


CHART 11.23.
PMBs' LOANS TO DEPOSITS RATIO



CHART 11.24.
PMBs' ROA AS AT 31ST DECEMBER 2016 AND 2017



SECTION 12

STRUCTURE OF DMBs' STATEMENT OF FINANCIAL POSITION

12.0 Introduction

This section presents the Statement of Financial Position (SFP) of insured DMBs in 2017 in comparison with that of 2016, with specific emphasis on modifications in the structure of assets and liabilities, shareholders' funds, and ownership structure.

12.1 DMBs' Structure of Assets

Total assets of the DMBs slightly increased by 9.06% from ₦35.33 trillion as at 31st December, 2016 to ₦38.53 trillion as at 31st December, 2017 as shown in Table 12.1.

TABLE 12.1.
STRUCTURE OF ASSETS OF DMBs

Assets	Share of Assets as at 31 st December (%)	
	2016	2017
Cash Balances	1.51	1.43
Balances with Banks & Central Bank of Nigeria	16.45	18.97
Loans & Advances to Banks	0.97	0.88
Loans & Advances to Customers	41.16	36.44
Financial Assets Held-for-Trading	2.65	4.36
Investment Securities: Available-for-Sale	7.69	7.62
Investment Securities: Held-to-Maturity	6.66	4.49
Assets Pledged as Collateral	1.59	3.04
Investment in Subsidiaries & Associates	0.93	0.98
Property, Plant and Equipment	2.40	2.42
Other Assets	3.34	3.78
Asset Classified as Held for Sale & Discontinued Operations	0.01	0.04
Contingent Assets	14.65	15.54
Total Assets	100.00	100.00
Total Assets (Inclusive of Contingent Assets) (₦ Billions)	₦35,328.07	₦38,529.30

Source: NDIC

From the table, the following asset categories increased as a proportion of Total Assets: Balances with Banks & Central Bank increased from 16.45% in 2016 to 18.97% in 2017; Financial Assets Held-for-Trading from 2.65% in 2016 to 4.36% in 2017; Other Assets

increased from 3.34% in 2016 to 3.78% in 2017; and Assets Pledged-as-Collateral from 1.59% in 2016 to 3.04% in 2017. Other categories that increased were Assets Classified as Held-for-Sale (HFS) and Discontinued Operations from 0.01% in 2016 to 0.04% in 2017; Investment in Subsidiaries & Associates from 0.93% in 2016 to 0.98% in 2017 and Contingent Assets increased from 14.65% in 2016 to 15.54% in 2017.

However, the following asset categories declined as a proportion of total assets: Cash Balances from 1.51% in 2016 to 1.43% in 2017; Loans & Advances to Customers from 41.16 % in 2016 to 36.44 % in 2017; Loans and Advances to Banks from 0.97% in 2016 to 0.88% in 2017; Investment Securities Available-for-Sale (AFS) from 7.69% in 2016 to 7.62% in 2017; and Investment Securities Held-to-Maturity (HTM) decreased from 6.66% in 2016 to 4.49% in 2017.

12.2 Structure of Liabilities of DMBs

The Structure of Liabilities of DMBs in 2017 in comparison with that of 2016 is presented in Table 12.2. The table indicates that the following liability items expressed as a proportion of total liabilities increased during the year under review: Other Liabilities from 9.52% in 2016 to 11.23% in 2017; Deposits from Banks from 2.05% in 2016 to 2.97% in 2017; and Debt Instruments from 2.86% in 2016 to 3.47% in 2017.

The following categories of liabilities, expressed as a proportion of total liabilities, decreased: Borrowings from 7.74% in 2016 to 7.50% in 2017; Deposits from Customers from 52.48% in 2016 to 50.29% in 2017; Shareholders' Funds from 10.59% in 2016 to 8.94% in 2017 and Financial Liabilities Held-for-Trading (HFT) from 0.12% in 2016 to 0.06% in 2017.

TABLE 12.2.
STRUCTURE OF LIABILITIES OF DMBs

Liabilities	% Share	
	2016	2017
Deposits from Banks	2.05	2.97
Deposits from Customers	52.48	50.29
Financial Liabilities Held-for-Trading	0.12	0.06
Borrowings	7.74	7.50
Debt Instrument	2.86	3.47
Other Liabilities	9.52	11.23
Shareholders' Fund	10.59	8.94
Contingent Liabilities	14.65	15.54
Total Liabilities	100.00	100.00
Total Value of Liabilities Inclusive of Contingent Liabilities (₦'Billion)	₦35,328.07	₦38,529.30

Source: NDIC

12.3 DMBs' Shareholders' Funds

The Shareholders' Fund as reported by DMBs showed a significant decrease of 15.16% from ₦3,131.72 billion recorded in 2016 to ₦2,656.98 billion in 2017. The decrease in Shareholders' Fund might be due to the huge NPLs requiring high level of provisioning for losses as well as operating losses recorded by some DMBs during the year. Table 12.3 shows the Shareholders' Fund reported by DMBs in 2017 with corresponding figures of 2016.

TABLE 12.3.
SHAREHOLDERS' FUNDS OF DMBs

S/N	BANKS	SHAREHOLDERS' FUNDS (₦' BILLION)	
		2016	2017
1	Access Bank Plc	356.71	380.67
2	Citibank Nigeria Ltd	59.14	52.93
3	Coronation Merchant Bank Ltd	17.28	18.82
4	Diamond Bank Plc	218.09	170.92
5	Ecobank Nigeria Plc	239.51	266.09
6	FSDH Merchant Bank Ltd	21.75	28.97
7	First City Monument Bank Plc	135.42	135.99
8	Fidelity Bank Plc	191.86	173.71
9	First Bank of Nigeria Ltd	459.99	567.79
10	FBN Merchant Bank Ltd	4.30	26.63
11	Guaranty Trust Bank Plc	430.98	450.48
12	Heritage Banking Company Ltd	25.52	(36.16)
13	Jaiz Bank Plc	14.73	14.73
14	Keystone Bank Ltd	(9.12)	(85.71)
15	Rand Merchant Bank Ltd	21.84	28.44
16	Skye Bank Plc	(123.50)	(772.95)
17	Stanbic IBTC Bank Plc	80.09	109.58
18	Standard Chartered Bank Ltd	77.89	88.75
19	Sterling Bank Plc	86.06	85.68
20	SunTrust Bank Ltd	10.47	11.84
21	United Bank for Africa Plc.	243.93	255.59
22	Union Bank of Nigeria Plc.	75.82	128.21
23	Unity Bank Plc.	(53.77)	(219.01)
24	Wema Bank Plc.	46.06	48.50
25	Zenith Bank Plc	500.67	719.29
26	Providus Bank Plc	-	7.20
	Total	3,131.72	2,656.98

Source: NDIC

12.4 Ownership Structure

In comparison to the previous year, there was a slight change in the ownership structure of DMBs. Table 12.4 shows that the private sector continued to dominate the ownership of Nigerian banks while government continued to divest from banks in line with the requirements of Code of Corporate Governance for Banks and Discount Houses, as government shareholding was below 10% in all the DMBs except Jaiz Bank Plc.

TABLE 12.4.
OWNERSHIP STRUCTURE OF DMBs AS AT 31ST DECEMBER, 2017

S/N	BANKS	OWNERSHIP STRUCTURE (%)		
		GOVERNMENT	PRIVATE	
			NIGERIA	FOREIGN
1	Access Bank Plc	0.07	91.14	8.79
2	Citibank Nigeria Ltd	-	18.1	81.90
3	Coronation Merchant Bank Ltd	-	100	-
4	Diamond Bank Plc	0.20	69.68	30.12
5	Ecobank Nigeria Plc	-	-	100
6	FSDH Merchant Bank Ltd	-	67.36	32.64
7	Fidelity Bank Plc	-	100	-
8	First City Monument Bank Plc	-	100	-
9	First Bank of Nigeria Ltd	-	100	-
10	FBN Merchant Bank Ltd	-	100	-
11	Guaranty Trust Bank Plc	0.14	85.81	14.05
12	Jaiz Bank Plc	11.5	80.00	8.50
13	Heritage Banking Company Ltd	-	100	-
14	Keystone Bank Ltd	-	100	-
15	Providus Bank Ltd	-	100	-
16	Rand Merchant Bank Ltd	-	-	100
17	Skye Bank Plc	0.39	97.36	2.25
18	Stanbic IBTC Bank Plc	-	100	-
19	Standard Chartered Bank Ltd	-	0.01	99.99
20	Sterling Bank Plc	0.12	62.94	36.94
21	SunTrust Bank Plc	-	100	-
22	United Bank for Africa Plc	1	77	22
23	Union Bank of Nigeria Plc	-	13.20	86.80
24	Unity Bank Plc	8.34	91.65	0.01
25	Wema Bank Plc	-	100	-
26	Zenith Bank Plc	2.49	97.46	0.05

Source: NDIC

The table shows that, 15 out of the 26 DMBs had partial or full foreign ownership in 2017. For instance, 5 DMBs had substantial foreign ownership above 50%, namely: Citibank (81.9%), Ecobank (100%), Rand Merchant Bank (100%), Standard Chartered Bank (99.99%), Sterling Bank (36.94%) and Union Bank (86.80%).

12.5 Market Share of Asset of DMBs

During the year under review, a few DMBs controlled the assets of the banking industry. The Top 5 DMBs had assets of ₦17.68 trillion, representing 54.32% of the industry total assets of ₦32.54 trillion (excluding Contingent Liabilities) as at 31st December, 2017. That proportion was, however, higher than the 53.68% recorded by the top 5 DMBs in 2016 as shown in Table 12.5.

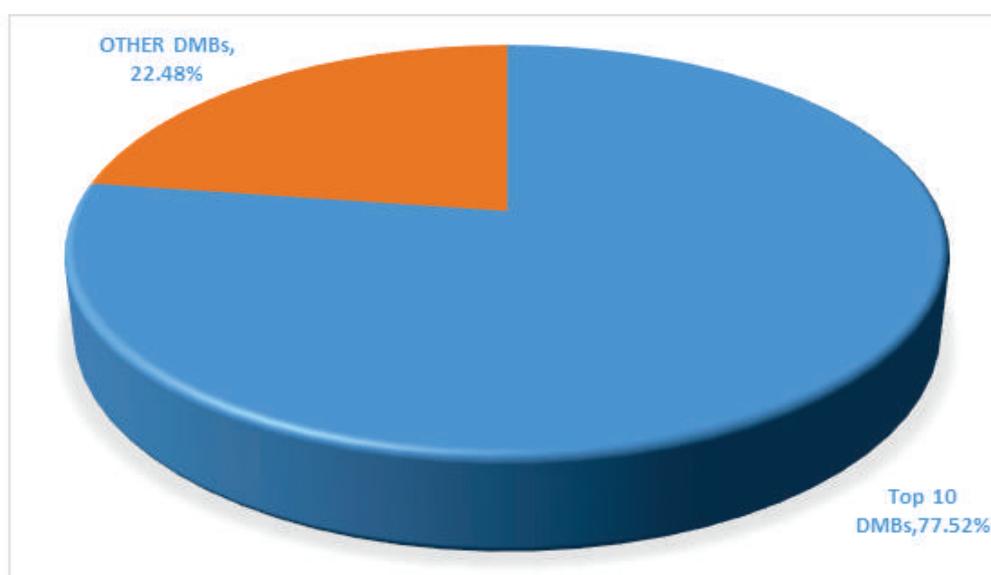
Similarly, the total assets of the Top 10 DMBs marginally increased from ₦23.34 trillion in 2016 to ₦25.23 trillion in 2017 while its proportion relative to industry total assets increased from 77.40% in 2016 to 77.52% in 2017, as shown in Table 12.5 and Chart 12.1. The remaining 15 DMBs' total assets was ₦7.41 trillion which represented 22.48% of total assets of the banking industry in 2017 against ₦6.81 trillion, representing 22.60% in 2016.

TABLE 12.5.
MARKET SHARE OF ASSETS OF TOP DMBs

DMBs	2016		2017	
	Assets (₦' Billion)	Percentage of Total	Assets (₦' Billion)	Percentage of Total
Top 5	16,184.93	53.68	17,675.77	54.32
Top10	23,336.98	77.40	25,225.18	77.52
Other DMBs	6,814.12	22.60	7,406.12	22.48

Source: NDIC

CHART 12.1.
MARKET SHARE OF ASSETS OF TOP TEN DMBs



Source: NDIC

12.6 Deposit Liabilities of DMBs by Market Share, Type and Tenor

Total deposits of insured DMBs increased from ₦18.54 trillion in 2016 to ₦19.38 trillion in 2017, representing an increase of 4.51%. Table 12.6 and Chart 12.2 show an analysis of the total deposit liabilities of insured DMBs as at 31st December, 2017 and 2016.

12.6.1 Deposit Liabilities by Market Share

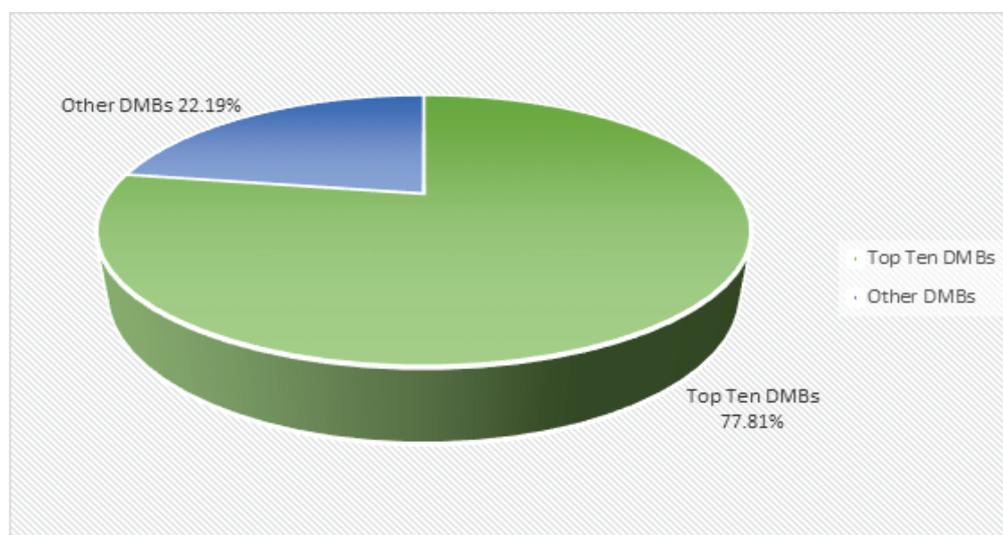
In 2017, the market share of deposits of the Top 5 DMBs and Top 10 DMBs in the banking system decreased as shown in Table 12.6 and Chart 12.2. The deposits held by the Top 5 DMBs slightly increased in absolute term and decreased in proportion from ₦10.15 trillion or 54.72% in 2016 to ₦10.38 trillion or 53.57% in 2017. However, the proportion of deposit liabilities of the Top 10 DMBs slightly increased in absolute term and decreased in proportion, from ₦14.53 trillion or 78.37% in 2016 to ₦15.08 trillion or 77.81% in 2017. The deposit profile of the banking industry indicated that the Top 10 DMBs held 77.81% while the remaining 15 DMBs held only 22.19% of the banking industry total deposits.

TABLE 12.6.
MARKET SHARE OF DEPOSIT LIABILITIES OF DMBs

DMBs	2016		2017	
	Deposits (₦' Billion)	(%)	Deposits (₦' Billion)	(%)
Top Five DMBs	10,145.23	54.72	10,379.43	53.57
Top Ten DMBs	14,528.95	78.37	15,077.19	77.81
Other DMBs	4,010.51	21.63	4,299.76	22.19

Source: NDIC

CHART 12.2.
MARKET SHARE OF DEPOSIT LIABILITIES HELD BY INSURED DMBs.



Source: NDIC

12.6.2 Deposit Liabilities by Type

Table 12.7 and Chart 12.3 presents the deposit liabilities by type of DMBs in 2017 relative to 2016. The table shows that Savings Deposits in DMBs increased both in absolute term and as a proportion of total deposits from ₦3,700.49 billion in 2016 to ₦3,945.44 billion in 2017. Demand deposits decreased in absolute term and increased as a proportion of the total deposit liabilities from ₦10,869.11 billion or 58.47% in 2016 to ₦10,828.06 billion or 55.88% in 2017. Time/Term deposits increased in absolute term and as a proportion of total deposits from ₦4,020.15 billion or 21.62% in 2016 to ₦4,603.45 billion or 23.76% in 2017. The increase in deposits could partly be attributed to the financial inclusion drive of the NDIC and CBN, increase in diaspora remittances and the gradual economic recovery.

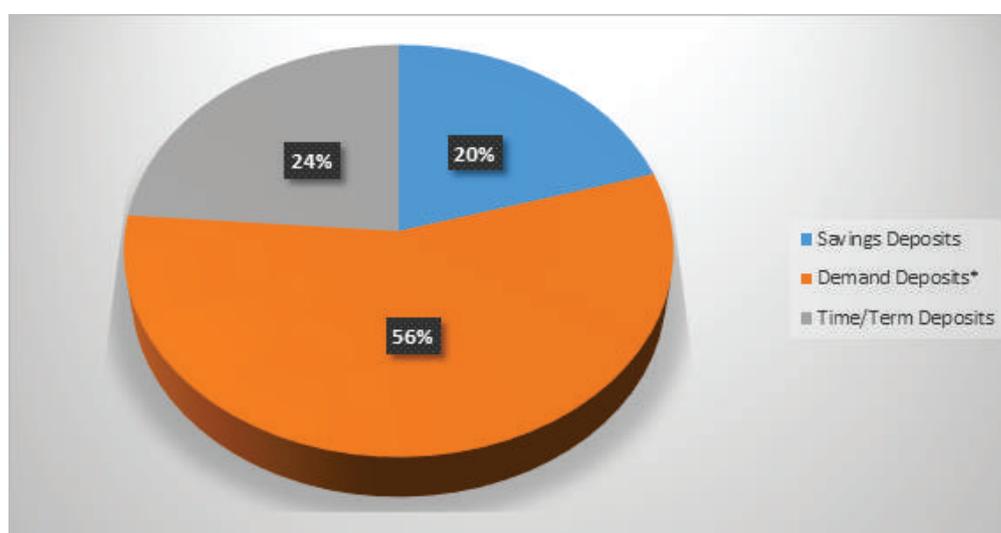
TABLE 12.7.
COMPOSITION OF DEPOSIT LIABILITIES OF DMBs

Types of Deposit Liabilities	2016		2017	
	Amount (₦' B)	% of Total	Amount (₦' B)	% of Total
Savings Deposits	3,700.49	19.91	3,945.44	20.36
Demand Deposits*	10,869.11	58.47	10,828.06	55.88
Time/Term Deposits	4,020.15	21.62	4,603.45	23.76
TOTAL	18,589.75	100.00	19,376.95	100.00

Source: NDIC

* Demand Deposits include Electronic Purse, Domiciliary Accounts, Other Deposits, Certificates and Notes

CHART 12.3.
COMPOSITION OF DMBs DEPOSIT LIABILITIES BY TYPE.



Source: NDIC

12.6.3 Deposit Liabilities by Tenor

The total deposit liabilities of DMBs by tenor for 2017 relative to 2016 is presented in Table 12.8 and Chart 12.4. An analysis of the table revealed that short term deposits of below 30 days increased from ₦13.79 trillion in 2016 to ₦14.26 trillion in 2017, representing an increase of 3.43% and also decreased as a proportion of total deposits from 75.91% in 2016 to 74.28% in 2017. Deposits with tenor of between 31 and 90 days increased both in absolute terms and as a percentage of total deposit liabilities from ₦2.15 trillion or 11.83% in 2016 to ₦2.47 trillion or 12.85% in 2017. Deposits with tenor of between 91 and 180 days also increased in both absolute terms and as a percentage of total deposit liabilities from ₦795.43 billion or 4.38% in 2016 to ₦948.38 billion or 4.94% in 2017. Deposits with tenor of between 181 and 365 days also increased both in absolute terms and as a proportion of deposit liabilities from ₦636.69 billion or 3.51% in 2016 to ₦719.27 billion or 3.75% in 2017. Long-term funds of more than 365 days' duration also increased in absolute terms from ₦794.67 billion or 4.38% in 2016 to ₦803.08 billion or 4.94% in 2017.

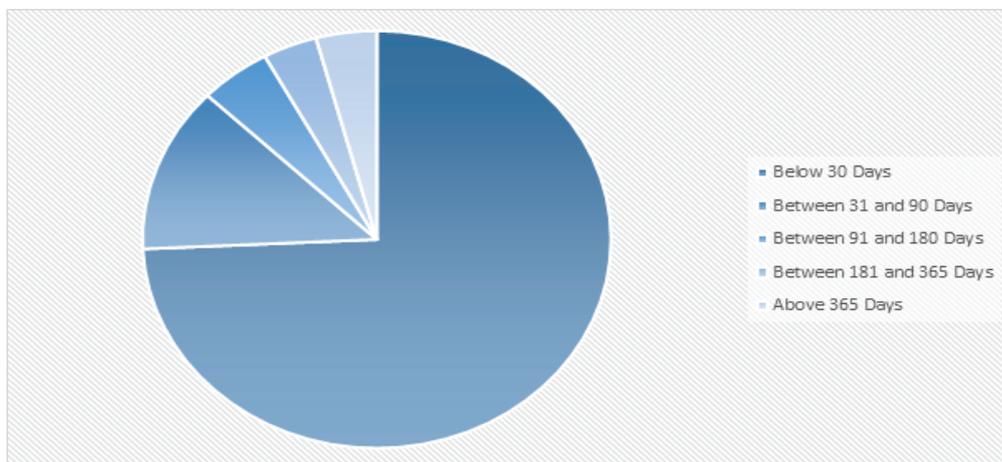
TABLE 12.8.
MATURITY PROFILE OF DMBs' DEPOSIT LIABILITIES.

Types of Deposits	2016		2017	
	Amount (₦' B)	% of Total	Amount (₦' B)	% of Total
Below 30 Days	13,786.68	75.91	14,259.28	74.28
Between 31 and 90 Days	2,149.29	11.83	2,465.85	12.85
Between 91 and 180 Days	795.43	4.38	948.38	4.94
Between 181 and 365 Days	636.69	3.51	719.27	3.75
Above 365 Days	794.67	4.38	803.08	4.18
TOTAL	18,162.76	100.00	19,195.86	100.00

Source: NDIC

Note: Non-Interest Bank deposits excluded.

CHART 12.4.
MATURITY PROFILE OF DMBs' DEPOSIT LIABILITIES.



Source: NDIC

SECTION 13

FRAUDS & FORGERIES AND FIDELITY BOND INSURANCE COVER

13.0 INTRODUCTION

In 2017, all IFIs effectively submitted their monthly statutory returns on frauds and forgeries to the NDIC in compliance with Sections 35 and 36 of the NDIC Act No. 16 of 2006. The IFIs also rendered returns to the NDIC on the dismissal/termination or retirement of culpable staff based on varied level of participation in fraudulent practices. Additionally, IFIs are also mandated to provide Fidelity Bond Insurance to mitigate losses that may result from frauds and forgeries committed by staff in pursuant to Section 33 of the NDIC Act 2006.

During the year, a total of 286 responses were received from 26 DMBs in operation. Meanwhile, ATM/Card-related fraud constituted the major cases reported in the year, in line with sophistication in modern-day technology.

Analysis in this section covers reported cases, types and nature of frauds and forgeries in Nigerian banking industry in 2017, and comparative figures for 2016 and 2015. The section also provides report on insured DMBs' compliance with Fidelity Bond Insurance Cover in 2017.

13.1 Volume and Value of Frauds and Forgeries in DMBs in 2017

The number of reported cases of attempted frauds and forgeries in the nation's banking industry witnessed a substantial increase to 26,182 cases in 2017, which was an increase of 56.30% over the 16,751 cases reported in 2016. The frauds and forgeries cases reported in 2017 also showed a 146.50% and 113.20% increase over reported cases in 2014 and 2015, respectively. In 2017, Q4 recorded 8,146 cases which was the highest attempt so far and that calls for regulatory concern especially as DMBs continue to develop financial products in line with technological advancement and the prevailing harsh economic conditions. A development which could increase their spate of vulnerabilities, if they fail to implement the necessary controls.

As evidenced in table 13.1, when expected losses from those attempted fraud cases in 2017 were compared with preceding years, the actual total amount lost in 2017 was well below the reported cases in 2014 - 2016 period. The actual amount lost to fraud incidences in 2017 stood at ₦2.372 billion, but was lower by 1%, 25.20% and 61.70% compared to figures recorded in 2014, 2015 and 2016, respectively.

The marginal decline in the trajectory of fraud losses could be attributed to improved regulatory/supervisory oversight, relative increase in vigilance by DMBs, adoption of more robust internal control procedures, and the deployment of improved security architecture in the banking industry. The continued cooperation and collaboration amongst regulatory/supervisory authorities and the financial institutions could also be

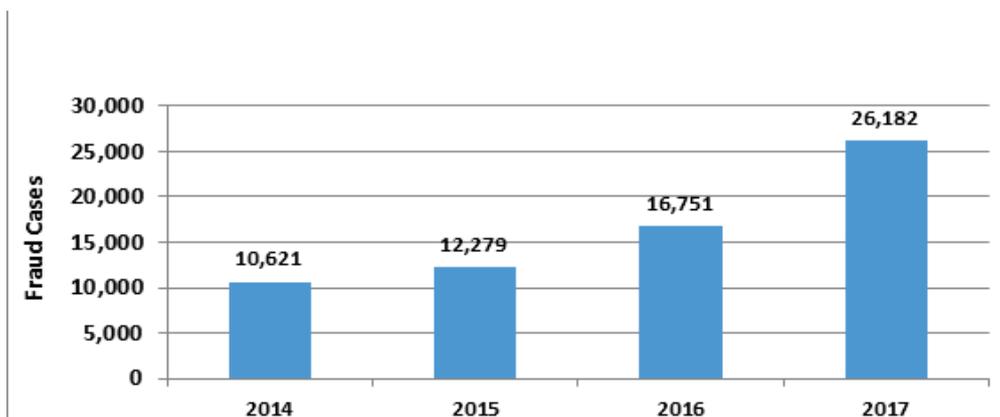
responsible for the increasing decline in the success rate recorded in frauds in 2017. Table 13.1 and Charts 13.1 and 13.2 show a summary of returns on Frauds and Forgeries from 2014 to 2017.

TABLE 13.1.
FRAUDS AND FORGERIES CASES IN DMBs

Year	Quarter	Total No. of Fraud Cases	Total Amount Involved (₦'m)	Total Actual Loss (₦'m)	Proportion of Expected Loss to Amount Involved (%)
2017	1st	5,744	2,756	293	10.63
2016		4,413	2,211	538	24.33
2015		3,702	2,444	907	37.11
2014		1,897	3,552	1,221	34.38
2017	2nd	5,389	2,441	436	17.89
2016		4,611	2,054	787	38.31
2015		2,219	9,584	1,008	10.52
2014		2,357	12,915	473	3.66
2017	3rd	6,903	2,685	527	19.66
2016		3,946	1,210	446	36.85
2015		3,550	2,119	479	22.61
2014		2,173	4,002	1,538	38.43
2017	4th	8,146	4,129	1,114	26.98
2016		3,781	3,207	626	19.5
2015		2,808	3,874	776	20.03
2014		4,194	5,139	2,960	57.6
2017	Total (Cummulative)	26,182	12,012	2,372	19.75
2016		16,751	8,683	2,396	27.6
2015		12,279	18,021	3,173	17.61
2014		10,621	25,608	6,192	24.18

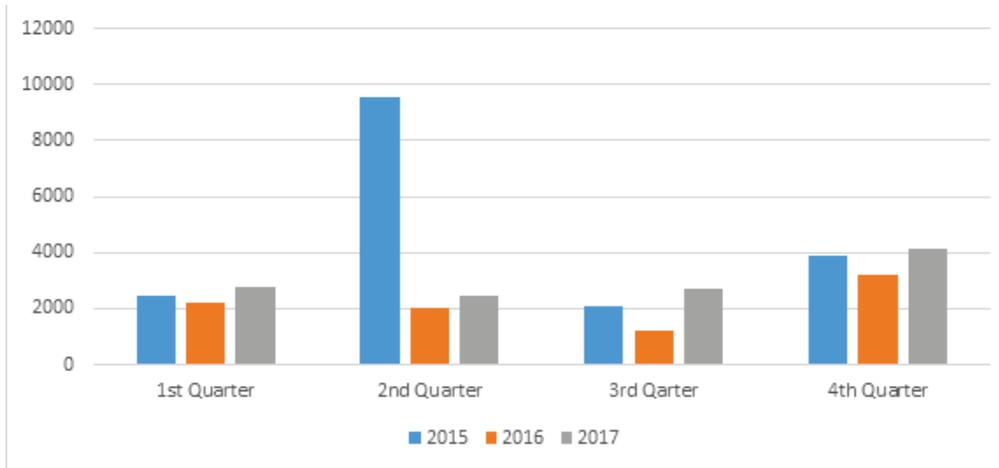
Source: NDIC

CHART 13.1.
TOTAL NUMBER OF FRAUDS AND FORGERIES CASES IN DMBs

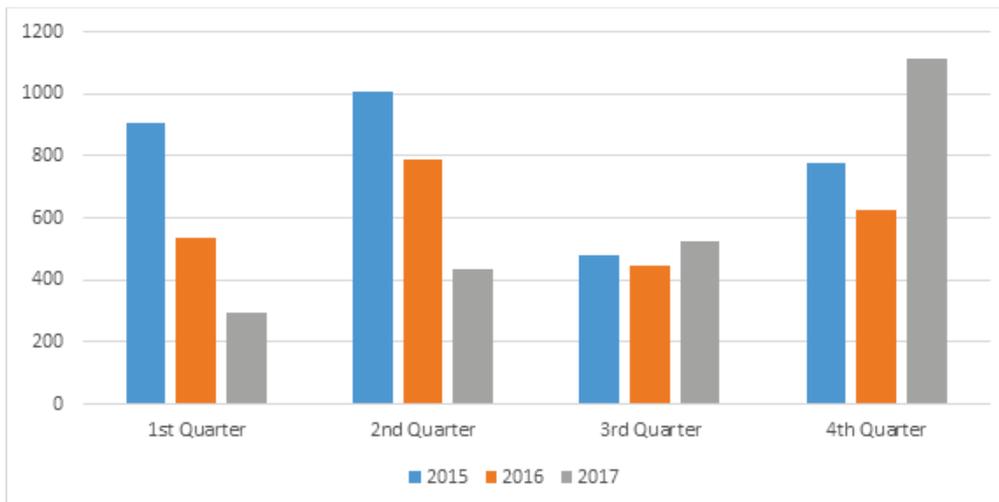


Source: NDIC

**CHART 13.2.
AMOUNT INVOLVED IN FRAUDS & FORGERIES IN DMBs**



**CHART 13.3.
ACTUAL LOSSES ON FRAUDS AND FORGERIES IN DMBs
FROM 2015 TO 2017**



13.2 Incidence and Types of Frauds and Forgeries Reported

In 2017, 10 DMBs accounted for 87.63% of frauds and forgeries incidences in terms of amount involved, while the balance of 12.37% represented the reported fraud cases in the remaining DMBs as shown in Chart 13.4. The percentage share was slightly lower than the share of 90.23% and 87.83% of the amount involved in 2015 and 2016, respectively. The top 10 DMBs with high fraud incidences and amount involved stood at ₦10.53 billion out of a total ₦12.01 billion in 2017, compared with ₦7.63 billion, out of a total ₦8.68 billion and ₦16.26 billion out of ₦18.02 billion in 2015 and 2016, respectively. Although, the percentage share of the amount involved in frauds in these 10 DMBs declined, the amount involved in these cases recorded an increase of 38.05% from ₦7.63 billion reported in 2016 to ₦10.53 billion in 2017. The 2017 figure was however lower by 35.26% when compared with the 2015 reported value. The number of fraud cases

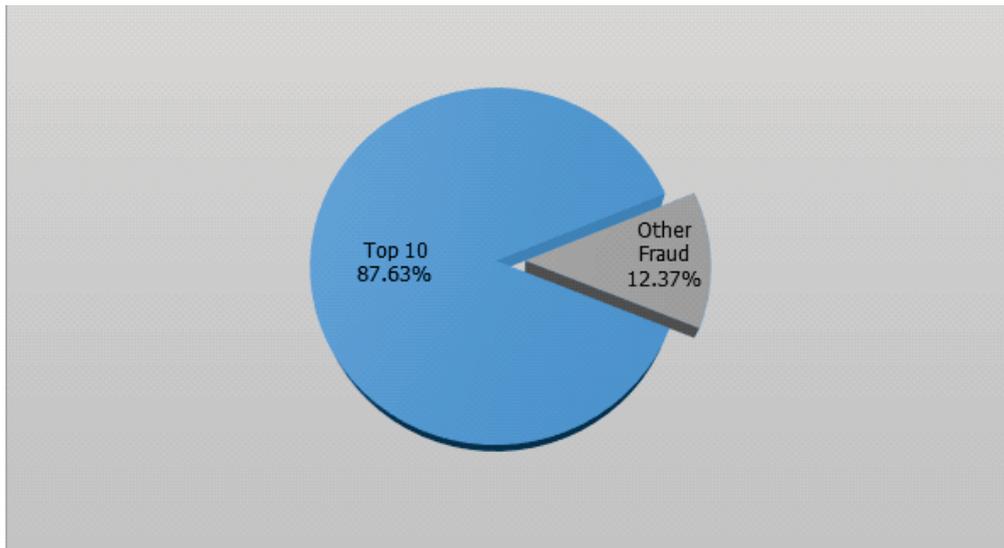
and amount involved remained historically high, while efforts were being made to stem the tide through adequate supervisory foresight and interventions by the authorities, as well as initiatives by the respective Bank Management to broaden the depth of internal control processes.

TABLE 13.2.
TOP 10 DMBs WITH THE HIGHEST REPORTED FRAUD CASES

GROUP	2015		2016		2017	
	Amount Involved (₦' M)	% Share	Amount Involved (₦' M)	% Share	Amount Involved (₦' M)	% Share
Top 10 DMBs	16,261.64	90.23	7,625.90	87.83	10,527.56	87.63
Total For All DMBs	18,022.49	100	8,682.66	100.00	12,012.65	100

Source: NDIC

CHART 13.4.
TOP 10 DMBs WITH THE HIGHEST FRAUD CASES IN 2017



A critical review of the channels and instruments involved in reported frauds and forgeries cases in DMBs during the year are presented in Table 13.3. Technology based platforms are the most vulnerable points for the banking system and had the highest frequencies similar to what happened in previous years. An Analysis of the most used instruments by the fraudsters was mainly through cards, cash and cheques. Table 13.3 shows the nature and distribution of frauds and forgeries according to channels and instruments of fraudsters in banking institutions and actual losses incurred from 2015-2017.

TABLE 13.3.
**CHANNELS AND INSTRUMENTS INVOLVED IN FRAUDS AND FORGERIES
WITH ACTUAL LOSSES AND THEIR FREQUENCIES**

S/N	NATURE OF FRAUD (CHANNELS / INSTRUMENTS)	2015		2016		2017	
		FREQUENCY	ACTUAL LOSS SUSTAINED (₦ 'B)	FREQUENCY	ACTUAL LOSS SUSTAINED (₦ 'B)	FREQUENCY	ACTUAL LOSS SUSTAINED (₦ 'B)
1	ATM/Card-Related Fraud	8,039	0.504	11,244	0.476	16,397	0.798
2	Web-Based (Internet Banking) Fraud	1,471	0.857	3,689	0.582	7,869	0.709
3	Fraudulent Transfers/ Withdrawal of Deposits	1,396	0.562	836	0.626	963	0.318
4	Suppression of Customer Deposits	602	0.218	357	0.224	279	0.116
5	Fraudulent Conversion Of Cheques	71	0.049	48	0.002	101	0.021
6	Presentation of Stolen Cheques	132	0.054	17	0.014	18	0.011
7	Presentation of Forged Cheques	69	0.067	59	0.021	41	0.049
8	Outright Theft by Staff(cash defalcation)	213	0.146	182	0.179	129	0.089
9	Unauthorized Credits	143	0.587	172	0.198	106	0.055
10	Outright Theft by Outsiders/Customers	33	0.021	24	0.021	142	0.069
11	Foreign Currencies Theft	18	0.033	26	0.033	36	0.037
12	Diversion of Bank Charges (Commissions & Fees)	92	0.075	83	0.036	88	0.073
13	Lodgement of stolen warrants			14	0.034	13	0.028
	TOTAL	12,279	3.173	16, 751	2.446	2,182	2,372

Source: NDIC

As evidenced in Table 13.3, fraud incidences perpetrated using ATM platform and other card related channels, had the highest frequency and actual loss sustained by insured DMBs in 2017. The frequency and actual loss recorded in ATM/Card-related channels was 16,397 and ₦0.798 billion. That was higher than ₦0.504 billion and ₦0.476 billion in 2015 and 2016, with respective frequencies of 8,039 and 11,244 cases. The ATM/Card-related channels were closely followed by Web-based frauds (internet banking) and fraudulent transfers/withdrawal of deposits with 7,869 and 963 attempts, respectively. The actual losses recorded through those channels stood at ₦0.709 billion

and ₦0.318 billion in 2017, representing 30% and 13% of total losses during the period. The frequencies and actual loss recorded in 2017 through fraud instruments such as lodgement of stolen warrants, unauthorised credits, outright theft by staff (cash defalcation), presentation of forged cheques, presentation of stolen cheques, as well as suppression of customer deposits were effectively lower than the figures recorded in 2015 and 2016. The outcome could be as a result of increased attention to internal processes by banks' management. However, fraud incidences in terms of amount involved relating to fraudulent conversion of cheques, outright theft by outsiders, foreign currency theft and diversion of bank charges (commissions and fees) experienced substantial increment over the figures recorded in 2016. The rising spate of fraudulent practices and actual losses from these activities could be attributed to prevailing misalignments in the nation's economic environment, amid high youth unemployment, amongst others.

13.3 Staff Involvement in Frauds and Forgeries

Table 13.4 and Chart 13.5 presents a comparative analysis of the number of banking staff involved in frauds and forgeries in the last three (3) years with their respective status. On the aggregate, out of the total number of fraud cases which stood at 26,182 in 2017, 320 were staff-related, representing 1.22% of the entire frauds cases. In fact, the number of fraud cases perpetrated by staff in 2017 increased by 38.5% from 231 cases reported in 2016, but declined by 31.2% and 24.7% from 425 and 465 cases recorded in 2014 and 2015, respectively.

The table shows that, the cadre of bank staff engaged in fraudulent practices were temporary Staff, representing the largest proportion, which comprised 132 out of 320 staff involved. That development brought to focus, the concern on current practices of engaging contract/casual employees in sensitive banking operations.

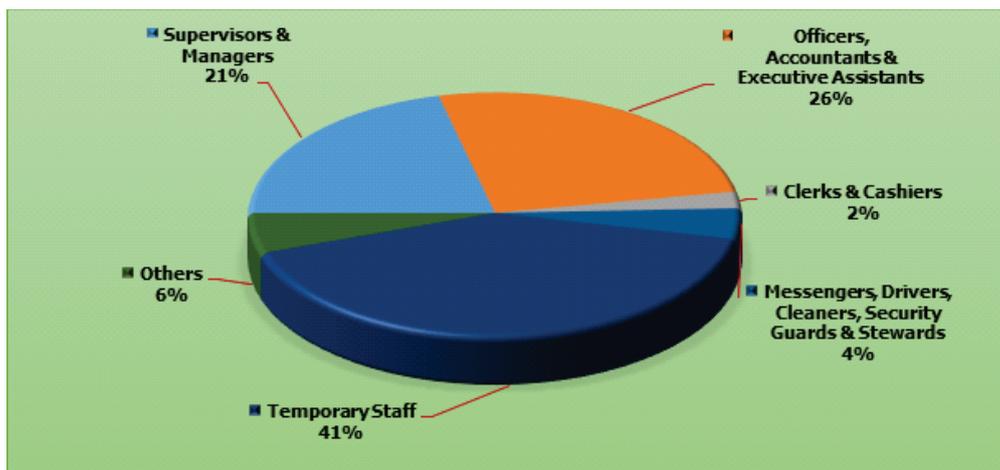
In addition, Officers and Executive Assistants as well as Managers accounted for 25.9% and 21.3% of the total fraud cases during the year. As shown in the table, Messengers, Drivers, Cleaners, Security Guards constituted 4.1% of the total fraud cases. The implication of that is the need for the overhaul of the entire internal control processes by DMBs Management to help identify potential weaknesses by employing adequate checks and balances to protect the institution.

TABLE 13.4.
CATEGORIES OF STAFF INVOLVED IN FRAUDS AND FORGERIES

Status	2014		2015		2016		2017	
	Number	%	Number	%	Number	%	Number	%
Supervisors & Managers	58	12.47	62	14.59	31	13.42	68	21.25
Officers & Executive Assistants	176	37.85	119	28	98	42.42	83	25.94
Clerks & Cashiers	78	16.77	69	16.24	18	7.79	7	2.19
Messengers, Drivers, Cleaners, Security Guards	2	0.43	11	2.59	1	0.43	13	4.06
Temporary Staff	126	27.1	164	38.59	59	25.54	132	41.25
Others	25	5.38	-	-	24	10.39	17	5.31
Total	465	100	425	100	231	100	320	100

Source: NDIC

CHART 13.5.
CATEGORIES OF STAFF INVOLVED IN FRAUDS AND FORGERIES IN DMBs IN 2017



13.4 DMBs Fidelity Bond Insurance Cover

Pursuant to Section 33 of the NDIC Act 2006, all insured institutions are statutorily required to have fidelity insurance cover to cushion the potential losses from frauds and

forgeries committed by members of staff. Accordingly, all DMBs are required to have fidelity insurance cover up to a minimum of 15% of their paid-up capital as at 31st December of the preceding year. Table 13.5 presents DMBs' level of compliance with Fidelity Bond Insurance cover in 2017.

TABLE 13.5.
DMBs' LEVEL OF COMPLIANCE WITH FIDELITY BOND INSURANCE

Year	No. of DMBs in Operation (a)	No. of DMBs that Rendered Returns (b)	No. of DMBs that Complied (c)	% Compliance
2017	25	25	18	72
2016	25	25	17	60
2015	24	22	12	50
2014	24	24	21	88
2013	24	24	6	25

Source: NDIC

Table 13.5, shows that 25 DMBs submitted Returns on Fidelity Bond Insurance Cover for the year ended 31st December, 2017. However, 18 out of the 25 DMBs fully complied with the provisions of the law. The remaining 7 DMBs had inadequate fidelity bond insurance cover as at 31st December, 2017.

SECTION 14

MAJOR DEVELOPMENTS IN OTHER INSURED FINANCIAL INSTITUTIONS

14.1 Introduction

Apart from ensuring the soundness and safety of DMBs, the NDIC also conducts routine examination on Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs), as part of its supervisory responsibility for enhancing financial safety net. The provisions of the NDIC Act No.16 of 2006 requires that, all licensed MFBs and PMBs should be members of the nation's DIS.

The MFBs were established to enhance access of micro entrepreneurs and low income households to financial services required to expand and modernise their business operations so as to enable them contribute to economic growth as well as reduce the nation's level of poverty. Similarly, the PMBs were established to solve the housing problems facing the country.

This section highlights the major operations and developments in the MFBs and PMBs sub-sector in 2017 financial year as well as challenges affecting their effective operations.

14.2 MFBs by Geo-Political Zones

The number of MFBs in operation stood at 1,008 as at 31st December, 2017, representing an increase of 5.9% and 3.1% over figures recorded in 2015 and 2016, respectively. From Table 14.1 and Chart 14.1, South-West Zone, like in previous years, had the highest number of operational MFBs, totalling 361 (a share of 35.81%), followed by North-Central (184) and South-East (177).

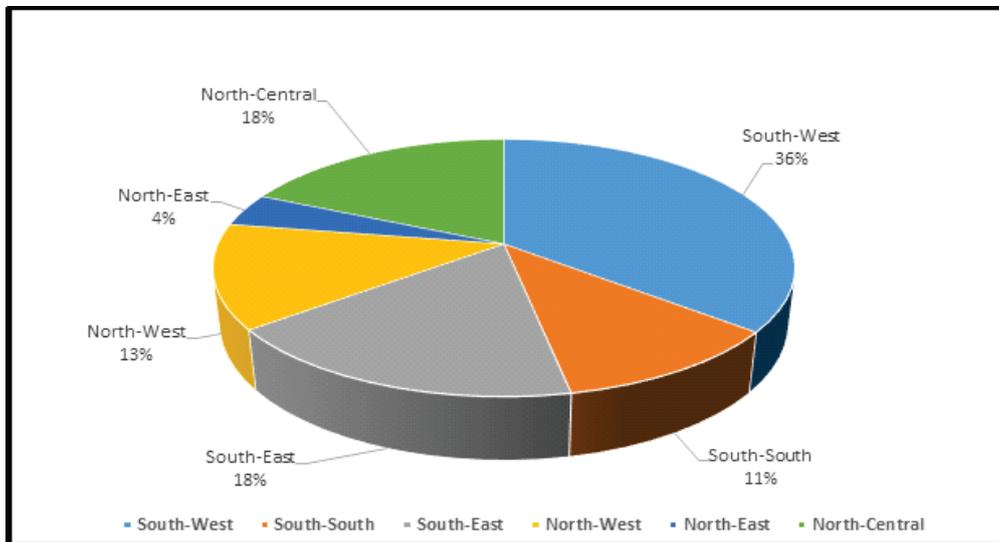
The North-East Zone had the lowest number of MFBs in the country, with only 42, which was a decline of 14.29% and 8.69% from the figure recorded in 2015 and 2016, respectively. The reason for the observed decline in the number was connected to the security challenges in the region which had resulted in widespread displacement.

TABLE 14.1. MFBs BY GEO-POLITICAL ZONES

Geo-Political Zone	2015		2016		2017	
	No. of MFBs	%	No. of MFBs	%	No. of MFBs	%
South-West	334	35.12	341	34.86	361	35.81
South-South	108	11.36	110	11.25	112	11.11
South-East	172	18.09	173	17.69	177	17.56
North-West	123	12.93	114	11.66	132	13.1
North-East	49	5.15	46	4.7	42	4.17
North-Central	165	17.35	194	19.84	184	18.25
Total	951	100	978	100	1008	100

Source: NDIC

CHART 14.1.
MFBs BY GEO-POLITICAL ZONES



14.3 Challenges faced by the MFBs

The MFBs subsector faced some challenges which had been recurring from previous years. Some of the challenges included:

i. Weak Board Oversight and Poor Corporate Governance Practices

Some MFBs were lacking a sound and focused Board which should have been responsible for establishing strategic objectives, policies and procedures that would guide and direct the activities of the banks. Also, a series of self-serving practices and insider abuses were uncovered in the recent examinations conducted.

ii. Weak Capital Base and Paucity of funds

The poor quality of loan assets coupled with the need to make adequate provision for loan losses had a negative impact on some MFBs' capital base. That also weakened the Shareholders' Fund and was further worsened by declining earnings that hindered the institutions' capacity to generate additional equity.

iii. Poor Asset Quality

Recent examination reports revealed a disturbing level of classified credits/portfolio-at-risk (PAR). The PAR for some MFBs was above 50%, way above the prudential threshold of 5%. That was due to desperation for immediate profit, which overtook the "Know Your Customer" (KYC) rule that should have been the prime driver in lending decisions. The slow and cumbersome legal and judicial process also made it difficult for the MFBs to recover NPLs or foreclose on the collaterals in the event of default.

iv. High Operating Costs

Operating expenses of many MFBs remained high during the period under review. That

was due to the poor state of infrastructure in the country, high cost of office accommodation in urban areas and unsustainable salaries and wages, resulting in high overheads for the MFBs.

v. Dearth of Experienced and Skilled Staff in Microfinance

The recurrent issue of skills gaps remains a problem in the Microfinance sub-sector. Most of the MFBs' personnel lack the required knowledge, skills and experience in microfinance banking. As such, they focused on conventional banking products and engaged in commercial lending.

vi. Weak Capacity Building Practices

Many MFBs do not have the resources to provide adequate training for their personnel. Meanwhile, the NDIC/CBN, in collaboration with CIBN continued with the certification programme for the MFB Operators. In addition, NDIC's annual workshop for the Operators of MFBs continued to bridge the observed skills gap.

vii. Rendition of Returns and Management Information System Challenges

One of the major challenges faced by the NDIC in the supervision of MFBs was the non-rendition of Returns by some of the institutions. As many of the MFBs were yet to computerize their operations, such manual operations had hindered the full adoption of IFRS/FinA regulatory application for the electronic rendition of Statutory Returns. As at 31st December, 2017, only 900 of the 1,008 MFBs were recorded on the FinA platform. Of that number, only 651 MFBs rendered complete returns during the year under review.

viii. Scarcity of Loanable Funds

Many MFBs were unable to access wholesale funding. They therefore had limited funds to grant credits to their customers as they relied mainly on deposits for creating loans & advances and for funding their operations.

ix. Low Financial Literacy Levels

Financial literacy was low, especially in the rural areas and continued to constitute a major barrier to the promotion of microfinance practice thus, inhibiting financial inclusion.

x. Premium Administration Challenge

The NDIC experienced many challenges in administering premium during the year under review. These included non/under/late payment of premium, non/late submission of Certified Statement of Deposit Liabilities to assess premium payable, high cost of premium examination and a high number of institutions that closed shop or were restructuring.

xi. High number of Customer Complaints

High number of customer complaints bordering mostly on non-discharge of payment obligations, cash suppression, non-updating of customer accounts, fraudulent conversion of bank assets by Management, fictitious transaction of closed accounts, et cetera were investigated by NDIC during the period under review.

14.4 Operations of PMBs

The Merger and Acquisitions (M&A) arrangement that commenced between Aso Savings and Loans Plc and Union Homes Savings and Loans Ltd was inconclusive as at 31st December, 2017, as the affected Institutions were yet to fulfil the CBN's requirements.

Table 14.3 shows the distribution of the PMBs by Geo-Political zones as at 31st December, 2017.

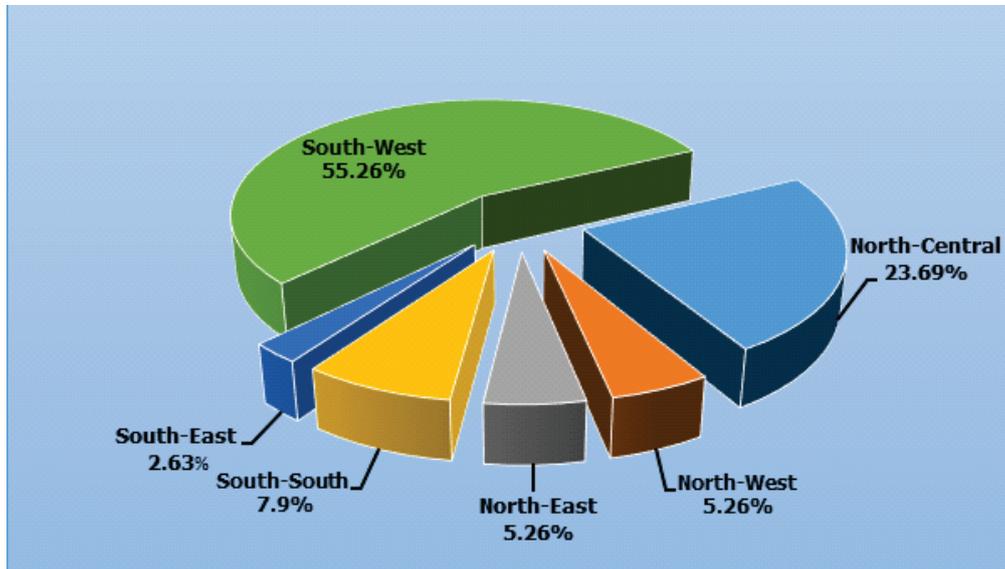
TABLE 14.2.
DISTRIBUTION OF PMBS BY GEO-POLITICAL ZONES

Geo-Political Zone	No. of PMBs	% Per Zone
South-West	21	55.26
South-South	3	7.90
South-East	1	2.63
North-West	2	5.26
North-East	2	5.26
North-Central	9	23.69
Total	38	100.00

Source: NDIC

The table shows that the South-West geo-political zone had the highest number of PMBs with a total of 21 PMBs, representing 55.26% of the total number of PMBs.

CHART 14.2.
DISTRIBUTION OF PMBs BY GEO-POLITICAL ZONES



Source: NDIC

14.4.1 Challenges Faced by the PMBs

In 2017, Examiners highlighted some lapses observed during the Risk-Based Examination (RBE) of the PMBs. Some of the problems of PMBs in Nigeria were as follows:

i. Dearth of Long-Term Funds/Difficulties in Accessing NHF

It was noted that some PMBs usually encountered delays before the disbursement of the NHF to them. Also, some PMBs had the challenge of providing the required Bank Guarantees in accessing the Funds. Only 2 out of the 38 PMBs in operation were listed on the Nigerian Stock Exchange (NSE), which meant that many others did not have access to long-term funds through the Stock Exchange Window.

ii. Non-Vibrancy of some PMBs

The loss of focus by some PMBs in favour of non-core activities such as trading as well as the slow disbursement of NHF to the PMBs, made some of them to be competing with the DMBs in sourcing funds for purposes other than mortgage financing.

iii. Difficulties in Deposit Mobilization

The banking public preferred opening savings/current accounts with the DMBs rather than with PMBs. The associated huge interest payable on mortgage loans accounted for the low patronage. It was expected that the upward review of Maximum Deposit Insurance Cover (MDIC) from ₦200,000 to ₦500,000, will enable the PMBs to attract more deposits.

iv. The Structure of PMBs Deposit Liabilities

The PMBs tended to avoid fund mismatch i.e. borrowing short term then lending long

term, which is usually required in mortgage financing. That also made it difficult sometimes for them to honor customers' withdrawal requests as well as their ability to mobilize resources effectively for low-income housing.

v. Land Use Act/Foreclosure Challenges

The Land Use Act had made the process of perfecting title to landed property cumbersome, slow and costly. It negatively affected foreclosure procedures on those properties pledged as collateral. The observed statutory impediment had affected PMBs' appetite to create mortgage.

vi. Under-developed Mortgage-Backed Securities Market

In advanced economies, there exist ample opportunities in Mortgage-Backed Securities (MBS) freely traded on recognized Stock Exchanges. In Nigeria, Mortgage-Backed Securities (MBS) do not exist, thus depriving the PMBs of trading freely on the Stock Exchange. Securitization of mortgage assets would enhance their marketability.

vii. High Cost of Building Construction

Several factors had contributed to the high cost of building construction in Nigeria which had made affordable housing a mirage to low income earners. Such factors included the appalling state of physical infrastructure such as roads, electricity, high foreign exchange content of imported building materials like tiles and ceramic wares, etc.

viii. Weak Board Oversight/Corporate Governance practices and Poor Risk Management Practices

A good number of PMBs were yet to imbibe the culture of good corporate governance and sound risk management practices. Some PMBs did not establish procedures for identifying, monitoring, managing and controlling the inherent risks associated with mortgage lending. The operating performance of some of the PMBs had been affected by weak Board oversight, inexperienced staff, and poor internal control measures.

SECTION 15

INSURED FINANCIAL INSTITUTIONS' OFFICES, BRANCHES, BOARD OF DIRECTORS AND APPROVED EXTERNAL AUDITORS

15.1 DMBs' Offices and Branches

In 2017, NOVA Merchant Bank was granted banking licence by the CBN, but was yet to commence operations as at 31st December, 2017. Hence, there were 26 DMBs in operation as at 31st December, 2017. The total number of bank branches increased by 120 from 5,061 in 2016 to 5,181 in 2017. The increase could be attributed to the National Financial Inclusion Strategy (NFIS) led by the CBN, which is aimed at reducing the financial exclusion rate of adult Nigerians. Table 15.1 shows the distribution of DMBs offices in the 36 States of the Federation and the Federal Capital Territory (FCT), Abuja.

TABLE 15.1.
DISTRIBUTION OF DMBS' OFFICES AND BRANCHES AS AT 31ST DECEMBER, 2017

S/N	States (including FCT)	Number of Branches	Percentage share of Branches (%)
1	Abia	126	2.43
2	FCT Abuja	391	7.55
3	Adamawa	56	1.08
4	Akwa Ibom	93	1.80
5	Anambra	207	4.00
6	Bauchi	45	0.87
7	Bayelsa	35	0.68
8	Benue	69	1.33
9	Borno	55	1.06
10	Cross Rivers	75	1.45
11	Delta	190	3.67
12	Edo	167	3.22
13	Ebonyi	38	0.73
14	Enugu	124	2.39
15	Ekiti	74	1.43
16	Gombe	35	0.68
17	Imo	97	1.87
18	Jigawa	34	0.66
19	Kaduna	158	3.05
20	Kano	166	3.20
21	Katsina	50	0.97
22	Kebbi	37	0.71

S/N	States (including FCT)	Number of Branches	Percentage share of Branches (%)
23	Kogi	73	1.41
24	Kwara	76	1.47
25	Nasarawa	47	0.91
26	Niger	73	1.41
27	Lagos	1562	30.15
28	Ogun	153	2.95
29	Ondo	97	1.87
30	Osun	88	1.70
31	Oyo	204	3.94
32	Plateau	67	1.29
33	Rivers	292	5.64
34	Sokoto	46	0.89
35	Taraba	28	0.54
36	Yobe	29	0.56
37	Zamfara	24	0.46
	TOTAL	5,181	100.00

Source: NDIC

As evidenced in Table 15.1, Lagos State had the highest number of DMBs' branches with 1,562 branches or 30.15% of total DMB branches. The FCT had 391 branches or 7.55%, followed by Rivers State with 292 or 5.64%. Other leading States with high number of DMB branches were Anambra, Oyo, Delta and Edo States with 207 or 4.00%, 204 or 3.94%, 190 or 3.67% and 167 or 3.22% branches, respectively. The States with the least number of branches were Yobe, Taraba and Zamfara, having 29 or 0.56%, 28 or 0.54% and 24 or 0.46%, respectively.

15.1.2 DMBs Overseas Branches and Subsidiaries

As at 31st December, 2017 Access Bank Plc had the highest number of overseas branches/subsidiaries in 78 locations or 53.42% of the total number of Nigerian bank branches overseas. Zenith Bank Plc was the next with 41 or 28.08%, while Skye Bank Plc had 9 overseas branches/subsidiaries or 6.16% of the total number of branches overseas as at 31st December, 2017. Keystone Bank Plc and First Bank of Nigeria Plc followed with 8 or 5.48% and 7 or 4.79%, respectively. Diamond Bank Plc had only one overseas branch/subsidiary, representing 0.68% of the total during the year. Statistics of DMBs' overseas branches/subsidiaries in 2017 are presented in Table 15.2.

TABLE 15.2.
DMBs' OVERSEAS BRANCHES/SUBSIDIARIES AS AT 31ST DECEMBER, 2017

S/N	BANK NAME	No. OF BRANCHES OVERSEAS	PERCENTAGE SHARE (%)
1	Access Bank Plc	78	53.42
2	Zenith Bank Plc	41	28.08
3	Skye Bank Plc	9	6.16
4	Keystone Bank Plc	8	5.48
5	First Bank of Nigeria Plc	7	4.79
6	United Bank For Africa	2	1.37
7	Diamond Bank Plc	1	0.68
	TOTAL	146	100

Source: NDIC

15.1.3. DMBs' Head Office Addresses, Number of Branches and Board of Directors

During the period under review, First Bank of Nigeria Plc had the highest number of branches/offices with 752 branches or 14.51% of the total branches, while United Bank for Africa Plc had 588 branches or 11.33%. Ecobank Plc was third with 429 or 8.28%, and followed by Zenith Bank Plc with 369 or 7.12% total number of bank branches. The top 4 DMBs accounted for a total of 2,111 or 40.75% of the total number of branches/offices in the system. Table 15.3 shows the DMB branches in 2017.

Most DMBs during the year, complied with Section 5.3.6 of the Code of Corporate Governance (CCG) for Banks in Nigeria in the appointment of Independent Directors. The CCG states that "at least 2 non-Executive Board Members described as Independent Directors (who do not represent any particular shareholders' interest and hold no special business interest in the bank)" be appointed by the bank on merit. As shown in Table 15.3, there were 295 Directors serving on the Boards of the 26 DMBs, out of which 38 were Independent Directors.

15.1.4 External Auditors of DMBs

The presence of External Auditors in DMBs improved their Corporate Governance practices. The statutory reporting requirements of insured institutions' External Auditors are stipulated under Section 54 of the NDIC Act No. 16 of 2006. As at 31st December, 2017 there were 8 Chartered Accounting firms serving as Approved Auditors of the 26 DMBs in operation as shown in Table 15.3.

As evidenced in the table, Pricewaterhouse Coopers (PwC) audited 11 out of the 26 DMBs in 2017. KPMG Professional Services were auditors of 6 out of the 26 DMBs, while Akintola Williams Deloitte were auditors of 4 DMBs. Ernst & Young and Ahmed Zakari

audited 2 DMBs each. Other External Auditors includes PKF Professional Services, Aminu Ibrahim & Co., Deloitte & Touche and Horwath Dafinone. 24 DMBs were audited solely with the exception of Fidelity Bank Plc and Heritage Bank that were jointly audited by Ernst & Young and PKF Professional Services, Horwath Dafinone and PriceWaterhouse Coopers (PwC), respectively.

TABLE 15.3.
DMBs' HEAD OFFICE ADDRESSES, NUMBER OF BRANCHES, DIRECTORS
AND APPROVED EXTERNAL AUDITORS AS AT 31ST DECEMBER, 2017.

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
1.	Access Bank Plc Plot 999c, Danmole Street, P.M.B. 80150, Victoria Island, Lagos. www.accessbankplc.com info@accessbankplc.com	330	Mrs. Mosunmola T. Belo-Olusoga Mr. Herbert Onyewumbu Wigwe Mr. Roosevelt Michael Ogbonna Mrs. Titilayo Grace Osuntoki Mr. Victor O. Etuokwu Dr. Gregory Ovie Jobome Mrs. Hadiza Ambursa Mrs. Ojiniki N. Olagere Mr. Paul Osoro Mrs. Anthonia O. Ogunmefun Mr. Abba Mamman Tor Habib Dr. Ernest Chukwuka Ndukwe Mrs. Ajoritsedere J. Awosika Mr. Ibroma T. Akpana Mr. Adeniyi A. Adekoya (15)	Chairman GMD/CEO DMD ED ED ED ED NED NED NED IND IND IND IND	Price waterhouse Coopers
2.	Citibank Nigeria Limited Charles S. Sankey Building, 27, Kofo Abayomi Street, P.O. Box 6391, Victoria Island, Lagos. www.citigroup.com publicaffairs.nigeria@citi.com	10	Mr. Olayemi Cardoso Mr. Akin Dawodu Mrs. Funmi Ogunlesi Mr. Fatai Karim Mrs. Nneka Enwereji Mr. Oluwole Awotundun Dr. Hilary Onyiuke Mrs. Ireti Samuel Ogbu Ms. Diani Evans Mr. Peter Mccarthy Mr. Oyesoji Oyeleke Mr. Daphne Dafinone Dr. Shamsuddeen Usman (13)	Chairman MD/CEO ED ED ED NED NED NED NED NED IND IND	Price waterhouse Coopers
3	Coronation Merchant Bank Coronation house, 10, Amodu Ojikutu Street, Victoria Island, Lagos www.coronationmb.com cmb@coronationmb.com	3	Mr. Babatunde Folawiyo Mr. Abubakar Jimoh Mrs. Onome Komolafe Mr. Larry Ettah Mr. Babatunde Dabiri Mrs. Suzanne Ironche Ms. Evelyn Oputu Mr. Adamu Atta Mr. Idaere Gogo Ogan Mr. Olubunmi Fayokun (10)	Chairman MD/CEO ED NED NED NED NED NED NED	Price waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
4.	Diamond Bank Plc PGD's Place, plot 4,Block V, B.I.S Way, Oniru Estate, Lekki, Victoria Island. Lagos. www.diamondbank.com enquiries@diamondbank.com	272	Prof. Chris Ogbechie Mr. Uzoma Dozie Mrs. Caroline Anyanwu Mrs Chizoma Okoli Mr. Chiugo Ndubuisi Mrs. Aisha Ahmad Mr. Kabir Mohammad Mr. Damien Dolland Mr. Dele Babade Mrs. Aisha Oyebode Mrs. Juliet Anammah Mr. Cristopher Ubosi Mr. Rotimi Oyekanmi (13)	Chairman MD/CEO DMD ED ED ED NED NED NED NED NED NED IND	KPMG Professional Services
5.	Ecobank Nig. Plc Plot 21, Ahmadu Bello Way, P.O. Box 72688, Victoria Island, Lagos www.ecobank.com ecobank@ecobank.com	429	Mr. John Aboh Mr. Charles kie Mrs. Carol Oyedeji Mr. Dada Akintayo Mrs. Adebisi Olubunmi Malam Garba Imam Prof. Frank Ovadje Mrs Funmi Oyetunji Mr. Ayeyemi Ade Mr. Olufemi Ayeni Mr. Edouard Dossou-Yovo (11)	Chairman MD/CEO ED ED ED NED NED NED NED IND IND	Akintola Williams Deloitte
6.	FBN Merchant Bank Limited, No 10, Keffi Street, Ikoyi, Lagos www.fbnquest.com	3	Mallam Bello Maccido Mr. Kayode Akinkugbe Mr. Taiwo Okeowo Mr. Urum K. Eke, MFR. Mrs. Omobola Johnson Mr. Akin Osinbajo , SAN Mr. Oluyele Delano, SAN (7)	Chairman MD/CEO DMD NED NED NED IND	Price waterhouse Coopers
7.	Fidelity Bank Plc, Fidelity Place, 2 Kofo Abayomi Street, P.O.BOX. 72439, Victoria Island, Lagos. www.fidelitybank.ng info@fidelitybank.ng	231	Mr. Ebi Ernest Chukwudi Mr. Nnamdi J. Okonkwa Mr. Mohammed Balarabe Mr. Chijoke Ugochukwu Mr. Aku Odinkemelu Mr. Adeyeye Adepegba Mrs. Nneka Onyeali-Ikpe Mr. Robert Nnana -Kalu Mr. Bashar M. Gumel Mr. Alex Chinele Ojukwu Mr. Ezechukwu M. Okeke Mr. Sani Adetu Mr. Umolu Charles Chiedebe Mr. Akuma Kings (14)	Chairman MD/CEO DMD ED ED ED ED NED NED NED NED NED NED NED	Ernest & Young PKF- Professional Services

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
8.	First Bank of Nigeria Limited Samuel Asabia House, 35, Marina, P. O. Box 5216, Lagos www.firstbanknigeria.com firstcontact@firstbanknigeria.com	752	Mrs. Ibukun Awosika Dr. Adesola Adeduntan Mr. Olugbenga Francis Shobo Dr. Remi Oni Mr. Abdullahi Ibrahim Alh. Lawal Kankiya Ibrahim Mr. Ambrose Feese, FCA Mr. Obafemi Adedamola Otudeko Mr. Tunde Hassan Odukale Mallam Ibrahim Dahiru Waziri Mr. Urum Kalu Eke, MFR Dr. (Mrs.) Ijeoma E. Jidenma Mrs. Olushola Oworu Mr. Lateef Bakare (14)	Chairman MD/CEO DMD ED ED NED NED NED NED NED NED IND IND IND	Pricewater Coopers
9.	First City Monument Bank Plc No. 17A, Tinubu Street, Marina P. O. Box 9117, Lagos. www.fcmb.com customerservice@fcmb.com	204	Mr. Otunba O. Senbore Mr. Adam Nuru Mrs. Yemisi Edun Mrs. Bukola Smith Mr. Akanmu Olumide A. Mr. Bismarck Rewane Dr. John Udofa Mrs. Tokunboh Ishmael Mrs. Mfon Usoro Mr. Olusegun Odubogun Mr. Olutola Mobolurin (11)	Chairman GMD ED ED ED NED NED NED NED NED NED	KPMG
10.	FSDH Merchant Bank Ltd 1/5 Odunlami Street (5 th -8 th Floors ,UAC House), P.M.B 12913. Marina, Lagos. www.fsdhgroup.com	3	Mr.Femi Agbaje Mr. Hamda Ambah Olufunsho Olusanya Mrs. Muhibat Abbas Mr. Daniel Agbor Mr. Sobandele Sobanjo Mr. Bello Garba Mr. Vincent Omoike Tosa Ogbomo Patrice Backer Mr. Papa NDiaye (11)	Chairman MD/CEO ED NED NED NED NED NED NED NED NED	Price waterhouse Coopers
11.	GT Bank Plc Plot 635, Akin Adesola Street, P.O.Box 75455, Victoria Island, Lagos. www.gtbank.com cea@gtbank.com	294	Mrs. O.A. Demuren Mr. J. K. Olusegun Agbaje Mr. Demola Odeyemi Mrs. Olutola Omotola Mr. Wale Oyedeji Mr. Haruna Musa Mr. Bolaji Lawal Engineer Adebayo Adeola Mr. Olabode Augusto Mr. Ibrahim Hassan Mr. Hezekiah A. Oyinlola Ms. Imoni Akpofure Mr. Babatunde Soyoye Mrs. Victoria Osundu Adefala (14)	Chairman MD/CEO ED ED ED ED ED NED NED NED IND IND IND	Price waterhouse Cooper

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
12.	Heritage Bank Ltd Plot 292B, Ajose Adeogun Street, Victoria Island, Lagos. www.hbng.com info@hbng.com	127	Mr. Akinsola Akinfemiwa Mr. Sekibo Ifie Melvin Precious Mr. Monye J. Chucks Mrs. Udensi A. Nwagboliwe Mr. Ibrahim Jani Abdulganiyu Mr. Ogunsanya Adewunmi A. Mr. Alaibe Ndutimi Adedeji Mr. Disu Oluwayemisi (8)	Chairman MD/CEO ED ED NED NED NED NED	Horwath Dafinone & Price waterhouse Cooper (PWC)
13	Jaiz Bank Plc Kano House, No 73 Ralph Shodiende Street, Central Business District, P.M.B 31, Garki, Abuja www.jaizbankplc.com	30	Alh. (Dr) U. Abdul Mutallab CON. Mr. Hassan Usman Mr. Abubakar Mahmud Mahe Alh. (Dr.) Aminu A. Dantata, CON Alh. Musbahu Mohammed Bashir Alh. Mukthar Sani Hanga Alh. (Dr) Umar Kwairanga Mal. Falalu Bello Mr. Muhammad Ali Chatti HRH. Engr. B. Mohammed, OON Alh. (Dr) Muhammad Indimi, OFR Mal. Abdulfattah O. Amoo Mal. Nafiu Baba Ahmed Prof. Tajudeen Adebisi (14)	Chairman MD/ CEO DMD ED NED NED NED NED NED NED IND IND	Ahmed Zakari & Co.
14.	Keystone Bank Nig. Ltd. No. 1, Keystone Bank Crescent Off Adeyemo Alakija Street, P.M.B. 80054 Victoria Island, Lagos. www.keystonebankng.com contactcentre@keystonebanking.com	154	Mr. Modibbo Umaru Hamidu Mr. Ohiwerei Obeahov Asekhome Mr. Sule Abubakar Danlami Mr. Owoh Premier Akhator Mr. Odusanya A. Oluwasesan Mrs. Adebisi Titilayo Tairat Mr. Dan Habu Bulus Bunken (7)	Chairman MD/CEO DMD ED ED NED NED	KPMG Professional Services
15.	Providus Bank No. 724, Adetokunbo Ademola Street, Victoria Island, Lagos. www.providusbank.com	7	Mr. Hussaini Dikko Mr. Walter Akpani Mr. Kingsley Aigbokhaevbo Mr. Chuka Eseka Mrs. Funmi Augusto Mrs. Bernadine Okeke Mr. Maurice Onokwai (7)	Chairman MD/ CEO ED NED NED NED NED	Delloitte & Touche

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
16.	Rand Merchant Bank Nigeria Limited. 3 rd Floor, Wings East tower, 17A Ozumba Mbadiwe Street, Victoria Island. Lagos www.rmb.com.ng	1	Mr. Jordan Louis Mr. Micheal Larbie Mr. Peter Blenkinsop Mr. Gert Kruger Mr. Spangenberg Philip Mr. Motala Ebrahim Mr. Vosloo Carel Mr. Okonedo Enase F. Mr. Savage Babatunde Mr. Remilekun Odunlami (10)	Chairman MD/CEO ED NED NED NED NED IND IND IND	Price waterhouse Coopers
17.	Skye Bank Plc. 3, Akin Adesola street, Victoria Island, Lagos. www.skyebankng.com info@skyebankng.com	276	Mr. Muhammad K. Ahmad, OON Mr. Adetokunbo M. Abiru Mr. Innocent C. Ike Mr. Abdullahi S. Mohammed Mr. Olu Odugbemi Mr. Austin Jo- Madugu Alh. Abdullahi Umar Mr. Bata Garba Wakawa (8)	Chairman GMD/CEO ED ED NED NED NED NED	Price waterhouse Coopers
18.	Stanbic-IBTC Bank Plc. IBTC Place, Walter Carrington Crescent, P.O. Box 71707, Victoria Island, Lagos. www.stanbicibtcbank.com investorrelationsigeria@stanbicibtc.com	177	Mr. Sim Tshabalala Dr. Demola Sogunle Mr. Andrew Mashanda Mr. Wole Adeniyi Mr. Babatunde Macaulay Mr. Arnold Gain Mr. Zweli Manyathi Mr. Yinka Sanna Mr. Miannaya Essien (SAN) (9)	Chairman MD/CEO ED ED ED NED NED NED IND	KPMG Professional Services
19.	Standard Chartered Bank Nigeria Ltd. No. 142, Ahmadu Bello Way Victoria Island Lagos www.sc.com/ng callcentre.nigeria@sc.com	35	Alh. Muhammed I. Yahaya, OFR Mrs. Bola Adesola Mrs. Yemi Owolabi Mobola Faloye Leke Ogunlewe Sola Adepetun Kyari Abba Bukar Richard Estemesi Louise Vogler Emmanuel Degroote (10)	Chairman MD/CEO ED ED ED IND IND IND IND IND	Akintola Williams Deloitte

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
20.	Sterling Bank Plc 20, Marina P.M.B. 12735 Lagos. www.sterlingbankng.com	180	Mr. Asue Ighodalo Mr. Yemi Adeola Mr. Kayode Lawal Mr. Abubakar Suleiman Mr. Grama Narasimhan Mr. Yemi Odubiyi Mr. Olaitan Kajero Mrs. Tairat Tijani Mrs. Egbichi Akinsanya Mr. Micheal Jituboh Mr. Sujit Varma Mr. Rasheed Kolarinwa Dr. (Mrs) Omolara Akanji Ms. Tamarakare Yekwe, MON (14)	Chairman MD/CEO ED ED ED ED NED NED NED NED IND IND IND	Ernst & Young
21.	Suntrust Bank No. 1, Oladele Olashore Street, Off Sunusi Fafunwa Street, Victoria Island, Lagos. www.suntrustng.com	7	Chief Charles Ugboko Mr. Muhammad Jibrin Mr. Richard Howarth Mr. Yewande Amusan Ms. Amal pepple Intigiala Mr. Jibril Aku Mr. Nasiru Dantata Mr. Sadiq Mohammed Mr. Augustine Alegeh (9)	Chairman MD NED NED NED NED NED NED NED	Aminu Ibrahim & Co., Chartered Accountants
22.	Union Bank of Nigeria Plc Stallion Plaza,36 Marina, lagos P.M.B. 2027, www.unionbankng.com	321	Mr. Odu Cyril Akporuere Mr. Emuwa Emeka Albert Mrs. Adewale Oyinkansade Mr. Kasongo Kandolo Mr. Okonkwo Chukwuemeka G. Mr. Sonola Adekunle B. Mr. Ude Nathan Madu Mr. Alade-Adeyefa Obafunke M. Mrs. Jumare FURera Isma Mrs. Basseyy B. Hamza Mr. Botts John C. Mr. Burret Richard Mr. Clyne Ian Barton Mr. Kramer Richard Lee Labib Taimoor Kenroy Andrew Dowers (16)	Chairman MD/CEO ED ED ED ED ED NED NED NED NED NED NED NED NED NED	KPMG (Auditors)
23.	United Bank for Africa Plc UBA House, 57, Marina, P. O. Box 2406, Lagos. www.ubagroup.com info@ubagroup.com	588	Mr. Tony Elumelu Mr. Kennedy Uzoka Mr. Victor Osa dolor Dan I. Okeke Mr. Chukwuma E. Nweke Mr. Uche R. Ike Mr. Emeka E. Iweriebor Mr. Samuel A. Oni Mr. Ibrahim Puri Mr. Ayoku A. Liadi Mr. Oliver Alawuba Mr. Joe C. Keshi Mr. Yahaya Za kari Mrs. Rose Ada Okwechime Mr. Adekunle Olumide Alh. Ja'afaru A. Paki Mrs. Foluke K. Abdulrazaq Chief. Kolawole B. Jamodu, OFR Mrs. Onawari B. Duke (19)	Chairman MD/CEO ED ED ED ED ED ED ED ED ED ED ED ED ED ED ED ED ED ED	Price waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Directors' Name	Status	Approved Auditors
24.	Unity Bank Plc, Plot 42, Ahmed Onibudo Street, Off Adeola Hopewell Street, Victoria Island, Lagos. www.unitybanking.com we_care@unitybankng.com	237	Mr. Aminu Babangida Mr. Tomi Somefun Mr. Temisan Tuedor Dr. Oluwafunsho Obasanjo Mr. Yabawa Lawan Wabi Mr. Sam N. Okagbue Hafiz Muhammed Bashir (7)	Chairman MD/CEO ED NED NED NED NED	Ahmed Zakari & Co.
25.	Wema Bank Plc Wema Tower, 54, P.M.B. 12862, Marina, Lagos. www.wemebank.com info@wemabank.com	141	Mr. Babatunde Kasali Mr. Segun Oloketuyi Mr. Ademola Adebise Mr. Moruf Oseni Mr. Wole Akinleye Mrs. Folake Sanu Mr. Adebode Adefioye Mr. Abubakar Lawal Mr. Samuel Durojaye Mrs. Tina Vukor-Quarshie Mrs. Abolanle Matel Okoh Mrs. Omobosola Ojo (12)	Chairman MD/CEO DMD ED ED ED NED NED NED NED NED IND	Akintola Williams Deloitte
26.	Zenith Bank Plc Plot 87, Ajose Adeogun Street, P. O. Box 75315, Victoria Island, Lagos. www.zenithbank.com	369	Mr. Jim Ovia CON Mr. Peter Amangbo Mr. Ebenezer Onyeagwu Mrs. Adaora Umeoji Dr. Temitope Fasoranti Mr. Umar S. Ahmed Mr. Dennis Olisa Prof. Chukuka Enwemeka Mr. Jeffrey Efeyini Mr. Gabriel I. Okpeh Alh. Baba Tela Engr. Mustafa Bello (12)	Chairman GMD/CEO DMD DMD ED ED ED NED NED IND IND IND	KPMG Professional Services

Source: Bank Returns

15.2 PRIMARY MORTGAGE BANKS OFFICES AND BRANCHES

There were 38 PMBs in operation with 188 branches as at 31st December, 2017. The distribution of PMBs' branches nationwide is presented in Table 15.4.

TABLE 15.4.
DISTRIBUTION OF PMBs' BRANCHES AS AT 31ST DECEMBER, 2017

States (including FCT)	Number of Branches/Offices	Percentage Share (%)
Abia	6	3.19
FCT/ Abuja	47	25.00
Adamawa	2	1.06
Akwa-Ibom	7	3.72
Anambra	7	3.72
Bauchi	0	0.00
Bayelsa	1	0.53
Benue	1	0.53
Borno	0	0.00
Cross Rivers	0	0.00
Delta	4	2.13
Edo	2	1.06
Ebonyi	1	0.53
Enugu	6	3.19
Ekiti	0	0.00
Gombe	1	0.53
Imo	1	0.53
Jigawa	4	2.13
Kaduna	2	1.06
Kano	2	1.06
Katsina	0	0.00
Kebbi	4	2.13
Kogi	7	3.72
Kwara	1	0.53
Nassarawa	2	1.06
Niger	1	0.53
Lagos	54	28.72

States (including FCT)	Number of Branches/Offices	Percentage Share (%)
Ogun	6	3.19
Ondo	2	1.06
Osun	3	1.60
Oyo	3	1.60
Plateau	0	0.00
Rivers	9	4.79
Sokoto	0	0.00
Taraba	2	1.06
Yobe	0	0.00
Zamfara	0	0.00
Total	188	100.00

Source: NDIC

As shown in the table, 101 branches or 53.72% were located in the FCT and Lagos State. Lagos State had 54 or 28.72% of the total number while FCT had 47 branches or 25%. The other States with high number of branches were Rivers State with 9 branches or 4.79% and Akwa Ibom, Anambra, Kogi with a total of 7 each or 3.72% of the branch network.

15.2.3. Head Office Addresses, Branches, Board of Directors and Approved Auditors of PMBs

The distribution of Head Office addresses, number of branches, Board of Directors and approved Auditors of the 38 PMBs in operation as at 31st December, 2017 are presented in Table 15.5. As shown in the table, 4 PMBs, namely: Union Homes, Mayfresh Mortgage, Platinum and Aso Savings & Loans had the highest number of branches with 24, 20, 16 and 14 branches, respectively, as at 31st December, 2017. The 4 PMBs collectively held 74 or 39.36% of total branches.

Also, the table indicates that a total of 248 Directors served on the Board of 38 PMBs. Out of the 38 PMBs, 35 had single External Auditors, while 31 External Auditors audited the 38 PMBs which were in operation during the period under review.

TABLE 15.5.
**PMBs' HEAD OFFICE ADDRESSES, NUMBER OF BRANCHES, DIRECTORS
 AND APPROVED AUDITORS AS AT 31ST DECEMBER, 2017**

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
1	Abbey Mortgage Bank 23 Karimu Kotun Street, Victoria Island Lagos www.abbeymortgagebank.com	10	Chief I.B. Ochonogor Mrs. Rose A. Okwechime Mr. Madu Hamman Mazi Emmanuel K. O. Ivi AVM. Olufemi Soewu Mr. Bernard Okumagba High Chief Samuel Oni Mr. Uzochukwu Odunukwe (8)	Chairman MD/CEO ED ED ED ED IND IND	Ernst & Young
2	Adamawa Homes & Savings Ltd No 1 Bishop Street, Jimeta- Yola Adamawa State admawahomes@yahoo.co.uk	1	Mr. A. B.Barkindo (1)	MD/CEO	Solanke and Sulaiman & Co.
3	AG Mortgage Bank PLC 96 Opebi Road, Ikeja Lagos State www.agmortgagebankplc.com	5	Rev. Chidi Okoroafor Mr. Ngozi Anyogu Rev. Vincent Alaje Barr. Patrick Chiweike Barr. Danjuma Suleman Mr. Sally Biose Rev. Ejikeme Ejim Barr. Anthony Okonmali (8)	Chairman MD/CEO ED ED ED ED ED ED	Baker Lilly (Chartered Accountants)
4	Akwa Savings and Loan Ltd Plot 1 , Block 1, Federal Housing Estate, Abak Road by Esuwe Street, Uyo Akwa Ibom State www.akwasavings.com	5	Mr. Uduak Ewitat Mr. Ebong Bassey Chief Patrick Ifon Mr. Peter E. Udo HON. A. E. Udo Mr. Linus Nkan Hon. Asuquo Odiong (7)	Chairman MD/CEO ED ED ED ED ED	J. Walter Udoeyop & Co
5	ASO Savings and Loans Plc Plot 266 FMBN Building, Cadastral Zone AO, Central Business District Abuja www.asopl.com	14	Alh. Ali Magashi Mr. Adekunle Adedigba Mr. Olutoyin Okeowo Mrs. Risikatu Ahmed (4)	Chairman MD ED ED	Ernst & Young and Aminu Ibrahim & Co

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
6	Brent Mortgage Bank Ltd 192A Jide Oki Street, Off Ligali Ayorinde Street, Victoria Island. Lagos www.brentng.com	3	Alh. Muri Salami Mr. Kola Abdul Alh. Umar Abdu Alh. S. A. Awosanya Mr. Gabriel Kembi Mr. Lanre Obisesan Mr. Bola Oyebamiji (7)	Chairman MD/ CEO NED NED NED NED NED	M. A. Alawode & Co
7	Centage Savings and Loans Limited. PLOT 2177, No. 3, Zingincho Street, (Beside AEDC), Wuse Zone 4, FCT, Abuja. Email: centagemortgagebank@gmail.com	1	Mr. Gabriel Johnson Mr. Gabriel Egwu Mr. Victor Oyedu Mr. John Nwosu Mr. Ayotunde Ayotade Mr. Philip Onyiruka Mr. U. D. Onuoha (7)	Chairman MD/ CEO NED NED NED NED NED	Abdulmalik Ahmed & Co.
8	City Code Mortgage Bank Ltd. 21/25 Broad Street, Investment House, 1 st floor, Marina, Lagos www.citycodemortgagebank.com	1	Mrs O. Mudasiru Mr. E. Mac-Yoroki Mrs C. O. Egharevba Mr. Oyatoye Moses Mr. Adekunle Osibodu Mr. E. Doyah-Tiemo Barr. Adebisi Adeniji Mr. Moses A. Oyatoye (7)	Chairman MD/ CEO ED NED NED NED NED NED	Abayomi Dosunmu & Co.
9	Cooperative Savings and Loans Ltd. 11, University Cresent, Beside Access Bank, Along UI Secretariat road, Bodija, Ibadan, Oyo state. info@cmbankng.com	6	Mr. Nasir A. Abdullahi Mr. Kabir Ayinde-Tukur Chief Oluwole Okunnnuga Mrs. Kudi Badmus AVM. Walter Ogujiofor (RTD) Mr. Ayo Abina Barr. Ahmed Akanbi Mr. Abubakar Sule Mrs. Fatima Ibrahim (9)	Chairman MD/CEO NED NED NED NED NED NED NED	Baker Tilly
10	Delta Trust Mortgage Finance Ltd. 126 Nnebisi Road, Asaba, Delta State. www.deltatrustmortgagefinance.net	2	Dr. Francis F. Abudu Mrs. Ruby I. Okoro Barr. Joshua O. Muwhen Engr. John Agori Mr. Edward Mekwuye Mrs. Maria Adaigbe Mr. George Ugen Chief H. C. Nzekwue Mr. Meggison Omatseyin Mr. Gibson Pinnik Arch. Emmanuel Isichei (11)	Chairman MD/ CEO ED NED NED NED NED NED NED NED NED	Mathew Iyeke & Co.

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
11	FBN Mortgages Ltd. No. 124, Awolowo Road, Ikoyi Lagos www.fbnmortgages.com	1	Mr. Folaranmi B. Odunayo Mrs. Shade Omoniyi Mr. Ibrahim Abdullahi Mrs. Titilayo Ahmadu Mr. Ashiru Olatubosun Mrs. Olufunmilayo Roberts Dr. Umaru Kwairanga (7)	Chairman MD/CEO NED NED NED NED NED	Price Waterhouse Coopers
12	FHA Homes Ltd. Asande House, No. 39, Durban Street, Off Ademola Adetokunbo Crescent, Wuse II, Abuja www.fhamortgage.gov.ng	5	Prof. Mohammed Al- Amin Barr. Umar S. Gonto Mr. Roland Egbnoba Barr. Aniedi Akpabio Col. Rufus A. Adejoro (Rtd) Mr. Effiong Akwa Dr. Vincent Akpataire Mr. Jonah S. Saidu (8)	Chairman Ag.MD/CEO ED ED ED ED ED ED	Iyornumbe Ime & Co
13	First Generation Mortgage Bank Ltd. No. 86 Aminu Kano Crescent, Wuse 11, Abuja www.fgmb-ng.com	7	Chief Fabian Nwaora Mr. Felix N. Daniel Mrs. G. O. Segun-Lean Dr. Chijioke Ekechukwu Mr. K. Omeni-Nzewuihe (5)	Chairman MD/CEO ED ED ED	Onyemelukwe Maduemeni & Co
14	Gateway Savings and Loans Ltd. Plot 10 & 11 Aderupoko Drive, Ibara Housing Estate, Oke-Ilewo Abeokuta, Ogun State. gatewayavings@yahoo.com	2	Mrs. Modupe Mujota Mr. Olawale Osisanya Mr. Adewale Oshinowo Ms. Adenrele Adesina Barr. Babajide Odusolu Arc. Mrs. O. Akinwunmi Mrs. Olufunmilayo Dada Mr. Hassan Adekunle Mrs. Elizabeth Adegite (9)	Chairman MD/CEO ED ED ED ED ED ED NED	S. I. A. O. & Co.
15	Global Trust Savings & Loans Plot 740, Adeola Hopewell Street, Victoria Island Lagos www.globaltrustsavings.com	1	Mr. Rotimi Fashola Mr. Oluyemi Fatokun Mr. Obalade A. Emmanuel Mr. B. O. Adegbite Mr. Doyin Adebambo Mr. Obayomi Lawal (6)	Chairman MD/CEO ED ED ED ED	Olayemi Teibo & Co
16	Haggai Mortgage Bank Ltd 119 Bode Thomas Street, Surulere, Lagos. www.haggaiabank.com	2	Elder S. M. Olakunri Mr. Richard Olubameru Mr. Obafunmilayo Augusto Mr. Bababode Osunkoya Chief. Samuel A. Oso Mrs. Abiodun Oyepero Mr. Seye Oladapo (7)	Chairman MD/CEO NED NED NED NED IND	S.I.A.O. (Chartered Accountants)

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
17	Homebase Mortgage Bank Ltd 639 Adeyemo Alakija Street, Victoria Island Lagos www.homebasebank.com	1	Mr. Fela Durotoye Mr. Femi Johnson Mr. Ronald Igbinoba Mr. Friday Nwajei (4)	Chairman MD/CEO ED ED	Olusegun Akinosi & Co
18	Imperial Homes Mortgage Bank Ltd. 28 Saka Tinubu Street, Victoria Island, Lagos. www.imperialmortgage bank.com	2	Mr. Mutiu Sinmanu Mr. Ben Akaneme Mrs. Salamatu Aderinokun Oba Adeyeye Qgunwusi Mr. Emeka Ndu Mr. Dolapo Ajayi Mr. Ikenna Nwizu (7)	Chairman MD NED NED NED NED NED	KPMG Professional Services
19	Infinity Trust Mortgage Bank PLC www.itmbplc.com 11 Kaura Namoda Street, off Faskari Street. Area 3, Garki Abuja www.itmbplc.com	4	Engr. Adeyinka Bibilari Mr. Obaleye Olabanjo Mr. Dada Ademokoya Engr. Tunde Olaleke Mr. Akin Arikawe Maj.Gen. D. Pennap (Rtd) Alh. Muhammed Abubakar Mrs. Ene Okwa Iyana (8)	Chairman MD/CEO NED NED NED NED IND IND	Aminu Ibrahim & Co
20	Jigawa Savings and Loans Ltd. 1 st floor, No. 1 Binta Sanusi House, Kiyawa road, Dutse, Jigawa state. www.jigawasavingsandloans.com.ng	4	Mr. Suleiman S. Baffa OON Alh. Babangida Umar Arc. Adamu M. Tahir Engr. Habu A. Gumel Alh. Haliru Said Haj. Habiba I. Dutse Hon. Aminu S. Gumel (7)	Chairman MD/CEO ED ED ED ED ED	Ahmed Tanko & Co.
21	Jubilee-Life Mortgage Bank No 65 Adeniyi Jones Street, Ikeja, Lagos www.jubileelifeng.com	10	Elder F.O.A. Ohiwerei, OFR Mr. Remi Olatunbode Mr. Iyiola Adegboye Dr. Fidelis Ayebae Pastor. Funso Ayinoluwa Pastor. Bitrus Yayala (6)	Chairman MD/CEO NED NED NED NED	Akintola Williams Deloitte
22	Kebbi Homes Savings and Loans Ltd. Ahmadu Belloway, P.M.B. 1110, Birnin Kebbi. Kshsl-bk@hotmail.com	4	Alh. Abdullahi Umar Alh. Abubakar I. Tunga Chairman Sakaba L.G.A. S. S. G. Kebbi State Hon. Commissioner of Fin. Hon. Commissioner Lands (6)	Chairman Ag. MD ED ED ED ED	Ubada Abah & Co.

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
23	Kogi Savings and Loans Ltd. 44, Murtala Mohammed Way, Paparanda Square, Lokoja, Kogi State. info@kogisavings.com	7	Mr. Adamu U. Faruna Dr. Joseph F. Adebisi Mrs. Hassan O. Ohize Mr. Benjamin J. Atomode Barr. Adejo Amego (5)	Chairman ED ED ED ED/ SEC.	Awaiting CBN approval.
24	Lagos Building Investment Company PLC. Plot 1, ASSBIFI road, Central Business District, Alausa, Ikeja, Lagos. P. O. Box 7525 www.lbic.com	3	Mr. Are A. Soyebó Mrs. F. E. Folivi Mr. A. O. Dipe Mr. Biodun Dosunmu Mr. Abiodun Afinawi (5)	Chairman MD/ CEO ED ED NED	Akapo and Partners (Chartered Accountants)
25	Mayfresh Mortgage Bank Ltd. 83 Aba Owerri road, Aba, Abia state. www.mayfreshmortgage ltd.com	20	Dr. Okwudili Micheal Lady Maria G. Omego Rev.Fr. Prof. E.M.P. Edeh MR. Paul Obiorah Mr. Andrew Offor Mr. Peter Nwosu Mr. Aaron A. Ude (7)	Chairman CEO ED ED ED ED ED	Theophilus Ohazulike & Co.
26	MGSL Mortgage Bank Ltd. 23, Aminu Kano Crescent, Wuse II, Abuja. www.mgslmortgagebank.com	1	Dr. Ambroise B. C. Orjiako Mr. Emmanuel Ossai Dr. Virginia Anohu HRH Dr. Christine Nwuche Engr. Victor Anohu (5)	Chairman MD/CEO ED ED ED	Olawale Shorunke & Co.
27	Mutual Alliance Savings and Loans Ltd 209 Oron Road, Uyo Akwa Ibom State www.mutualalliance.com	1	Mr. Elisha Yahaya Mr. Okon Amasi Mr Kodi Ohakah Mr. Aneiefiok Iwok Mr. Khalifa Abdulrahman Mr. Sam Adiqun Mr. Blankson Assi (7)	Chairman MD/CEO ED ED ED ED ED	Olutoyin Lasisi & Co
28	New Prudential Mortgage Bank Ltd 55 Bishop Oluwole Street, Victoria Island Lagos www.newprudential.com	3	Mr. Akin Akintoye Mr. Eyo Asuquo Mr. Gboyega Fatimilehin Mr. Adebisi Adebutu Mr. Babatunde Edun (4)	Chairman MD/CEO NED NED NED	Pedabo Audit Services

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
29	Nigeria Police Mortgage Bank Ltd Plot 11, Portsaid Street, Wuse Zone 4, Abuja. info@nigeriapolicemortgagebank.com	1	DIG. Uba Ringin (Rtd) Mr. Benson Iyomeru CP. Olushola David DCP. Egbunike O. Joseph ACP. Iloka Innocent CP. Samson Wud ah (Rtd) CSP. Jubril G. Gani (7)	Chairman MD/ CEO ED ED ED ED ED	Stanley & Burn (Chartered Accountants)
30	Omoluabi Mortgage Bank Plc. Old Governor's Office, Gbongan Road, Osogbo, Osun state. www.ombplc.com	3	Alh. Adebayo Jimoh Mr. Ayodele Olowookere Mr. Bola Oyebamiji Dr. Dauda O. Yinusa Prince Adetilewa Sijuwade Mr. Akintayo A. Kolawole Prince Adewunmi Adeola Mr. Omolaja Micheal Prince Gbadebo Adekunle (9)	Chairman MD/CEO NED NED NED NED NED NED	PKF Professional Services.
31	Platinum Mortgage Bank Ltd. 61 Yakubu Gowon Crescent, Asokoro Abuja. www.pmb1-ng.com/ info@pmb1-ng.com	16	Mr. Taiwo B. Bolatito Dr. Emmanuel N. Mbaka Mrs. Ucheoma Iroha Mr. Victor Egbe Mr. Akinloye Oyebanji Alhaji Z. M. Abba-Gana Engr. C. D. Oporum (7)	Chairman MD/CEO ED ED ED ED ED	Messrs Kuseme Ibok & Co.
32	Refuge Mortgage Bank Ltd 66 Opebi Road, Ikeja Lagos www.refugebank.com.ng	1	Pastor. Matthew Okojie Mrs. F. Adeola - Dada Pastor. Yemisi Kudehinbu Evan. Eddy Owase Pastor. Tom Obiasi Pastor O. Oyakihome (6)	Chairman MD/CEO ED ED ED ED	David Odiwo & Co
33	Resort Savings & Loans Plc. 25 Olowu Street, off Awolowo way, Ikeja, Lagos. www.resortng.com	10	BARR. J. O.J. Chukwuma Mr. Ola Oyinloye Sen. S. O. Fajinmi Arc. U. K. Umaru Mr. D. T. Baido Mr. Olayemi Rabi (6)	Chairman MD/CEO ED ED ED ED	Grant Thornton and Ernst & Young Nigeria.
34	Safetrust Mortgage Bank Limited 18 Keffi Street, Ikoyi, Lagos state www.safetrustmortgagebank.com	3	Mr. Akin Opeodu Mr. Akintayo Oloko Femi Adeyanju Mr. Ayokunle QOkusanya Mr. Olayinka Odeleye Mrs. O. Olawoje Mr. Femi Alonge Mr. Ayodele Arogbo (8)	Chairman MD ED NED NED NED NED NED	KPMG Professional Services

S/N	Names & Addresses	No. of Branches	Director's Names	Status	Approved Auditors
35	STB Building Society No. 1 First Avenue, Chevron Drive, Lekki, Lagos. www.stbsociety.com	1	Mr. Yemi Idowu Mr. Olaitan Kajero Mr. Sunday Olabode Mr. Olusoji Oladokun Mr. Adeolu Idowu Mr. Abisoye Sonoiki (6)	Chairman MD ED ED ED ED	Uche Okoye & Co.
36	Taraba Savings and Loans No. 134, Hammaruwa Way, Jalingo, Taraba state. tarabasavings@gmail.com	1	Alh. Dr. Umaru M. Baba Mal. Aminu Mamman Lau Mr. Ibrahim D. Sampati Mal. Gambo Ahmadu Belti (4)	Chairman MD/CEO ED ED	Jubril & Co. (Chartered Accountants)
37	Trustbond Mortgage Bank Plc. Block 94, Plot 3, Providence Street, Lekki Scheme 1, Lekki, Lagos. www.trustbondmortgagebankplc.com	2	Mr. Etigwe Uwa, SAN Mr. Adeniyi A. Akinlusi Mr. Uduma O. Kalu Mr. Tamuno Atekebo Engr. Emmanuel A. Alabi Mrs. Ola Ifezulike Mrs D. Nicol-Omeruah Mr. Tamuno Atekebo Mrs. Amira Obi-Okoye (9)	Chairman MD ED ED ED ED ED ED IND	KPMG Professional Services.
38	Union Homes Savings and Loans Plc. 153, Ikorodu road, Onipanu, Lagos www.unionhomes.com.ng	24	Mr. Olutoyin Okeowo Mr. Adekunle Adedigba Mr. Ifeanyi Okoh Mr. M. A. Magashi Mr. Joshua Maikori (4)	Chairman MD ED NED NED	KPMG Professional Services
	TOTAL	188	248		



PART THREE

CONSUMER EDUCATION



SECTION 16

FACTS ABOUT THE DIS IN NIGERIA

16.0 INTRODUCTION

Deposit Insurance is a key component of the financial safety-net arrangement. The NDIC, which is the agency responsible for the implementation of DIS in Nigeria, is tasked with the mandate of Deposit Guarantee, Bank Supervision, Distress Resolution and Liquidation. In the course of discharging its mandate, the NDIC undertakes other functions that include consumer protection, improving financial literacy and promoting financial inclusion. Notwithstanding the effort of the NDIC at improving financial literacy in the country, it is not well known by many of its stakeholders. It therefore becomes necessary to educate the public on the benefits and limitations of DIS on a continuous basis. Its stakeholders should also be educated on new trends/developments in the financial sector to help them make better and informed financial decisions. As new technologies deployed in the financial services industry come with associated risks, it therefore becomes imperative for the regulatory and supervisory authorities to educate the public on their effects.

This section presents a set of Frequently Asked Questions (FAQs) and Answers that would give more insights on the concept and practice of DIS in Nigeria as well as new developments in the financial services industry.

Question 1: What is Deposit Insurance?

Answer: Deposit Insurance is a system established by government to protect depositors against the loss of their insured deposits placed with member institutions in the event that a member institution is unable to meet its obligations to depositors. Deposit insurance ensures that the depositor does not lose all his/her money in the event of a bank failure. It also engenders public confidence in, and promotes the stability of, the banking system by assuring savers of the safety of their funds. Deposit insurance makes bank failure an isolated event, hence it eliminates the danger that unfounded rumours will start a contagious bank run.

Question 2: Why is Deposit Insurance Necessary?

Answer: Deposit-Taking Financial institutions differ from industrial and commercial enterprises in that they depend mainly on deposits mobilized from the public for their working capital and are highly leveraged. If a financial institution is unable to meet its obligation to depositors due to operational problems or business failure, anxious depositors may cause a run on the bank as well as other healthy institutions. The stability of the financial system and social order in general would also be at risk. Moreover, most

depositors have small deposit amounts and therefore cannot cost-effectively collect and analyse information on the financial institutions they do business with. The government has therefore established a deposit insurance mechanism, under which the NDIC is empowered to provide protection for small depositors and contribute to financial and social order.

Question 3: How Does Deposit Insurance Maintain Financial System Stability?

Answer: Deposit-Taking Financial institutions play an important role in regulating the supply and demand of capital and promoting economic development. They accept deposits, which are a highly liquid form of debt, yet most of their assets are tied up in long-term illiquid forms. Deposit-Taking Financial institutions therefore have a hard time realizing their assets for cash, when their business runs into problems, so depositors may lose confidence, triggering a bank run. The limited liquidity of deposit-taking financial institutions also encourages a perception among depositors that making an early withdrawal is the only way to get their money back. This fear can exacerbate a bank run and also have a chain reaction that leads to runs on other banks as well. DIS is usually established to prevent this by providing assurance of deposit repayment to the great majority of depositors. In doing so, the system also prevents systemic risk and ensures the stability of the financial system.

Question 4: Who Administers Deposit Insurance System in Nigeria?

Answer: The NDIC is the agency empowered to administer the DIS in Nigeria, thereby protecting depositors of deposit-taking financial institutions. The NDIC provides incentives for sound risk management in the Nigerian banking system as well as contributes to the stability of the financial system. The NDIC manages three Insurance Funds: the Deposit Insurance Fund (DIF) for DMBs, the Special Insured Institutions Fund (SIIF) for MFBs and PMBs and the Non-Interest Deposit Insurance Fund (NIDIF) for the Non-Interest Banks and windows of non-interest banking.

Question 5: Is Deposit Insurance the Same as Conventional Insurance?

Answer: No. Deposit insurance is different from conventional insurance in several respects. Some of the differences include the following:

- a. Deposit insurance is a regulatory tool aimed at ensuring the safety, soundness and stability of a nation's financial system, thereby protecting the macro-economy at large. It is one of the components of a financial safety-net, with other components being effective regulation/supervision and lender-of-last-resort

role of the central bank. On the other hand, conventional insurance policy is designed only to protect the micro-interest of the policyholder.

- b. Deposit insurance is usually a tripartite arrangement involving the deposit insurer, the participating institutions and the depositors, whereas conventional insurance is a bilateral agreement between the insurance company and the insured (policy holder).
- c. Under deposit insurance, the participating institution pays the premium while the direct beneficiary of the protection offered is the depositor who does not pay any premium. In the case of conventional insurance, the beneficiary, who is the insured, pays the premium.
- d. Best practice dictates that participation in deposit insurance should be compulsory, participation in conventional insurance contract is generally voluntary.
- e. Under deposit insurance, best practice prescribes that the amount of coverage should be limited, whereas in the case of conventional insurance, coverage may be full.

Question 6: Who are the Insured Institutions Under the Deposit Insurance System in Nigeria?

Answer: Insured institutions are all deposit-taking financial institutions licensed by the Central Bank of Nigeria (CBN) such as:-

- a) Deposit Money Banks (DMBs);
- b) Microfinance Banks (MFBs);
- c) Primary Mortgage Banks (PMBs); and
- d) Non-Interest Banks.

Membership is compulsory as provided under the NDIC Act No 16 of 2006.

Question 7: What is Pass-Through Deposit Insurance (PTDI)?

Answer: It is an arrangement where the deposit insurer extends deposit insurance coverage to Pool Accounts or Trust Accounts domiciled in deposit-taking financial institutions and operated by Mobile Money Operators (MMOs). Pool Accounts and Trust accounts have many contributors to the funds. Rather than insure the Pool Account up to the maximum as provided by law, the balances of each contributor in that Pool Account is insured. The NDIC will provide deposit insurance coverage to subscribers of MMOs using the Pass-Through-Deposit-Insurance Concept.

Question 8: What are the Eligibility Criteria for Pass-Through-Deposit Insurance Cover?

- Answer:** The conditions for eligibility as contained in the framework are as follows:
- i. The relationship between the MMOs and their subscribers shall be based on Bare Trust arrangement.
 - ii. MMOs must take Fidelity Bond Insurance.
 - iii. The records of the Trust (pool) account must clearly indicate that the funds belong to individual subscribers and not the agent or custodian
 - iv. The identities of the subscribers must fulfil all KYC requirements specified by the CBN
 - v. The interests of the subscribers must be disclosed properly in records maintained by the insured institutions, MMOs and Agents.

Question 9: What is the Maximum Cover for Subscribers under the Pass-Through-Deposit Insurance Scheme?

- Answer:** The subscribers of MMOs will be insured up to the maximum coverage level of ₦500,000 (Five Hundred Thousand Naira) per subscriber per DMB or the applicable coverage level for depositors in line with the NDIC Act.

Question 10: Are all MMOs Covered under Pass-Through-Deposit Insurance (PTDI)?

- Answer:** No. MMOs are not covered under the PTDI but their corporate account in banks are covered up to the maximum amount allowed by law.

Question 11: Where can Complaints against an MMO be lodged?

- Answer:** All grievances or queries concerning the Pass-Through Deposit Insurance coverage could be channelled through the NDIC HELP DESK Toll Free Line on 0800-6342-4357 (0800-NDIC-HELP) or send email to helpdesk@ndic.gov.ng, info@ndic.gov.ng.

Question 12: Who is an Agent and Custodian?

- Answer:** An agent is an individual or organisation authorised by a MMO to transact business on its behalf in certain locations, while a custodian is a MMO with the responsibility for safeguarding, holding and managing subscribers' funds on their behalf. It is usually a bank licensed by the CBN. The MMO exercises legal authority over the funds.

Question 13: What is a Pool (Trust) Account?

- Answer:** An account opened and operated by a MMO in an insured institution on behalf of its subscribers.

Question 14: What is a Bare Trust?

Answer: This is a situation where each beneficiary of an account holds a separate share and is entitled to protection within the parameters of the scheme. The MMOs shall maintain an account in an insured institution on a trust basis that clearly indicates the interest of all beneficiaries in the Trust (Pool) Accounts.

Question 15: How can the Public find out if a Financial Institution is insured by the NDIC?

Answer: To identify insured financial institutions, look out for an NDIC decal (sticker) displayed in the Head Offices and Branches of all insured institutions or call our HELP DESK LINE – 0800-6342-4357 (0800 – NDIC - HELP); and 234-9-4601030 or visit our website: www.ndic.gov.ng

Question 16: Which Financial Institutions are not covered by the NDIC?

Answer: The financial institutions not covered by the NDIC include:

- a) Development Finance Institutions such as Bank of Industry, Federal Mortgage Bank, Bank of Agriculture and Infrastructure Bank
- b) Discount Houses
- c) Finance Companies
- d) Investment Firms
- e) Unit Trusts/Mutual Funds
- f) Insurance Companies
- g) Pension Fund Administrators (PFAs)
- h) Stockbroking Firms

Question 17: What type of Deposits are Insured by the NDIC?

Answer: Not all deposits in insured institutions are covered by the NDIC. The following table list deposits that are insured and those that are not insured:

Insured Deposits	Uninsured Deposits/Instruments
Current Account Deposits	Inter-bank placements
Savings Account Deposits	Insider deposits (i.e. deposits of staff, directors and other connected parties) Deposits held as collateral for loans
Time or Term Deposits	Investment in: Stocks, Bonds, Mutual Funds, Annuities, Commercial Papers and Debentures
Foreign Currency Deposits	Federal Government Treasury Bills, Bonds and Notes

Insurance covers the balance of each eligible account, Naira-for-Naira, up to the insurance limit, including principal and any accrued interest up to the date of the insured institution's closure.

Question 18: Who's Deposits does the NDIC Insure?

Answer: The NDIC insures bank deposits of natural persons as well as legal entities, whether they are from Nigeria or from any other country but resident in Nigeria.

Question 19: How does the NDIC Assess Premium and Who Pays for the Insurance Premium?

Answer: Participating institutions are required to pay annual premium to the deposit insurance system administered by the NDIC. The premium is assessed based on participating institutions' total assessable deposit liabilities as at 31st December of the preceding year. The assessable deposit liabilities are total deposits with the exception of some deposits listed in Section 16 of the NDIC Act 2006. The NDIC Act 2006 (Section 16(2)), has given the NDIC the power to adopt any premium assessment system to reflect developments in the industry in particular and the economy in general. The NDIC has adopted Differential Premium Assessment System (DPAS).

Question 20: How does the NDIC Protect the Insurance Fund?

Answer: The NDIC protects the Insurance Fund by investing the Fund in safe but liquid financial instruments such as Treasury Bills, Federal Government Bonds and instruments of similar nature.

Question 21: Does the NDIC finance its Operations from the Insurance Fund?

Answer: No. NDIC finances all its overhead and administrative expenses from its investment income. The main source of income for the NDIC is the proceeds from investment of the insurance fund in securities issued by the Federal Government. The insurance fund is used only for paying insured deposits when an insured institution fails as well as for granting financial assistance to deserving participating institutions. The NDIC does not enjoy subvention from the government.

Question 22: What is Sustainable Banking?

Answer: Sustainable banking is a value system, which ensures that a bank's commercial activities do not only benefit its staff and shareholders, but also its customers and the wider economy, while at the same time prevent or at least minimize any undue effects on society and natural environment. Sustainable banking requires banks to be proactive and take steps to improve society and the environment. Sustainable banking is about preserving the environment and biodiversity for future generations and about being cautious with natural resources and climate. Sustainability is about guaranteeing human rights and a life in

dignity, free from want and poverty for all people living today. Sustainable banking has many labels: corporate social responsibility, corporate responsibility, corporate citizenship, environmental and social governance.

In Nigeria, the Bankers' committee, which the Central Bank of Nigeria (CBN), NDIC and all the banks in the country are members, pledged to embrace the concept of sustainable banking and went ahead to develop a set of principles called Nigeria Sustainable Banking Principles (NSBP). Part of the pledge also was that every member of the Bankers' Committee including regulators (CBN and NDIC) should adopt and implement the principles.

Question 23: How does NDIC promote Sustainable Banking?

Answer: The NDIC plays two roles in terms of the implementation of sustainable banking. First as a member of Bankers' Committee, it is duty bound to implement the agreements of the committee, one of which is that every member of the committee should adopt the sustainable banking principles. Secondly, as a supervisor in the banking industry, the NDIC has the duty of ensuring that operators in the system comply with the pledge to adopt the principles in their institutions. As part of its efforts at achieving the implementation and integration process, the NDIC came up with the following initiatives:

- i. Set-up sustainability desk in the Managing Director's office.
- ii. Set-up a committee on sustainability to facilitate the implementation of NSBP in the NDIC.
- iii. In its effort to integrate environmental and social considerations the NDIC commenced the implementation of energy efficiency initiatives in all its locations nationwide.
- v. The NDIC has invested hugely in ICT to drive most of its work processes e.g. Human Manager, Dispatch Management System, Document Management System, E-learning etc.
- v. To further integrate Sustainable Banking and ensure compliance with the principles, an Inter Departmental Committee was constituted to drive the implementation of a paperless environment in the NDIC. Paperless environment not only increases productivity, eliminates storage space, reduces cost and expenses (printing costs, photocopier costs) but also leads to

improved ability to work remotely, increased security, improved disaster recovery, reduction in environmental impact.

- vi. The NDIC continued to comply with the principles through promotion of Financial Inclusion and Financial Literacy, Collaboration with other stakeholders to promote and expand the Sustainable Banking space, implementation of sustainability principles in its On-site examination processes, training and capacity building for staff on environmental and social risks etc.

Question 24: What is Financial Technology (FinTech)?

Answer: FinTech represents the intersection of financial services and technology. It is technology-enabled innovation in financial services. FinTech can refer to technology companies, start-ups or traditional financial services providers. The use of smartphones for mobile banking and investing services are examples of technologies deployed to make financial services more accessible to the general public.

Question 25: What is Open Banking?

Answer: Open banking refers to an emerging idea in the financial services and fintech which stipulates that banks should allow third party companies to build applications and services using the bank's data. Its benefits include new revenue streams, improved customer experience and can enable financial inclusion.

Question 26: What is Cryptocurrency?

Answer: It is an unregulated form of monetary value that is used as medium of exchange and for payments. It has no physical form and is not issued by a central bank, therefore it is not insured by deposit insurers like the NDIC. Cryptocurrency is sometimes referred to as virtual or digital currency. The first cryptocurrency is the Bitcoin created in 2009. Others are LiteCoin, Ethereum, etc.

Question 27: Are Bitcoin and other Cryptocurrencies Legal Tender in Nigeria?

Answer: No. The Central Bank of Nigeria (CBN) does not recognise Bitcoin or any other form of cryptocurrencies as legal tender in the country.

Question 28: What is Blockchain?

Answer: Blockchain is a form of Distributed Ledger Technology (DLT). This means that, it maintains records of all cryptocurrency transactions on a distributed network of computers, but has no central ledger. It is the technology that has made the first digital currency, the Bitcoin possible.

Question 29: What is Single Customer View?

Answer: A Single Customer View is an aggregated, consistent and holistic representation of the data known by an organisation about its customer. In terms of deposit insurance, it is the collation of all the information on a depositor (all his bank information in every bank across the country) and considered as a single identity. In Nigeria, the Bank verification Number (BVN) system has now created a database where all bank customers are captured and their accounts are linked. The initiative will aid the speed of making pay-out of insured sums to depositors after an insured institution is liquidated.

Question 30: Does the Supervisory Functions of the NDIC Duplicate that of the Central Bank of Nigeria?

Answer: No. There is no duplication of supervisory functions between the two agencies, rather what exists is collaboration. For instance there is a framework whereby the NDIC collaborates effectively with the Central Bank of Nigeria through joint committees on supervision at both executive and technical levels and the two are represented at each level. Secondly, in order to avoid duplication of supervisory functions, the two institutions share banks for examination purposes on an annual basis and when such examinations are concluded, the examination reports are exchanged. The supervisory efforts of the two institutions are sometimes conducted jointly when the need arises. Indeed, the involvement of the NDIC in bank supervision has reduced the examination cycle from about once in two years to once a year.

The NDIC supervise banks basically, to protect depositors. Banking supervision is one of the core functions of the NDIC as it seeks to reduce the potential risk of failure and ensures that unsafe and unsound banking practices do not go unchecked. It also provides the oversight required to preserve the integrity of, and promote public confidence in the banking system. The NDIC carries out its supervisory responsibilities through on-site examination and off-site surveillance of insured institutions.

Question 31: How does NDIC Protect Bank Depositors against Loss?

Answer: The NDIC protects bank depositors against loss through:

a) Deposit Guarantee

This is the most significant and distinct role of the NDIC. As a deposit insurer, the NDIC guarantees payment of deposits up to the maximum insured sum of N500,000 to a depositor in DMBs and PMBs and N200,000 to a depositor in MFBs in the event of failure of a participating financial institution. Balances in all deposit accounts held in the same right and capacity by a depositor in all branches of the closed insured institution,

net of outstanding debts, are aggregated to determine the maximum insured amount.

b) Bank Supervision

The NDIC supervises banks to protect depositors, ensure monetary stability and effective/efficient payment system as well as to promote competition and innovation in the banking system. Banking supervision seeks to reduce the potential risk of failure and ensures that unsafe and unsound banking practices do not go unchecked. It also provides the oversight functions required to preserve the integrity of and promote public confidence in the banking system.

c) Failure Resolution

The NDIC is empowered to provide financial and technical assistance to failing or distressed banks in the interest of depositors. The financial assistance can take the form of loans, guarantee for loan taken by the bank or acceptance of accommodation bills. On the other hand, the technical assistance may take the following forms: take-over of management and control of the bank; change in management; and/or assisted merger with another viable institution.

Question 32: How does NDIC Establish Ownership of a Bank Deposit?

Answer: The NDIC relies on deposit account records kept by a failed bank as well as on the proofs presented by depositors.

Question 33: As a Depositor, must I apply for a Deposit Insurance Cover?

Answer: No. A depositor does not need to. Under the deposit insurance system, eligible deposit accounts in insured institutions are automatically insured at no charge to any depositor.

Question 34: When is Insured Deposit Payable?

Answer: Insured deposit is payable only when an insured institution has been closed as a result of action taken by the Central Bank of Nigeria or when there is suspension of payment by a bank.

Question 35: What Methods of Payment does the NDIC use in meeting its Obligations to Depositors of a Failed Institution?

Answer: The NDIC could pay depositors of a failed insured institution either by transfer to a financial institution with instructions to effect payments to depositors on its behalf, or directly by means of issuing cheques up to the insured limit which will be collected at the NDIC's designated centres, usually the closed bank's offices or by directly crediting the depositor's account using e-payment platform.

Payments could also be made through Purchase and Assumption, whereby a healthy bank assumes part or all of the deposit liabilities of a failed insured bank.

Question 36: What does a Deposit Transfer Involve?

Answer: The NDIC transfers an amount equivalent to the total insured deposits of a failed insured institution to another financial institution under an agreement which will enable depositors of the failed insured institution to collect their entitlements from the financial institution.

Question 37: How are the Insured Sums Collected?

Answer: Insured sums are collected by depositors on filing their claims through the completion of relevant forms provided by the NDIC. In addition, they have to furnish the NDIC with account documents such as unused cheque books, old cheque stubs, passbooks, fixed deposit certificates, etc. Each depositor would also be required to identify him/herself with a valid identification document such as National Identity Card, Driver's Licence or International Passport. After verification of ownership of the account as well as the account balance, the depositor would be duly paid the insured sum by cheque or deposit transfer through an Agent Bank or Acquiring Bank.

Question 38: What should a Depositor of a Failed Bank do if he or she loses Passbook or Savings Documents?

Answer: The depositor would be required to present a Police report along with a sworn affidavit duly certified by a Court. The depositor would also be required to identify himself/herself with a valid identification document like National Identity Card, National Voters Card, Driver's Licence or International Passport.

Question 39: Can a Depositor Leave His/Her Deposits with the Transferee Institution?

Answer: Yes. A depositor, if he/she wishes, can open an account with the transferee institution for the full amount or part of his/her deposits.

Question 40: Does the NDIC Protect the Interests of Creditors or Shareholders of a Bank?

Answer: The primary mandate of the NDIC is to protect depositors. However, through supervision to ensure safety and soundness of banking institutions, the interest of creditors and shareholders are also protected. In the event of bank failure, creditors and shareholders could be paid liquidation dividends after depositors had been fully reimbursed.

Question 41: What is Liquidation Dividend?

Answer: This is a payment made to a depositor of a failed insured institution in excess of the insured sum. While the insured sums are paid from the DIF, SIIF or NIDIF as the case may be liquidation dividends are paid from funds realized from the sale of the assets and recoveries of debts owed to the failed insured institution.

Question 42: What is the Current Insured Limit and why is it limited to a Fixed Sum?

Answer: The insured limit is currently a maximum of ₦500,000 for each depositor in respect of deposits held in each insured Deposit Money Bank and Primary Mortgage Bank and ₦200,000 for depositor in MFB in the same right and capacity. The amount to be reimbursed has to be definite. Limited coverage is to minimize moral hazard through excessive risk-taking by bank management and depositors. Unlimited coverage could constitute a perverse incentive for excessive risk-taking.

Question 43: If a Depositor has an Account in the Main Office of a Bank and also at a Branch Office, are these Accounts Separately Insured?

Answer: No. The main office and all branches are considered to be one institution. Therefore, the accounts would be added together and covered up to the maximum insured sum.

Question 44: If a Depositor has Deposit Accounts in Different Insured Banks, will the Deposits be added together for the Purpose of Determining Insurance Coverage?

Answer: No. The maximum insurance limit is applicable to deposits in each of the participating banks. In the case of a bank having one or more branches, the main office and all branch offices are considered as one bank. In summary, if a person has many accounts in one bank, all the deposits are taken together as one account even if the deposits are in various branches of the same bank. On the contrary, if a depositor has accounts in more than one bank, they are insured independently up to the maximum insured sum per bank.

Question 45: Is the Insurance Protection increased by Placing Funds in two or more Types of Deposit Accounts in the same Participating Institution?

Answer: No. Deposit insurance is not increased merely by dividing funds held in the same right and capacity among the different types of deposits available. For example, demand, time and savings accounts held by the same depositor in the same right and capacity are added together and insured up to the maximum insured sum.

Question 46: Is there any Arrangement in Place by the NDIC to Waive or Reduce Premium Payable over time for Insured Institutions?

Answer: Section 12 of the NDIC Act 16 of 2006 provides that subject to stated conditions, part of the NDIC's surplus can be applied to reduce premium payable by insured institutions. Furthermore, the NDIC would consider adopting differential premium assessment for the MFBs and PMBs such that premium payable by such Institutions would be based on their risk profile.

Question 47: Would Funds Released by Federal Mortgage Bank for NHF Loans and other Poverty Alleviation Funds, Donor Funds, Deposit for Shares with PMBs/MFBs be included as Deposits when Computing the Deposit Insurance Premium?

Answer: No. Special funds such as Donor funds or other funds that are for onward disbursement to beneficiaries are excluded from assessable deposits. The onus is on the insured institutions to ensure proper classification of such funds in their books.

Question 48: If a Husband and Wife or any two or more Persons, have, in addition to their Individual Accounts, a Joint Account in the same Insured Bank, is each Account Separately Insured?

Answer: Yes. If each of the co-owners has personally signed a valid mandate card and has a right of withdrawal on the same basis as the other co-owners, the joint account and each of the individually-owned accounts are separately insured up to the insured maximum sum.

Question 49: If a Person has an Interest in more than One Joint Account, What is the Extent of His or Her Insurance Coverage?

Answer: As long as the combination of the joint accounts is not the same, the account will be insured separately up to the maximum insured limit. Where the joint accounts are owned by the same combination of individuals then the accounts will be added and the total insured up to the maximum insured sum.

Question 50: What is the Status of Depositors in a Case Where an Insured Microfinance Bank or Primary Mortgage Bank is acquired by another Insured MFB or PMB?

Answer: The depositors of the acquired insured MFB or PMB will continue to be insured up to the maximum of ₦200,000 for MFBs and ₦500,000 for PMBs in the aggregate with respect to deposits he or she holds in the same right and capacity.

Question 51: Can Insured-Status of a Licensed MFB or PMB be terminated?

Answer: Yes. But notice is always given to depositors before termination of insurance. Depositors should take precaution to verify that the MFB or PMB they are dealing with is insured and pay deposit insurance premium annually.

Question 52: Are Accounts held by a Person as Executor, Administrator, Guardian, Custodian, or in Some Other Similar Fiduciary Capacity Insured Separately from His or Her Individual Account?

Answer: Yes. If the records of the bank indicate that the person is depositing the funds in a fiduciary capacity such funds are insured separately from the fiduciary's individually-owned account. Funds in an account held by an Executor or Administrator are insured as funds of the deceased's estate. Funds in accounts held by guardians, conservators or custodians (whether court-appointed or not) are insured as funds owned by the ward and are added to any individual accounts of the ward in determining the maximum coverage. Account in which the funds are intended to pass on the death of the owner to a named beneficiary, are considered testamentary accounts and are insured as a form of individual account. If the beneficiary is a spouse, child or grand-child of the owner, the funds are insured for each owner up to a total of the maximum insured sum separately from any other individual accounts of the owner. In the case of a Revocable Trust Account, the person who holds the power of revocation is considered the owner of the funds in the account.

Question 53: When an Account is held by a Person Designated as Agent for the True Owner of the Funds, How is the Account Insured?

Answer: The account is insured as an account of the principal or true owner. The funds in the account are added to any other accounts owned by the owner and the total is insured up to the maximum sum.

Question 54: Is an Account held by either a Company or Partnership, Insured Separately from the Individual Accounts of Shareholders or Partners?

Answer: Yes. If the Company or Partnership is engaged in an independent activity, its account is separately insured up to the maximum insured sum. The term Independent activity means any activity other than one directed solely at increasing insurance coverage.

Question 55: If a Depositor has more than the Maximum Insured Amount as Deposit in a Closed Bank, Is He Entitled to any further Claim for the amount of His Deposits in Excess of the Maximum Insured Amount paid by the NDIC?

Answer: Yes. In a situation where the amount of depositors' fund in a closed bank exceeds the maximum insured amount, the owners of such accounts will share, on a pro-rata basis, in any proceeds from the liquidation of the bank's assets with other general creditors, including the NDIC.

Question 56: Does the Borrower's Obligations to the Institution Continue after the Institution is closed?

Answer: Yes. When acting as Liquidator of a closed institution, the NDIC is acting on behalf of all creditors of that institution and its obligation is to collect all loans promptly and efficiently along with other assets of the institution.

Question 57: What does Purchase and Assumption (P&A) Mean?

Answer: Purchase and Assumption (P&A) is a failure resolution mechanism which involves purchasing the assets of a failed bank and assuming its liabilities by another healthy insured bank(s).

Question 58: What does Open Bank Assistance (OBA) Mean?

Answer: Open Bank Assistance (OBA) is a situation where a failing insured institution is allowed to continue to operate in the same name on a going concern basis. It may involve change in ownership and management of the bank; injection of fresh funds in the form of equity and/or loan capital; and re-organisation and overhauling of the bank including rationalization of staff and branches.

Question 59: Can Someone Retrieve the Insured Funds of a Deceased Relative from a Failed Bank in-Liquidation?

Answer: Yes. To process such claims, a Letter of Administration and a Probate from a Court of Law would be required to be presented to NDIC in addition to all other documents which are to serve as proof of ownership of such account.

Question 60: What is a Bridge Bank?

Answer: A bridge bank is a temporary bank established and operated usually by a deposit insurer to acquire the assets and assume the liabilities of a failed bank until a final resolution is accomplished. The bridge bank would permit continuity of banking services to all customers and fully protect all the depositors and creditors of the failed bank pending final resolution. A bridge bank is usually set up for a specified period of time within which the Deposit Insurer would find an interested investor.

Question 61: How do Clients of defunct Banks (Such as AllStates Trust Bank) claim their Deposits from the Acquiring Banks (Such as Ecobank Plc)?

Answer: The client of the defunct bank should contact the acquiring bank. In case of unresolved claims, contact NDIC through any of the channels provided in the answer to Question 67.

Question 62: How are Depositors of failed Insured Institutions informed about the Commencement of Payment of Insured Deposits by the NDIC?

Answer: Announcements would be made through the media (television, radio, newspapers) and NDIC posters at the Head Office and branches of the closed bank as to when the payment of deposits would commence.

Question 63: How can a Depositor, whose name was omitted from the Deposit Register of a Failed Institution make a Claim?

Answer: The depositor should contact NDIC through any of the channels provided in the answer to Question 67.

Question 64: How does NDIC promote Financial Inclusion?

Answer: The NDIC supports financial inclusion through guaranteeing deposits, especially of small savers. Deposit insurance is vital to financial inclusion because the poor need assurance that the services of the depository institutions are safe and available at all times they desire.

The NDIC as a bank supervisor enhances financial inclusion by providing consumer protection and ensuring that bank's affairs are conducted in a safe and sound manner and prosecuting erring Directors and Management of banks.

Question 65: What is NDIC doing in Relation to Consumer Protection?

Answer: The NDIC undertakes supervision of insured institutions with the objective of protecting consumers. It established consumer protection desks in order to promptly respond to series of complaints it receives against banks and other financial institutions on a daily basis. This is achieved sometimes through the conduct of investigations by the NDIC Examiners.

Question 66: What is NDIC doing in Promoting Financial Literacy?

Answer: The NDIC publishes and distributes books on deposit insurance and banking to enlighten the public. Recently, a book on basic knowledge on banking and deposit insurance was distributed to all secondary schools nation-wide with the aim of catching them young. The NDIC also undertook a study on financial literacy, the report of which was published in book form in order to facilitate readership within the banking public and to assist stakeholders address the challenges of financial literacy.

Question 67: How can the Public contact NDIC about Questions and Suggestions Regarding Deposit Insurance?

Answer: NDIC has set up the following contact channels to provide customer service to the public:

- a) To obtain quick answers to your questions, call our Help Desk Line: 0800-6342-4357; and 09 – 460 - 1030.
- b) You can also send comments to NDIC by mail to: The Managing Director/Chief Executive Officer, Nigeria Deposit Insurance Corporation, Plot 447/448 Constitution Avenue, Central Business District, Airport Road, P.M.B. 284, Garki, Abuja.
E-mail – ibrahimu@ndic.gov.ng
- c) Information on NDIC and the deposit insurance system can be accessed from our website at: www.ndic.gov.ng. You can also submit comments or questions through the web site. In addition you can reach us through our toll-free line: 080063424357 (0800NDICHELP).

d. ZONAL OFFICES

- i) **Lagos** NECOM House
15 Marina Street
PMB 12881, Lagos - Nigeria
Tel: 01- 2719010, 2719011
- ii) **Bauchi** No 3 Ahmed Abdulkadir Road, P.M.B 0207
Tel: 09020441970 -73; 09020441975
- iii) **Benin** 28 A&B Benoni Hospital Road, Off Airport Rd,
G.R.A, P.M.B 1034, Benin City
Tel: 08150999600, 08150999577, 08150999588,
08150999599
- iv) **Enugu** 10 Our Lord's Street
Independence Layout, P.M.B 1210
Tel: 042– 457292; 455325; 456101;
Fax: 042–456770
- v) **Ilorin** No. 12A, Sulu Gambari Road Ilorin
Tel: 031 – 810789; 07098705709

- vi) Kano** Plot 458, Muhammad Muhammad Street
Hotoro, G.R.A. Kano
Tel: 08116651412, 08097756130, 08063932722,
08126657022
- vii) Port Harcourt** No. 104 Woji Road
Off Olu Obasanjo Road
G.R.A. Port Harcourt
Tel: 084 – 846831; 846843
- viii) Sokoto** 2, Gusau Road,
P.M.B. 2305, Sokoto
Tel: 08035075514; 08055431628; 08033036055;
08035870529
- ix) Yola** No. 6 Numan Road
P.M.B. 2227, Jimeta-Yola
Adamawa State
Tel: 08089814004; 08089814005; 08089814006;
08089814007

SECTION 17

IADI GLOSSARY OF TERMS AND DEFINITIONS

No.	Terms	Other terms used	Definition
1	Acquiring Bank		A Bank that purchases some or all of the assets and/or assumes some or all of the liabilities of a failed bank in a Purchase and Assumption transaction.
2	Adverse Selection		The tendency for higher-risk Banks to opt for Deposit Insurance and lower-risk ones to opt-out when membership in a Deposit Insurance System is voluntary.
3	Aggregation		The act of consolidating information from depositors' different individual accounts into one (usually for the purpose of reimbursement).
4	Amalgamation		A combination under a single entity of all or part of the assets and liabilities of two or more business units.
5	Assessment Base	Tariff Base	The monetary basis (i.e. insured deposits, total liabilities, assets) on which the Deposit Insurer charges Premiums to a Member Bank or calculates the levy needed to compensate the Insured Depositors .
6	Bail-in within Resolution**		Restructuring mechanisms to recapitalise a Bank in Resolution or effectively capitalise a Bridge Bank , under specified conditions, through the write-down, conversion or exchange of debt instruments and other senior or subordinated unsecured liabilities of the Bank in Resolution into, or for, equity or other instruments in that bank, the parent company of that Bank or a newly formed Bridge Bank , as appropriate to legal frameworks and market capacity.
7	Bailout**	Extra-ordinary Public Financial Support	Any transfer of funds from public sources to a failing or failed bank or a commitment by a public authority to provide funds with a view to sustaining the institution (e.g., by way of guarantees) that results in benefit to the shareholders or uninsured creditors of that Bank , or the assumption of risks by the public authority that would otherwise be borne by the Bank and its shareholders, where the funds transferred are not recouped from the institution, its unsecured creditors or, if necessary, the financial system more widely, or the national authority is not reimbursed for the risks assumed.
8	Bank Run		A rapid and significant withdrawal of Deposits by depositors following a loss of confidence, precipitated by fear that a Bank may fail and depositors may suffer losses.
9	Bank*	Deposit-taking Institution	Any entity which accepts Deposits or repayable funds from the public and is classified under the jurisdiction's legal framework as a deposit-taking institution.
10	Blanket Guarantee*	Blanket Coverage Full deposit coverage	A declaration by authorities that in addition to the protection provided by limited coverage deposit insurance or other arrangements, certain Deposits and perhaps other financial instruments will be protected.

No.	Terms	Other terms used	Definition
12	CAMELS Rating		A rating system where supervisors rate Banks according to six factors represented by the acronym “CAMELS” (Capital adequacy, Asset quality, Management capability, Earnings, Liquidity and Sensitivity to market risk).
13	Capital Adequacy Ratios		A measurement of the amount of a bank's capital typically expressed as a percentage of its risk weighted assets.
14	Claim		An assertion of the indebtedness of a failed bank, or the entitlement of a depositor to general creditor, subordinated debt holder, or shareholder.
15	Co-insurance		A “loss sharing” arrangement whereby depositors are covered for a pre-specified portion of Deposits that is less than 100 percent of their Insured Deposits .
16	Collateralisation		The act wherein a creditor takes claim on any assets of a debtor (mortgage, pledge, charge or other form of security) as recourse in the event the debtor defaults on the original loan/obligation.
17	Compulsory Membership	Mandatory Membership	A system wherein all designated Banks must be members of a Deposit Insurance System , according to law or agreement.
18	Conservator	Administrator	A person or entity, appointed by a regulatory authority to operate a troubled bank in an effort to conserve, manage, and protect the institution's assets until the institution has been restored to viability or has been closed by the chartering authority.
19	Conservator-ship		The legal procedure provided by law or agreement for the interim management of troubled banks.
20	Contagion		The spread of financial problems of a Bank to other Banks or Financial Institutions usually within the same jurisdiction or the spread of economic and financial disturbances within a jurisdiction or across jurisdictions.
21	Corporate Governance		The systems (strategies, policies, processes and controls) by which an organisation is directed, administered or controlled, and includes the relationships among stakeholders and the goals for which the organisation is governed.
22	Coverage Limit	Coverage Level Maximum Coverage Compensation Limit	The maximum amount a depositor can claim from or be reimbursed by a Deposit Insurer in the event of a bank failure.
23	Coverage Ratio (by account and/or depositor)		The ratio of the number of fully covered accounts or depositors divided by the total number of eligible accounts or depositors.
24	Coverage Ratio (by value)		The ratio of the value of Insured Deposits divided by the total value of Eligible Deposits .
25	Cross-border Cooperation Arrangements**	Cross-border Resolution Arrangements	Specific cooperation agreements, sanctioned by national law, that enable Resolution Authorities to share information and to act collectively to resolve banks located in multiple jurisdictions in a more orderly and less costly manner.

No.	Terms	Other terms used	Definition
26	De Minimis Clause in Reimbursement		A deposit level threshold below which a Deposit Insurer is not obligated to pay (i.e. low value deposits that would not be reimbursed because the administrative costs would exceed the amount of reimbursement).
27	Deposit		Any credit balance deriving from normal banking transactions and which a Bank must repay at par under the legal and contractual conditions applicable, any debt evidenced by a certificate issued by a Bank , and any other funds or obligations defined or recognised as deposits by the law establishing the Deposit Insurance System .
28	Deposit Insurance System*	Deposit Guarantee Scheme Deposit Protection Scheme	Refers to the Deposit Insurer and its relationships with the Financial Safety -Net participants that support Deposit Insurance functions and resolution processes.
29	Deposit Insurance*	Deposit Guarantee Deposit Protection	A system established to protect depositors against the loss of their Insured Deposits in the event that a Bank is unable to meet its obligations to the Depositors .
30	Deposit Insurer*	Deposit Insurance Agency	A specific legal entity responsible for providing Deposit Insurance , deposit guarantees or similar deposit protection arrangements.
31	Deposit Reimbursement	Deposit Payout	A resolution method that involves the reimbursement of Deposits to Insured Depositors .
32	Depositor Preference*	Depositor Priority	Granting deposit liabilities a higher claim class than other general creditors against the proceeds of liquidation of an insolvent bank's assets. Depositors must be paid in full before remaining creditors can collect on their claims. Depositor preference can take a number of different forms. For example: <ul style="list-style-type: none"> • national (or domestic) depositor preference gives priority to deposit liabilities booked and payable within the domestic jurisdiction and does not extend to deposits in foreign branches abroad; • eligible depositor preference gives preference to all deposits meeting the eligibility requirements for deposit insurance coverage; • insured depositor preference gives preference to insured depositors (and the deposit insurer under subrogation); • a two-tiered depositor preference concept, in which eligible, but uninsured deposits have a higher ranking than claims of ordinary unsecured, non-preferred creditors, and insured depositors have a higher ranking than eligible depositors; and • general depositor preference, in which all deposits have a higher ranking than claims of ordinary unsecured, non-preferred creditors, regardless of their status (insured/uninsured or eligible/not eligible).

No.	Terms	Other terms used	Definition
33	Differential Premium System*	Risk-based Premium System Risk-adjusted Premium System	A premium assessment system which seeks to differentiate premiums on the basis of criteria such as individual bank risk profiles.
34	Due Diligence		An On-site Inspection of the books and records of a failing bank by a potential purchaser, a supervisor, a Resolution Authority or their agents for a valuation/estimation of assets and liabilities.
35	E- money	Electronic Money	An electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer. The device acts as a pre-paid bearer instrument which does not necessarily involve bank accounts in transactions.
36	Early Intervention**		Any actions, including formal corrective action, taken by supervisory or Resolution Authorities in response to weaknesses in a Bank prior to entry into Resolution .
37	Early Warning System	Early Detection System	A model that attempts to predict the likelihood of failure or financial distress of Banks over a fixed time horizon, based on the banks' current risk profile.
38	Eligible Deposits**	Insurable Deposits	Deposits that fall within the scope of coverage of a Deposit Insurance System (i.e. they meet the requirements for coverage under a Deposit Insurance System , and are based typically on the type(s) of depositor and/or Deposit). Eligible deposits are also referred to as Insurable Deposits.
39	Enterprise Risk Management (ERM)		The processes and activities used to identify, assess, measure, monitor, control and mitigate risks in respect of the Deposit Insurer's enterprise as a whole.
40	Entry into Resolution**	Resolution Trigger	The formal determination by the relevant authority or authorities that a Bank meets the conditions for Resolution and that it will be subject to resolution measures.
41	Ex-ante Funding*		The regular collection of premiums, with the aim of accumulating a fund to meet future obligations (e.g. reimbursing depositors) and cover the operational and related costs of the Deposit Insurer .
42	Expected Losses (EL)		The average losses that a Deposit Insurance Fund may incur under normal circumstances of a deposit insurer's business. Mathematically defined as the mean of the Deposit Insurance fund's loss distribution.
43	Explicit Protection		A system, expressly laid down by statutes or other legal instruments that stipulates the amount of reimbursement depositors can expect in the event of a bank failure, with rules concerning coverage limits, the types of instruments covered, the methods for calculating depositor claims, funding arrangements and other related matters.
44	Ex-post Funding*		A system where funds to cover deposits insurance obligations are only collected from surviving banks after a bank failure.
45	Extraordinary Contribution	Additional Contribution	Additional Premiums/levies which can be collected Ex-post from members of a Deposit Insurance System if the Ex-ante funding of the system may be insufficient to meet its obligations.

No.	Terms	Other terms used	Definition
46	Financial Assistance		An assistance provided to a Troubled Bank by third parties, such as government agencies, Resolution Authorities or Deposit Insurers . This may, among others, take the form of loans, guarantees, subsidies, tax allowance, contribution, purchase of assets, subscription of debts, capital injections, or cost-sharing arrangements.
47	Financial Inclusion*		The extent to which individuals and entities have access to and utilise formal financial services.
48	Financial Institution	Financial Firm Financial Entity Institution	Any entity wherein the principal business involves the provision of financial services or the conduct of financial activities, including deposit-taking, credit intermediation, insurance, investment or securities business or operating Financial Market Infrastructure .
49	Financial Market Infrastructure**		A multilateral system among participating Financial Institutions , including the operator of the system, used for the purposes of, clearing, settling or recording payments, securities, derivatives or other financial transactions. It includes payment systems, central securities depositories, securities settlement systems, central counterparties, and trade repositories.
50	Financial Safety-Net*		A framework that includes the functions of prudential regulation, supervision, Resolution , lender of last resort and Deposit Insurance . In many jurisdictions, a department of government (generally a Ministry of Finance or Treasury responsible for financial sector policy) is included also in the financial safety-net.
51	Fit and Proper*		Fitness tests that usually seek to assess the competence of managers and directors and their capacity to fulfil the responsibilities of their positions while propriety tests seek to assess their integrity and suitability. Formal qualifications, previous experience and track record are some of the elements focused on by authorities when determining competence. To assess integrity and suitability, elements considered include: criminal records, financial position, civil actions against individuals to pursue personal debts, refusal of admission to, or expulsion from, professional bodies, sanctions applied by regulators of other similar industries, and previous questionable business practices.
52	Flat-rate Premium	Flat-rate Levy	A Premium payable to a Deposit Insurer assessed at a uniform rate across all Member Banks .
53	Forbearance		The granting of exemptions or delaying intervention action in relation to Banks from compliance with minimum regulatory requirements or intervention criteria.
54	Foreign Bank Branch	Overseas Bank Branch	An establishment of a foreign bank that is not a separate legal entity in a Host Jurisdiction .
55	Foreign Bank Subsidiary	Overseas Bank Subsidiary	A separate legal entity of a bank incorporated outside the Home Jurisdiction .
56	Funding		Financing mechanisms necessary to cover the operating expenses and obligations of a Deposit Insurer .
57	Global Systemically Important Bank (G-SIB)		A Bank designated by the Financial Stability Board as globally systemically important.

No.	Terms	Other terms used	Definition
58	Governing Body		A group of people or an entity, such as a board of directors that directs the business and affairs of an organisation.
59	Home Jurisdiction**		The jurisdiction where the operations of a financial group are supervised on a consolidated basis.
60	Host Jurisdiction		Any jurisdiction other than the Home Jurisdiction in which a Bank conducts business activities.
61	Implicit Protection	Implicit Guarantee	An expectation that some form of Government protection would be provided in the event of a financial institution failure. Implicit protection is, by definition, never formally specified. There are no statutory rules regarding the eligibility of financial institution liabilities, the level of protection provided or the form which reimbursement will take.
62	Indemnification		A collateral contract or assurance under which one entity agrees to secure another entity against either anticipated financial losses or potential adverse legal consequences (e.g. damages and costs).
63	Indexed Coverage		The limited coverage level which is determined by the inflation rate or the change in other relevant price index of a jurisdiction.
64	Insolvency		A situation where a Bank can no longer meet its financial obligations when due and/or the value of its assets is less than the total of its liabilities.
65	Insured Depositors	Guaranteed Depositors, Protected Depositors, Covered Depositors	Holders of Eligible Deposits that do not exceed the maximum level of coverage provided by a Deposit Insurance System .
66	Insured Deposits	Guaranteed Deposits, Protected Deposits, Covered Deposits	Eligible Deposits that do not exceed the maximum level of coverage provided by a Deposit Insurance System .
67	Integrated Protection Scheme (IPS)		A system where a single agency, usually a pre-existing Deposit Insurer , provides guarantee or protection to investors in securities firms, and/or policy holders of insurance companies, in addition to depositors in Banks , for the loss of insured funds or unsatisfied claims in the event of a Member Institution's failure.
68	Interim Payment**	Advance Payment, Provisional Payment, Emergency Partial Payment	A partial payment made to depositors by a Deposit Insurer before the start of actual reimbursement. This could be particularly useful in situations when there may be extended delays in reimbursement or when the Deposit Insurer is of the opinion that Insured Depositors urgently require access to their funds.
69	Intervention**		Any actions, including formal corrective action, taken by supervisory, Resolution Authorities or Deposit Insurers to address concerns that may arise with a Bank .
70	Joint Account		An account opened in the names of two or more individuals who have rights of access to the account.

No.	Terms	Other terms used	Definition
71	Least-cost Resolution	Least-cost Rule	A procedure that requires the Resolution Authority to implement the resolution option, including Liquidation of the failed bank, that is least costly to the Resolution , the financial system or the Deposit Insurance System .
72	Legal Framework**		The comprehensive legal system for a jurisdiction established by any combination of the following: a constitution; primary legislation enacted by a legislative body that has authority in respect of that jurisdiction; subsidiary legislation (including legally binding regulations or rules) adopted under the primary legislation of that jurisdiction; or legal precedent and legal procedures of that jurisdiction.
73	Legal Protection	Legal Immunity	The set of legal mechanisms by means of which persons participating in the Resolution of a failed bank, including current and former employees, directors, officers and lawfully delegated agents of an organisation, are covered from the effects of claims and procedures initiated against them for alleged acts and omissions executed in good faith, that occur within the scope of such persons' mandate.
74	Limited-Coverage Deposit Insurance System		A system that guarantees that the principal and/or the interest accrued on Insured Deposit accounts will be paid, up to a specified limit, in the event of bank insolvency.
75	Liquidation*	Receivership	The winding down (or winding up, as used in some jurisdictions) of the business affairs and operations of a failed bank through the orderly disposition of its assets after its licence has been revoked and it has been placed in receivership. In some jurisdictions, it is synonymous with "receivership".
76	Liquidator*	Receiver	The legal entity that undertakes the winding down of the failed bank and the disposition of its assets.
77	Liquidity Funding	Emergency Funding Back-up Funding	Additional funding arrangements to supplement the deposit insurance funds in situations where the cumulated funds are insufficient to meet the needs of intervention and failure resolution, including depositor reimbursement.
78	Loss Minimiser*		A Mandate where the Deposit Insurer actively engages in a selection from a range of least-cost resolution strategies.
79	Loss-given Default (LGD)		The non-recoverable share of resource exposure (non-returnable to deposit insurance fund) from the bankruptcy estate of a liquidated Member Institution . Typically expressed as a percentage of the total exposure.
80	Loss-sharing Agreement	Loss-sharing Arrangement	An agreement in a financial transaction in which the Resolution Authority or the Liquidator agrees to share with the acquirer losses on certain types of loans. Loss sharing may be offered in connection with the sale of classified or non-performing loans that otherwise might not be sold to an acquirer at the time of Resolution .

No.	Terms	Other terms used	Definition
81	Mandate*		A set of official instructions describing the Deposit Insurer's roles and responsibilities. There is no single mandate or set of mandates suitable for all Deposit Insurers . When assigning a mandate to a deposit insurer jurisdiction-specific circumstances must be taken into account. Mandates can range from narrow "pay box" systems to those with extensive responsibilities, such as preventive action and loss or risk - minimisation/management, with a variety of combinations in between. These can be broadly classified into four categories namely a Paybox , a Paybox plus , a Loss Minimiser and a Risk Minimiser .
82	Market Discipline		A situation where depositors or creditors assess the risk characteristics of a Bank and can influence Bank risk-taking behaviour by threatening to withdraw funds from the institution.
83	Member Bank	Insured Institution, Participant Firm, Member Institution	A Bank that is a member of a Deposit Insurance System .
84	Moral Hazard*		Arises when parties have incentives to accept more risk because the costs that arise from the risk, are borne, in whole or in part, by others.
85	Non-viability		Refers to a situation before institutional insolvency, and may also include circumstances where: (i) regulatory capital or required liquidity falls below specified minimum levels; (ii) there is a serious impairment of the Bank's access to funding sources; (iii) the Bank depends on official sector financial assistance to sustain operations or would be dependent in the absence of resolution; (iv) there is a significant deterioration in the value of the Bank's assets; (v) the Bank is expected in the near future to be unable to pay liabilities as they fall due; (vi) the Bank's business plan is non-viable; and/or (vii) the Bank is expected in the near future to be balance-sheet insolvent.
86	On-site Inspection	On-site Appraisal/Examination	An appraisal by the banking supervisor or the Deposit Insurer on the premises of the Bank which includes an examination of the books, records and internal controls of a Bank .
87	Open-bank Assistance		A resolution method taken by the Resolution Authority in which a Bank in danger of failing receives assistance in the form of a direct loan, an assisted merger, a purchase of assets, or other means.
88	Operational Independence		The ability of an organisation to fulfil its Mandate using the legislated powers and means assigned to it without undue influence from external parties.
89	Paybox Plus*		A Mandate where the Deposit Insurer has additional responsibilities such as a certain Resolution functions (e.g. financial support).
90	Paybox*		A Mandate where the Deposit Insurer is only responsible for the reimbursement of Insured Deposits .

No.	Terms	Other terms used	Definition
91	Payment Agent	Paying Agent	Entities (e.g. Banks , postal banks, government support payments) authorised by a Deposit Insurer to reimburse Insured Depositors on its behalf. Deposit Insurers would need to identify and select its payment agents and to address issues such as cost arrangements, depositor information transfer protocols, and procedures, as well as the timelines for making payments before a reimbursement takes place.
92	Premium	Contribution Levy	The amount that a member institution pays for Deposit Insurance for a given time period.
93	Probability of Default		The probability that a Bank will not be able to meet its obligations over a particular time horizon.
94	Prompt Corrective Action (PCA)		A set of progressive corrective actions taken by the supervisory authorities against Financial Institutions exhibiting progressively deteriorating financial performance or behaviours. The goals of many PCA schemes are to identify and address financial or operational weaknesses that threaten the viability of a financial institution when the problems are still small enough to manage.
95	Public Awareness Program	Consumer Awareness	A comprehensive program designed to disseminate information to the public regarding the benefits and limitations of a Deposit Insurance System , including how and when depositors can gain access to their funds in case of a bank failure.
96	Public-policy Objectives*		Refers to the goals which the Deposit Insurance System is expected to achieve.
97	Purchase-and-Assumption Transaction (P&A)	Full or Partial Transfer of Business	A resolution method in which a healthy bank or a group of investors assume some or all of the obligations, and purchase some or all of the assets of the failed bank.
98	Rebate		The return of part of a deposit insurance premium payment, representing some deduction from the full amount previously paid.
99	Recovery		The amount of collections on the assets of a failed bank.
100	Recovery Plan**		A plan to guide the recovery of a distressed Bank . In the recovery phase, the Bank has not entered into a Resolution and therefore remains under the control of its management, although the supervisory authorities may be able to order or enforce the implementation of recovery measures through ordinary supervisory powers. The Recovery Plan is produced by the Bank and includes measures to decrease the risk profile of a bank and conserve capital, as well as strategic options such as the divestiture of business lines and restructuring of liabilities.
101	Recovery Rate		The ratio of collections to the book-value of a failed bank's assets.
102	Resolution Authority*		A public authority that, either alone or together with other authorities, is responsible for the resolution of financial institutions established in its jurisdiction (including resolution planning functions).

No.	Terms	Other terms used	Definition
103	Resolution Costs		For a given resolution method, the sum of the expenditures and obligations incurred by the Resolution Authority , including any immediate or long- term obligations and any direct or contingent liabilities for future payment, less the recoveries on assets of a failed Bank .
104	Resolution Plan**	Living Will	A plan intended to facilitate the effective use of the Resolution Authority's resolution powers with the aim to make feasible the resolution of any financial institution without severe systemic disruption and exposure of taxpayers to loss while protecting systemically important functions. It serves as a guide to the authorities for achieving an orderly Resolution , in the event that recovery measures are not feasible or have proven ineffective.
105	Resolution Powers**	Resolution Tools	Powers available to the Resolution Authorities under the Resolution Regime or broader legal framework for the purposes of Resolution .
106	Resolution Regime**		The elements of the legal framework and the policies governing resolution planning and preparing for, carrying out and coordinating Resolution , including the application of Resolution Powers .
107	Resolution*		A disposition plan and process for a non-viable bank. Resolution may include: liquidation and depositor reimbursement, transfer and/or sale of assets and liabilities, the establishment of a temporary bridge institution and the write-down or conversion of debt to equity. Resolution may also include the application of procedures under insolvency law to parts of an entity in resolution, in conjunction with the exercise of Resolution Powers .
108	Risk Minimiser*		A Mandate where a Deposit Insurer has comprehensive risk minimisation functions that include risk assessment/management, a full suite of Early Intervention and Resolution Powers , and in some cases, prudential oversight responsibilities.
109	Scope of Coverage		Types of Deposits and depositors eligible for deposit insurance coverage.
110	Set-off Arrangement	Netting Arrangement	An arrangement where the claim of a creditor against an insolvent bank is to be deducted from a claim of that bank against the same creditor.
111	Situational Analysis		An examination that Deposit Insurers undertake to assess macroeconomic factors such as: the state of the economy, current monetary and fiscal policies, the state and structure of the banking system, public attitudes and expectations, the legal, prudential regulatory and supervisory framework and accounting and disclosure regimes.
112	Start-up Funding	Seed Funding	The funding received by a newly established Deposit Insurance System as initial contributions typically from Financial Institutions , government, and/or the central bank.
113	Statute of Limitation		The law that sets a concrete date after which no claims can be submitted by the claimant against the debtor.

No.	Terms	Other terms used	Definition
114	Stress Testing		A range of simulation techniques used to assess the vulnerability of a Bank's financial position under different scenarios, such as major changes to the macroeconomic environment or to exceptional but plausible events.
115	Subordinated Debt		A debt instrument that ranks lower than other ordinary claims or instruments in the priority of its claim on the issuer's assets.
116	Subrogation*	Legal Assignment or Transfer	The substitution of one party (e.g. the Deposit Insurer) for another (e.g. the Insured Depositor) with reference to a lawful claim, demand, or right, so that the party which substitutes succeeds to the rights of the other in relation to the debt or claim, and its rights and remedies.
117	Systemic Risk		A risk of disruption to financial services that is caused by an impairment of all or parts of the financial system and has the potential to have serious negative consequences for the real economy.
118	Systemically Important Financial Institution (SIFIs)**		A financial institution or a group that, because of its size, complexity and systemic interconnectedness would, in the view of the relevant authorities, cause significant disruption to the domestic or broader financial system and economic activity, if it were to fail in a disorderly manner.
119	Target Fund Size*	Target Reserve Ratio	The size of the Ex-ante deposit insurance fund, typically measured as a proportion of the assessment base (e.g. total or insured deposits), sufficient to meet the expected future obligations and cover the operational and related costs of the Deposit Insurer .
120	Termination of Deposit Insurance Membership		The power of a Deposit Insurer to terminate the membership of a Member Institution if it does not meet some specific qualifications set by the Deposit Insurer . Existing insured deposits remain covered.
121	Too-big-to-fail		The belief that an institution is so systemically important that it cannot be allowed to fail as its failure would cause instability across the financial system as a whole and to the economy at large.
122	Troubled Bank	Weak Bank Problem Bank Distressed Bank	A Bank that has, or will have, impaired liquidity or solvency unless there is a major improvement in its financial resources, risk profile, strategic business direction, risk management capabilities and /or quality of management.
123	Unexpected Losses		Extraordinary (unexpected) losses of the Deposit Insurance fund that can occur under unlikely, yet possible circumstances with unfavourable outcomes. Mathematically defined as the deviations from the average- Expected Losses – with a certain level of probability, i.e. within a certain level of confidence.
124	Uninsured Deposits		The types or amount of Deposits that are not covered by a Deposit Insurance System .
125	Winding Up	Winding Down	The final phase in the dissolution of a failed bank, in which accounts are settled and assets are liquidated so that the proceeds may be distributed.
126	Withheld Deposits		Deposits that are temporarily suspended from payment by the Deposit Insurer due, in part, to insufficient information during reimbursement.

